

HILLSBORO SCHOOL DISTRICT 1J BOARD OF DIRECTORS
Administration Center, 3083 NE 49th Place, Hillsboro, OR 97124

Board Meeting Agenda
Tuesday, December 5, 2023
5:15 PM

Please note that the estimated times for specific items on Board meeting agendas are subject to change; if audience members wish to be present for specific agenda items, they are encouraged to arrive at least 15 minutes prior to the estimated time.

1. **4:00 PM - Audit Committee Meeting**
Presenter: Michelle Morrison
Time: 4:00 PM, 60 minutes
2. **5:15 PM - Executive Session**
 - A. Call to Order Executive Session
Presenter: Mark Watson
Time: 5:15 PM
 - B. ORS 192.660(2)(b) - Complaint Brought Against a Staff Member
Presenter: Mark Watson
Time: 5:15 PM, 30 minutes
 - C. ORS 192.660(2)(d) - Labor Negotiator Consultation
Presenter: Kona Lew-Williams
Time: 5:45 PM, 15 minutes
 - D. Recess Executive Session
Presenter: Mark Watson
Time: 6:00 PM
3. **6:00 PM - Work Session**
 - A. Latina/o/x Parent Advisory Committee Report 4
Presenters: Francesca Sinapi / Olga Acuña
Time: 6:00 PM, 40 minutes
 - B. Proclamations Discussion 5
Presenter: Mark Watson
Time: 6:40 PM, 5 minutes
 - C. Action Items 6
 1. Hold Complaint Hearing Determination
Presenter: Mark Watson
Time: 6:45 PM, 5 minutes
SAMPLE MOTION: I move that the Board of Directors accept/decline to hear the Step 4 complaint filed by Patricia Hayden.
 - D. Recess Work Session
Presenter: Mark Watson
Time: 6:50 PM
4. **7:00 PM - Regular Session**
 - A. Call to Order and Flag Salute
Presenter: Mark Watson
Time: 7:00 PM, 5 minutes
 - B. Land Acknowledgement 7
Presenter: Mark Watson
Time: 7:05 PM, 5 minutes
 - C. Approval of Agenda
Presenter: Mark Watson

	Time: 7:10 PM, 5 minutes	
	SAMPLE MOTION: <i>I move that the Board of Directors approve the agenda as printed.</i>	
D.	Consent Agenda	
	<i>Consent agenda items are distributed to Board members in advance for study, and enacted with a single motion.</i>	
	Presenter: Mark Watson	
	Time: 7:15 PM, 5 minutes	
	SAMPLE MOTION: <i>I move that the Board of Directors approve the Consent Agenda as printed</i>	
	1. Approve Minutes of November 14, 2023, Board Meeting	8
	2. Approve Routine Personnel Matters	16
E.	Audience Time	
	Presenter: Mark Watson	
	Time: 7:20 PM, 5 minutes	
F.	Reports and Discussion	
	1. First Reading - High School Courses: Animal Lab Care 1, Animal Lab Care 2, and Medical Laboratory Technology	18
	Presenter: Brooke Nova	
	Time: 7:25 PM, 20 minutes	
	2. First Reading - Curriculum Approval: K-12 Systematic ELD	19
	Presenter: Brooke Nova	
	Time: 7:45 PM, 15 minutes	
	3. Financial Report	20
	Presenter: Michelle Morrison	
	Time: 8:00 PM, 5 minutes	
	4. School Calendar Update	25
	Presenter: Kona Lew-Williams	
	Time: 8:05 PM, 5 Minutes	
	5. Bond Program Review Report	26
	Presenter: Michelle Morrison	
	Time: 8:10 PM, 5 minutes	
G.	Action Items	
	1. Accept Annual Comprehensive Financial Report for 2022-2023	57
	Presenter: Michelle Morrison	
	Time: 8:15 PM, 5 minutes	
	SAMPLE MOTION: <i>I move that the Board of Directors accept the Annual Comprehensive Financial Report for 2022-2023.</i>	
	2. Approve 2022-23 Annual Comprehensive Financial Report Plan for Corrective Actions	214
	Presenter: Michelle Morrison	
	Time: 8:20 PM, 5 minutes	
	SAMPLE MOTION: <i>I move that the Board of Directors approve the 2022-23 Annual Comprehensive Financial Report Plan for Corrective Actions.</i>	
	3. Student Investment Act Agreement	216
	Presenters: Brooke Nova and Michelle Morrison	
	Time: 8:25 PM, 5 minutes	
	SAMPLE MOTION: <i>I move that the Board of Directors approve the Student Investment Act Grant Agreement.</i>	
	4. Approve High School Course: Construction 3	247
	Presenter: Brooke Nova	

Time: 8:30 PM, 5 minutes

SAMPLE MOTIONS: *I move that the Board of Directors approve the proposed course Construction 3.*

5. Approve Early Literacy Success Grant 248

Presenters: Audrea Neville / Brooke Nova

Time: 8:35 PM, 5 minutes

SAMPLE MOTION: *I move that the Board of Directors approve the Early Literacy Success Grant.*

6. Elect Members to Oregon School Boards Association Board of 249

Directors and Legislative Policy Committee and Approve Resolutions

Presenter: Mark Watson

Time: 8:40 PM, 5 minutes

SAMPLE MOTION:

- ***I move that the Board of Directors cast its vote for Tristan Irvin for the OSBA Board of Directors, position 16.***
- ***I move that the Board of Directors cast its vote for Becky Tymchuk for the OSBA Legislative Policy Committee, position 16.***
- ***I move that the Board of Directors approve Resolution 1 to create the Oregon Rural School Board Members Caucus and designate a seat on the OSBA Board of Directors and the Legislative Policy Committee.***
- ***I move that the Board of Directors approve Resolution 2 to adopt the proposed amendments to the OSBA Bylaws.***

7. Adopt Planning Calendar for the 2024-25 Budget 251

Presenter: Michelle Morrison

Time: 8:45 PM, 5 minutes

SAMPLE MOTION: *I move that the Board of Directors adopt the planning calendar for the 2024-25 budget.*

- H. HCU / HEA Reports

Presenter: Mark Watson

Time: 8:50 PM, 10 minutes

- I. Discussion Time

Presenter: Mark Watson

Time: 9:00 PM, 10 minutes

1. Student Representatives' Time

2. Superintendent's Time

3. Board of Directors' Time

- J. Adjourn Board Meeting

Presenter: Mark Watson

Time: 9:10 PM

- K. Next Meetings of the Board of Directors:

• January 9, 2024, Board Work Session

• January 23, 2024, Board Work / Regular Session

The complete Board meeting packet may be downloaded from the District website at: <https://www.hsd.k12.or.us/board>.

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
LATINA/O/X PARENT ADVISORY COMMITTEE REPORT AND DISCUSSION

SITUATION

The role of the Hillsboro School District's Latina/o/x Parent Advisory Committee (HSD Latina/o/x PAC) is to advise HSD staff members on matters concerning planning, developing, administering, and evaluating of the District's parent engagement program, and to consequently make recommendations regarding State policies and guidelines, project proposals, and other matters of interest to the Latina/o/x parent community.

Further, the Latina/ox PAC collaborates and consults with the District's Office of Federal Programs and the Equity, Access, and Engagement Team that works in partnership with the Office of School Performance. The Office of Federal Programs receives federal funds under Every Student Succeeds Act (ESSA), to 1) raise achievement for low-income and/or otherwise disadvantaged children; 2) provide access and opportunities for parent involvement; 3) increase family engagement in schools; and 4) enhance collaboration between educators and parents.

RECOMMENDATION

The Superintendent recommends that the Board of Directors listen to this report and ask any questions they may have.

**Hillsboro School District
December 5, 2023
PROCLAMATIONS DISCUSSION**

SITUATION

The Board will review a draft list of Proclamation for the 2024 year. As a reminder, the following guidelines were used when constructing this list:

Guidelines

- Proclamations should reflect inclusiveness as related to the education of our students and the values of the community. Proclamations will recognize, celebrate and honor the diversity of our students, staff and community.
- Proclamations must have a district wide significance and demonstrate relevancy to the Hillsboro School District.

Recommended Proclamations

- | | |
|--|-----------|
| • School Board Appreciation Month | January |
| • Black History Month | February |
| • National School Counseling Week | February |
| • School Bus Driver Recognition Day | February |
| • Classified Employee Appreciation Week | March |
| • Women's History Month | March |
| • National Volunteer Week | April |
| • Jewish American Heritage Month | May |
| • Asian & Pacific Islander Heritage Month | May |
| • Teacher Appreciation Week | May |
| • National School Nurses Week | May |
| • LGBTQ Pride Month | June |
| • Latinx Heritage Month | September |
| • Workforce Development Month | September |
| • Safe Schools Month | October |
| • National Principals Month | October |
| • Manufacturing Day | October |
| • Native American Heritage Month | November |
| • American Education Week | November |
| • National Education Support Professionals Day | November |

RECOMMENDATION

The Superintendent recommends that the Board of Directors review and discuss the 2024 Proclamations draft.

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
HOLD COMPLAINT HEARING DETERMINATION

SITUATION

A formal complaint has been made by an employee alleging violations of Policy AC: Nondiscrimination.

Today, the Board of Directors will hold a vote to determine if they will hear the Step 4 appeal.

RECOMMENDATION

The Superintendent recommends that the Board of Directors take action on the following motion:

I move that the Board of Directors accept/decline to hear the Step 4 complaint filed by Patricia Hayden.

**HILLSBORO SCHOOL DISTRICT 1J
BOARD OF DIRECTORS 2023-2024
LAND ACKNOWLEDGEMENT**

As we gather here today, we would like to take a moment to acknowledge that our district service area is on the occupied traditional homelands of the Atfalati Indigenous people, lands we now call Washington County and the State of Oregon.

We honor the Indigenous people whose traditional and ancestral homelands we stand on the Tualatin Kalapuya, Kathlamet, Clackamas, Tumwater, Molalla, bands of the Chinook and many other Indigenous nations of the Columbia River.

In remembering these communities, we honor their legacy, their lives, and their ancestors. We also recognize the urban Indigenous/Native/First Peoples community living in the metro area, which includes over 400 tribal nations.

The Hillsboro School District is committed to the recognition and education regarding tribal and local history and working with our local tribes in partnership.

DRAFT

HILLSBORO SCHOOL DISTRICT BOARD OF DIRECTORS—MINUTES

November 14, 2023

District Administration Center, 3083 NE 49th Place, Hillsboro, Oregon

1. *DINNER WITH NATIVE AMERICAN PAC LEADERS*

<u>Board Present:</u>	<u>Staff Present:</u>
Mark Watson, Chair	Travis Reiman, Superintendent
Ivette Pantoja, Vice Chair	Audrea Neville, Assistant Superintendent, School Performance
See Eun Kim, virtual	Brooke Nova, Assistant Superintendent, Academic Services
Erika Lopez	Beth Graser, Communications Officer
Nancy Thomas	Kona Lew-Williams, Human Resources Officer
Monique Ward	Michelle Morrison, Financial Officer
	Saideh Haghighi Khochkhoh, Operations Officer
<u>Student Representatives Present:</u>	Jordan Beveridge, Information Technology Officer
Hadley Brathapan	Francesca Sinapi, Equity, Access and Engagement Officer
RJ Panlilio	Olga Acuña, Executive Director of Federal Programs
Aliannah Shalika	Barb Francom, Native American & Alaska Native Education Coordinator
	Kathy Wilson, Executive Assistant to the Superintendent
<u>PAC Members Present:</u>	Rose Roman, Executive Assistant to the Board
Casey Parisian	Ciara Hartzell, Technology Support
Jeannie Sigsworth	John Garcia, Technology Support
Rosie Quim	Gabriel Galindo Mendez, Technology Support

A. Call to Order

Board Chair Mark Watson called the meeting to order at 5:03 PM.

Board members and Cabinet members shared a meal with Native American PAC members.

2. WORK SESSION

<u>Board Present:</u>	<u>Staff Present:</u>
Mark Watson, Chair	Travis Reiman, Superintendent
Ivette Pantoja, Vice Chair	Audrea Neville, Assistant Superintendent, School Performance
See Eun Kim, virtual	Brooke Nova, Assistant Superintendent, Academic Services
Erika Lopez	Beth Graser, Communications Officer
Nancy Thomas	Kona Lew-Williams, Human Resources Officer
Monique Ward	Michelle Morrison, Financial Officer
	Saideh Haghighi Khochkhou, Operations Officer
<u>Student Representatives Present:</u>	Jordan Beveridge, Information Technology Officer
Hadley Brathapan	Francesca Sinapi, Equity, Access and Engagement Officer
RJ Panlilio	Olga Acuña, Executive Director of Federal Programs
Aliannah Shalikar	Barb Francom, Native American & Alaska Native Education Coordinator
	Kathy Wilson, Executive Assistant to the Superintendent
<u>PAC Members Present:</u>	Rose Roman, Executive Assistant to the Board
Casey Parisian	Ciara Hartzell, Technology Support
Jeannie Sigsworth	John Garcia, Technology Support
Rosie Quim	Gabriel Galindo Mendez, Technology Support
	Mary Kay Babcock, HEA President
<u>Others Present:</u>	
Dustin Rose	
Lauren MacMillan, Piper Sandler	

- A. Native American Parent Advisory Committee (NA PAC) Report
Equity, Access and Engagement Officer Francesca Sinapi introduced Native American & Alaska Native Education Coordinator Barb Francom. PAC members Casey Parisian, Jeannie Sigsworth, and Rosie Quim gave their presentation on the Native American PAC activities. Board members asked questions and provided comment.
- B. Discuss Budget Committee Applications / Introduce Applicants
Financial Officer Michelle Morrison discussed the Budget committee vacancies and introduced the applicants. Applicant Dustin Rose appeared on Zoom and introduced himself to the Board and expressed his interest in serving on the Budget Committee. Board members ranked the three candidates on paper ballots.
- C. Student Investment Account (SIA) Annual Report
Financial Officer Michelle Morrison introduced the topic. Assistant Superintendent Brooke Nova discussed the 2022-2023 SIA, Integrated Guidance, Strategic Plan, focal groups, performance targets, and strategic plan accountability. Financial Officer Michelle Morrison discussed grant requirements, 2022-23 student investment account by fund, and SIA expansion. Superintendent Travis Reiman recognized Financial Officer Michelle Morrison's budget work. Board members asked questions and provided comment.
- D. Property Tax Levy Series Part II: Capital Project and Local Option Levy Outlook for HSD
Financial Officer Michelle Morrison introduced the topic and Lauren MacMillan from Piper Sandler. She discussed capital project ballot titles, the difference between capital project or bond levy, pre-2017 Bond outstanding GO Bonds Levy rates, and the relevancy to the 2017 bond program. Board members asked questions and provided comment.

- E. Recess Work Session
Board Chair Mark Watson recessed at 6:52 PM.

3. **REGULAR SESSION**

<u>Board Present:</u>	<u>Staff Present:</u>
Mark Watson, Chair	Travis Reiman, Superintendent
Ivette Pantoja, Vice Chair	Audrea Neville, Assistant Superintendent, School Performance
See Eun Kim, virtual	Brooke Nova, Assistant Superintendent, Academic Services
Erika Lopez	Beth Graser, Communications Officer
Nancy Thomas	Kona Lew-Williams, Human Resources Officer
Monique Ward	Michelle Morrison, Financial Officer
	Saideh Haghighi Khochkhou, Operations Officer
<u>Student Representatives Present:</u>	Jordan Beveridge, Information Technology Officer
Hadley Brathapan	Francesca Sinapi, Equity, Access and Engagement Officer
RJ Panlilio	Melissa Pendergrass, Coordinator of Career and College Pathways
	Todd Patterson, Construction Teacher - CTE Program, GHS
<u>CCAC Members:</u>	Jonathan Stupfel, Technology Teacher - Industrial Ed, GHS
Daisy Jacobo Nolasco	Rose Roman, Executive Assistant to the Board
Joe Everton	Ciara Hartzell, Technology Support
	John Garcia, Technology Support
	Gabriel Galindo Mendez, Technology Support
	Mary Kay Babcock, HEA President

A. Call to Order and Flag Salute

Board Chair Mark Watson reconvened the meeting at 7:04 PM and led the Pledge of Allegiance.

B. Land Acknowledgement

Board Chair Mark Watson read the Land Acknowledgement.

C. Approval of Agenda

Director Erika Lopez MOVED, SECONDED by Director Monique Ward, to approve the agenda as printed.

The MOTION CARRIED (6-0).

No further discussion took place.

D. Consent Agenda

Consent agenda items are distributed to Board members in advance for study, and enacted with a single motion.

Director Monique Ward MOVED, SECONDED by Director Nancy Thomas, to approve the Consent Agenda as printed.

The MOTION CARRIED (6-0).

No discussion took place.

Consent Agenda items were as follows:

1. Approve Minutes of October 24, 2023, Board meeting

2. Approve Routine Personnel Matter

E. Audience Time

Two audience members requested to address the Board:

Austin Mealue addressed the Board regarding a bus stop issue.

Leah Espinoza addressed the Board regarding a bus suspension issue.

F. Reports and Discussions

1. First Reading - High School Course Proposal: Construction 3

Assistant Superintendent Brooke Nova introduced Coordinator of Career and College Pathways Melissa Pendergrass. Melissa Pendergrass and Glencoe High School Construction teacher Todd Patterson presented the Construction 3 course for first reading. Assistant Superintendent Brooke Nova recognized Glencoe High School Jonathan Stupfel who was in the audience supporting the presentation. Board members asked questions and provided comment.

2. Early Literacy Success Grant

Assistant Superintendent Audrea Neville introduced the topic, discussed the 3rd grade strategic plan metric, adoption and implementation of curricula, employment of literacy specialists and coaches, professional development and coaching, extended learning programs, summer school program planning and high-dosage tutoring. Assistant Superintendent Brooke Nova discussed the focus on early literacy framework and the timeline for the grant. Board members asked questions and provided comment.

3. 2024-2025 and 2025-26 School Calendars - First Reading

Human Resources Officer Kona Lew-Williams presented the 2024-2025 and 2025-26 school calendars for first reading. Board members asked questions and provided comment.

4. Financial Report

Financial Officer Michelle Morrison offered to answer any questions.

G. Action Items

1. Appoint Budget Committee Members

Director Mark Watson MOVED, SECONDED by Director Monique Ward, that the Board of Directors appoint the slate of candidates identified during the work session to the vacant positions on the Budget Committee as follows:

- Appoint Dustin Rose to position 1, which expires on June 30, 2026
- Appoint Zarmeena Khan to position 2, which expires on June 30, 2026
- Appoint Bob Chamberlain to position 3, which expires on June 30, 2024

The MOTION CARRIED (5-0).

Chair Mark Watson thanked all three applicants for their applications.

2. OSAA Collective Sponsorship Application - LHS and HHS Swimming

Operations Officer Saideh Haghighi Khochkhoh presented the OSAA Collective Sponsorship Application.

Director Nancy Thomas MOVED, SECONDED by Director Ivette Pantoja, that the Board of Directors approve the Collective Sponsorship Application.

The MOTION CARRIED (5-0).

No further discussion took place.

3. Approve High School Course - Metal Processing 3

Director Nancy Thomas MOVED, SECONDED by Director Ivette Pantoja, that the Board of Directors approve the proposed course Metal Processing 3.

The MOTION CARRIED (5-0).

Chair Mark Watson expressed his excitement for this course.

4. Declare Surplus Equipment and Authorize Disposal

Financial Officer Michelle Morrison discussed disposal of the bus, and the donation to the fire department for training purposes.

Director Ivette Pantoja MOVED, SECONDED by Director Monique Ward, that the Board of declare Bus #125 surplus, and authorize disposal in accordance with District Surplus Procedures.

The MOTION CARRIED (5-0).

Director Monique Ward thanked Financial Officer Michelle Morrison for the information she sent.

5. Approve Superintendent Evaluation Process

Director Nancy Thomas MOVED, SECONDED by Director Ivette Pantoja, that the Board of Directors approve the Superintendent Evaluation Process.

The MOTION CARRIED (5-0).

No further discussion took place.

6. Approve Voluntary District Boundary Adjustment

Director Monique Ward MOVED, SECONDED by Director Ivette Pantoja, that the Board of Directors approve the Resolution to Adjust the Boundary with Forest Grove School District as described herein.

The MOTION CARRIED (5-0).

No further discussion took place.

H. HCU / HEA Reports

HCU President Bethany Schaffner submitted her report via video. She expressed gratitude for Classified staff. She acknowledged the tireless efforts of teachers on American Education Week. She shared stories of classified employees experiencing safety issues working with students and asked Board member to attend future Classified Listening Sessions.

HEA President Mary Kay Babcock acknowledge Native American Heritage Month, and discussed resources provided for Native students. She wished staff Happy American Education Week. She discussed the draft calendars and asked for the Board review to be paused for HEA to have time to review them.

I. Discussion Time

1) Student Representatives' Time

RJ Panlilio highlighted attending the OSBA conference, getting to know Board members, and the great networking experiencing. He stated that most district around the state don't have student representatives, but those that do, the students don't generally advocate for their whole district, only their specific school. He appreciated the opportunity being a student representative provides. He wished everyone a Happy Thanksgiving.

Hadley Brathapan said he and RJ Panlilio met with Talent Recruitment and Retention TOSA Kim Bayer to discuss ways to reach job seekers through social media. He addressed Human Resources Officer Kona Lew-Williams, said his advisory teacher wanted to ask if students and family could give feedback on calendars. He said he is very grateful for the opportunity to serve as student representative, and highlighted Equity, Access and Engagement Officer Francesca Sinapi helping him reach out to Dr. Xylecia Fynn-Aikins to develop an affinity group at Hilhi and create a survey.

2) Superintendent's Time

Superintendent Travis Reiman gave a shoutout to the Student Service department for hosting West Linn-Wilsonville School. He highlighted the end of quarter one, parent-teacher conferences next week, and thanked staff for the amount of hours that they put into conferences. He also gave a shout out to Equity, Access and Engagement Officer Francesca Sinapi and the family engagement team for all of the evening events that are being put on, saying that there are so many opportunities for families to engage with HSD. He stated that his goal is to engage with the HSD community, and thanked everyone who attended the Superintendent coffee chats, and Licensed and Classified listening sessions over the last several months. He also highlighted his attendance at the OSBA convention, stated that he is grateful for the training that they offer us and for the opportunity to share best practices with other districts. He ended by thanking Board members and the Communication Department for putting together apple baskets and distributing them throughout the district from American Education Week.

3) Board of Directors' Time

Director See Kim provided no comment.

Director Monique Ward thanked staff for the presentations, thanked the parents who spoke and brought up their concerns, and wished everyone a Happy Thanksgiving. Director Nancy Thomas thanked Equity, Access and Engagement Officer Francesca Sinapi and her team for accompanying HSD students to Seattle for Black College Expo. She highlighted her attendance at OSBA convention and thanked student representative RJ Panlilio for attending with Board members and representing HSD. She thanked the parents for coming to address the Board and asked for the issues to be looked into. She additionally thanked Assistant Superintendent Brooke Nova for her presentation.

Board Vice Chair Ivette Pantoja thanked everyone for the presentations. She highlighted attending OSBA conference and participating in the apple basket creation and delivery for American Education Week.

Board Chair Mark Watson discussed attending the OSBA convention and said when it comes to student leadership or CTE – HSD is a shining example. He said he recently attended Superintendent Travis Reiman's coffee chats, participated in delivering apples to schools for American Education week, and wished everyone a Happy Thanksgiving.

J. Adjourn Meeting

Chair Mark Watson adjourned the meeting at 8:37 PM.

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
APPROVE ROUTINE PERSONNEL MATTERS

The Superintendent recommends the Board of Directors:

- A. Ratify the acceptance of the resignation of the following licensed personnel:

LauraLee Sheller

Assignment: 1.0 FTE Instructional Coach/EL Specialist
Location: Free Orchards Elementary School
Effective Date: January 1, 2024

- B. Approve the employment of the following licensed personnel in the 2023-24 school year:

Favian Campos

Education: BA – Pacific University, Forest Grove, OR
Experience: None
Assignment: 1.0 FTE General Education Specialist – Free Orchards Elementary School

Robert Clark

Education: BA – California State University, San Francisco, CA
Experience: None
Assignment: 1.0 FTE Transition Specialist – Student Services

Allison Murray

Education: BA – California State University, Chico, CA
Experience: None
Assignment: 1.0 FTE General Education Specialist – P.L. Patterson Elementary School

Tracy Welninski

Education: BA – Northeastern Illinois University, Chicago, IL
Experience: None
Assignment: 1.0 FTE Physical Education Teacher – Evergreen Middle School

- C. Approve the employment of the following licensed personnel in the 2023-24 school year, who have held temporary status:

Robert Fellows

Education: MA – University of West Georgia, Carrollton, GA
Experience: 7 years
Assignment: 1.0 FTE Social Studies Teacher – Century High School

Kevin Heikkila

Education: BA – Portland State University, Portland, OR
Experience: 3 years
Assignment: 1.0 FTE General Education Specialist – Free Orchards
Elementary School

Tiffany Jones

Education: MA – Willamette University, Salem, OR
Experience: 4 years
Assignment: 1.0 FTE General Education Specialist – Lenox
Elementary School

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
FIRST READING - HIGH SCHOOL COURSES: ANIMAL LAB CARE 1, ANIMAL LAB
CARE 2, AND MEDICAL LABORATORY TECHNOLOGY

SITUATION

Board approval is required for all proposed new courses. Once a course has been approved, it may be offered at the school bringing forth the proposal, as well as any other District school of the same level.

Animal Care Lab 1, Animal Care Lab 2, and Medical Laboratory Technology has been submitted by Melissa Pendergrass, Coordinator of Career and College Pathways.

Animal Care Lab 1 and 2 will be offered as part of the CTE veterinary science pathway. The Veterinary Science CTE Program of Study is located at Hillsboro High School and accessible to students district-wide as a CCP shuttle program. Students in Animal Care Lab 1 will learn the skills necessary to perform all job responsibilities in an animal care and grooming facility. Students in Animal Care Lab 2 will utilize the skills learned in Animal Care 1 and manage a school-based enterprise animal care and grooming facility. Animal Care Lab 1 and 2 will provide career training opportunities in an authentic work-based learning environment within the school environment, as well as opportunities for industry-recognized credentials.

Medical Laboratory Technology will primarily be offered as part of the CTE Bioscience Technologies CTE Program of Study, but will also be accessible to students in any Health Science program as an additional CTE course, district-wide. The Bioscience CTE Program of study is located at Hillsboro High School and accessible to students district-wide as a CCP shuttle program. Medical Laboratory Technology will provide students with basic concepts and technical skills necessary in the clinical laboratory field including safety, quality control, laboratory testing, and communication. Students will explore the career field of clinical laboratory science in the context of providing quality patient healthcare. Students enrolled in Medical Laboratory Technology will have the opportunity to earn dual credit through PCC.

These proposals will be presented to the CCAC at its regular meeting on December 4th, 2023. Pending CCAC recommendation, the Board will be asked to place the course proposals for first reading December 5th and approve the courses during the Board meeting on January 23rd, 2024.

RECOMMENDATION

The Superintendent recommends that the Board of Directors listens to the report, asks any questions, and takes the course proposals under review.

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
FIRST READING – CURRICULUM APPROVAL: K-12 SYSTEMATIC ELD

SITUATION

Board approval is required for all proposed new curriculums. Once a curriculum has been approved, it may be offered in the Hillsboro School District.

A new curriculum proposal, Systematic ELD has been submitted by Arcema Tovar, Director of Multilingual Programs. Systematic ELD instruction is driven by students' English proficiency levels. English learners have the opportunity to learn and practice the foundational language they need in order to navigate a myriad of adult and peer interactions. During Systematic ELD instruction, English learners study how English works. This is student-centered instruction that supports content-area success by strengthening language abilities and teaching the language that native-English speakers already bring to their schooling. It follows a systematic scope and sequence of language skills, with a focus on the high-leverage, portable vocabulary, and sentence structures of the proficiency level.

The proposal was presented to the CCAC at its regular meeting on November 6, 2023. The Board will be asked to place the curriculum proposal for first reading tonight and approve the course during the January 23, 2024, Board meeting.

Please reference:

Hillsboro School District EL Curriculum one pagers

[EL Overview](#) (K-6)

[EL Overview](#) (7-8)

[EL Overview](#) (9-12)

RECOMMENDATION

The Superintendent recommends that the Board of Directors listens to the report, asks any questions, and takes the curriculum proposal under review.

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
FINANCIAL REPORT

Business Office – General Update

In alignment with the [Center for Educational Leadership Principal Support Framework](#), specifically, Action Area 3: A Strategic Partnership Between the Central Office and Principals, the Business Office develops systemic solutions that ensure instructional leadership is the primary job of principals.

Example 73: Department Equity Training

The Business Office has a culture of continuous improvement and can learn, adapt and respond to the changing needs of schools. In partnership with the Office of Access, Equity, and Engagement, the Business Office staff participated in a quarterly Equity Training with a focus on openness and connections. The interactive activities and open dialog was a great way to encourage relational and empathetic thinking while learning to look for commonalities across races and cultural backgrounds.

Finance Team- Accounts Payable, Banking, Contracts, and Student Body Accounting

Lisa Hicks, Contract and Procurement Specialist is well into the cyclical review process for contracted products and services. This provides an additional layer of support to department staff working directly with contractors and receiving equipment and supplies under pricing agreements. This step is ensuring the District is well-represented and that transactions are reconciled to agreements.

Finance Team- Financial Reporting and Grants

Nathan Depinto, Fiscal Planning Specialist, has left the District for an opportunity in Seattle. Nathan has done an excellent job supporting department and school staff by facilitating grant and donation fund transactions. Jeff Jones, Christy Woodard, and Michelle Morrison will be sharing the transitional workload until the position has been filled by a qualified candidate and trained.

Employee Services

Yurida MotaOsorio, the Business Office/Human Resources Systems Analyst, has been working with various teams to evolve workflows from paper (print and file) to electronic (digital and data transfer). Some of the opportunity areas include Accounts Payable, Employee Leave Administration, (Hourly) Time Entry, and Archives. Staff members have been generous with their time in demonstrating current processing and previewing the current and potential tools/methods that Yurida has identified. Her focus is on efficiency for department and interdepartment processes without negatively impacting costs or school and department operations.

Donations Over \$5,000

District Policy KH states that the District may receive donations of gifts that may serve to enhance and extend the work of the District, subject to Board approval. Individuals who

desire to make contributions are encouraged to consider donations for equipment or services that are not likely to be acquired from public fund expenditures. The purpose of this report is to describe to the Board the donations received that are valued at \$5,000 or more.

There are no November donations to report that were valued at \$5,000 or more.

Workers' Compensation Report

The table below includes workers' compensation claims reported month to date through November 27, 2023.

The District has received 30 new workers' compensation claims year to date, and a total of five (5) claims for the month of November (thru the 27th).

Workers' Compensation Reports			
	2021-22	2022-2023	2023-2024
July	2	1	2
August	7	8	3
September	19	11	14
October	8	13	6
November	12	8	5
December	10	6	
January	8	7	
February	10	11	
March	6	8	
April	13	10	
May	8	11	
June	9	9	
Yearly Total:	112	103	30

Student Incident Report

Student incident data below is month to date through November 27, 2023. Injuries to the head (9) were the most common type of injury due to slip and fall (15).

Student Incident Reports						
	2022-23 Total Incidents	Average Incidents Per School Day	Serious Injuries With 911 Transport	2023-24 Total Incidents	Average Incidents Per School Day	Serious Injuries With 911 Transport
July	0	N/A	0	0	N/A	0
August	3	N/A	0	0	N/A	0
September	87	0.20	1	102	.18	8
October	128	0.20	5	80	.26	10
November	71	0.16	3	37	.30	4
December	70	0.17	3			
January	87	0.23	4			
February	77	0.22	4			
March	79	0.22	6			
April	69	0.27	9			
May	83	0.26	9			
June	28	N/A	5			
Yearly Total:	782	0.20	49	219	.25	22

Vehicle Accidents

In November there were two (2) vehicle claims filed.

General Functions

If you would like more information or to discuss these or other Business Office items, please contact Michelle Morrison at 503-844-1527 or [morisom@hsd.k12.or.us](mailto:morrisom@hsd.k12.or.us).

HILLSBORO SCHOOL DISTRICT HILLSBORO SCHOOL DISTRICT 1J

2023-24

MONTHLY FINANCIAL REPORT - as of November 30, 2023

	1st Quarter	October	November	2nd Quarter	3rd Quarter	4th Quarter	Fiscal YTD	Budget		Fiscal YTD	
Revenues	Actual	Actual	Actual	Actual	Actual	Actual	2023-24	2023-24	% of Budget	2022-23	% of Budget
Taxes	\$349,682.99	\$66,924.46	\$17,029,743.41	\$17,096,667.87	\$0.00	\$0.00	\$17,446,350.86	\$93,524,331.00	18.65%	\$58,640,954.72	66.27%
Interest	\$258,707.90	\$74,112.57	\$0.00	\$74,112.57	\$0.00	\$0.00	\$332,820.47	\$639,744.00	52.02%	\$232,500.19	46.47%
Local Sources	\$227,836.70	\$287,274.52	\$150,747.25	\$438,021.77	\$0.00	\$0.00	\$665,858.47	\$2,751,130.00	24.20%	\$828,836.89	46.10%
Total Local	\$836,227.59	\$428,311.55	\$17,180,490.66	\$17,608,802.21	\$0.00	\$0.00	\$18,445,029.80	\$96,915,205.00	19.03%	\$59,702,291.80	65.76%
County/ESD	\$15,344.06	\$130,798.23	\$0.00	\$130,798.23	\$0.00	\$0.00	\$146,142.29	\$5,255,911.00	2.78%	\$1,885,828.70	42.35%
State Sources	\$49,583,764.13	\$12,330,218.07	\$12,516,270.48	\$24,846,488.55	\$0.00	\$0.00	\$74,430,252.68	\$154,252,132.00	48.25%	\$75,550,628.58	50.34%
Federal Sources	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Other Sources	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Adjusted Beginning Balance*	\$12,688,776.12	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$12,688,776.12	\$12,824,439.00	98.94%	\$21,194,031.00	100.00%
Total Revenue	\$63,124,111.90	\$12,889,327.85	\$29,696,761.14	\$42,586,088.99	\$0.00	\$0.00	\$105,710,200.89	\$269,247,687.00	39.26%	\$158,332,780.08	59.41%
Expenditures											
Instruction											
Salaries	\$8,304,214.40	\$8,148,068.90	\$8,178,568.58	\$16,326,637.48	\$0.00	\$0.00	\$24,630,851.88	\$83,657,609.00	29.44%	\$23,741,562.02	28.07%
Benefits	\$4,136,756.82	\$4,086,179.52	\$4,065,239.09	\$8,151,418.61	\$0.00	\$0.00	\$12,288,175.43	\$43,442,929.00	28.29%	\$11,527,323.21	25.28%
Purchased Service	\$2,050,223.65	\$969,639.14	\$465,972.96	\$1,435,612.10	\$0.00	\$0.00	\$3,485,835.75	\$14,493,546.00	24.05%	\$3,368,017.72	21.79%
Supplies/Materials	\$1,370,580.36	\$241,502.96	\$102,804.38	\$344,307.34	\$0.00	\$0.00	\$1,714,887.70	\$5,960,742.00	28.77%	\$985,103.01	18.04%
Capital Purchases	\$18,906.55	\$5,119.95	\$0.00	\$5,119.95	\$0.00	\$0.00	\$24,026.50	\$0.00	0.00%	\$0.00	0.00%
Other	\$117,264.46	\$12,733.40	\$1,900.00	\$14,633.40	\$0.00	\$0.00	\$131,897.86	\$1,370,504.00	9.62%	\$198,755.97	17.49%
Total Instruction	\$15,997,946.24	\$13,463,243.87	\$12,814,485.01	\$26,277,728.88	\$0.00	\$0.00	\$42,275,675.12	\$148,925,330.00	28.39%	\$39,820,761.93	26.16%
Support Services											
Salaries	\$9,692,162.89	\$4,441,954.06	\$4,475,032.43	\$8,916,986.49	\$0.00	\$0.00	\$18,609,149.38	\$53,701,063.00	34.65%	\$16,899,769.53	32.92%
Benefits	\$4,919,727.65	\$2,428,841.99	\$2,374,727.53	\$4,803,569.52	\$0.00	\$0.00	\$9,723,297.17	\$27,886,659.00	34.87%	\$9,097,497.25	32.87%
Purchased Service	\$3,673,454.69	\$1,147,128.54	\$1,771,197.31	\$2,918,325.85	\$0.00	\$0.00	\$6,591,780.54	\$9,303,628.00	70.85%	\$5,565,111.28	59.32%
Supplies/Materials	\$4,810,180.88	\$750,555.57	\$361,648.70	\$1,112,204.27	\$0.00	\$0.00	\$5,922,385.15	\$3,826,284.00	154.78%	\$2,411,966.04	72.79%
Capital Purchases	\$88,044.59	\$84,802.62	\$115.87	\$84,918.49	\$0.00	\$0.00	\$172,963.08	\$418,902.00	0.00%	\$73,777.36	0.00%
Other	\$2,178,475.10	\$96,575.93	\$124,290.04	\$220,865.97	\$0.00	\$0.00	\$2,399,341.07	\$879,744.00	272.73%	\$1,878,489.92	272.36%
Total Support	\$25,362,045.80	\$8,949,858.71	\$9,107,011.88	\$18,056,870.59	\$0.00	\$0.00	\$43,418,916.39	\$96,016,280.00	45.22%	\$35,926,611.38	38.88%
Community Services											
Salaries	\$82,060.44	\$38,817.06	\$38,708.05	\$77,525.11	\$0.00	\$0.00	\$159,585.55	\$368,744.00	43.28%	\$127,951.12	43.32%
Benefits	\$45,289.35	\$22,242.11	\$21,977.44	\$44,219.55	\$0.00	\$0.00	\$89,508.90	\$191,487.00	46.74%	\$72,440.80	45.49%
Purchased Service	\$22,571.79	\$7,082.82	\$269.03	\$7,351.85	\$0.00	\$0.00	\$29,923.64	\$63,886.00	46.84%	\$19,173.14	35.52%
Supplies/Materials	\$4,946.76	\$494.07	\$2,620.08	\$3,114.15	\$0.00	\$0.00	\$8,060.91	\$26,273.00	30.68%	\$8,334.42	43.72%
Capital Purchases	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6,041.00	0.00%	\$0.00	0.00%
Total Community Services	\$154,868.34	\$68,636.06	\$63,574.60	\$132,210.66	\$0.00	\$0.00	\$287,079.00	\$656,431.00	43.73%	\$227,899.48	42.87%
Capital Projects											
Purchased Service	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Capital Purchases	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Total Capital Projects	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Debt Service Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Transfers	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Contingency/Ending Balance	\$10,449,646.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,449,646.00	\$10,449,646.00	100.00%	\$11,766,035.00	100.00%
Total Expenditures	\$51,964,506.38	\$22,481,738.64	\$21,985,071.49	\$44,466,810.13	\$0.00	\$0.00	\$96,431,316.51	\$256,047,687.00	37.66%	\$87,741,307.79	34.15%

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
ACCEPT GIFTS AND DONATIONS
(as of November 28, 2023)

SITUATION

District Policy KH states that the District may receive donations of gifts that may serve to enhance and extend the work of the District, subject to Board approval. Individuals who desire to make contributions are encouraged to consider donations for equipment or services that are not likely to be acquired from public fund expenditures.

The purpose of this report is to describe to the Board the donations received that are valued at \$5,000 or more.

There are no November donations to report that were valued at \$5,000 or more.

RECOMMENDATION

The Superintendent recommends that the Board of Directors accept these donations.

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
SCHOOL CALENDAR UPDATE

SITUATION

In light of a pre-Labor Day start, which will be a significant change for our District, we would like to allow for additional time to consider the calendars that are currently under first reading for the 2024-25 and 2025-26 school years.

RECOMMENDATION

The Superintendent recommends that the Board of Directors listen and ask any questions they may have regarding the update.

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
BOND PROGRAM REVIEW REPORT

SITUATION

In November 2017, voters approved the \$408 million capital project bond sale and tax levy renewal. The District was well-prepared and positioned for an immediate sale, cash infusion and project commencement. In addition to the standard program testing conducted by the District's independent auditor, Grove, Mueller, Swank PC, a more focuses assurance review was conducted specifically on the Capital Project funds.

District staff engaged with [Moss Adams](#), a local accounting firm to conduct an audit of the project expenditures to ensure compliance with the authorization under the ballot title. This report is for the 2022-23 fiscal year; the sixth and final consecutive comprehensive testing period of the Capital Projects Funds. An opinion was offered and incorporated into a report that includes other relevant supporting documents.

RECOMMENDATION

The Superintendent recommends that the directors review this report in advance and ask any questions they may have.

Hillsboro School District 1J

Administration Center
3083 NE 49th Place
Hillsboro, OR 97124

2022-23 HSD Bond Audit Report



www.hsd.k12.or.us



HILLSBORO SCHOOL DISTRICT 1J

Washington County, Oregon

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INTRODUCTION AND EXECUTIVE SUMMARY

Audit Purpose

In November 2017, the community authorized Hillsboro School District 1J to sell bonds in the amount of \$408.0 million for Capital Improvements. In order to provide a high level of transparency and confidence, the Board of Directors requested an internal review of controls and transactions. This report documents the review as well as a third party opinion by Moss Adams LLC. The review period covers the 2022-23 fiscal year.

Management, Annual Comprehensive Financial Report, and Internal Controls

In addition to the bond fund specifics herein, all balance sheet, revenue, and expense transactions were subject to the standard annual testing procedures conducted by the District's independent audit firm, Grove, Mueller, Swank, P.C. The annual audit is conducted per policy [DIE- Audits](#) and the Annual Comprehensive Financial Reports are available by request and on the [district website](#).

Notes on Financial Information

In order to align with federal bond exemption rules, the bond authorization was separated into two bond sales. The first was immediately after the passage of the bond vote in November 2017 in the amount of \$268.4 million. The bonds earned \$51.6 million in premium during the sale and were estimated to bring an additional \$10.8 million in interest earnings.

The second bond sale for the remaining authorization of \$139.5 million occurred in February of 2020, weeks prior to the COVID 19 pandemic outbreak in Oregon. Although the District received a single downgrade from Moody's, the bonds earned \$28.5 million in premium and were estimated to yield \$3.1 million in interest. The District has engaged with the consultants of Arbitrage Compliance Specialists in order to plan for a potential of higher interest earnings than costs, triggering a tax obligation.

From July 2022 through June 2023, approximately \$1.8 million was expended on projects related to the initial bond sale, leaving a balance of zero. Additionally, approximately \$35.3 million was expended on projects related to the second bond sale, leaving an estimated balance of \$15.9 million.

Please visit the [bond website](#) for additional project information and contact [Michelle Morrison](#), the District Financial Officer, with questions regarding this report.

October 6, 2023

Jeff Jones, Manager of Business Services
Hillsboro School District 1J
3083 NE 49th Place
Hillsboro, OR 97124

Re: Examination Services

Dear Jeff:

Thank you for the opportunity to provide services to Hillsboro School District 1J. This engagement letter ("Engagement Letter") and the attached Professional Services Agreement, which is incorporated by this reference, confirm our understanding of the terms and objectives of our engagement, and limitations of the services that Moss Adams LLP ("Moss Adams," "we," "us," and "our") will provide to Hillsboro School District 1J ("you," "your," and "District").

Scope of Services - Examination

We will examine management of the District's assertion that its bond proceeds ("Subject Matter") were expended for the types of projects summarized in bond measure #34-278 ("Attachment A") ("Criteria") for the period July 1, 2022 through June 30, 2023 (the "Assertion"). These projects are safety improvements (seismic, safety, security, upgrades), repairs, replacements, and addressing overcrowding (mechanical, electrical, plumbing, hardscape, and roofing upgrades; replace Brookwood Elementary; improvements and expansion to existing schools; new elementary gymnasiums; drop-off safety improvements; playground, athletic field and other improvements), plan for future growth (two elementary schools and transportation/maintenance facility), learning environments (classroom and technology upgrades; job training, infrastructure, and equipment), and furnishing, equipping, and issuance costs.

Our examination will be conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express an opinion in a written report about whether the Assertion is fairly stated, in all material respects. If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement.

Because of the inherent limitations of an examination engagement, together with the inherent limitation of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examination is properly planned and performed in accordance with attestation standards.

As a condition of our engagement, District management acknowledges and understands that it is responsible for the preparation and fair presentation of the Assertion and the accuracy and

completeness of that information. District management agrees that as a condition of our engagement District management will provide us with:

- Access to all information of which District management are aware that is relevant to the measurement, evaluation or disclosure of the Assertion,
- Access to additional information that we may request from District management for the purpose of the engagement; and
- Unrestricted access to persons within the appropriate party(ies) from whom we determine it necessary to obtain evidence.

We may advise you about appropriate Criteria or assist in the development of the Assertion, but the responsibility for the Assertion remains with you.

At the conclusion of our engagement, we will require a representation letter from management that, among other things, will confirm management's responsibility for the Assertion.

Timing

Ashley Osten is responsible for supervising the engagement and authorizing the signing of our report. We expect to begin fieldwork on approximately October 16, 2023, complete fieldwork on approximately October 20, 2023, and issue our report no later than November 30, 2023. If unforeseen difficulties occur which make meeting the issuance date improbable, we will inform you immediately. Our ability to meet these targets will be dependent, in part, on the level of preparation and cooperation by your staff.

Our scheduling is based on your completion of documents requested by Moss Adams. Efficient use of our staff benefits both you and Moss Adams, allowing for timely completion of our work. We may experience delays in completing our services due to your staff's unavailability or delays in your completing the documents requested by Moss Adams. We will work with you to coordinate completion of our work, realizing that any such delays will also delay completion of our work and the delivery of our work product. You understand our fees are subject to adjustment if we experience delays in completing our services. Our services will be concluded upon delivery to you of our examination report.

Fees

We estimate that our fees for these services will be \$20,000. You will also be billed for expenses.

The fee estimate is based on anticipated cooperation from your personnel, the expectation that the District's records will be in good order, and the assumption that unexpected circumstances will not be encountered during the completion of the examination. If we find that significant additional time is likely to be necessary, we will attempt to discuss it with you and arrive at a new fee estimate before we incur significant additional fees or expenses.

This Engagement Letter and attached Professional Services Agreement constitute the entire agreement (the "Agreement") and understanding between Moss Adams and the District. The District agrees that in entering into this Agreement it is not relying and has not relied upon any oral or other representation, promise or statement made by anyone which is not set forth herein.

We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in this Agreement, please sign the enclosed copy of this Engagement Letter and return it to us with the Professional Services Agreement.

Very truly yours,



Ashley Osten, Partner, for
Moss Adams LLP

Enclosures

Accepted and Agreed:

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of Hillsboro School District 1J with respect to this engagement and the services to be provided by Moss Adams LLP:

Officer Signature: 

Print Name: Adam Stewart

Title: Capital Projects Officer

Date: 10/9/2023

Client: # 661118
v. 11/10/2022

PROFESSIONAL SERVICES AGREEMENT

Examination Services

This Professional Services Agreement (the "PSA") together with the Engagement Letter, which is hereby incorporated by reference, represents the entire agreement (the "Agreement") relating to services to be provided to the Company by Moss Adams. Any undefined terms in this PSA shall have the same meaning as set forth in the Engagement Letter.

Objective of the Examination

The objective of our examination is the expression of an opinion as stated in the Engagement Letter. Our examination will be conducted in accordance with the standards described in the Engagement Letter and will include tests of your records and other procedures we consider necessary to enable us to express such an opinion. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the examination or are unable to form or have not formed an opinion, we may decline to express an opinion or may withdraw from this engagement.

Procedures and Limitations

An examination includes examining evidence on a test basis and cannot be relied upon to disclose all material errors, or known or suspected fraud or noncompliance with laws or regulations or internal control deficiencies that may exist. Therefore, our examination will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the examination to obtain reasonable, but not absolute, assurance about whether Assertion is fairly stated, in all material respects. A risk exists that we may not detect material misstatements because: (a) an examination is designed to provide reasonable, but not absolute, assurance the Assertion is fairly presented in all material respects, (b) we will not perform a detailed examination of all transactions as such is cost prohibitive, and (c) an examination is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the Assertion. However, we will inform you of any material errors, known or suspected fraud and noncompliance with laws or regulations, internal control deficiencies identified during the engagement, and uncorrected misstatements that come to our attention, unless clearly inconsequential. Our responsibility is limited to the period covered by our examination and does not extend to any time period for which we are not engaged as examiners.

Changes in Professional or Accounting Standards

To the extent that future federal, state, or professional rule-making activities require modification of our examination approach, procedures, scope of work, etc., we will advise you of such changes and the impact on our fee estimate. If we are unable to agree on the additional fees, if any, that may be required to implement any new accounting and examination standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

Representations of Management

During the course of our engagement, we may request information and explanations from management regarding, among other matters, the Company's operations, internal control, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide us with a written representation letter confirming some or all of the representations made during the engagement. The procedures we will perform in our engagement will be heavily influenced by the representations that we receive from management. While we may assist management in the preparation of the representation letter, it is management's responsibility to carefully review and understand the representations made therein.

Fees and Expenses

Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. Any past due fee under this Agreement shall bear interest at the highest rate allowed by law on any unpaid balance. In addition to fees, you may be billed for expenses and any applicable sales and gross receipts tax. Direct expenses may be charged based on out-of-pocket expenditures, per diem allotments, and mileage reimbursements, depending on the nature of the expense. Indirect expenses, such as processing time and

technology expenses, may be passed through at our estimated cost and may be billed as a flat charge or a percentage of fees. If we elect to suspend our engagement for nonpayment, we may not resume our work until the account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. You will be obligated to compensate us for fees earned for services rendered and to reimburse us for expenses. You acknowledge and agree that in the event we stop work or terminate this Agreement as a result of your failure to pay on a timely basis for services rendered by Moss Adams as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

Limitation on Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

Subpoena or Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Document Retention Policy

At the conclusion of this engagement, we will return to you all original records you supplied to us. Your Company records are the primary records for your operations and comprise the backup and support for the results of this engagement. Our records and files, including our engagement documentation whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our firm policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our records. We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that Moss Adams may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential. We employ measures in the use of electronic communications designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of electronic communications to your representatives and other use of these electronic devices during the term of this Agreement as we deem appropriate.

Enforceability

In the event that any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Agreement.

Entire Agreement

This Professional Services Agreement and Engagement Letter constitute the entire agreement and understanding between Moss Adams and the Company. The Company agrees that in entering into this Agreement it is not relying and has not relied upon any oral or other representations, promise or statement made by anyone which is not set forth herein.

Use of Moss Adams' Name

The Company may not use any of Moss Adams' name, trademarks, service marks or logos in connection with the services contemplated by this Agreement or otherwise without the prior written permission of Moss Adams, which permission may be withheld for any or no reason and may be subject to certain conditions.

Dispute Resolution Procedure, Venue and Limitation Period

This Agreement shall be governed by the laws of the state of Washington, without giving effect to any conflicts of laws principles. If a dispute arises out of or relates to the engagement described herein, and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter if litigation were to ensue and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses, and shall share equally in the mediator's fees and expenses.

Each party hereby irrevocably (a) consents to the exclusive jurisdiction and venue of the appropriate state or federal court located in King County, state of Washington, in connection with any dispute hereunder or the enforcement of any right or obligation hereunder, and (b) WAIVES ITS RIGHT TO A JURY TRIAL. EACH PARTY FURTHER AGREES THAT ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE FILED WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

Termination

This Agreement may be terminated by any party, with or without cause, upon ten (10) days' written notice. In such event, we will stop providing services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination: (a) you shall pay us for services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this Agreement, and (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render services.

Use of Nonlicensed Personnel

Certain engagement personnel who are not licensed as certified public accountants may provide services during this engagement.

Use of Subcontractor and Affiliate

We may retain subcontractors and/or our affiliate, Moss Adams (India) LLP, to assist us in providing our services to you. These entities may collect, use, transfer, store, or otherwise process information provided by you or on your behalf ("Client information") in the domestic and foreign jurisdictions in which they operate. All of these entities are required to protect the confidentiality of any Client information to which they have access in the course of their work. We will be responsible for their performance in accordance with the terms of this Agreement.

Hiring of Employees

Any offer of employment to members of the engagement team prior to issuance of our report may impair our independence and as a result, may result in our inability to complete the engagement and issue a report.

Mutual Waiver of COVID-19 Claims

This provision addresses issues regarding the novel coronavirus ("COVID-19"). The parties acknowledge their respective understanding of the hazards of COVID-19, including, but not limited to, its highly contagious nature and the corresponding health risks associated with being exposed to or infected by COVID-19. Each party agrees to waive, release, discharge, and covenants not to sue the other party or its affiliates and its and their respective officers, directors, partners, principals, employees, agents, or subcontractors from any and all claims, damages, expense, liability, illness or losses that may occur from exposure to or infection by COVID-19 arising out of, related to, or in any way connected with the professional services provided by Moss Adams.

November 13, 2023

Moss Adams LLP
805 SW Broadway, Suite 1400
Portland, OR 97205

We are providing this letter in connection with your examination of management of Hillsboro School District 1J's (the District) assertion that its bond proceeds ("Subject Matter") were expended for the types of projects summarized in bond measure #34-278 ("Criteria") for the period July 1, 2022 through June 30, 2023 (the "Assertion"). We confirm, to the best of our knowledge and belief, the following representations made to you during your engagement:

1. We acknowledge our responsibility for the Assertion; selecting the Criteria; and determining that such Criteria are suitable, will be available to the intended users, and are appropriate for the purpose of the engagement.
2. We believe the Subject Matter is presented in accordance with the Criteria.
3. All relevant matters are reflected in the evaluation of the Assertion.
4. All known matters contradicting the assertion and any communication from regulatory agencies or others affecting the assertion have been disclosed to you, including communications received between the end of the period addressed in the written assertion and the date of this letter.
5. We have disclosed to you:
 - a. all deficiencies in internal control relevant to the engagement of which we are aware;
 - b. our knowledge of any actual, suspected, or alleged fraud or noncompliance with laws or regulations affecting the Subject Matter.
6. Any known events subsequent to the date of the Assertion that would have a material effect on the Assertion have been disclosed to you.
7. We have provided you with all relevant information and access, as agreed upon in the terms of the engagement.
8. We have responded fully to all inquiries made to us by you during the examination.
9. All bond expenditure transactions have been properly recorded in the accounting records and were provided to you without adjustment.
10. For those employees that have been paid from bond proceeds, we evaluated the duties performed and believe they comply with the District's time study performed as well as the types of projects summarized in bond measure #34-278.
11. For all substitute teachers that were funded from bond proceeds, we have evaluated the duties performed by the teacher for whom the substitute replaced and verified the duties performed were in accordance with the types of projects summarized in bond measure #34-278.
12. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the examination of our assertion such as records, documentation and other matters;
 - b. Additional information that you have requested from us for the purpose of the examination;

- c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain evidence.

DocuSigned by:

Adam Stewart

Adam Stewart, Capital Projects Officer

DocuSigned by:

Jeff Jones

Jeff Jones, Manager of Business Services

Report of Independent Accountants

The Board of Directors
Hillsboro School District 1J

We have examined management of Hillsboro School District 1J's (the District) assertion that its bond proceeds were expended for the types of projects summarized in bond measure #34-278 for the period July 1, 2022 through June 30, 2023. The District's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, management's assertion that its bond proceeds were expended for types of projects summarized in bond measure #34-278 for the period July 1, 2022 through June 30, 2023 is fairly stated in all material respects.



Portland, Oregon
November 13, 2023

Auditor Recommendations



Recommendation

To the Board of Directors
Hillsboro School District 1J

We did not note anything during our procedures regarding recommendations.

Very truly yours,

Ashley Osten, Partner, for
Moss Adams LLP

HILLSBORO SCHOOL DISTRICT 1J
July 31, 2017
APPROVAL OF ELECTION RESOLUTION AND NOTICE OF MEASURE ELECTION,
INCLUDING THE CAPTION, QUESTION, AND SUMMARY,
FOR THE NOVEMBER 2017 BOND ELECTION

SITUATION

In order to place the \$408 million bond package on the November 2017 ballot, the School Board must approve an election resolution and a notice of measure election, which includes the ballot caption, question, and summary. These documents must then be filed with the county elections office, no later than September 7. District staff and representatives of the District's bond counsel, bond underwriter, and communications consultant have worked together to ensure that the attached document provides accurate, descriptive information that meets the Secretary of State's criteria. The Board of Directors is being asked to approve these items during the July 31 work session because this is the Board's last meeting prior to the filing deadline for the November 2017 ballot.

RECOMMENDATION

The Superintendent recommends that the Board of Directors approve the election resolution and notice of measure election, including the caption, question, and summary, for the November 2017 bond election.

RESOLUTION

A RESOLUTION OF HILLSBORO SCHOOL DISTRICT NO. 1J, WASHINGTON, YAMHILL AND MULTNOMAH COUNTIES, OREGON, CALLING A MEASURE ELECTION TO SUBMIT TO THE ELECTORS OF THE DISTRICT THE QUESTION OF CONTRACTING GENERAL OBLIGATION BONDED INDEBTEDNESS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$408,000,000 TO FINANCE CAPITAL COSTS; AND RELATED MATTERS.

WHEREAS the Board of Directors (the “Board”) of Hillsboro School District No. 1J, Washington, Yamhill and Multnomah Counties, Oregon, (the “District”) has determined that a need exists for the District to finance capital costs, as more fully described in the notice of measure election attached hereto as Exhibit A (the “Project”), and pay bond issuance costs; and

WHEREAS, in connection with the Project, the District has evaluated the need for safety improvements, the joint funding of safety improvements with other public and private entities, and the funding of safety improvements, in accordance with ORS 332.176; and

WHEREAS the District applied for the Oregon School Capital Improvement Match (the “Match Program”) under Senate Bill 447; and

WHEREAS the costs of the Project and issuance costs are estimated to be not more than \$408,000,000 from bond funds; and

WHEREAS the District anticipates incurring expenditures (the “Expenditures”) to finance the costs of the Project and wishes to declare its official intent to reimburse itself for any Expenditures it may make from its general funds on the Project from the proceeds of voter-approved general obligation bonds which may be issued as tax-exempt obligations or qualified tax credit bonds; and

WHEREAS ORS 328.205, as amended, subject to voter approval, authorizes the District to contract bonded indebtedness to provide funds to finance the costs of the Project and to pay bond issuance costs;

NOW, THEREFORE, the Board of Directors of Hillsboro School District No. 1J, Washington, Yamhill and Multnomah Counties, Oregon, resolves as follows:

1. The measure election is hereby called for the purpose of submitting to the electors of the District the question of contracting general obligation bonded indebtedness in the name of the District in an amount not to exceed \$408,000,000 (the “Bonds”). Bond proceeds will be used to finance the Project and pay all Bond issuance costs. The Bonds shall mature over a period of not more than twenty-one (21) years from the date of issue and may be issued in one or more series.
2. The measure election hereby called shall be held in the District on the 7th day of November, 2017. As authorized by the County Clerks of Washington, Yamhill and Multnomah Counties, Oregon, and the Oregon Secretary of State, the election shall be conducted by mail, pursuant to ORS 254.465 and 254.470.

3. The District authorizes the Chair, Superintendent, Chief Financial Officer (each an “Authorized Representative”) or his/her designee to submit the final ballot title and explanatory statement and to take such further action as is necessary to carry out the intent and purposes herein, in compliance with the applicable provisions of law.
4. The Authorized Representative shall cause to be delivered to the Election Officer of Washington County, Oregon (the “Election Officer”), a Notice of Measure Election (the “Notice”) in substantially the form attached hereto as Exhibit A, which shall be approved and filed by the Authorized Representative of the District, not later than September 7, 2017 (sixty-one (61) days prior to the election date), and with such changes as may be necessitated in connection with the Match Program.
5. The District hereby declares its official intent, pursuant to Treasury Regulation Section 1.150-2, to reimburse itself with the proceeds of the Bonds for any of the Expenditures incurred by it prior to the issuance of the Bonds.
6. The Authorized Representative is hereby authorized to execute all documents necessary in conjunction with the Match Program.
7. The law firm of Hawkins Delafield & Wood LLP is hereby appointed to serve as Bond Counsel with respect to the issuance of the Bonds. The District will pay the fees and expenses of the Bond Counsel from the Bond proceeds.

ADOPTED by the Board of Directors of Hillsboro School District No. 1J, Washington, Yamhill and Multnomah Counties, Oregon, this 31st day of July, 2017.

**HILLSBORO SCHOOL DISTRICT NO. 1J,
WASHINGTON, YAMHILL AND
MULTNOMAH COUNTIES, OREGON**

By: _____
Lisa Allen, Chair, Board of Directors

ATTEST:

By: _____
Mike Scott, Superintendent/District Clerk

EXHIBIT A

NOTICE OF MEASURE ELECTION

HILLSBORO SCHOOL DISTRICT NO. 1J WASHINGTON, YAMHILL AND MULTNOMAH COUNTIES, OREGON

NOTICE IS HEREBY GIVEN [_____] (*insert date submitted to county clerk, not adoption date*) that a measure election will be held in Hillsboro School District No. 1J, located in Washington, Yamhill and Multnomah Counties, Oregon, on November 7, 2017. The following shall be the ballot title of the measure to be submitted to the district's voters:

CAPTION (10 WORD LIMIT):

Bonds to Improve Schools and Classrooms, Address Safety, Repairs, Overcrowding

QUESTION (20 WORD LIMIT):

Shall Hillsboro School District improve schools, safety, security, and technology; issue \$408 million in bonds; estimated to maintain tax rate?

If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

SUMMARY (175 WORD LIMIT):

If approved, bonds are expected to fund projects to upgrade safety, repair aging schools, improve learning environments, relieve school crowding, and plan for growth.

The District has been awarded \$6 million in state matching funds if measure is approved. Independent audits and citizen oversight required.

Bonds expected to fund:

Safety Improvements

- Seismic, safety, security upgrades.

Repairs, Replacements, Address Overcrowding

- Mechanical/electrical/plumbing/hardscape/roofing upgrades;
- Replacement of Brookwood Elementary;

- Improvements to Reedville Elementary / Hillsboro High School;
- New elementary gymnasiums;
- Drop-off safety improvements;
- Playground, athletic field and other improvements.

Plan for Future Growth

- Two elementary schools;
- Transportation/Maintenance facility.

Learning Environments

- Classroom and technology upgrades;
- Job training infrastructure, equipment.

Bond issuance costs.

State matching and remaining funds may be used to:

- Purchase land for additional school capacity;
- Replace additional hardscapes, portables;
- Replace windows;
- Improve/replace tennis courts.

Bonds would mature in not-to-exceed 21 years from issuance. The estimated tax rate is not projected to increase over current levels of \$2.24 per \$1,000 of assessed property value. Actual levy rate may differ due to changes in interest rates and/or assessed value.

The following authorized District official hereby certifies the above ballot title is true and complete.

Signature of authorized District official

Date signed

Printed name of authorized District official

Title

Internal Controls and Procedures

Capital Projects Bonds System Description

PERSONNEL INVOLVED:

Superintendent: Mike Scott

Financial Officer (FO): Michelle Morrison

Capital Projects Officer (CPO): Adam Stewart

Manager of Business Services: Jeff Jones

Finance Manager – Accounting and Purchasing: Jennifer Zavatsky

Fiscal Planning Specialist: Christy Woodard

Accounts Payable Department:

Financial Assistant II: Denise Hess

Financial Assistant I: Britney Alley

Financial Assistant I: Connie Cannon

General Accountant: Pam Gray

DESCRIPTION:

The general public within the Hillsboro School District vote to approve a bond sale for capital projects. The ballot title describes allowable expenditures from bond sale proceeds, premium, and interest earned. All bond program activities will be coordinated by the Capital Project Officer and transactions will align with normal district controls described in the Procedures and authorized by the Financial Officer.

Cash Flow and Banking

Cash flows and banking are subject to the standard Procedures for access and reconciliation with an additional layer of oversight by the Capital Project Officer. Requests for payment/transfer are initiated electronically and follow the standard banking workflow. The interest generated from investments (Zions bank) will settle in the appropriate US Bank Bond Checking account per the pre-determined investment schedule and guided by the bond investment policy.

Expenditure Authorization

All bond-related expenditures are subject to the standard internal controls for similar transactions, with additional oversight of the Capital Project Officer. A separate chart of accounts is maintained with each bond sale for internal tracking purposes of expenditures. Invoices for bond project expenditures will not be authorized for payment without a specific stamp of approval from the Capital Project Officer or designee.

External bank accounts will be maintained specifically for Bond funds and interfund/banking transactions will be pre-authorized by the Capital Project Officer. Staff positions funded by the bond will be temporary for the duration of the program.

Insurance

The District will obtain an Owner Controlled Insurance Program (OCIP) or “wrap-up program” using bond funds for construction projects. An OCIP, unlike traditional construction insurance coverage, provides eligible participants of a construction project with general liability coverage under one policy.



Code: **DFAA**
Adopted: 6/26/18
Revised/Readopted: 6/11/19; 9/22/20
Orig. Code: DFAA

Investment Policy – Capital Project Fund

Scope

This investment policy applies to activities of the Hillsboro School District with regard to investing the financial assets of the Capital Project Fund.

Funds will be invested in compliance with the provisions of Oregon Revised Statute (ORS) 294.035 through 294.048, ORS 294.125 through 294.155, ORS 294.810, and other applicable statutes. Investments will be in accordance with these policies and written administrative procedures. Investment of tax-exempt borrowing proceeds will comply with the “arbitrage” restrictions of Section 148 of the Internal Revenue Code of 1986.

Objectives

The District’s investment objectives are:

1. Preservation of capital and the protection of investment principal;
2. Conformance with federal, state, and other legal requirements;
3. Maintenance of sufficient liquidity to meet operating requirements.

Delegation of Authority

The Chief Financial Officer (CFO) is designated as the investment officer of the District and is responsible for investment decisions and activities, under the direction of the Superintendent.

Prudence

The standard of prudence to be used by the investment officer in the context of managing the overall portfolio shall be the prudent investor rule, which states: “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

Investment Diversification

The CFO will diversify the portfolio to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities.

Percent of Diversification By Instrument	Maximum Portfolio
---	--------------------------

U.S. Treasury Obligations (Bills, notes and bonds)	100%
---	------

U.S. Government Agency Securities and Instrumentalities of Government- Sponsored Corporations	100%
---	------

Certificates of Deposit (CD) Commercial Banks	25%
--	-----

Certificates of Deposit (CD) Savings and Loan Associations	10%
---	-----

State of Oregon Investment Pool	100%
---------------------------------	------

Diversification by Financial Institutions

Certificates of Deposit (CD's) - Commercial Banks
No more than 15 percent of the total portfolio with any one financial institution.

Certificates of Deposit (CD's) - Savings and Loan Associations
Amount per institution based on capital adequacy guidelines; in any case not to exceed 10 percent of the total portfolio with any one institution.

State of Oregon Investment Pool - State Pool
With the exception of pass-through funds (in and out within 10 days), no more than the statutory limit per ORS 294.810 or 100 percent of the total portfolio.

Investment Maturity

Investment maturities for the Capital Project Fund shall be scheduled to coincide with projected cash flow needs. Investments which exceed 18 months shall be limited to U.S. Treasury Obligations and U.S. Government Agency Securities and Instrumentalities of Government Sponsored Corporations.

Qualified Institutions

The CFO shall maintain a list of all authorized dealers and financial institutions which are approved for investment purposes. Any firm is eligible to make an application to the investment officer and upon due consideration and approval will be added to the list. Additions or deletions to the list will be made at the director's discretion. At the request of the CFO the firms performing investment services for the District shall provide their most recent financial statements or Consolidated Report of Condition (call report) for review. At minimum, the CFO shall conduct an annual evaluation of each firm's credit worthiness to determine whether it should be on the authorized list. Securities dealers not affiliated with a bank shall be required to have an office located in Oregon or Washington.

Safekeeping and Collateralization

Investment securities purchased by the District will be delivered by either book entry or physical delivery, and held in third-party safekeeping by a bank designated as primary agent. The trust department of the bank designated as primary agent will be considered to be a third party for the purposes of safekeeping of securities purchased from that bank. The purchase and sale of securities will be on a payment versus delivery basis. The primary agent shall issue a safekeeping receipt to the District listing a specific instrument, rate, maturity, and other pertinent information.

Deposit-type securities (e.g., certificates of deposit or CD) shall be collateralized through the state collateral pool as required by ORS for any amount exceeding FDIC coverage, recognizing that ORS requires only 25 percent collateral. Other investments shall be collateralized by the actual security held in safekeeping by the primary agent.

Monitoring and Adjusting the Portfolio

The investment officer will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments and will adjust the portfolio accordingly.

Internal Controls

The investment officer shall maintain a system of written internal controls, which shall be reviewed annually by the independent auditor. The controls shall be designed to prevent loss of public funds due to fraud, error, misrepresentation or imprudent actions.

Accounting Method

Investments will be carried at amortized cost. Gains or losses from investments will be credited or charged to investment income at the time of sale. Premiums or discounts on securities shall be amortized/accrued over the life of the securities. The District shall comply with Generally Accepted Accounting Principles (GAAP).

Reporting Requirements

The investment officer shall generate daily and monthly reports for management purposes. In addition, the Board will be provided quarterly reports which will include data on investment instruments being held, as well as any narrative necessary for clarification.

Review and Adoption

This policy shall be reviewed not less than annually, and shall expire if not readopted annually.

END OF POLICY

Legal Reference(s):

[ORS 294.135](#)

[ORS 332.107](#)

Bond Oversight Committee Information

Purpose

Over the five years of the Bond, the Citizens' Bond Oversight Committee (CBOC) will convene regularly, and as needed, to review progress on the projects detailed in the Hillsboro School District Bond Measure 34-278. CBOC will review program progress and will monitor program spending and schedules. A written report describing program progress will be prepared quarterly for the Board of Directors and published on the Hillsboro School District website. CBOC also will issue an annual report to the Board, including an overall assessment of the bond projects, schedules, spending trends, and cost projections.

Committee Members

The Citizens' Bond Oversight Committee comprises 10 adult community members and 2 student members. They were appointed to serve by the School Board on March 13, 2018.

- **Chair:** Matthew Buckingham, News Copy Editor, Willamette Week
- **Vice Chair:** Patrick Preston, Public Affairs Manager, City of Hillsboro
- Sonja Ackman, Research Program Manager, OHSU
- Maureen Barnhart, retired
- Peter Brandom, City Manager, City of Cornelius
- Matthew Costigan, Senior Project Manager, Washington County
- William Caleb Ford, Assistant Finance Director, Metro
- Holly Robison, homemaker/storyteller
- Jeff Sarafa, Finance Director
- Kevin Zuercher, Recreation Supervisor, City of Hillsboro

Citizens Bond Oversight Committee Charter

Authorization

The Hillsboro School District School Citizens Bond Oversight Committee shall be established as an advisory committee to the Board of Directors. All meetings of the Citizen Bond Oversight Committee will be open to the public. Agendas for meetings will be posted at least one week prior to the meeting date and minutes will be available via the Hillsboro School District website.

Purpose and Authority

The purpose and authority of the Oversight Committee is to convene quarterly or as needed to review progress on the projects detailed in the Hillsboro School District Bond Measure 34-278. The Committee will review program progress and will monitor program spending and schedules. A written report describing program progress will be prepared following each Committee meeting. This written report will be shared with the Board of Directors and will be published on the Hillsboro School District website.

Estimated Time to carry out oversight

The oversight committee will have its initial meeting not later than April 6, 2018 and will be dissolved on January 1, 2022, or upon issuance of a final report by the Committee after all projects authorized by the Hillsboro School District Bond Measure 34-278 have been completed, whichever is earlier. Meetings shall be held at a time and location to be determined by the Committee Chair.

Membership

The Oversight Committee shall be composed of not more than 15 at large community members and up to 4 high school students. The District will accept applications for membership beginning January 2, 2018 through February 16, 2018. Members shall be appointed by the Hillsboro School District Board at their March 13, 2018 Regular Board Meeting. The District's Capital Projects Officer and Chief Financial Officer shall serve as ex officio members.

Chair and Vice Chair

The Hillsboro School District Board shall designate one member to serve as Chair and one member to serve as Vice Chair of the Oversight Committee. The Chair shall preside over committee meetings and act as spokesperson for the committee.

Annual Report

The Oversight Committee shall prepare and deliver regular meeting minutes as well as an annual report to the Board of Directors regarding program progress. The annual report shall include an overall assessment of the projects, schedules, spending trends and cost projections to ensure the purpose and promise of the Hillsboro School District Bond Measure 34-278 is fully realized.

Annual Reconciliation Review Bond Funded Positions

In 2017, Hillsboro School District voters authorized the district to sell \$408.0 million in tax-exempt bonds to fund capital improvements across the district. Allowable expenditures are defined in the Ballot Title (Appendix A).

Due to the broad nature of the ballot title descriptions, there are areas where bond projects and district operations align and may even overlap, specifically in the areas of maintenance and technology. In consultation with both Bond Counsel¹ and the district's independent audit firm, Grove, Mueller & Swank, P.C., an internal district standard has been created to determine whether or not payroll and other expenses may be allowable by the bond fund.

Counsel Guidance

Components for the "allowability" of bond expenditures include capitalization, duration, purpose, and alignment with ballot title.

1. The Oregon Constitution describes what "Capital costs" are eligible to be charged to a bond for school districts:
Section 5. "Capital costs" defined. As used in this Article, "capital costs" means cost of land and of other assets having a useful life of more than one year, including costs associated with acquisition, construction, improvement, remodeling, furnishing, equipping, maintenance, or repair. (Created through H.J.R. 13, 2009 and adopted by the people May 18, 2010)
2. GASB Codification regarding Capital Assets (see Appendix B):
18. Capital assets should be reported at historical cost. The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use.
Ancillary charges include costs that are directly attributable to asset acquisition- such as freight and transportation charges, site preparation costs, and professional fees. Donated capital assets should be reported at their estimated fair value at the time of acquisition plus ancillary charges, if any.

Standard checklist for bond-eligible payroll expenses

Due to the broad scope of the ballot title, the standard below has been developed to determine whether or not payroll or other expenses may be charged to the bond fund. Ideally, this determination would be made in the planning phase (budget) and reviewed for percentage of eligible activity expenses, up to 100%.

¹ Hawkins, Delafield & Wood LLP (5/13/19)

Annual Reconciliation Review Bond Funded Positions

<u>Capital (Bond Eligible)</u>	<u>Operational (Non-bond eligible)</u>
C.1- Activities or services by staff are bond-related and temporary in nature <ul style="list-style-type: none"> • Wages • Associated payroll costs • Related services and supplies 	O.1- Activities or services by staff are permanent or ongoing in nature
C.2- Structural, materials, and real property- per Ballot Title	O.2- Consumable supplies
C.3- Equipment/technology- per Ballot Title <ul style="list-style-type: none"> • Planning and procurement of items • Installation costs • Initial training for use and development of training materials • Development of required systems of support designed to last the life of the asset 	O.3- Continued training for use
C.4- Insurance and legal services for bond related activities	O.4- Periodic reports (used for monitoring or operating systems or equipment)
C.5- Infrastructure, related systems- per Ballot Title	O.5- Normal maintenance or repair (not included in Ballot Title)
C.6- Test: What percentage of this (item/cost) is related to bond activities?	O.6- Test: What percentage of this (item/cost) is related to regular operations?

Annual Reconciliation of Bond Positions

Below is the annual review for all bond funded positions to reconcile the estimated payroll expense against actual activities. This documentation will be used for year-end reclassification of FTE payroll and associated expenses.

Other supplemental and extra duty expenses are authorized by the Capital Projects Officer on an “as needed” basis. Extra help is occasionally needed due to bond work. To date this extra help has been used for clerical help with the badging of contractors, moving of furniture, locking and unlocking school sites during the summer and other miscellaneous work.

Annual Reconciliation Review Bond Funded Positions

Name	Position	Budget	Verification Date	Actual	FTE Change
Adam Stewart-113	Capital Project Officer	100%	10/19/2023	100%	1.0 -1.0 = 0.0
Sharon McCarty-112	Construction Mgmt Admin Support	100%	10/19/2023	100%	1.0 -1.0 = 0.0
Jane Siguenza-114	Bond Marketing Specialist	100%	10/19/2023	100%	1.0 -1.0 = 0.0
Britney Alley-112	Financial Asst 1	50%	10/19/2023	50%	.5-.5 = 0.0

Annual Reconciliation of Other Expenses

Other temporary staffing expenses are authorized by the Capital Projects Officer on an “as needed” basis. Extra help is occasionally needed for clerical help with the badging of contractors, moving of furniture, locking and unlocking school sites during the summer and other miscellaneous work. A former HSD administrator is engaged to assist with communication between buildings undergoing construction and construction management office.

HILLSBORO SCHOOL DISTRICT 1J 2022-23 REVENUE AND EXPENSES

	Total
REVENUES:	
Revenue from local sources:	
1500 Earning on investments	\$ 1,034,628
1920 Donation from private source	19,565
1960 Recovery of prior year	5,160
1990 Miscellaneous revenue	537,713
Total revenue from local sources	1,597,066
Revenue from other sources:	
5400 Resources - beginning fund balance	52,987,607
Total revenue from other sources	52,987,607
TOTAL REVENUES	\$ 54,584,673

	Salaries Object 100	Associated Payroll Costs Object 200	Purchased Services Object 300	Supplies & Materials Object 400	Capital Outlay Object 500	Other Object 600	Total
EXPENDITURES:							
Support services							
2660 Technology	\$ (504)	\$ 501	\$ -	\$ -	\$ -	\$ -	\$ (3)
Total support services	(504)	501	-	-	-	-	(3)
Facilities acquisition & construction							
4150 Building acquisition, construction, & improvemen	323,536	190,816	3,171,862	1,517,046	30,019,864	726,254	35,949,378
4180 Other Capital Purchases	-	-	198,035	568,862	341,350	-	1,108,247
Total facilities acquisition & construction	323,536	190,816	3,369,897	2,085,908	30,361,214	726,254	37,057,625
TOTAL EXPENDITURES	\$ 323,032	\$ 191,317	\$ 3,369,897	\$ 2,085,908	\$ 30,361,214	\$ 726,254	\$ 37,057,622

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
ACCEPT ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR 2022-23

SITUATION

The firm of Grove, Mueller & Swank, P.C., has completed its report on the audit of the District's financial statements for 2022-23. The Annual Comprehensive Financial Report (ACFR) has been provided to the Board of Directors, and a representative from Grove, Mueller & Swank, P.C., will attend the Board meeting to provide a brief overview of the document and answer any questions. The report is also posted on the District website.

RECOMMENDATION

The Superintendent recommends that the Board of Directors take action on the following motion:

I move that the Board of Directors accept the Annual Comprehensive Financial Report for 2022-23.

Annual Comprehensive Financial Report

For the fiscal year ended June 30, 2023





HILLSBORO SCHOOL DISTRICT #1J
WASHINGTON COUNTY, OREGON
3083 NE 49th Place
Hillsboro, Oregon 97124

ANNUAL COMPREHENSIVE FINANCIAL REPORT

for the Fiscal Year Ended June 30, 2023

*Prepared by the
Business Office staff*

Michelle Morrison, District Financial Officer

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HILLSBORO SCHOOL DISTRICT 1J

Washington County, Oregon

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HILLSBORO SCHOOL DISTRICT 1J

Washington County, Oregon

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November 29, 2023

Board of Directors
Hillsboro School District 1J
Washington County
3083 NE 49th Place
Hillsboro, OR 97124

In accordance with the provisions of Oregon Revised Statutes, Sections 297.405 to 297.555 and 297.990, known as the Municipal Audit Law, there is submitted herewith the Annual Comprehensive Financial Report of Hillsboro School District 1J, Washington County, Oregon, for the fiscal year ended June 30, 2023.

This report was prepared by the School District Business Office. The responsibility for the completeness and fairness of the data presented and all accompanying disclosures rests with the School District.

To provide a reasonable basis for making these representations, the District's management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with Generally Accepted Accounting Principles in the United States of America. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

As management, we assert that, to the best of our knowledge and belief, this financial report and its data is complete and reliable in all material respects, includes all funds, account groups, and financial transactions, and is presented fairly to disclose the financial position, results of operations, and cash flows of the District at June 30, 2023, and for the year then ended.

Generally Accepted Accounting Principles require 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 report of the independent auditor.

THE DISTRICT

Hillsboro School District 1J (HSD) was formed in July 1996 through the unification of a union high school district and its six feeder elementary school districts. This unification was accomplished under a plan developed and approved by each of the seven prior district governing bodies in response to a unification deadline mandated by Oregon State Statutes. The seven previously independent districts were Hillsboro Union High School District and the Farmington View, Groner K-8, Hillsboro, North Plains, Reedville, and West Union Elementary School Districts.

The District, a fiscally independent entity, is organized with a seven-member elected Board of Directors and a Board-appointed budget committee. In 2022-23, management staff consisted of 1 superintendent, 2 assistant superintendents, 7 executive directors, 12 directors, 2 coordinators, 1 financial officer, 1 human resources officer, 1 capital projects officer, 1 communications officer, 1 operations officer, 1 information and technology officer, 1 equity, access, and engagement officer, principals, assistant principals, and support staff supervisors. The Board of Directors approves the hires of all management staff members.

The District also employs 1,249 teachers and 1,240 support staff, including instructional assistants, secretaries, clerks, bus drivers, cooks, custodians, maintenance workers, and various other professional and technical staff. The District operates 27 elementary schools, 4 middle schools, 4 high schools, 1 alternative schools, and 1 online school. The District also sponsors City View Charter School, but it is not required to be reported as a component unit under GASB 61.

The District's Strategic Plan articulates the District's mission, goals, and focus areas as it strives to increase the achievement of all students. The 2023-2027 Plan has a laser-like focus on maximizing the student experience and ensuring that students leave our system prepared for success in post-secondary endeavors and civic life. Each year, we will identify top system-level goals that are intended to move us closer to our strategic objective of all students graduating with career- and college-readiness skills. Progress reports will be created periodically and shared electronically. Program offerings include music, art, leadership, athletics, clubs, AVID, International Baccalaureate, STEM/STEAM, mentorships, internships, bilingual programs, special education and transition services, student transportation, nutrition services, dual credit (high school and college levels), Advanced Placement, and much more.

The District is located approximately 18 miles west of Portland, Oregon. It includes most of the City of Hillsboro, all of the City of North Plains, a portion of the City of Cornelius, and surrounding unincorporated areas. The current estimated population is 143,502. The District encompasses more than 200 square miles, most of which are located in Washington County. Small portions of the District are located in Multnomah and Yamhill Counties.

The District has experienced a slight enrollment decline over the past ten years. The table below shows that the number of students in the District has decreased by 1,163, or an average of approximately 0.59 percent per year during the last decade. To project future growth, District leadership uses historical trends, Davis Demographics, and regional partnership feedback.

School Year	Average Daily Membership
22-23	18,748
21-22	18,732
20-21	19,119
19-20	20,013
18-19	20,213
17-18	20,204
16-17	20,400
15-16	20,566
14-15	19,917
13-14	19,911

The community voted in November 2017 to approve the sale of \$408 million in bonds for capital projects. These bonds were issued in two separate sales in order to align the proceeds with the cash flow requirements of project expenditures as described in the ballot title. The 2017 Bond was defined as a “renewal” levy that replaced expiring debt service items without increasing the tax rate per thousand of assessed value to local constituents. Additional facilities are a replacement of Brookwood Elementary School, and new elementary schools in North Plains and south Hillsboro to provide services to new residential development.

ECONOMIC STATUS AND OUTLOOK

The Portland-Vancouver Primary Metropolitan Statistical Area (PMSA) comprises six counties: Multnomah, Washington, Clackamas, Yamhill, and Columbia in Oregon and Clark County in Washington. According to the Oregon State Employment Department, Multnomah and Washington counties together have nearly one-third of the State of Oregon’s population. Washington County’s three largest cities are Beaverton, Hillsboro, and Tigard.

The area’s current economic base includes electronics, manufacturing, construction, food processing, agriculture, and timber. These employers include Intel, Epson, and Genentech. Intel is currently the largest employer in the Portland-Vancouver Primary Metropolitan Statistical Area (PMSA) with over 22,000 employees in Hillsboro.

The Oregon Employment Department report for June 2023 shows the PMSA unemployment rate at 3.5 percent. In late August 2023, the State received its September Revenue Forecast for the remainder of the 2021-23 biennium. The unexpected revenue growth created unprecedented state balances this biennium, which is projected to be followed by a record kicker in 2023-25. The projected personal kicker is \$5.6 billion, which will be credited to taxpayers when they file their individual income tax returns in Spring 2024. The projected corporate kicker will be retained for educational spending, but will not result in an increase to the overall State School Fund appropriation of \$10.2 billion without the Legislature changing the total appropriation.

Oregon's school finance system involves a formula that pays for the average daily enrollment of students in various categories. The formula includes local property taxes and state payments as the principal sources of revenue. The State of Oregon depends on personal income tax to provide its share of this revenue.

LONG-TERM FINANCIAL PLANNING

The Hillsboro School District has emphasized a conservative long-term financial plan that stresses stability of the programs we provide to students and patrons. Stability is achieved through the following actions:

- Maintain adequate financial reserves to absorb economic downturns, state revenue-sharing cuts, and other revenue shortfalls.
- React swiftly and appropriately to economic downturns, state revenue-sharing cuts, and revenue shortfalls.
- Prudently use accumulated reserves when needed to provide stability of core programs and legally required activities.
- Apply best practices in financial management with periodic analytics and forecasting of various revenue scenarios and future costs of current and potential services.

The Board of Directors and the appointed budget committee have developed this Strategic Financial Plan. The Plan is also supported by the District's administrative team, which develops the proposed budget.

The District anticipates a slow decrease in student enrollment over the next several years with the due to low regional and national birthrates. Staffing is adjusted annually to meet the needs of students according to their age, socioeconomic status, and ability to access academic and developmental resources per the 2023-27 Strategic Plan.

The District's Long-Range Planning Committee has been meeting for several years to plan for this growth. The Board of Directors appointed a Citizen's Bond Oversight Committee to monitor the \$408 million bond package approved by voters on the November 2017 ballot. The bond package provides funds to build, replace, expand, upgrade and remodel schools in order to continue meeting and exceeding the needs of students throughout the District.

MISSION STATEMENT AND PRIORITIES

The Hillsboro School District's 2023-27 Strategic Plan was developed during a months-long process that began in August 2022 and concluded in March 2023. Thousands of students, staff, families, and community members contributed to the development of the plan through participation in focus groups, as members of planning teams, completion of surveys, and participation in community forums.

The [Strategic Plan](#) promises to “know, value, and empower every student to achieve their dreams” and includes 5 goals for student success from preschool through high school. These goals will guide the work of the District for the coming years.

1. Success in the Early Years- Every student will acquire the social-emotional readiness and foundational academic skills for future success.
2. Safe & Supported Learners- Every student will develop the habits and skills necessary to confidently demonstrate self and social awareness, and access available resources and supports.
3. Access & Opportunity- Every student will receive equitable treatment and needed supports and services in order to eliminate barriers and increase predictability of future success.
4. Critical Thinking & Problem Solving- Every student will be an empowered, engaged, critical, creative thinker who demonstrates proficiency across content areas.
5. Graduate Ready for Career, College and Life- Every student will successfully navigate significant transitions with access to supports to graduate from high school ready for career, college and life.

Four operational pillars will the district to the “Portrait of a Graduate” as described in the plan. The pillars include:

- Culturally Responsive Teaching and Learning
We connect learning to students’ community and everyday lives, we intentionally build inclusive classroom cultures, and we sustain a high-rigor environment in which differentiated supports are provided.
- Strong and Safe Family and Community Relationships
We strive to develop trusting partnerships between home, school, and the community through proactive, responsive communication; meaningful and authentic collaboration; and shared responsibility for the emotional and physical safety and success of all students.
- Exceptional Staff
We foster a culture of collaboration, accountability, and shared responsibility through the investment in and advancement of staff, and systematic development of the capacity for all members of the school community to serve every student.
- Culture of Continuous Improvement
We systematically gather data and use frequent and timely formative assessments to monitor and adjust teaching, leadership, and organizational practices to meet the specific needs of students and schools, and to ensure our actions are aligned with our belief in the abilities of all students.

FINANCIAL INFORMATION

Accounting Policies:

Governmental funds are used to account for the District’s general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are “measurable” and “available.” “Measurable” means the amount of the transaction can be determined; “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Interfund transactions and certain compensated absences, claims, and judgments, are recognized as expenditures because they will be liquidated with expendable financial resources. The accrual and modified accrual basis of accounting, as utilized by Hillsboro School District 1J, are in accordance with Generally Accepted Accounting Principles.

Internal Accounting Controls:

The accounting system incorporates reasonable safeguards for the assets of the District and the reliability of the financial records. Internal controls are designed to provide an adequate safeguard of District assets, recognizing that the cost of controls should not exceed the benefits derived.

The management system recognizes the significance of internal controls that are incorporated in the accounting system. We believe that the internal accounting controls adequately safeguard the assets, and provide reasonable assurance of proper recording of all financial transactions.

Budgetary Control:

The District annually prepares a budget to control the fiscal operations for one year. Oregon Local Budget Law (ORS 294.305 to 294.565) requires the appointment of a budget committee to review and approve the budget. The budget committee consists of the seven members of the Board of Directors, and seven electors of the District who are appointed by the Board of Directors. The administration proposes a budget to the budget committee, and the budget committee may modify or approve the proposed budget.

Local Budget Law in Oregon requires the District to complete a formal process each fiscal year to set spending limit and levy taxes for District residents. This process begins with a proposed budget prepared by the Budget Officer. Notice of a Budget Committee Meeting is published and the budget document is made available at or before this meeting. The budget committee then conducts at least one public meeting for questions or comments and will continue to meet as needed until the budget and all revisions are approved. Notice of the Public Hearing, along with a summary of the approved budget is published and the governing body conducts a public hearing. Upon completion of public comment and deliberations, the District adopts the budget, enacts resolutions by June 30, and certifies the District's tax to the county assessor by July 15. Budget changes in expenditures of less than 10% of appropriation categories (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, contingency, and transfers) are implemented by a Resolution passed by the School Board. Budget changes in expenditures of more than 10% of appropriation categories require a supplemental budget adoption. Exceptions to this would be transfers between appropriation categories and up to 15% of funds budgeted as contingency. The School Board receives reports on cash flow and budget monitoring monthly, as prepared by the District Financial Officer.

Risk Management:

The District's Workers' Compensation insurance is procured through a self-insured group program on a guaranteed cost basis. The premium is based on payroll and the District's Experience Modification Rate. It includes a built-in contribution discount. Property and Casualty insurance is currently in force at

replacement value with a \$10,000 per loss deductible. Comprehensive, general, and automotive liability insurance provides a \$10,000,000 limit. Errors and Omissions coverage – sometimes called Professional Liability, is included. The District currently has primary earthquake coverage in the amount of \$10,000,000. Additionally, it has procured excess earthquake coverage of \$10,000,000 for a total amount of \$20,000,000 per earthquake occurrence.

Independent Audit:

The provisions of Oregon Revised Statutes, Section 297.405 to 297.555 and 297.990 (known as the “Municipal Audit Law”), require that an independent audit be made of all District funds and account groups within six months following the close of a fiscal year. The firm of Grove, Mueller & Swank, P.C., which was selected by the Board of Directors, completed its examination of the District’s financial statements, and its opinion is included in the financial section of this report.

Awards:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Hillsboro School District 1J for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the twenty-eighth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a school district must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our 2023 Annual Comprehensive Financial Report continues to meet award requirements for the Certificate of Achievement for Excellence in Financial Reporting. We are submitting the report to the GFOA award program for review and determination of the report’s eligibility for another certificate.

The Association of School Business Officials (ASBO) International has recognized HSD with the Meritorious Budget Award (MBA) for the 2023-24 budget year. This award reflects the District’s transparency and accountability efforts that support the Strategic Plan and community engagement.

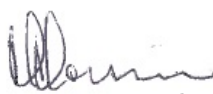
ACKNOWLEDGMENTS

We wish to express our appreciation to the entire Business Office staff for their efforts and contributions to this Annual Comprehensive Financial Report. We would also like to thank the members of the Board of Directors for their continued support and dedication to the financial operations of the District.

Respectfully submitted,



Travis Reiman
Superintendent of Schools



Michelle Morrison
District Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Hillsboro School District 1J
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

HILLSBORO SCHOOL DISTRICT 1J

Washington County, Oregon

OFFICIALS OF THE DISTRICT

JUNE 30, 2023

BOARD OF DIRECTORS

Position 1

Erika Lopez
July 2021 -
June 2025



Position 2

Mark Watson
July 2021 -
June 2025



Position 3

Nancy Thomas
July 2021 -
June 2025



Position 4

See Eun Kim
July 2019 -
June 2023



Position 5

Lisa Allen
July 2019 -
June 2023



Position 6

Monique Ward
July 2021 -
June 2025



Position 7

Patrick Maguire
July 2022 -
June 2023



Student Representatives

V Godoy
Cailey McGuire
Ivette Alonso Garcia

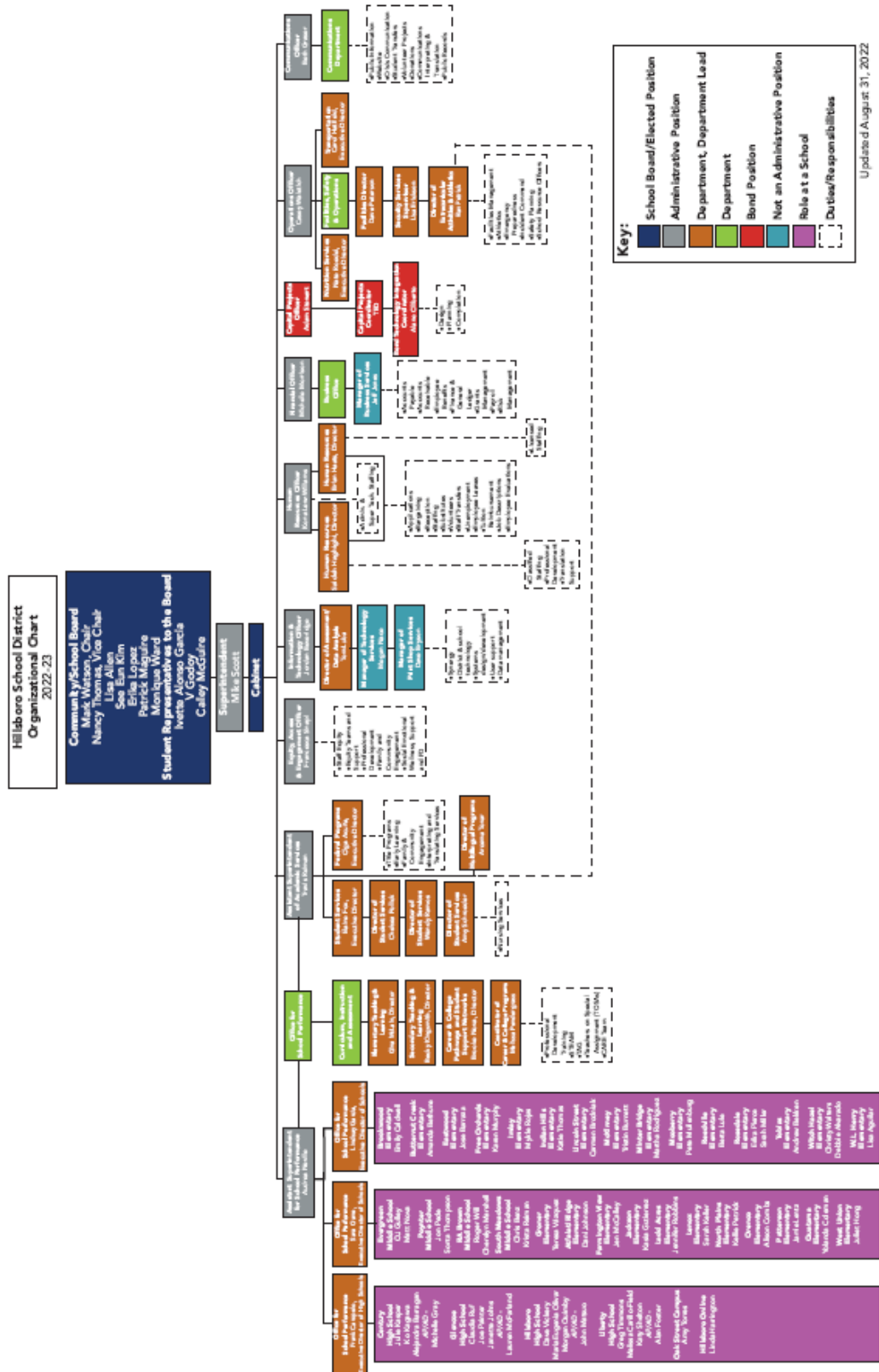


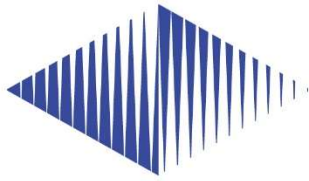
All Board members receive mail at 3083 NE 49th Place, #200 Hillsboro, Oregon 97124

DISTRICT ADMINISTRATION

Mike Scott, Superintendent—Clerk
Michelle Morrison, District Financial Officer—Deputy Clerk

DISTRICT ORGANIZATIONAL CHART





GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

475 Cottage Street NE, Suite 200, Salem, OR 97301
(503) 581-7788 • FAX (503) 581-0152 • www.gms.cpa

INDEPENDENT AUDITOR'S REPORT

School Board
Hillsboro School District 1J
Hillsboro, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Hillsboro School District 1J (the District), as of and for the year ended June 30, 2023, 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 present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Hillsboro School District 1J, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in the notes to the financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the current period, which resulted in changes to the presentation of IT subscription related activity. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's 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.

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 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, 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 the management's discussion and analysis (MD&A) and 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information (except as mentioned in the following paragraph) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information presented as required supplementary information, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 supplementary information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

Reports on Other Legal and Regulatory Requirements


Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023 on our consideration of Hillsboro School District 1J'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 29, 2023, 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.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Larry E. Grant, A Shareholder
November 29, 2023

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**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

As management of Hillsboro School District 1J (the District), we offer District readers this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter, which can be found on page i of this report.

1. FINANCIAL HIGHLIGHTS REVIEW

- In the government-wide statements, the liabilities and deferred inflows exceeded the assets and deferred outflows of the District by \$89.7 million (net position). Of this amount, \$121.4 million represents the District's net investment in capital assets, \$28.0 million is restricted for special programs, debt service, internal service and OPEB asset, and the remaining (\$239.1) million is unrestricted. The District's overall net position has increased from the 2022 value by \$26.1 million.
- For the fiscal year ended June 30, 2023, the District's total current and other assets decreased by \$36.0 million. This was due to the spending of bond proceeds from the \$408 million capital project levy passed by voters in November 2017.
- The District's governmental funds show a combined ending fund balance of \$65.5 million, a decrease of \$33.4 million in comparison with the prior year. The decrease is primarily attributable to the use of bond proceeds for new construction and remodeling of existing buildings. At the end of the fiscal year, the Nonspendable, Assigned and Unassigned fund balance for the General Fund was \$23.1 million, or about 9.2 percent of total General Fund expenditures. The Unassigned fund balance is \$10,045,294 or 4.0 percent.
- The District's total long-term obligations decreased by \$1.8 million during the 2022-23 fiscal year, as the District continues to maintain debt service payments on outstanding bonds.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains supplementary information, in addition to the basic financial statements themselves.

Government-wide Financial Statements

The 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. These statements include:

- **Statement of Net Position.** The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents an overview of what the District owns (assets and deferred outflows), what it owes (liabilities and deferred inflows), and the net difference (net position). Net position may be further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- **Statement of Activities.** The Statement of Activities presents information showing how the net position of the District changed over the year by tracking revenues, expenses, and other transactions that increase or reduce net position. All 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes).

In the government-wide financial statements, the District's activities are shown in one category as governmental activities. All of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues.

The government-wide financial statements can be found on pages 19 and 20 of this report.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Hillsboro School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be placed in one category: governmental funds.

Governmental Funds

The 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 on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Special Revenue, Debt Service, and Capital Projects Funds all of which are considered major funds.

The basic governmental fund financial statements can be found on pages 23-26 of this report.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 27-69 of this report.

Supplementary Information

Schedules presenting detailed budgetary information for individual funds and other supplementary information can be found on pages 71-96 of this report.

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$89.7 million at June 30, 2023.

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, equipment, and right of use lease assets represent about 85.6 percent and cash and investments represent about 8.9 percent of total assets. The remaining assets consist mainly of grants and property taxes receivable.

The District's largest liability (96.5 percent) is for the repayment of long-term obligations. Other liabilities, representing 3.5 percent of the District's total liabilities, consist of payables on accounts, salaries and benefits, and other accrued liabilities.

Most of the District's net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding.

The District uses these capital assets to provide services to students and other District residents. The District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (property taxes or general support funds), since the capital assets themselves cannot be used to liquidate these liabilities.

HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Hillsboro School District 1J
Net Position
(in thousands)

	Governmental Activities		Increase
	2023	2022*	(Decrease)
Current and other assets	\$ 95,675	\$ 131,723	\$ (36,048)
Capital and lease assets	575,302	559,505	15,797
Total assets	670,977	691,228	(20,251)
Deferred outflows of resources	63,048	75,429	(12,381)
Total assets and deferred outflows	734,025	766,657	(32,632)
Current and other liabilities	26,672	28,348	(1,676)
Long-term obligations outstanding	728,269	730,058	(1,789)
Total liabilities	754,941	758,406	(3,465)
Deferred inflows of resources	68,793	124,091	(55,298)
Total liabilities and deferred inflows	823,734	882,497	(58,763)
Net position:			
Net investment in capital assets	121,381	114,642	6,739
Restricted	28,036	23,731	4,305
Unrestricted	(239,126)	(254,171)	15,045
Total net position	\$ (89,709)	\$ (115,798)	\$ 26,089

During the current fiscal year, the District's net position increased by \$26.1 million, as more fully described in the following section.

*Restated per implementation of GASB Statement No. 96. See Notes to Basic Financial Statements 14.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

The key elements of the change in the District's net position for the year ended June 30, 2023, are as follows:

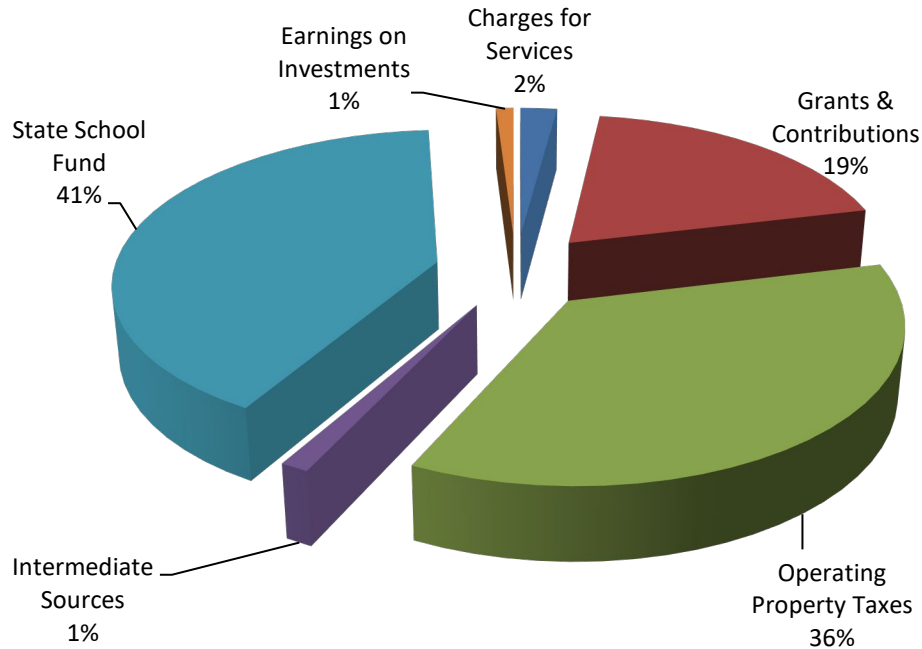
Hillsboro School District 1J Changes in Net Position (in thousands)			
	Governmental Activities 2023	2022*	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 7,759	\$ 3,686	\$ 4,073
Operating grants and contributions	70,035	65,040	4,995
Capital grants and contributions	451	-	451
General revenues:			
Property taxes	131,288	124,538	6,750
State school fund – general support	148,854	145,150	3,704
Unrestricted intermediate sources	4,536	4,209	327
Earnings on investments	3,692	544	3,148
Gain on sale of capital assets	2,572	-	2,572
Miscellaneous	2,739	1,368	1,371
Total Revenues	<u>371,926</u>	<u>344,535</u>	<u>27,391</u>
Expenses:			
Instruction	184,725	165,704	19,021
Support services	128,858	107,785	21,073
Enterprise and community services	13,133	11,992	1,141
Interest on long-term debt	19,121	19,927	(806)
Total Expenses	<u>345,837</u>	<u>305,408</u>	<u>40,429</u>
Increase (decrease) in net position	26,089	39,127	(13,038)
Net position – July 1	<u>(115,798)</u>	<u>(154,925)</u>	<u>39,127</u>
Net position – June 30	<u>\$ (89,709)</u>	<u>\$ (115,798)</u>	<u>\$ 26,089</u>

*Restated per implementation of GASB Statement No. 96. See Notes to Basic Financial Statements 14.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



- State School Fund¹ revenue increased \$3.7 million or 2.6 percent from 2021-22. This increase was due to a decrease in state-wide student enrollment, resulting in an increase of the per-student allocation of state school fund.
- Property Taxes increased by \$6.8 million, reflecting an increase in Assessed Value within the District. A general increase in property values resulted in an overall increase to the District on a statewide basis.
- Operating Grants and Contributions increased by \$5.0 million from 2021-22. This increase was due to use of the Federal Elementary and Secondary School Emergency Relief Funds.
- Earnings on Investments increased by \$3.1 million from 2021-22. This increase was primarily due to the increase in interest earnings of the Local Government Investment Pool, the depository of the majority of district funds.

¹ [Oregon Department of Education State School Fund](#) - estimates and warrants reference web site

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, an unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2023, the District's governmental funds reported combined ending fund balances of \$65.5 million, a decrease of \$33.4 million in comparison with the prior year. About \$10.0 million (4.0 percent) of the ending fund balance constitutes an unassigned ending fund balance.

About \$41.8 million (63.8 percent) is restricted for special programs, debt service obligations, and capital projects.

General Fund

The General Fund is the chief operating fund of the District. As of June 30, 2023, the total fund balance was \$23.1 million. The fund balance consists of both assigned and unassigned resources. The unassigned fund balance is \$10.0 million or 4.0 percent of expenditures, which is a target of the Budget Committee.

As a measure of the fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. The total fund balance represents 9.2 percent of total General Fund expenditures. The assigned portion of the fund balance consists of \$3.2 million representing insurance pool balances for Hillsboro Education Association members and Hillsboro Classified United members, and \$8.5 million for future year expenses. Per GASB Statement No. 54², the \$8.5 million transferred to the Internal Service Fund is presented as part of the General Fund in accordance with GAAP.

The total fund balance increased by \$1.1 million during the current fiscal year. This increase was due primarily to unavailability of substitutes and assistance of federal relief funds.

² [Statement No. 54 of the Governmental Accounting Standards Board](#)

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Special Revenue Fund

At June 30, 2023, the fund balance was \$23.2 million, which is an increase of \$1.8 million from the prior year. This increase is due to an infusion of one-time relief funds. Also the Nutrition Services program maintained a significant fund balance from the prior period. It is anticipated that the fund balance will be greatly reduced during the 2023-24 school year, as the ESSER/ARP federal program nears expiration on September 30, 2024.

Debt Service Fund

The Debt Service Fund has a total fund balance of \$1.7 million, all of which is restricted for the payment of debt service. This represents a net decrease in the fund balance from the prior year of \$0.9 million. The District will incrementally decrease the fund balance for debt service by calibrating tax collections to reduce impact to taxpayers.

Capital Projects Fund

The Capital Projects Fund has a total fund balance of \$17.5 million, all of which is restricted for ongoing District capital projects and maintenance. This represents a net decrease in the fund balance during the year of \$35.5 million. The decrease is attributable to new construction and remodeling of existing buildings per the 2017 voter authorization of the ballot title.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund adopted budget for the fiscal year ended June 30, 2023, was increased by \$2.1 million during the fiscal year by appropriation changes. During the year, expenditures were \$1,267,802 more than budgeted.

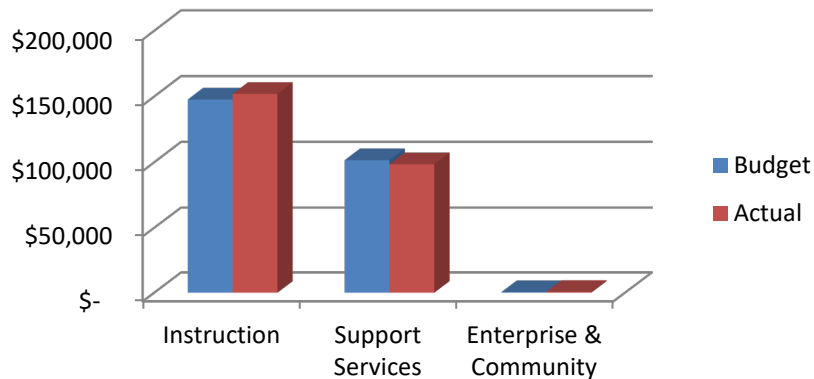
Major factors for General Fund revenue included stability of the State School Fund and property tax collections. The expenditure analysis for the year indicates both prudent operational management and leveraging federal support via other agencies.

As of June 30, 2023, the assigned and unassigned fund balance increased by \$1.1 million during the current fiscal year for a total fund balance of \$23.1 million. The assigned and unassigned fund balance combined represents 9.2 percent of total General Fund expenditures. The unassigned fund balance is \$10.0 million or 4.0 percent, which is a target of the Budget Committee. The assigned portion of the fund balance represents insurance pool balances for Hillsboro Education Association members and Hillsboro Classified United members, and future year expenses.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

5. GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

**ACTUAL EXPENDITURES VS. FINAL BUDGET – GENERAL FUND
(IN THOUSANDS)**



6. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, right of use lease assets and construction in progress. As of June 30, 2023, the District had invested approximately \$575 million in capital assets, net of depreciation and amortization, as shown in the following table. Restated per implementation of GASB Statement No. 96. See Notes to Basic Financial Statements 14.

**Hillsboro School District 1J
Capital Assets, net
(in thousands)**

	Governmental Activities		Increase
	2023	2022*	(Decrease)
Land	\$ 42,293	\$ 39,437	\$ 2,856
Construction in progress	36,940	17,111	19,829
Buildings and improvements	483,742	489,965	(6,223)
Vehicles and equipment	11,159	11,407	(248)
Lease and SBITA assets	1,168	1,584	(416)
Total	\$ 575,302	\$ 559,504	\$ 15,798

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

6. CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

During the year, the District's investment in capital assets increased by \$15.8 million. This increase is due to investment in facility improvements, vehicles, and equipment in the current year.

Additional information regarding the District's capital assets can be found on pages 40-41 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total long-term debt outstanding of \$549.9 million, consisting of general obligation bonds, qualified energy conservation bonds, equipment financing, and PERS pension bonds, net of unamortized premium/discount.

**Hillsboro School District 1J
Outstanding Debt
(in thousands)**

	Governmental Activities 2023	2022	Increase/ (Decrease)
General obligation bonds and related premium	\$ 470,165	\$ 495,740	\$ (25,575)
Pension obligation bonds	78,070	87,865	(9,795)
Qualified energy conservation bond	1,434	1,563	(129)
Equipment financing	247	656	(409)
	<u>\$ 549,916</u>	<u>\$ 585,824</u>	<u>\$ (35,908)</u>

On January 27, 2021, Moody's (credit rating agency) downgraded the district's general obligation bonds and full faith and credit obligations to Aa3 from Aa2. This was due to a change in Moody's assessment matrix applied to 1) enrollment (non-growth), and 2) fund balance below standard. Moody's considers 12-15% operating fund balance to indicate financial health.

State statutes limit the amount of general obligation debt a school district may issue up to 7.95 percent of its real market valuation of \$34.698 billion or \$2.759 billion for the district. At 1.36 percent of real market value, \$470.2 million, is well below the statutory debt limit. Additional information on the District's long-term debt can be found in Note 6 on page 42-44 of this report.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the District is the stability of the funding level from the State of Oregon's State School Fund and student enrollment. For the year ended June 30, 2023, the State School Fund – General Support provided 40.3 percent of the District's program resources. The state is funded almost entirely by income tax revenue, and therefore, the volatility of the economy directly impacts funding for K-12 education. In Hillsboro, the inability for the State School Fund to meet current service level directly impacts the use of other major state grants (High School Success, Student Investment Account) and federal programs (ESSER I, ESSER II, American Rescue Plan).

The defined benefit structure and imbalance of resources of the Public Employees Retirement System (PERS) resulted in a large unfunded liability, which was transferred to districts in the form of higher employer rates. In an effort to curtail the escalating cost, the District participated in the purchase of pension bonds that spread the liability through 2028, and increased the long-term debt of the District in 2005 and again in 2015. The debt service for the Pension Obligation Bonds (POBs) are expensed as a percentage of payroll at a rate of 7.85 percent. The 2023-25 PERS employer rates³ have been released and there is a 0.39 percent decrease in Tier One/Two rates from 17.08 percent to 16.69 percent, and a 0.12 percent decrease in OPSRP rates from 13.97 percent to 13.85 percent from 2021-23.

Current agreements with Hillsboro Classified Union (HCU) and Hillsboro Education Associations are in place through the 2023-24 year. Each agreement provides a 3.0 percent increase and step movement for all staff that qualify and an annual increase to the monthly insurance contribution. These partners are continuously providing feedback through interim bargaining for hard-to-fill positions and Labor Management Meetings and have scheduled time to address the school board at regular board meetings.

8. REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances, and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Financial Officer at 3083 NE 49th Place #104, Hillsboro, OR 97124.

³ [2023-25 PERS Employer Rates](#)

HILLSBORO SCHOOL DISTRICT 1J
Washington County, Oregon

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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HILLSBORO SCHOOL DISTRICT 1J
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS:	
Cash and investments	\$ 59,563,469
Receivables	31,546,151
Lease receivables	119,909
Supply inventory	232,488
Prepaid expenses	1,047,113
Capital assets:	
Not being depreciated	79,232,761
Being depreciated, net of accumulated depreciation	494,900,855
Being amortized, net of accumulated amortization	1,168,310
OPEB asset	3,166,177
Total assets	<u>670,977,233</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred amount on refunding	1,155,594
PERS deferred outflows	58,967,424
OPEB deferred outflows	2,924,775
Total deferred outflows of resources	<u>63,047,793</u>
Total assets and deferred outflows of resources	<u>734,025,026</u>
LIABILITIES:	
Accounts payable	9,020,164
Accrued payroll, payroll taxes and employee withholdings	13,950,581
Accrued interest payable	774,000
Construction retainage	1,580,858
Unearned revenue	1,346,389
Noncurrent liabilities:	
Due within one year:	
Lease payables	90,560
SBITA payables	103,530
Accrued compensated absences	499,283
Long-term debt	34,716,066
Due in more than one year:	
Lease payables	26,795
SBITA payables	179,892
Accrued compensated absences	166,427
Long-term debt	515,199,591
PERS pension liability	164,695,238
OPEB liability	12,591,688
Total liabilities	<u>754,941,062</u>
DEFERRED INFLOWS OF RESOURCES:	
PERS deferred inflows	63,372,188
OPEB deferred inflows	5,300,647
Lease deferred inflows	119,909
Total deferred inflows of resources	<u>68,792,744</u>
Total liabilities and deferred inflows of resources	<u>823,733,806</u>
NET POSITION:	
Net investment in capital assets	121,381,055
Restricted for:	
Special programs	23,168,053
Debt service	1,400,522
OPEB RHIA	3,467,711
Unrestricted	(239,126,121)
Total net position	<u>\$ (89,708,780)</u>

The accompanying notes are an integral part of this statement.

HILLSBORO SCHOOL DISTRICT 1J
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

FUNCTION	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Instruction	\$ 184,724,831	\$ 5,997,057	\$ 16,765,009	\$ -	\$ (161,962,765)
Support services	128,857,634	382,793	43,766,739	-	(84,708,102)
Enterprise and community services	13,133,132	1,378,891	8,958,556	-	(2,795,685)
Facilities acquisition and construction	-	-	-	451,351	451,351
Interest on long-term debt	19,121,338	-	544,577	-	(18,576,761)
Total Governmental Activities	\$ 345,836,935	\$ 7,758,741	\$ 70,034,881	\$ 451,351	(267,591,962)
GENERAL REVENUES:					
					92,640,845
					38,647,134
					148,854,408
					4,535,690
					3,692,649
					2,571,675
					2,738,984
					<u>293,681,385</u>
					26,089,423
					(115,815,991)
					<u>17,788</u>
					<u>(115,798,203)</u>
					<u>\$ (89,708,780)</u>

The accompanying notes are an integral part of this statement.

HILLSBORO SCHOOL DISTRICT 1J
Washington County, Oregon
FUND FINANCIAL STATEMENTS

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HILLSBORO SCHOOL DISTRICT 1J
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS					
Cash and investments	\$ 34,910,532	\$ -	\$ 1,490,206	\$ 23,162,731	\$ 59,563,469
Receivables	3,980,598	26,881,237	684,316	-	31,546,151
Lease receivables	119,909	-	-	-	119,909
Inventory	34,621	197,867	-	-	232,488
Prepaid items	1,315,143	-	-	376,068	1,691,211
Due from other funds	319,207	-	-	-	319,207
TOTAL ASSETS	\$ 40,680,010	\$ 27,079,104	\$ 2,174,522	\$ 23,538,799	\$ 93,472,435
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 2,363,878	\$ 2,224,260	\$ -	\$ 4,432,026	\$ 9,020,164
Accrued payroll, payroll taxes and employee withholdings	13,940,849	9,732	-	-	13,950,581
Construction retainage	-	11,463	-	1,569,395	1,580,858
Due to other funds	-	319,207	-	-	319,207
Unearned revenue	-	1,346,389	-	-	1,346,389
TOTAL LIABILITIES	16,304,727	3,911,051	-	6,001,421	26,217,199
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	1,125,772	-	487,489	-	1,613,261
Unavailable revenue - lease receivables	119,909	-	-	-	119,909
TOTAL DEFERRED INFLOWS OF RESOURCES	1,245,681	-	487,489	-	1,733,170
FUND BALANCES:					
Nonspendable:					
Inventory	34,621	197,867	-	-	232,488
Prepaid items	1,315,143	-	-	376,068	1,691,211
Restricted for:					
Special programs	-	22,970,186	-	-	22,970,186
Debt services	-	-	1,687,033	-	1,687,033
Capital projects	-	-	-	17,161,310	17,161,310
Assigned for:					
Future year expenses	3,234,544	-	-	-	3,234,544
Long-term planning	8,500,000	-	-	-	8,500,000
Unassigned	10,045,294	-	-	-	10,045,294
TOTAL FUND BALANCES	23,129,602	23,168,053	1,687,033	17,537,378	65,522,066
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 40,680,010	\$ 27,079,104	\$ 2,174,522	\$ 23,538,799	\$ 93,472,435

The accompanying notes are an integral part of this statement.

HILLSBORO SCHOOL DISTRICT 1J

RECONCILIATION OF GOVERNMENTAL FUNDS

BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2023

TOTAL FUND BALANCES		\$ 65,522,066
Capital assets and intangible right to use lease and subscription assets are not financial resources and therefore are not reported in the governmental funds. Additionally, payments for future year subscriptions are presented as prepaid items in the governmental funds, and are presented as part of the SBITA assets in the statement of net position:		
Capital assets	\$ 823,134,368	
Accumulated depreciation	(249,000,752)	
Lease assets	1,599,851	
Accumulated amortization	(1,497,344)	
SBITA assets	2,928,001	
Accumulated amortization	(1,862,198)	
Reduction of prepaid expenditure	(644,098)	
		574,657,828
A portion of the District's revenues are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		
		1,613,261
Compensated absences are reported when earned as both a current and long-term liability in the Statement of Net Position, while in the governmental funds only the portion that requires the use of current financial resources is reported as a liability.		
		(665,710)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
		(774,000)
In bond refunding, a larger amount paid to the escrow agent than the premiums of the bonds being refunded was recorded as interest expense. This deferred outflow of resources is recognized, based on the schedule of maturities of the refunded bonds.		
		1,155,594
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Rather, they are recognized as an expenditure when due. These liabilities consist of:		
Bonds payable (including premium)	(470,165,156)	
Lease payables	(117,355)	
SBITA payables	(283,422)	
Qualified Energy Conservation Bond	(1,434,139)	
Equipment financing	(246,362)	
PERS pension bonds payable	(78,070,000)	
		(550,316,434)
Long-term pension assets/liabilities not payable in the current year are not reported as governmental fund liabilities. Actuarial changes create deferred outflows and inflows of resources. These consist of:		
PERS pension liability	(164,695,238)	
PERS deferred outflow of resources	58,967,424	
PERS deferred inflow of resources	(63,372,188)	
		(169,100,002)
Long-term Net OPEB assets/liabilities not payable in the current year are not reported as governmental fund liabilities. Actuarial changes create deferred outflows and inflows of resources. These consist of:		
OPEB asset	3,166,177	
OPEB liability	(12,591,688)	
OPEB deferred outflow of resources	2,924,775	
OPEB deferred inflow of resources	(5,300,647)	
		(11,801,383)
TOTAL NET POSITION		\$ (89,708,780)

The accompanying notes are an integral part of this statement.

HILLSBORO SCHOOL DISTRICT 1J
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES:					
Local sources:					
Property taxes	\$ 92,785,505	\$ 2,213,719	\$ 38,709,776	\$ -	\$ 133,709,000
Charges for services	672,975	7,085,766	-	-	7,758,741
Interest on investments	1,912,304	-	735,390	1,044,955	3,692,649
Contributions and donations	3,257	1,341,836	-	19,564	1,364,657
Services provided to other funds	-	-	13,723,431	-	13,723,431
Other	3,489,924	500,066	32,765	542,873	4,565,628
Intermediate sources	4,535,690	2,977,483	-	-	7,513,173
State sources	148,854,408	34,125,015	-	-	182,979,423
Federal sources	-	29,691,717	-	-	29,691,717
Total Revenues	<u>252,254,063</u>	<u>77,935,602</u>	<u>53,201,362</u>	<u>1,607,392</u>	<u>384,998,419</u>
EXPENDITURES:					
Current:					
Instruction	151,969,734	30,859,953	-	-	182,829,687
Support services	97,843,224	29,323,691	-	-	127,166,915
Enterprise and community services	663,706	12,200,876	-	-	12,864,582
Facilities acquisition and construction	-	19,026	-	6,752,976	6,772,002
Debt service:					
Principal	345,638	765,294	31,405,000	67,459	32,583,391
Interest	35,721	77,175	22,683,664	2,367	22,798,927
Capital outlay	597,273	2,912,516	-	33,868,994	37,378,783
Total Expenditures	<u>251,455,296</u>	<u>76,158,531</u>	<u>54,088,664</u>	<u>40,691,796</u>	<u>422,394,287</u>
Excess (deficiency) of revenues over expenditures	798,767	1,777,071	(887,302)	(39,084,404)	(37,395,868)
OTHER FINANCING SOURCES (USES):					
Sale or compensation for loss of capital assets	9,643	-	-	3,634,175	3,643,818
Issuance of lease	37,551	-	-	-	37,551
Issuance of subscription	285,398	-	-	-	285,398
Transfers in	8,500,000	-	-	-	8,500,000
Transfers out	(8,500,000)	-	-	-	(8,500,000)
Total Other Financing Sources (Uses)	<u>332,592</u>	<u>-</u>	<u>-</u>	<u>3,634,175</u>	<u>3,966,767</u>
NET CHANGE IN FUND BALANCES	1,131,359	1,777,071	(887,302)	(35,450,229)	(33,429,101)
FUND BALANCES as of July 1, 2022	<u>21,998,243</u>	<u>21,390,982</u>	<u>2,574,335</u>	<u>52,987,607</u>	<u>98,951,167</u>
FUND BALANCES as of June 30, 2023	<u>\$ 23,129,602</u>	<u>\$ 23,168,053</u>	<u>\$ 1,687,033</u>	<u>\$ 17,537,378</u>	<u>\$ 65,522,066</u>

The accompanying notes are an integral part of this statement.

HILLSBORO SCHOOL DISTRICT 1J
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

NET CHANGES IN FUND BALANCES \$ (33,429,101)

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities most of the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense.

Expenditures for capital assets, lease assets and SBITA assets	\$ 39,097,439	
Less current year depreciation expense	(21,810,984)	
Capital asset dispositions	(1,072,972)	
Less current year lease asset amortization expense	(318,719)	
Less current year SBITA asset amortization expense	<u>(853,915)</u>	
		15,040,849

Recognition of the interest expense associated with the current year portion of bond refunding is recognized in the Statement of Activities but does not affect the fund balance in the governmental funds.

Amortization (577,797)

Interest payable is not accrued in the governmental funds, but is accrued in the government-wide statements.

29,706

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities they are recognized as an expense when earned.

23,543

Repayment of principal on long-term debt, lease payables and SBITA payables is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position, while additions to bond principal and lease and SBITA payables are an increase in liabilities for the Statement of Net Position but not the governmental funds.

Debt principal repaid	31,943,208	
Lease principal repaid	361,714	
SBITA principal repaid	974,410	
Amortization expense	<u>3,965,117</u>	
		37,244,449

Revenues that do not meet the measurable and available criteria are not recognized in the current year in the governmental funds. In the Statement of Activities, revenues are recognized when earned.

(207,302)

In the Statement of Activities, pension expense is adjusted based upon the actuarially determined contribution changes

8,657,110

In the Statement of Activities, OPEB expense is adjusted based upon the actuarially determined contribution changes

(692,034)

CHANGE IN NET POSITION \$ 26,089,423

The accompanying notes are an integral part of this statement.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hillsboro School District 1J (the District) was formed on July 1, 1996, with the merger of seven school districts. The District is a municipal corporation, organized under ORS 337, and governed by an elected seven-member Board of Directors (Board) which approves the hiring of the administrative officials. The daily functioning of the District is under the supervision of the Superintendent-Clerk. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government, since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts that provide service within the District's boundaries. However, the District is not financially accountable for any of these entities and, therefore, none of them are considered component units or included in these basic financial statements.

Component units are legally separate organizations for which the School District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The District has no component units.

Basis of Presentation

Government-wide financial statements. The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed through property taxes, intergovernmental revenues, and other non-exchange transactions.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government-wide financial statements (continued).

The Statement of Activities presents a comparison between direct expenses and program revenues for each function/program. Direct expenses are those that are specifically associated with a function/program and, therefore, are clearly identifiable to that function/program. The District does not allocate indirect expenses. Program revenues include: (1) charges to students or others for tuition, fees, rentals, materials, supplies, or services provided; (2) operating grants and contributions; and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

Net position is reported as restricted when constraints placed on net position use are either externally restricted, imposed by creditors (such as through grantors, contributors or laws), or imposed through constitutional provisions or enabling resolutions.

Fund financial statements. The fund financial statements provide information about the District's funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

- **General Fund.** This fund is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. The Internal Service Fund was established for budgetary purposes to transfer one-time resources such as surplus fund balance with the intent of planning for future spending. Per GASB Statement No. 54, this fund is presented as part of the General Fund in accordance with GAAP.
- **Special Revenue Fund.** This fund accounts for revenues and expenditures of grants restricted for particular educational projects. Principal revenue sources are federal and state grants, charges for services, and construction excise taxes.
- **Debt Service Fund.** This fund provides for the payment of principal and interest on general obligation bonded debt. The principal revenue source is property taxes.
- **Capital Projects Fund.** This fund accounts for activities related to the acquisition, construction, equipping, and furnishing of facilities. Principal revenue sources are proceeds from the sale of bonds and interest earnings.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

Government-wide statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end.

Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and accrued vacation, which are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in the governmental funds, and proceeds from general long-term debt and acquisitions under leases are reported as other financing sources.

Use of Estimates

The preparation of basic financial statements in conformity 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, liabilities, and deferred outflows and inflows, and disclosure of contingent assets, liabilities, and deferred outflows and inflows at the date of the basic financial statements, and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less. Short-term investments are stated at cost, which approximates fair value.

The District's investments consist of U.S. Government Treasury securities and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value based upon quoted market rates. Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It 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. The purpose of the Fund Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

Property Taxes

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Management has determined that an allowance for uncollectible property taxes is not required, because taxes are a lien on the property assessed.

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Supply Inventory

Inventory is valued at cost, using the first-in, first-out (FIFO) method. Donated commodities are valued at their estimated fair market value when donated. Inventory is charged as an expense/expenditure when used under the consumption method in both the government-wide statements and the governmental fund statements.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepayments. Prepaid items are recorded using the consumption method, and recorded as an expense or an expenditure at the time of consumption.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000, and an estimated life in excess of one year. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets and the intangible right to use lease and SBITA assets are depreciated/amortized using the straight-line method over the following useful lives:

Buildings and improvements	40 to 50 years
Furniture and fixtures	15 to 30 years
Equipment	5 to 20 years
Motor vehicles	10 years
Information technology equipment	5 years

Compensated Absences

It is the District's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All vacation pay, including related payroll taxes, is accrued when earned in the government-wide financial statements. The District estimates that 75% of the total liability for compensated absences will be due within one year. Compensated leave balances carry over beyond the current year if unused.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

A liability and expenditure for these amounts is reported in the governmental fund statements only if they have matured, for example, as a result of employee resignations and retirements. Payment of compensated absences is made by the governmental funds for which the eligible employee salary is recorded.

Lease Receivables

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent a consumption of net assets that applies to future periods, and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position/balance sheet will sometimes report 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 future periods, and so will not be recognized as an inflow of resources (revenue) until that time.

Long-term Debt

In the government-wide financial statements, long-term debt is reported as liabilities in the Statement of Net Position. 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 the applicable bond premium or discount.

In the fund financial statements, bond premiums and discounts are recognized when incurred, and not deferred. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures, and expensed in the year incurred.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Debt (Continued)

Typically, OPEB liabilities are liquidated in the following governmental funds: the General Fund and Special Revenue Fund.

Fund Balance

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 type fund balances are classified as follows:

- Non-spendable Fund Balance represents amounts that are not in a spendable form. The non-spendable fund balance represents inventories and prepaid items.
- Restricted Fund Balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments), or are restricted by law (constitutionally or by enabling legislation).
- Committed Fund Balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned Fund Balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, or by an official to whom that authority has been given by the governing body. The Superintendent and Financial Officer have been granted the authority to assign fund balances, pursuant to School Board Resolution dated April 26, 2011.
- Unassigned Fund Balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned, or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable), and unassigned.

**HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stewardship, Compliance, and Accountability

- Budgetary Information. A budget is prepared and legally adopted for each fund in accordance with Oregon Local Budget Law. The budget is prepared using the modified accrual basis of accounting.

The budgeting process begins by appointing Budget Committee members in late fall. Budget recommendations are developed by management through spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June, and the hearing is held in June. The budget is adopted, appropriations are made and the tax levy is declared no later than June 30. Expenditure budgets are appropriated at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, contingency, and transfers) for each fund. Expenditure appropriations may not legally be over-expended.

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 of Directors at a regular 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 between the levels of control (major function levels). Such transfers require approval by the Board. There was one transfer of appropriations by resolution. Budget amounts shown in the basic financial statements include the original and final budget amounts. Appropriations lapse at the end of each fiscal year.

Expenditures and other financing uses are appropriated at any or all of the following levels of control for each fund:

Instruction	Debt Service
Support Services	Operating Contingency
Enterprise and Community Services	Transfers Out
Facilities Acquisitions and Construction	

Expenditures of the various funds were within authorized appropriations, except as follows. In the General Fund instruction and enterprise and community services were over-expended by \$4,240,668 and \$132,059 respectively; Special Revenue Fund instruction, support services and facilities acquisition and construction were over-expended by \$6,049,068, \$5,084,404 and \$865,808 respectively.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stewardship, Compliance, and Accountability (Continued)

- Budgetary Basis of Accounting. While 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 of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplemental information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles, except that other post-employment benefits (OPEB), PERS net pension liability, compensated absences, and accrued interest liabilities are recorded as an expense when paid; debt is recorded as a revenue when borrowed and an expense when paid; inventory and capital outlay expenditures are expensed when purchased; depreciation and amortization are not recorded; and property taxes are recorded as revenue when available.

2. CASH AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and investments". In addition, cash and investments are separately held by the Debt Service and Capital Projects Funds.

Cash and investments are comprised of the following at June 30, 2023:

Cash on hand	\$ 250
Deposits with financial institutions:	
Demand Deposits	16,641,654
Money Market	774,616
Certificates of Deposit	712,347
Investments	<u>41,434,602</u>
Total	<u><u>\$ 59,563,469</u></u>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. CASH AND INVESTMENTS (Continued)

Deposits

The District's deposits with various financial institutions at year end had a bank value of \$20,198,093, and a book value of \$18,128,617. Deposits not covered by Federal Depositary Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon. Credit union deposits in excess of the National Credit Union Administration (NCUA) coverage are insured through the Oregon Public Funds Collateralization Program for Credit Unions.

Custodial Credit Risk - Deposits

In the case of deposits, there is the risk that in the event of a bank failure, the District's deposits may not be returned. The FDIC provides insurance for the District's deposits with financial institutions for up to \$250,000 each for the aggregate of all demand deposits, and the aggregate of all time deposit and savings accounts at each financial institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100 percent protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10 percent of their quarter-end public fund deposits if they are well capitalized, 25 percent of their quarter-end public fund deposits if they are adequately capitalized, or 110 percent of their quarter-end public fund deposits if they are undercapitalized, or assigned to pledge 110 percent by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. Credit union deposits are insured up to \$250,000 under the NCUA. As of June 30, 2023, \$19,251,421 of the District's bank balances were covered by the PFCP, and \$196,672 of the credit union balances were covered by the PFCP for Credit Unions.

Investments

It is the policy of the District to follow state statutes governing cash management. Statutes authorize investing in bankers' acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council, and is responsible for all funds in

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. CASH AND INVESTMENTS (Continued)

Investments (Continued)

the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill, and caution.

Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short Term Fund Board (OSTFB), which establishes diversification percentages and specifies the types and maturities of investments. The portfolio guidelines permit securities lending transactions, as well as investments, in repurchase agreements and reverse repurchase agreements. The fund was in compliance with all portfolio guidelines at June 30, 2023.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There is no material difference between the fair value of the District's position in the State Treasurer's Local Government Investment Pool and the value of the pool shares at June 30, 2023. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Policies officially adopted by the District's Board of Directors authorize investing in obligations of U.S. Government agencies, U.S. Government Sponsored Enterprises (USGSE), the U.S. Treasury, time certificates of deposit, repurchase agreements, money market investments, bankers' acceptances, commercial paper, State of Oregon and local government securities, and the State Treasurer's investment pool. The State Treasurer's investment policies are governed by Oregon Revised Statutes and the Oregon Short-Term Fund Board (OSTFB).

As of June 30, 2023, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
U.S. Treasury Securities	\$ 4,980,659	\$ 4,980,659	\$ -	\$ -
State Treasurer's Investment Pool	36,453,943	36,453,943	-	-
Total	<u>\$ 41,434,602</u>	<u>\$ 41,434,602</u>	<u>\$ -</u>	<u>\$ -</u>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

2. CASH AND INVESTMENTS (Continued)

Investments (Continued)

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 used to measure the fair value of an 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. Investments in U.S. Treasury securities, U.S. Agency securities, state and local government obligations, and corporate securities are valued using quoted market prices and are fair value Level 1.

Interest Rate Risk: As a means of limiting its exposure to fair value losses resulting from rising interest rates, the District's investment policy allows only the purchase of investments that can be held to maturity.

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB.

The District limits investment maturities as follows:

<u>Maturity</u>	<u>Minimum to Mature</u>
Under 3 months	25% minimum
Under 18 months	75% minimum
Under 60 months	100% minimum

Credit Risk – Neither the Oregon Revised Statutes nor the District's investment policy limits investments as to credit rating for securities purchased from U.S. Government Agencies. The State Treasurer's investment pool is unrated.

Oregon Revised Statutes require banker's acceptances to be guaranteed by and carried on the books of a qualified financial institution, eligible for discount by the Federal Reserve System, and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.

Concentration of Credit Risk – To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the District's investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2023, the District was in compliance with all percentage restrictions.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

3. RECEIVABLES

Special Revenue Fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. Other accounts receivable are mostly comprised of money due from Washington County. No allowance for uncollectible accounts has been recorded, all receivables are considered by management to be collectible.

Receivables are comprised of the following:

Property taxes	\$ 2,270,447
Grants	26,881,237
Interest and other	<u>2,394,467</u>
Total	<u><u>\$ 31,546,151</u></u>

Lease Receivables, per GASB 87, are recognized at the net present value of lease payments expected to be received during the lease term at a borrowing rate either explicitly described in the agreement or implicitly determined by the District, reduced by principal payments received. The lease receivables are recorded in the General Fund.

Changes in lease receivables outstanding are as follows:

Governmental Activities Description	Outstanding July 1, 2022	Increases	Decreases	Outstanding June 30, 2023
Tower leases	\$ 123,027	\$ -	\$ 32,563	\$ 90,464
Field leases	87,691	-	58,246	29,445
Total lease receivables	<u>\$ 210,718</u>	<u>\$ -</u>	<u>\$ 90,809</u>	<u>\$ 119,909</u>

The District has entered into a long-term agreement as the lessor to lease a tower site for \$1,600 per month for the first year, then a 3.0 percent increase each following year with 2.0 percent annual interest, which expires on January 1, 2026.

The District entered into a long-term agreement as the lessor to lease a school field for \$60,000 per year for 10 years with 3.0 percent annual interest, expiring December 31, 2023.

Future lease receivable maturities are as follows:

For the Year Ending June 30,	Tower Lease		Field Lease	
	Principal	Interest	Principal	Interest
2024	\$ 34,627	\$ 2,714	\$ 29,445	\$ 589
2025	36,786	1,675	-	-
2026	19,051	286	-	-
Total	<u>\$ 90,464</u>	<u>\$ 4,675</u>	<u>\$ 29,445</u>	<u>\$ 589</u>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4. CAPITAL, LEASE AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS ASSETS

Capital assets activity for the year was as follows:

	Restated Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Capital assets not being depreciated/amortized:				
Land	\$ 39,436,753	\$ 3,918,927	\$(1,062,500)	\$ 42,293,180
Construction in progress	17,111,459	23,399,713	(3,571,591)	36,939,581
Total capital assets not being depreciated/amortized	56,548,212	27,318,640	(4,634,091)	79,232,761
Capital assets being depreciated/amortized:				
Building and improvements	673,601,313	13,718,065	(16,300)	687,303,078
Furniture and fixtures	23,450,405	-	-	23,450,405
Equipment	5,501,558	451,693	-	5,953,251
Motor vehicles	22,481,942	1,173,787	(568,693)	23,087,036
Information technology equipment	4,100,992	6,845	-	4,107,837
Right-to-use leased equipment	1,562,300	37,551	-	1,599,851
Right-to-use subscription asset	2,269,855	658,146	-	2,928,001
Total capital assets being depreciated/amortized	732,968,365	16,046,087	(584,993)	748,429,459
Less accumulated depreciation/amortization for:				
Building and improvements	(183,636,632)	(19,930,007)	5,828	(203,560,811)
Furniture and fixtures	(21,956,333)	(189,470)	-	(22,145,803)
Equipment	(3,302,739)	(271,955)	-	(3,574,694)
Motor vehicles	(15,346,749)	(1,272,362)	568,693	(16,050,418)
Information technology equipment	(3,521,836)	(147,190)	-	(3,669,026)
Right-to-use leased equipment	(1,178,625)	(318,719)	-	(1,497,344)
Right-to-use subscription asset	(1,008,283)	(853,915)	-	(1,862,198)
Total accumulated depreciation/amortization	(229,951,197)	(22,983,618)	574,521	(252,360,294)
Total capital assets being depreciated/amortized, net	503,017,168	(6,937,618)	(10,472)	496,069,165
Total capital assets, net	\$ 559,565,380	\$ 20,381,109	\$ (4,644,563)	\$ 575,301,926

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

4. CAPITAL, LEASE AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS ASSETS (Continued)

Depreciation expense for the year was charged to the following functions/programs:

<u>Program</u>	
Instruction	\$ 12,337,926
Support Services	8,602,052
Enterprise and Community Services	871,006
Total Depreciation	<u>\$ 21,810,984</u>

Amortization expense for the year was charged to the following functions/programs:

<u>Program</u>	
Support Services	<u>\$ 1,172,634</u>
Total Amortization	<u>\$ 1,172,634</u>

5. COMPENSATED ABSENCES

Activity for compensated absences for the year ended June 30, 2023 is as follows:

Balance July 1, 2022	\$ 689,253
Additions	665,710
Payments	<u>(689,253)</u>
Balance June 30, 2023	<u>\$ 665,710</u>
Due within one year	<u>499,283</u>
Due in more than one year	<u>\$ 166,427</u>

The General Fund is the primary fund where the compensated absences liability is liquidated.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

6. LONG-TERM DEBT

Long-term debt is comprised of:

	<u>Total</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 470,165,156	\$ 23,455,000
Pension Obligation Bonds	78,070,000	10,880,000
Qualified Energy Conservation Bond	1,434,139	134,704
Equipment financing	<u>246,362</u>	<u>246,362</u>
Balance June 30, 2023	549,915,657	<u><u>\$ 34,716,066</u></u>
Due within one year	<u>34,716,066</u>	
Due in more than one year	<u><u>\$ 515,199,591</u></u>	

Changes in long-term obligations for the year are as follows:

Governmental Activities Description	<u>Outstanding July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding June 30, 2023</u>	<u>Due Within One Year</u>
General obligation bonds	\$ 431,340,000	\$ -	\$ 21,610,000	\$ 409,730,000	\$ 23,455,000
Unamortized Premium	<u>64,400,273</u>	<u>-</u>	<u>3,965,117</u>	<u>60,435,156</u>	<u>-</u>
Total General obligation bonds, net	495,740,273	-	25,575,117	470,165,156	23,455,000
Pension obligation bonds	87,865,000	-	9,795,000	78,070,000	10,880,000
Notes from direct placements and borrowings:					
Qualified energy conservation bond	1,563,318	-	129,179	1,434,139	134,704
Equipment financing	<u>655,391</u>	<u>-</u>	<u>409,029</u>	<u>246,362</u>	<u>246,362</u>
Total	<u><u>\$ 585,823,982</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 35,908,325</u></u>	<u><u>\$ 549,915,657</u></u>	<u><u>\$ 34,716,066</u></u>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

6. LONG-TERM DEBT (Continued)

General Obligation Bonds – In November 2012, the District issued \$98.9 million in General Obligation Bonds with an interest rate of 1.5% to 5.0%. In November 2017, the District passed a \$408 million capital project levy. In December 2017, the District issued a \$268.4 million general obligation bond series and realized an unamortized premium of \$51.6 million, with an interest rate of 3.0% to 5.0%. In February 2020, the District issued a \$139.6 million general obligation bond series and realized an unamortized premium of \$27.7 million, with an interest rate of 1.5% to 5.0%. In October 2020, the District refinanced the 2012 General Obligation Bonds and issued \$40.4 million in General Obligation Bonds with an interest rate of 0.22% to 0.75%.

The District issued General Obligation Refunding Bonds, Series 2020, in an aggregate principal amount of \$40.4 million. The proceeds were used to refund the Callable Portion only of the District's 2012 Bonds and to pay the costs of issuance. The Bonds helped the District obtain a benefit of savings in total debt service requirements. The present value of the economic gain resulting from the refunding was \$1,617,680.

Pension Obligation Bonds – During the 2004-05 fiscal year, the District participated in pooled issuances of taxable pension obligation bonds to pay off a portion of the District's unfunded actuarial liability. The District issued \$102.9 million in debt as part of a pooled issuance of \$458.6 million. In May 2015, the District issued \$39.86 million in taxable pension obligation bonds to finance the District's estimated PERS unfunded actuarial liability. Bond proceeds were paid to the Public Employee Retirement System (PERS). An intercept agreement with the State of Oregon was required as a condition of issuance; therefore, a portion of State School Support is withheld on a monthly basis to repay debt. Annual principal and interest payments are made each June 30, ending June 2034.

Qualified Energy Conservation Bonds – In March 2016, the District entered into a direct placement agreement for an Energy Conservation Bond in the amount of \$3.4 million. The bond has an interest rate of 3.46%. If an Event of Default occurs, the Lender may exercise any remedy available at law or in equity. However, the amounts due from the District under this Agreement shall not be subject to acceleration. Upon the occurrence and continuance of an Event of Default, the Lender may, in addition to pursuing other remedies, at its election, increase the Interest Rate by 300 basis points (3.00%).

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

6. LONG-TERM DEBT (Continued)

Equipment Financing - The District entered into financing agreements for the acquisition of buses for student transportation in 2018-19 for \$1,084,810, and 2019-20 for \$1,200,388.

Future debt service requirements for governmental activities long-term debt are as follows:

For the Year Ending June 30,	General Obligation Bonds		Pension Obligation Bonds		Notes from Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 23,455,000	\$ 18,319,217	\$ 10,880,000	\$ 3,558,037	\$ 381,066	\$ 55,086
2025	25,385,000	17,857,800	12,040,000	3,065,600	140,409	43,749
2026	28,305,000	16,879,700	13,280,000	2,517,508	146,300	38,840
2027	31,300,000	15,464,450	14,625,000	1,894,300	152,385	33,725
2028	13,810,000	14,006,950	7,935,000	1,207,972	158,667	28,398
2029-33	95,950,000	58,445,100	17,190,000	2,833,799	701,674	55,836
2034-38	152,680,000	30,676,850	2,120,000	92,326	-	-
2039-40	38,845,000	2,359,800	-	-	-	-
Total	<u>\$ 409,730,000</u>	<u>\$ 174,009,867</u>	<u>\$ 78,070,000</u>	<u>\$ 15,169,542</u>	<u>\$ 1,434,139</u>	<u>\$ 249,007</u>

7. LEASE AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENT PAYABLES

Lease Payables, per GASB 87, 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. The District leases building space and copiers under lease agreements with various entities. Lease expenses totaled approximately \$362,000 for the year ended June 30, 2023.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

**7. LEASE AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY
AGREEMENT PAYABLES**

Changes in lease payables are as follows:

Governmental Activities Description	Outstanding July 1, 2022	Increases	Decreases	Outstanding June 30, 2023
Copier lease	\$ 362,622	\$ -	\$ 289,071	\$ 73,551
Building lease	78,896	-	67,459	11,437
Equipment lease	-	37,551	5,184	32,367
Total lease payables	<u>\$ 441,518</u>	<u>\$ 37,551</u>	<u>\$ 361,714</u>	<u>\$ 117,355</u>

The District leases copiers for \$26,356 per month for 60 months with a discount rate of 7.50 percent. The lease expires on September 30, 2023. The copier lease obligations are paid by the General Fund.

The District leases building space for \$5,000 per month for the first 12 months and increasing by 3 percent each additional 12 months for a total of 48 months with a discount rate of 3.00 percent. The lease expires on August 31, 2023. The building lease obligations are paid by the Capital Projects Fund.

The District leases equipment for \$8,000 per year for 6 years with a discount rate of 7.50 percent. The lease expires on June 30, 2028. The equipment lease obligations are paid by the General Fund.

Future lease payments are as follows:

For the Year Ending June 30,	Copier Lease		Building Lease		Equipment Lease	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 73,551	\$ 5,516	\$ 11,437	\$ 343	\$ 5,572	\$ 2,428
2025	-	-	-	-	5,990	2,010
2026	-	-	-	-	6,440	1,560
2027	-	-	-	-	6,923	1,077
2028	-	-	-	-	7,442	558
Total	<u>\$ 73,551</u>	<u>\$ 5,516</u>	<u>\$ 11,437</u>	<u>\$ 343</u>	<u>\$ 32,367</u>	<u>\$ 7,633</u>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

**7. LEASE AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY
AGREEMENT PAYABLES**

Subscription Based Information Technology Agreement (SBITA) Payables, per GASB 96, 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 \$210,000 and are paid by the General Fund and Special Revenue Fund for the year ended June 30, 2023.

Changes in SBITA payables are as follows:

Governmental Activities Description	Outstanding July 1, 2022	Increases	Decreases	Outstanding June 30, 2023
Total SBITA payables	\$ 208,494	\$ 285,398	\$ 210,470	\$ 283,422

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 breakdown of the SBITAs are as follows:

Commencement	End Date	Initial Asset Value	Net Asset Value as of June 30	Initial Subscription Liability	Associated Interest Rate	Subscription Liability as of June 30
7/1/2017	6/30/2023	\$ 267,385	\$ -	\$ -	N/A	\$ -
7/1/2020	6/30/2023	361,715	-	-	N/A	-
4/1/2021	6/30/2023	30,358	-	-	N/A	-
7/1/2021	6/30/2024	199,542	66,514	-	N/A	-
7/1/2021	6/30/2024	145,333	48,445	145,333	2.0%	49,407
7/1/2021	6/30/2026	601,673	361,003	-	N/A	-
8/1/2021	8/31/2023	204,178	16,333	204,178	2.0%	-
8/2/2021	8/1/2023	394,111	16,421	-	N/A	-
9/1/2021	8/31/2023	14,950	1,246	14,950	2.0%	-
10/4/2021	10/3/2027	10,021	7,098	-	N/A	-
12/1/2021	7/31/2023	40,589	2,030	-	N/A	-
6/30/2022	6/30/2026	220,247	165,185	-	N/A	-
9/1/2022	8/31/2026	8,935	7,074	-	N/A	-
9/7/2022	9/6/2027	285,398	237,832	285,398	2.0%	234,015
2/26/2023	2/26/2025	30,127	25,106	-	N/A	-
6/1/2023	4/17/2028	113,439	111,516	-	N/A	-
Total			<u>\$ 1,065,803</u>			<u>\$ 283,422</u>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

7. LEASE AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENT PAYABLES

Future subscription payments are as follows:

For the Year Ending June 30,	SBITA	
	Principal	Interest
2024	\$ 103,530	\$ 5,668
2025	56,970	3,598
2026	59,927	2,458
2027	62,995	1,261
Total	<u>\$ 283,422</u>	<u>\$ 12,985</u>

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)/ TERMINATION BENEFITS

GASB Statement 75

Employers participating in the Plan are required to report OPEB information in their financial statements in accordance with GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75).

The requirements of the Statement incorporate provisions intended to reflect the effects of transactions and events related to OPEB in the measurement of employer liabilities for OPEB and recognition of OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.

The Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer, along with PERS audited financial statements and the Schedule of OPEB Amounts under GASB 75 report prepared by PERS' third-party actuaries provide employers with the required information for financial reporting related to PERS OPEB provided through the Plan as of and for the year ended June 30, 2022 (the measurement period).

The other postemployment benefits (OPEB) for the District combines two separate plans. The District provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan.

Financial Statement Presentation

The District's two OPEB plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements relate to the plans as follows:

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)/ TERMINATION BENEFITS
(Continued)

Description	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB On Financials
Net OPEB Asset	\$ -	\$ 3,166,177	\$ 3,166,177
Deferred Outflows of Resources:			
Contributions After the Measurement Date	-	21,019	21,019
Changes in proportionate share	-	688,525	688,525
Difference between expected and actual experience	1,137,271	-	1,137,271
Changes of assumptions or other input	1,053,169	24,791	1,077,960
Total Deferred Outflows	2,190,440	734,335	2,924,775
Total OPEB Liability	(12,591,688)	-	(12,591,688)
Deferred Inflows of Resources:			
Difference between expected and actual experience	(2,267,653)	(85,801)	(2,353,454)
Changes of assumptions or other input	(2,600,193)	(105,538)	(2,705,731)
Net difference between projected and actual earnings on investments	-	(241,462)	(241,462)
Total Deferred Inflows	(4,867,846)	(432,801)	(5,300,647)
OPEB Expense (Revenue) (Included in program expenses on Statement of Activities)	1,082,370	(19,849)	1,062,521

Implicit Rate Subsidy (Medical)

Plan Description

The District's postemployment healthcare plan is administered by Oregon Educators Benefit Board (OEBB). Benefit provisions are established through negotiations between the District and representatives of collective bargaining units. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. OEBB issues a publicly available financial report that includes financial statements and required supplementary information for the District. As of July 1, 2021, the most recent valuation date, program participants included 2,442 active employees and 74 retired employees or beneficiaries currently receiving benefits.

**Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB**

The District's total OPEB liability of \$12,591,688 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2021. For the fiscal year ended June 30, 2023 the District recognized OPEB expense from this plan of \$1,082,370.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)/ TERMINATION BENEFITS
(Continued)

Implicit Rate Subsidy (Medical) (Continued)

Actuarial Assumptions and Other Inputs

Valuation date	July 1, 2021
Measurement date	June 30, 2023
Actuarial cost method	Entry Age Normal, level percent of salary
Actuarial assumptions:	
Interest Rate for Discounting Future Liabilities	3.75% per year, based on all years discounted at municipal bond rate based on Bond Buyer 20-Bond General Obligation Index as of June 30, 2023. (Previously 3.50%)
General Inflation	2.00% per year
Payroll Growth	3.00% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table.
Annual Premium Increase Rate	4.00% for 2022-23 Rates will range from 4.50%-6.00% over the next 20+ years
Mortality Rates	<p>Active employees: PUB 2010 Employee Tables for Teachers, sex distinct, projected generationally.</p> <p>Active employee adjustments: 125% of published rates for males, 100% of published rates for females.</p> <p>Retirees: PUB 2010 Retiree Tables for Teachers, sex distinct, projected generationally.</p> <p>Beneficiaries: PUB 2010 Employee and Retiree Tables for General Employees, sex distinct, projected generationally.</p> <p>Beneficiary adjustments: Set back 12 months for males, no set back for females; 115% of published rates for non-annuitant males, 125% of published rates for non-annuitant females.</p> <p>Improvement Scale: Unisex Social Security Data Scale (60 year average), with data through 2017.</p>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)/ TERMINATION BENEFITS
(Continued)

Implicit Rate Subsidy (Medical) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of July 1, 2022	\$ 11,935,800
Changes for the year:	
Service cost	846,630
Interest on Total OPEB Liability	440,902
Changes of assumptions or other input	(261,157)
Benefit payments	(370,487)
Balance as of June 30, 2023	<u>\$ 12,591,688</u>

Schedule of Collective Deferred Inflows and Outflows

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ 1,137,271	\$ (2,267,653)	\$ (1,130,382)
Changes of assumptions or other inputs	1,053,169	(2,600,193)	(1,547,024)
Net deferred outflow(inflow) of resources	<u>\$ 2,190,440</u>	<u>\$ (4,867,846)</u>	<u>\$ (2,677,406)</u>

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

Year ending June 30	Amount
2024	\$ (205,162)
2025	(205,162)
2026	(205,164)
2027	(556,219)
2028	(492,228)
Thereafter	(1,013,471)
Total	<u>\$ (2,677,406)</u>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)/ TERMINATION BENEFITS
(Continued)

Implicit Rate Subsidy (Medical) (Continued)

Sensitivity of the Total OPEB Liability

The following presents the District total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.75 percent) or 1 percentage point higher (4.75 percentage) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Total OPEB Liability	\$ 13,682,169	\$ 12,591,688	\$ 11,579,349

Healthcare Cost Trend	1% Decrease (2.50%, Graded Up to 5.00%, then Back Down to 3.50%)	Current Trend Rate (3.50%, Graded Up to 6.00%, then Back Down to 4.50%)	1% Increase (4.50%, Graded Up to 7.00%, then Back Down to 5.50%)
Total OPEB Liability	\$ 10,918,036	\$ 12,591,688	\$ 14,606,657

PERS Retirement Health Insurance Account

Plan Description

The District contributes to the PERS 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 PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700, or online at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Benefits Provided

RHIA was established by ORS 238.420 and authorizes a payment of up to \$60 from RHIA toward the monthly costs of health insurance. The plan was closed to new entrants hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the healthcare premium cost the member must (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)/ TERMINATION BENEFITS
(Continued)

PERS Retirement Health Insurance Account (Continued)

Benefits Provided (Continued)

had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

Contributions

PERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2020 actuarial valuation. The rates based on a percentage of payroll, first became effective June 30, 2021. The District's total for the year ended June 30, 2023 contributions was \$21,019.

OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to OPEB

At June 30, 2023, the District reported an asset of \$3,166,177 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. The District's proportion of the net OPEB asset was based on the District's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2022, the District's proportionate share was 0.89%, decreased from 0.93% as of June 30, 2021.

For the year ended June 30, 2023, the District recognized OPEB revenue from this plan of \$19,849. At June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to the OPEB plan from the following sources:

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8. OTHER POST-EMPLOYMENT BENEFIT (OPEB)/ TERMINATION BENEFITS
(Continued)

PERS Retirement Health Insurance Account (Continued)

OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources to OPEB (Continued)

Schedule of OPEB Amounts under GASB 75 for RHIA
June 30, 2023

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ -	\$ (85,801)	\$ (85,801)
Changes of assumptions	24,791	(105,538)	(80,747)
Net difference between projected and actual earnings on investments	-	(241,462)	(241,462)
Changes in proportionate share	688,525	-	688,525
Subtotal-Amortized Deferrals	713,316	(432,801)	\$ 280,515
District contributions subsequent to measurement date	21,019	-	
Net deferred outflow(inflow) of Resources	\$ 734,335	\$ (432,801)	

Employer contributions made after the measurement date of the OPEB liability or collective OPEB liability but before the end of the employer's or governmental non-employer contributing entity's reporting period will be recognized as a reduction of the OPEB liability or collective OPEB liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30	Amount
2024	\$ 482,443
2025	(126,887)
2026	(152,373)
2027	77,332
Total	\$ 280,515

All assumptions, methods and plan provisions used in these calculation are described in the Oregon PERS system-wide GASB 75 reporting summary dated January 20, 2023.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)/ TERMINATION BENEFITS
(Continued)

PERS Retirement Health Insurance Account (Continued)

Actuarial Methods and Assumptions

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience Study	2020, published July 20, 2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
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
Retiree healthcare participation	Healthy retirees: 27.5%; Disabled retirees: 15%
Healthcare cost trend rate	Not Applicable
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale with job category adjustments and set-back as described in the valuation. Disabled retirees: 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.

(Source: June 30, 2022 PERS Annual Comprehensive Financial Report; page 73)

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, which reviewed experience for the four year period ended on December 31, 2020.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)/ TERMINATION BENEFITS
(Continued)

PERS Retirement Health Insurance Account (Continued)

Actuarial Methods and Assumptions (Continued)

- **Discount Rate.** The discount rate used to measure the total OPEB liability at June 30, 2022 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of Net OPEB Liability/(Asset) in the Discount Rate as of June 30, 2022			
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
OPEB – RHIA	\$ (2,853,618)	\$ (3,166,177)	\$ (3,434,113)

- **Long-Term Expected Rate of Return.** To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS 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 plans were 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.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)/ TERMINATION BENEFITS
(Continued)

PERS Retirement Health Insurance Account (Continued)

Actuarial Methods and Assumptions (Continued)

TABLE 31

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	30.62 %	7.11 %	5.85 %	17.05 %
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05
Hedge Fund - Macro	5.62	5.33	5.06	7.90
US Cash	-2.50 ³	1.77	1.76	1.20
Assumed Inflation - Mean			2.40 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

(Source: June 30, 2022 PERS Annual Comprehensive Financial Report; page 74; Table 31)

- **Depletion Date Projection.** GASB 75 generally requires that a blended discount rate be used to measure the total OPEB 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

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)/ TERMINATION BENEFITS
(Continued)

PERS Retirement Health Insurance Account (Continued)

Actuarial Methods and Assumptions (Continued)

- **Depletion Date Projection (Continued).** and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 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 judgement.

The following circumstances justify an alternative evaluation of sufficiency for the OPEB 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 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 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 of actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience that might impact the plan's funded position.

Based on these circumstances, the detailed depletion date projections outlined in GASB 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Additional disclosures related to Oregon PERS not applicable to specific employers are available by contacting PERS at PO Box 23700, Tigard, OR 97281-3700, or online at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PENSION PLAN

Plan Description

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature, pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at:

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

PERS Pension (Chapter 238)

- **Pension Benefits.** The PERS 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 (2.0 percent for police and fire employees, and 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 under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalence of benefits to which he or she is entitled.

Under Senate Bill (SB) 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary is limited for all members beginning in 2021. The limit was equal to \$210,582 as of January 1, 2022 and it is indexed with inflation every year.

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. General Service employees may retire after reaching age 55. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The plans are closed to new members hired on or after August 29, 2003.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PENSION PLAN (Continued)

PERS Pension (Chapter 238) (Continued)

- **Death Benefits.** Upon the death of a nonretired 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:
 - Member was employed by PERS employer at the time of death;
 - Member died within 120 days after termination of PERS-covered employment;
 - Member died as a result of injury sustained while employed in a PERS-covered job; or
 - Member was on an official leave of absence from a PERS-covered job at the time of death.

A member's beneficiary may choose a monthly payment for life instead of the lump-sum or a combination of lump-sum and monthly payments, if eligible. The monthly payment must be a minimum of \$200 per month for deaths that occur after July 30, 2003.

- **Disability Benefits.** A member with ten 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 PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.
- **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global 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 2.0 percent.

Oregon Public Service Retirement Plan Pension Program (OPSRP)

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

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PENSION PLAN (Continued)

Oregon Public Service Retirement Plan Pension Program (OPSRP) (Continued)

- **Pension Benefits.** This portion of 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: 1.5 percent 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.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary is limited for all members beginning in 2021. The limit was equal to \$210,582 as of January 1, 2022, and is indexed with inflation every year.

A member of the 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; or, if the pension program is terminated, the date on which termination becomes effective.

- **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70.5 years of age.
- **Disability Benefits.** A member who has accrued ten or more years of retirement credits before the member becomes disabled or a member who becomes disabled from a 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.

Contributions

PERS 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 PERS Defined Benefit Plan and the Other Post-Employment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. Employer contributions for the year ended June 30, 2023, were \$24,613,526, excluding amounts to fund employer specific

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PENSION PLAN (Continued)

liabilities. A total of \$13,723,791 was charged for the year ended June 30, 2023, as PERS benefits expenditures to be used for bond payments as they become due. A total of \$8,657,110 was recognized as employer pension revenue during the reporting period.

At June 30, 2023, the District reported a net pension liability of \$164,695,238 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to a measurement date of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan, relative to the projected contributions of all participating employers. At June 30, 2022, the District's proportion was 1.08 percent, a decrease from 1.09 percent at June 30, 2021.

PERS Schedule of Pension Amounts under GASB 68
June 30, 2023

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ 7,994,625	\$ (1,027,070)	\$ 6,967,555
Changes of assumptions	25,841,573	(236,089)	25,605,484
Net difference between projected and actual earnings on investments	-	(29,444,323)	(29,444,323)
Changes in proportionate share	278,797	(12,337,863)	(12,059,066)
Differences between employer contributions and employer's proportionate share of system contributions	238,903	(20,326,843)	(20,087,940)
Subtotal-Amortized Deferrals	<u>34,353,898</u>	<u>(63,372,188)</u>	<u>\$ (29,018,290)</u>
District contributions subsequent to measurement date	<u>24,613,526</u>	<u>-</u>	
Net deferred outflow(inflow) of Resources	<u>\$ 58,967,424</u>	<u>\$ (63,372,188)</u>	

Employer contributions made after the measurement date of the net pension or collective net pension but before the end of the employer's or governmental non-employer contributing entity's reporting period will be recognized as a reduction of the net pension or collective net pension in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense as follows:

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PENSION PLAN (Continued)

Year ending June 30	Amount
2024	\$ (7,861,055)
2025	(10,324,615)
2026	(18,408,599)
2027	9,292,100
2028	(1,716,121)
Total	<u>\$ (29,018,290)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB Statement 68 reporting summary dated January 20, 2023. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at:

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

Actuarial Methods and Assumptions

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience Study	2020, published July 20, 2021
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
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
Cost-of-living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale with job category adjustments and set-back as described in the valuation.</p> <p>Disabled retirees: 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: June 30, 2022 PERS Annual Comprehensive Financial Report; page 71)

**HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

9. PENSION PLAN (Continued)

Actuarial Methods and Assumptions (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, which reviewed experience for the four year period ended December 31, 2020.

- **Discount Rate.** The discount rate used to measure the total pension liability of the Plan was 6.90 percent. 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 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.
- **Long-Term Expected Rate of Return.** To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS 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 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.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

TABLE 31

<u>Long-Term Expected Rate of Return</u> ¹				
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u> ²	<u>20-Year Annualized Geometric Mean</u>	<u>Annual Standard Deviation</u>
Global Equity	30.62 %	7.11 %	5.85 %	17.05 %
Private Equity	25.50	11.35	7.71	30.00
Core Fixed Income	23.75	2.80	2.73	3.85
Real Estate	12.25	6.29	5.66	12.00
Master Limited Partnerships	0.75	7.65	5.71	21.30
Infrastructure	1.50	7.24	6.26	15.00
Commodities	0.63	4.68	3.10	18.85
Hedge Fund of Funds - Multistrategy	1.25	5.42	5.11	8.45
Hedge Fund Equity - Hedge	0.63	5.85	5.31	11.05
Hedge Fund - Macro	5.62	5.33	5.06	7.90
US Cash	-2.50 ³	1.77	1.76	1.20
Assumed Inflation - Mean			2.40 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on June 2, 2021.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

³ Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

(Source: June 30, 2022 PERS Annual Comprehensive Financial Report; page 74; Table 31)

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 investment assets, all others at cost) 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 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) 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.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

9. PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon 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 of actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience that 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.

- **Sensitivity.** 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.

<u>Sensitivity of Net Pension Liability to Changes in the Discount Rate As of June 30, 2022</u>			
<u>(Measurement Date)</u>			
Employers' Net Pension Liability/(Asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Defined Benefit Pension Plan	\$ 292,072,757	\$ 164,695,238	\$ 58,086,135

Additional disclosures related to Oregon PERS not applicable to specific employers are available by contacting PERS at PO Box 23700, Tigard, OR 97281-3700, or online at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

10. RISK MANAGEMENT

The District carries commercial insurance for the various risks it is exposed to: torts; theft or damage to, and destruction of, assets; errors and omissions; and natural disasters. The District does not engage in risk-financing activities where the risk is retained (self-insurance).

Settlements have not exceeded insurance coverage for the each of the three years ending June 30, 2023, 2022, and 2021.

11. COMMITMENTS AND CONTINGENCIES

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 of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time, although District management expects such amounts, if any, to be immaterial.

The District, in the regular course of business, is a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable. However, in the opinion of the District's management, the resolution of these matters will not have a materially adverse effect on the financial condition of the District.

The District receives a substantial portion of its operating funding from the State of Oregon. State funding is determined through statewide revenue projections, and is paid to individual school districts based on pupil counts and other factors in the State School Fund revenue formula. Since these projections and pupil counts fluctuate, they can cause the District to either have increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the District's operations cannot be determined.

The District is committed under various accepted bid agreements and contracts for approximately \$15.5 million for goods, services, and construction of facilities.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

12. PREPAID EXPENSES

The District has various prepaid expenses throughout the year that consist of worker's compensation premiums, software licenses and utilities. Total prepaid expenses as of June 30, 2023, were as follows:

General Fund	\$ 1,315,143
Capital Projects Fund	<u>376,068</u>
Total	<u>\$1,691,211</u>

13. TAX ABATEMENTS

Property tax abatements result from agreements between Washington County and others, which impact the Districts levied property taxes. As of June 30, 2023, the District was affected by tax abatement agreements made by Washington County through six programs.

Exemption Type	Tax Abatement Amount
Construction in Process in Enterprise Zone (ORS 285C.170)	\$1,411,000
Enterprise Zone (ORS 285C.175)	\$8,261,000
Housing for Low Income Rental (ORS 307.517)	\$8,000
Nonprofit Corporation Low Income Housing (ORS 307.541)	\$193,000
Strategic Investment Program (ORS 285C.600)	\$112,359,000
Vertical Housing (ORS 307.864)	\$504,000

Estimate based on certified tax roll values (10/3/22)

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

14. PRIOR YEAR RESTATEMENTS

An adjustment was required for the implementation of GASB Statement No. 96.

Adjustment to Government-wide Financial Statements:

Net Position – July 1, 2022 as originally reported	\$ (115,815,991)
Due to implementation of GASB Statement No. 96	<u>17,788</u>
Net Position – July 1, 2022 as restated	<u>\$ (115,798,203)</u>

15. NEW ACCOUNTING STANDARDS IMPLEMENTED

For the fiscal year ended June 30, 2023, the District implemented the following new accounting standards:

- **GASB Statement 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve reporting by addressing issues related to public-private and public-public partnership agreements. For reporting periods beginning after June 15, 2022.
- **GASB Statement 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. For reporting periods beginning after June 15, 2022.
- **GASB Statement 99**, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. For reporting periods beginning after June 15, 2022.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

16. NEW PRONOUNCEMENTS

The District will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements.

- **GASB Statement 100**, *Accounting Changes and Error Corrections-an amendments of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. For reporting periods beginning after June 15, 2023.
- **GASB Statement 101**, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. For reporting periods beginning after December 15, 2023.

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HILLSBORO SCHOOL DISTRICT 1J
Washington County, Oregon

REQUIRED SUPPLEMENTARY INFORMATION

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HILLSBORO SCHOOL DISTRICT IJ
SCHEDULE OF THE CHANGES IN THE TOTAL OPEB LIABILITY FOR MEDICAL SUBSIDY AND
SCHEDULE OF THE TOTAL OPEB LIABILITY AND RELATED RATIOS FOR MEDICAL SUBSIDY
FOR THE YEAR ENDED JUNE 30, 2023

Schedule of the Changes in the Total OPEB Liability for Medical Subsidy:

Year Ended	Service Cost	Interest	Change of Benefit Terms	Difference Between Expected and Actual Experience	Changes of Assumptions or Other Input	Benefit Payments	Net Change in Total OPEB Liability
June 30,							
2023	\$ 846,630	\$ 440,902	\$ -	\$ -	\$ (261,157)	\$ (370,487)	\$ 655,888
2022 ³	1,084,030	435,558	-	(2,915,555)	(1,253,338)	(338,688)	(2,987,993)
2021	1,047,372	406,193	-	-	-	(506,132)	947,433
2020	952,483	496,396	-	2,274,543	(2,786,471)	(381,721)	555,230
2019 ²	920,273	446,083	-	-	2,808,454	(460,619)	3,714,191
2018	715,180	321,401	-	-	-	309,852	726,729

Schedule of the Total OPEB Liability and Related Ratios for Medical Subsidy:

Year Ended	Total OPEB Liability Beginning	Net Change in Total OPEB Liability	Total OPEB Liability Ending ¹	Covered Employee Payroll	Total OPEB Liability as Percentage of Covered Payroll	Discount Rate
June 30,						
2023	\$ 11,935,800	\$ 655,888	\$ 12,591,688	\$ 136,586,433	9.2%	3.75%
2022	14,923,793	(2,987,993)	11,935,800	132,608,187	9.0%	3.50%
2021	13,976,360	947,433	14,923,793	132,407,882	11.3%	2.75%
2020	13,421,130	555,230	13,976,360	127,930,321	10.9%	2.75%
2019	9,706,939	3,714,191	13,421,130	99,821,417	13.4%	3.50%
2018	8,980,210	726,729	9,706,939	96,445,814	10.1%	3.50%

Notes:

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan

These schedules are required to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

1. The amounts presented for each fiscal year were actuarially determined at July 1 of odd years and rolled forward to the measurement date.
2. Change in assumptions for 2019 reflects change in Oregon law (SB 1067) that is expected to impact increases in OEGB healthcare plan premiums.
3. Liability gain due to experience of the OEGB plans keeping a lower than expected premium over last two years and also due to changes in assumptions.

HILLSBORO SCHOOL DISTRICT IJ
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY FOR RHIA AND
SCHEDULE OF CONTRIBUTIONS FOR RHIA
FOR THE YEAR ENDED JUNE 30, 2023

Schedule of the Proportionate Share of the Net OPEB Liability for RHIA:

Year Ended June 30,	Employer's Portion of the Net OPEB Liability (NOL)	Employer's Proportionate Share of the Net OPEB Liability (NOL) ¹	Employer's Covered Payroll ²	NOL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
2023	0.89%	\$ (3,166,177)	\$ 145,160,653	-2.18%	194.7%
2022	0.93%	(3,195,837)	128,970,064	-2.48%	183.9%
2021	2.17%	(4,431,307)	125,018,722	-3.54%	150.1%
2020	1.22%	(2,352,904)	128,513,691	-1.83%	144.3%
2019	1.21%	(1,350,607)	122,808,685	-1.10%	124.0%
2018	1.18%	(491,786)	117,330,543	-0.42%	108.9%
2017	1.21%	327,825	112,642,257	0.29%	94.1%

Schedule of Employer Contributions for RHIA:

Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percent of Covered Payroll
2023	\$ 21,019	\$ 21,019	\$ -	\$ 153,241,890	0.01%
2022	21,961	21,961	-	145,160,653	0.02%
2021	24,901	24,901	-	128,970,064	0.02%
2020	155,305	155,305	-	125,018,722	0.12%
2019	603,483	603,483	-	128,513,691	0.47%
2018	585,850	585,850	-	122,808,685	0.48%
2017	591,455	591,455	-	117,330,543	0.50%

Notes:

These schedules are required to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

1. The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward 18 months to the measurement date.
2. Amounts for covered payroll use the prior year's data to match the measurement date used by the OPEB plan for each fiscal year.

HILLSBORO SCHOOL DISTRICT IJ
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS
FOR THE YEAR ENDED JUNE 30, 2023

Year Ended June 30,	Employer's Proportion of the Net Pension Liability (NPL)	Employer's Proportionate Share of the Net Pension Liability (NPL) ¹	Employer's Covered Payroll ²	NPL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	1.08%	\$ 164,695,238	\$ 145,160,653	113.5%	84.5%
2022 ⁷	1.09%	129,942,083	128,970,064	100.8%	87.6%
2021	1.16%	252,869,709	125,018,722	202.3%	75.8%
2020	1.18%	203,797,390	128,513,691	158.6%	80.2%
2019 ⁶	1.24%	188,690,265	122,808,685	153.6%	82.1%
2018	1.17%	158,356,193	117,330,543	135.0%	83.1%
2017 ⁵	1.11%	167,229,488	112,642,257	142.5%	80.5%
2016 ⁴	1.05%	60,293,919	100,728,284	59.9%	91.9%
2015 ³	1.39%	(31,454,943)	94,898,635	-33.1%	103.6%
2014	1.39%	70,815,787	91,185,660	77.7%	92.0%

Notes:

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward 18 months to the measurement date.

1. Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year.
2. The June 30, 2015 NPL reflects benefit changes from the Senate Bills 822 and 861.
3. The June 30, 2016 NPL reflects benefit changes from the Oregon Supreme Court's ruling in *Moro v. State of Oregon*, which overturned portions of Senate Bills 822 and 861.
4. The June 30, 2017 NPL reflects assumption changes reducing inflation rate from 2.75% to 2.50%, the long-term expected rate of return from 7.75% to 7.50%, the discount rate from 7.75% to 7.50% and the projected salary increases from 3.75% to 3.50%.
5. The June 30, 2019 NPL reflects assumption changes reducing the long-term expected rate of return from 7.50% to 7.20% and the discount rate from 7.50% to 7.20%.
6. The June 30, 2022 NPL reflects assumption changes reducing the long-term expected rate of return from 7.20% to 6.90% and the discount rate from 7.20% to 6.90%.

**HILLSBORO SCHOOL DISTRICT IJ
SCHEDULE OF CONTRIBUTIONS FOR PERS
FOR THE YEAR ENDED JUNE 30, 2023**

Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percent of Covered Payroll
2023	\$ 24,613,526	\$ 24,613,526	\$ -	\$ 153,241,890	16.1%
2022	22,298,594	22,298,594	-	145,160,653	15.4%
2021	23,360,881	23,360,881	-	128,970,064	18.1%
2020	22,827,458	22,827,458	-	125,018,722	18.3%
2019	15,731,715	15,731,715	-	128,513,691	12.2%
2018	15,193,032	15,193,032	-	122,808,685	12.4%
2017	9,360,920	9,360,920	-	117,330,543	8.0%
2016	9,876,528	9,876,528	-	112,642,257	8.8%
2015	14,204,644	14,204,664	-	100,728,284	14.1%
2014	14,685,298	14,685,298	-	94,898,635	15.5%

Notes:

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward 18 months to the measurement date.

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual		GAAP Basis	Variance with Final Budget
			Budget Basis	Adjustments		
REVENUES:						
Local sources						
Property taxes	\$ 88,535,483	\$ 88,535,483	\$ 92,785,505	\$ -	\$ 92,785,505	\$ 4,250,022
Charges for services	954,754	954,754	672,975	-	672,975	(281,779)
Earnings on investments	500,353	500,353	1,912,304	-	1,912,304	1,411,951
Contributions & donations	53,045	53,045	3,257	-	3,257	(49,788)
Other	740,054	740,054	3,489,924	-	3,489,924	2,749,870
Intermediate sources	4,452,707	4,452,707	4,535,690	-	4,535,690	82,983
State sources	150,089,995	150,089,995	148,854,408	-	148,854,408	(1,235,587)
Total Revenues	<u>245,326,391</u>	<u>245,326,391</u>	<u>252,254,063</u>	<u>-</u>	<u>252,254,063</u>	<u>6,927,672</u>
EXPENDITURES:						
Current						
Instruction	152,245,961	147,745,961	151,986,629	(16,895)	151,969,734	(4,240,668)
Support services	92,403,560	101,586,937	98,482,012	(638,788)	97,843,224	3,104,925
Enterprise and community services	531,647	531,647	663,706	-	663,706	(132,059)
Debt service						
Principal	-	-	-	345,638	345,638	-
Interest	-	-	-	35,721	35,721	-
Capital outlay	-	-	-	597,273	597,273	-
Contingency	2,583,377	-	-	-	-	-
Total Expenditures	<u>247,764,545</u>	<u>249,864,545</u>	<u>251,132,347</u>	<u>322,949</u>	<u>251,455,296</u>	<u>(1,267,802)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,438,154)	(4,538,154)	1,121,716	(322,949)	798,767	5,659,870
OTHER FINANCING SOURCES (USES)						
Issuance of lease	-	-	-	37,551	37,551	-
Issuance of subscription	-	-	-	285,398	285,398	-
Transfers out	(8,500,000)	(8,500,000)	(8,500,000)	-	(8,500,000)	-
Sale or compensation for loss of capital assets	-	-	9,643	-	9,643	9,643
Total Other Financing Sources (Uses)	<u>(8,500,000)</u>	<u>(8,500,000)</u>	<u>(8,490,357)</u>	<u>322,949</u>	<u>(8,167,408)</u>	<u>9,643</u>
NET CHANGE IN FUND BALANCE	(10,938,154)	(13,038,154)	(7,368,641)	-	(7,368,641)	5,669,513
FUND BALANCE, July 1, 2022	<u>21,194,031</u>	<u>21,194,031</u>	<u>21,998,243</u>	<u>-</u>	<u>21,998,243</u>	<u>804,212</u>
FUND BALANCE, June 30, 2023	<u>\$ 10,255,877</u>	<u>\$ 8,155,877</u>	<u>\$ 14,629,602</u>	<u>\$ -</u>	<u>\$ 14,629,602</u>	<u>\$ 6,473,725</u>

Reconciliation to Governmental Fund Balance as required by GASB Statement 54

Ending Fund Balance:

Internal Service Fund for Long-Term Planning

8,500,000

\$ 23,129,602

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Budget Basis	Actual Adjustments	GAAP Basis	Variance with Final Budget
REVENUES:						
Local sources						
Construction excise tax	\$ 1,250,000	\$ 1,250,000	\$ 2,213,719	\$ -	\$ 2,213,719	\$ 963,719
Charges for services	4,550,000	4,550,000	7,085,766	-	7,085,766	2,535,766
Contributions & donations	950,000	950,000	1,341,836	-	1,341,836	391,836
Other	801,000	801,000	500,066	-	500,066	(300,934)
Intermediate sources	1,450,000	1,450,000	2,977,483	-	2,977,483	1,527,483
State sources	31,555,000	31,555,000	34,125,015	(1) -	34,125,015	2,570,015
Federal sources	29,440,568	29,440,568	29,691,717	-	29,691,717	251,149
Total Revenues	<u>69,996,568</u>	<u>69,996,568</u>	<u>77,935,602</u>	<u>-</u>	<u>77,935,602</u>	<u>7,939,034</u>
EXPENDITURES:						
Current						
Instruction	25,044,943	25,044,943	31,094,011	(234,058)	30,859,953	(6,049,068)
Support services	23,272,180	25,972,180	31,056,584	(1,732,893)	29,323,691	(5,084,404)
Enterprise and community services	19,029,445	13,929,445	12,462,916	(262,040)	12,200,876	1,466,529
Facilities acquisition and construction	-	-	865,808	(846,782)	19,026	(865,808)
Debt service						
Principal	1,750,000	1,750,000	606,207	159,087	765,294	1,143,793
Interest	120,000	120,000	73,005	4,170	77,175	46,995
Capital outlay	-	-	-	2,912,516	2,912,516	-
Total Expenditures	<u>69,216,568</u>	<u>66,816,568</u>	<u>76,158,531</u>	<u>-</u>	<u>76,158,531</u>	<u>(9,341,963)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	780,000	3,180,000	1,777,071	-	1,777,071	(1,402,929)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	1,500,000	1,500,000	-	-	-	(1,500,000)
Sale or compensation for loss of capital assets	15,000	15,000	-	-	-	(15,000)
Transfers in	400,000	400,000	-	-	-	(400,000)
Transfers out	(400,000)	(700,000)	-	-	-	700,000
Total Other Financing Sources (Uses)	<u>1,515,000</u>	<u>1,215,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,215,000)</u>
NET CHANGE IN FUND BALANCE	2,295,000	4,395,000	1,777,071	-	1,777,071	(2,617,929)
FUND BALANCE, July 1, 2022	<u>5,205,000</u>	<u>5,205,000</u>	<u>21,390,982</u>	<u>-</u>	<u>21,390,982</u>	<u>16,185,982</u>
FUND BALANCE, June 30, 2023	<u>\$ 7,500,000</u>	<u>\$ 9,600,000</u>	<u>\$ 23,168,053</u>	<u>\$ -</u>	<u>\$ 23,168,053</u>	<u>\$ 13,568,053</u>

(1) Includes \$81,221 State Revenue Lunch Program Match

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Note 1: Budget Basis of Accounting:

The schedule of revenues, expenditures, and changes in fund balances – budget and actual have been prepared on the prescribed budget basis of accounting for the District. All District Funds were budgeted on a generally accepted accounting principles (GAAP) basis. Normal adjustments were made to budgeted expenses to accommodate operational needs of the District that were within functions required by Oregon Budget Law.

The District accounts for certain transactions on a budgetary basis which differs from GAAP basis. A description of the principal differences between the budgetary basis and GAAP in recording and reporting transactions are as follows:

Summary: Properties acquired by long-term financing such as lease or subscriptions.

Budgetary Basis: Only the current year's payment is recorded as an expenditure of the fund in which the payments are budgeted.

GAAP Basis: The net present value of the total stream of payments is recorded in the fund from which payments will be made as an expenditure in the year of acquisition with a corresponding offset to other financing sources. Subsequent payments on the obligations are recorded as debt service expenditures.

Summary: Classification of expenditures by character.

Budgetary Basis: Budgets and appropriations are made at the major function.

GAAP Basis: Expenditures are classified and reported by character within the financial statements. For some expenditures such as debt service, the character of expenditures is at the object level.

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HILLSBORO SCHOOL DISTRICT 1J
Washington County, Oregon

OTHER SUPPLEMENTARY INFORMATION

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HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budget & GAAP Basis Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Local sources				
Property taxes	\$ 40,183,969	\$ 40,183,969	\$ 38,709,776	\$ (1,474,193)
Interest on investments	100,500	100,500	735,390	634,890
Services provided to other funds	13,793,695	13,793,695	13,723,431	(70,264)
Intermediate sources	-	-	32,765	32,765
Total Revenues	<u>54,078,164</u>	<u>54,078,164</u>	<u>53,201,362</u>	<u>(876,802)</u>
EXPENDITURES:				
Current				
Support services	10,000	10,000	-	10,000
Debt service				
Principal	31,405,000	31,405,000	31,405,000	-
Interest	22,683,664	22,683,664	22,683,664	-
Total Expenditures	<u>54,098,664</u>	<u>54,098,664</u>	<u>54,088,664</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCE	(20,500)	(20,500)	(887,302)	(866,802)
FUND BALANCE, July 1, 2022	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,574,335</u>	<u>574,335</u>
FUND BALANCE, June 30, 2023	<u>\$ 1,979,500</u>	<u>\$ 1,979,500</u>	<u>\$ 1,687,033</u>	<u>\$ (292,467)</u>

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual		GAAP Basis	Variance with Final Budget
			Budget Basis	Adjustments		
REVENUES:						
Local sources						
Interest on investments	\$ 50,000	\$ 50,000	\$ 1,044,955	\$ -	\$ 1,044,955	\$ 994,955
Contributions & donations	-	-	19,564	-	19,564	19,564
Other	-	-	542,873	-	542,873	542,873
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>1,607,392</u>	<u>-</u>	<u>1,607,392</u>	<u>1,557,392</u>
EXPENDITURES:						
Current						
Support services	25,000	25,000	-	-	-	25,000
Facilities acquisition and construction	31,761,519	43,149,125	40,691,796	(33,938,820)	6,752,976	2,457,329
Debt service						
Principal	-	-	-	67,459	67,459	-
Interest	-	-	-	2,367	2,367	-
Capital outlay	-	-	-	33,868,994	33,868,994	-
Total Expenditures	<u>31,786,519</u>	<u>43,174,125</u>	<u>40,691,796</u>	<u>-</u>	<u>40,691,796</u>	<u>2,482,329</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(31,736,519)	(43,124,125)	(39,084,404)	-	(39,084,404)	4,039,721
OTHER FINANCING SOURCES (USES):						
Sale or compensation for loss of capital assets	<u>-</u>	<u>3,400,000</u>	<u>3,634,175</u>	<u>-</u>	<u>3,634,175</u>	<u>234,175</u>
NET CHANGE IN FUND BALANCE	(31,736,519)	(39,724,125)	(35,450,229)	-	(35,450,229)	4,273,896
FUND BALANCE, July 1, 2022	<u>45,000,000</u>	<u>52,987,606</u>	<u>52,987,607</u>	<u>-</u>	<u>52,987,607</u>	<u>1</u>
FUND BALANCE, June 30, 2023	<u>\$ 13,263,481</u>	<u>\$ 13,263,481</u>	<u>\$ 17,537,378</u>	<u>\$ -</u>	<u>\$ 17,537,378</u>	<u>\$ 4,273,897</u>

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Budget Basis Actual	Variance with Final Budget
OTHER FINANCING SOURCES (USES):				
Transfers in	\$ 8,500,000	\$ 8,500,000	\$ 8,500,000	\$ -
Total Other Financing Sources (Uses)	8,500,000	8,500,000	8,500,000	-
NET CHANGE IN FUND BALANCE	8,500,000	8,500,000	8,500,000	-
FUND BALANCE, July 1, 2022	-	-	-	-
FUND BALANCE, June 30, 2023	\$ 8,500,000	\$ 8,500,000	\$ 8,500,000	\$ -

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF REVENUES - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Fund 100	Fund 200	Fund 300
REVENUES:			
Revenue from local sources:			
1110 Ad valorem taxes paid by District	\$ 92,688,947	\$ -	\$ 38,669,629
1130 Construction excise tax	-	2,213,719	-
1190 Penalties and interest on taxes	96,558	-	40,147
1200 Revenue from local governments	-	58,895	-
1400 Transportation fees	13,087	-	-
1500 Earning on investments	1,912,304	-	735,390
1600 Food service	-	1,378,891	-
1700 Extracurricular activities	385,628	5,598,342	-
1800 Community services activities	-	54,075	-
1910 Rentals	274,260	108,533	-
1920 Contributions & donations	3,257	1,341,836	-
1960 Recovery of prior year	32,770	671	-
1970 Services provided other funds	-	-	13,723,431
1980 Fees charged to grants	1,809,257	-	-
1990 Miscellaneous	1,647,897	386,425	-
Total revenue from local sources	98,863,965	11,141,387	53,168,597
Revenue from intermediate sources:			
2101 County school funds	502,104	-	-
2103 ESD	3,956,207	-	-
2180 Strategic investment program - unrestricted	-	431,787	-
2199 Other intermediate sources	77,379	-	32,765
2200 Restricted revenue	-	2,545,696	-
Total revenue from intermediate sources	4,535,690	2,977,483	32,765
Revenue from state sources:			
3101 State school fund - general support	134,288,464	-	-
3102 State school fund - school lunch match	-	80,672	-
3103 Common school fund	2,480,834	-	-
3104 State managed county timber	1,251,363	-	-
3105 State school fund - transportation grant	10,833,747	-	-
3120 Supplemental breakfast	-	214,888	-
3121 Supplemental lunch	-	799,421	-
3199 Other unrestricted grants	-	45,696	-
3200 Restricted grants-in-aid	-	8,965,531	-
3222 State school fund transportation equipment	-	2,254,369	-
3299 Other restricted grants-in-aid	-	21,764,438	-
Total revenue from state sources	148,854,408	34,125,015	-
Revenue from federal sources:			
4100 Unrestricted direct from federal government	-	25,356	-
4200 Unrestricted federal revenue through state	-	37,561	-
4500 Restricted revenue from federal government	-	28,731,872	-
4700 Restricted revenue from federal government through intermediate sources	-	124,853	-
4900 Revenue for/on behalf of the District	-	772,075	-
Total revenue from federal sources	-	29,691,717	-
Revenue from other sources:			
5200 Transfers	-	-	-
5300 Sale or compensation for loss of capital assets	9,643	-	-
5400 Resources - beginning fund balance	21,998,243	21,390,982	2,574,335
Total revenue from other sources	22,007,886	21,390,982	2,574,335
TOTAL REVENUES	\$ 274,261,949	\$ 99,326,584	\$ 55,775,697

Fund 400	Fund 600	Total
\$ -	\$ -	\$ 131,358,576
-	-	2,213,719
-	-	136,705
-	-	58,895
-	-	13,087
1,044,955	-	3,692,649
-	-	1,378,891
-	-	5,983,970
-	-	54,075
-	-	382,793
19,564	-	1,364,657
5,160	-	38,601
-	-	13,723,431
-	-	1,809,257
537,713	-	2,572,035
1,607,392	-	164,781,341
-	-	502,104
-	-	3,956,207
-	-	431,787
-	-	110,144
-	-	2,545,696
-	-	7,545,938
-	-	134,288,464
-	-	80,672
-	-	2,480,834
-	-	1,251,363
-	-	10,833,747
-	-	214,888
-	-	799,421
-	-	45,696
-	-	8,965,531
-	-	2,254,369
-	-	21,764,438
-	-	182,979,423
-	-	25,356
-	-	37,561
-	-	28,731,872
-	-	124,853
-	-	772,075
-	-	29,691,717
-	8,500,000	8,500,000
3,634,175	-	3,643,818
52,987,607	-	98,951,167
56,621,782	8,500,000	111,094,985
\$ 58,229,174	\$ 8,500,000	\$ 496,093,404

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

	Salaries Object 100	Associated Payroll Costs Object 200
EXPENDITURES:		
Instruction:		
1111 Primary programs	\$ 34,550,305	\$ 16,665,307
1113 Elementary extracurricular	217,655	73,376
1121 Middle school programs	7,883,039	3,781,430
1122 Middle school extracurricular	80,586	25,814
1131 High school programs	17,190,800	8,336,421
1132 High school extracurricular	1,732,449	557,712
1133 High school Saturday school	4,537	1,198
1140 Pre-Kindergarten programs	19,114	5,315
1210 Talented and gifted program	333,745	157,488
1220 Students with disabilities - restricted programs	9,382,124	5,571,266
1230 Physically Disabled	39,366	5,005
1250 Students with disabilities - less restricted programs	9,204,201	5,002,221
1272 Title 1	-	1,384
1280 Alternative education	726,481	329,493
1291 English second language programs	10,967,663	5,545,119
1292 Teen parent programs	247,386	124,126
1293 Migrant Education	-	-
1299 Other programs	198,328	84,047
1400 Summer school programs	50,043	24,293
Total instruction	92,827,822	46,291,015
Support services:		
2110 Attendance and social work services	1,647,627	836,262
2120 Guidance services	3,809,621	1,840,042
2130 Health services	1,308,372	629,783
2140 Psychological services	491,897	226,286
2150 Speech pathology services	3,227,055	1,432,943
2160 Other student treatment services	1,062	359
2190 Service direction, student special education	88,372	28,295
2210 Improvement of Instructional services	514,306	220,560
2220 Educational media services	518,739	391,589
2230 Assessment and testing	18,034	5,909
2240 Instructional staff development	1,011,810	399,731
2310 Board of Education services	78,818	25,366
2320 Executive administration services	404,050	275,630
2410 Office of the principal services	11,293,883	6,097,601
2490 Other support services school administration	2,374,775	1,227,006
2510 Direction of business support services	760,324	417,238
2520 Fiscal services	792,686	481,796
2540 Operation and maintenance of plant	7,135,457	4,076,862
2550 Student transportation services	9,629,304	5,733,586
2570 Internal services	256,093	154,531
2630 Information/production services	381,416	220,459
2640 Staff services	1,190,445	1,055,649
2660 Technology services	2,475,021	1,297,733
2670 Records management services	-	-
Total support services	49,409,167	27,075,216
Enterprise and community services:		
3300 Other community services	370,551	215,170
Total enterprise and community services	370,551	215,170
Other uses:		
5200 Transfers of Funds	-	-
Total other uses	-	-
TOTAL EXPENDITURES	\$ 142,607,540	\$ 73,581,401

Purchased Services Object 300	Supplies and Materials Object 400	Capital Outlay Object 500	Other Objects Object 600	Transfer Object 700	Total
\$ 2,459,460	\$ 633,407	\$ -	\$ 597	\$ -	\$ 54,309,076
3,592	25,580	-	65	-	320,268
478,273	139,920	-	824	-	12,283,486
365	6,598	-	-	-	113,363
1,327,382	508,001	6,327	7,314	-	27,376,245
629,143	131,790	10,568	50,615	-	3,112,277
-	72	-	-	-	5,807
462	-	-	-	-	24,891
16,211	30,185	-	-	-	537,629
1,792,573	126,250	-	64,361	-	16,936,574
263	10,361	-	-	-	54,995
604,426	23,874	-	40	-	14,834,762
6,571	-	-	-	-	7,955
3,070,381	129,049	-	89,775	-	4,345,179
411,498	57,385	-	-	-	16,981,665
5,410	1,080	-	-	-	378,002
959	-	-	-	-	959
5,511	1,274	-	-	-	289,160
-	-	-	-	-	74,336
10,812,480	1,824,826	16,895	213,591	-	151,986,629
556,508	44,912	-	1,674	-	3,086,983
401,002	24,713	-	5,958	-	6,081,336
66,030	30,343	8,360	36,701	-	2,079,589
2,701	25,744	-	-	-	746,628
61,218	21,163	-	-	-	4,742,379
-	-	-	-	-	1,421
349,852	34,618	-	3,186	-	504,323
96,760	1,227	-	-	-	832,853
40,139	63,946	-	31	-	1,014,444
62,863	24,532	-	-	-	111,338
511,895	77,397	24,760	18,562	-	2,044,155
173,209	13,356	-	19,264	-	310,013
41,356	18,060	-	4,536	-	743,632
345,541	500,172	23,306	5,903	-	18,266,406
173,738	97,743	-	95	-	3,873,357
29,147	7,921	-	4,936	-	1,219,566
58,935	51,674	-	1,030,824	-	2,415,915
9,664,089	1,288,452	200,602	1,414,231	-	23,779,693
670,085	1,318,891	401	311,105	-	17,663,372
(219,512)	3,344	-	665	-	195,121
221,773	58,996	-	140	-	882,784
281,836	22,959	-	60,654	-	2,611,543
731,770	686,834	-	8,282	-	5,199,640
68,306	7,215	-	-	-	75,521
14,389,241	4,424,212	257,429	2,926,747	-	98,482,012
53,505	24,480	-	-	-	663,706
53,505	24,480	-	-	-	663,706
-	-	-	-	8,500,000	8,500,000
-	-	-	-	8,500,000	8,500,000
\$ 25,255,226	\$ 6,273,518	\$ 274,324	\$ 3,140,338	\$ 8,500,000	\$ 259,632,347

HILLSBORO SCHOOL DISTRICT 1J

SCHEDULE OF SPECIAL REVENUE FUND EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2023

		Salaries Object 100	Associated Payroll Costs Object 200	Purchased Services Object 300	Supplies and Materials Object 400
EXPENDITURES:					
Instruction:					
1111	Primary programs	\$ 2,202,012	\$ 1,113,823	\$ 1,060,345	\$ 799,128
1113	Elementary extracurricular	83,431	23,620	286,736	76,648
1121	Middle school programs	1,478,467	716,209	41,090	383,719
1122	Middle school extracurricular	14,442	4,259	12,210	6,414
1131	High school programs	2,439,823	1,198,084	216,114	315,477
1132	High school extracurricular	7,471	2,382	4,750	5,313,788
1140	Pre-kindergarten programs	4,662	2,333	369	9,916
1200	Special programs	-	-	-	99,017
1221	Students with disabilities - restrictive programs	1,150,949	576,666	304,236	20,421
1250	Students with disabilities - less restrictive programs	118,242	56,941	3,943	-
1272	Title I	1,560,017	903,861	105,164	203,649
1280	Alternative education	593,157	251,811	856,484	786,755
1291	English second language programs	391,216	205,476	35,988	591,278
1292	Teen parent programs	21,216	8,476	38	-
1293	Migrant education	691,189	315,416	62,839	42,449
1295	English language learner	8,470	3,621	7,299	5,248
1400	Summer school programs	1,180,540	328,004	397,947	902,795
	Total instruction	<u>11,945,304</u>	<u>5,710,982</u>	<u>3,395,552</u>	<u>9,556,702</u>
Support services:					
2110	Attendance and social work services	1,808,286	815,264	1,842,085	17,005
2120	Guidance services	2,293,884	1,099,795	104,305	55,670
2130	Health services	308,810	147,211	27,864	4,456
2140	Psychological services	580,068	228,971	623,860	-
2150	Speech pathology and audiology services	130,435	65,190	-	-
2160	Student treatment center	235,821	131,189	137	-
2190	Service direction, student special education	455,487	258,671	-	-
2210	Improvement of instruction services	1,853,667	595,116	7,245	157,039
2220	Media services	302,543	127,705	3,638	23,938
2230	Assessment and testing	-	-	-	134,632
2240	Instructional staff development	1,878,231	808,002	610,052	239,781
2410	Office of the principal services	310,241	172,717	14,040	22,951
2490	Other support services school administration	494,943	225,550	19,478	11,562
2510	Direction of business support services	28,452	16,606	-	3,759
2520	Fiscal services	40,251	12,841	-	-
2540	Operation and maintenance of plant	248,605	85,880	895,213	805,575
2550	Student transportation services	-	-	92,886	178,164
2570	Internal Services	-	-	-	156,342
2610	Direction of central support services	540,461	243,939	133	4,891
2620	Planning, research and development services	-	-	56,055	-
2630	Information/production services	26,000	-	-	4,191
2640	Recruitment and placement	103,755	48,683	266,236	38,545
2660	Technology services	576,880	317,329	43,045	3,110,622
2680	Staff development	510,314	148,971	-	-
2690	Other support services central	-	-	-	-
	Total support services	<u>12,727,134</u>	<u>5,549,630</u>	<u>4,606,272</u>	<u>4,969,123</u>
Enterprise and community services:					
3100	Food services	3,147,918	1,773,725	271,741	4,434,272
3300	Community services	775,247	357,618	1,249,489	161,669
	Total enterprise and community services	<u>3,923,165</u>	<u>2,131,343</u>	<u>1,521,230</u>	<u>4,595,941</u>
Facilities acquisition and construction:					
4150	Building acquisition, construction & improvements	-	-	8,901	-
	Total facilities acquisition and construction	<u>-</u>	<u>-</u>	<u>8,901</u>	<u>-</u>
Debt service:					
5110	Long-term debt service	-	-	-	-
	Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES		<u><u>\$ 28,595,603</u></u>	<u><u>\$ 13,391,955</u></u>	<u><u>\$ 9,531,955</u></u>	<u><u>\$ 19,121,766</u></u>

Capital Outlay Object 500	Other Objects Object 600	Total
\$ -	\$ 7,906	\$ 5,183,214
-	767	471,202
6,845	2,748	2,629,078
-	-	37,325
58,480	31,637	4,259,615
-	-	5,328,391
-	1,078	18,358
8,360	-	107,377
7,639	11,865	2,071,776
-	-	179,126
-	140,142	2,912,833
33,954	5,425	2,527,586
-	-	1,223,958
-	-	29,730
-	43,213	1,155,106
-	719	25,357
5,918	118,775	2,933,979
121,196	364,275	31,094,011
-	4,148	4,486,788
-	-	3,553,654
-	22,631	510,972
-	-	1,432,899
-	-	195,625
-	-	367,147
-	266,601	980,759
-	9,502	2,622,569
-	-	457,824
-	-	134,632
-	21,251	3,557,317
-	-	519,949
-	-	751,533
-	-	48,817
-	-	53,092
468,143	17,453	2,520,869
1,264,750	-	1,535,800
-	954,260	1,110,602
-	-	789,424
-	925	56,980
-	-	30,191
-	-	457,219
-	-	4,047,876
-	-	659,285
-	174,761	174,761
1,732,893	1,471,532	31,056,584
211,645	45,607	9,884,908
-	33,985	2,578,008
211,645	79,592	12,462,916
846,782	10,125	865,808
846,782	10,125	865,808
-	679,212	679,212
-	679,212	679,212
\$ 2,912,516	\$ 2,604,736	\$ 76,158,531

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HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF DEBT SERVICE FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

	Salaries Object 100	Associated Payroll Costs Object 200	Purchased Services Object 300	Supplies and Materials Object 400	Capital Outlay Object 500	Other Objects Object 600	TOTAL
EXPENDITURES:							
Debt Service:							
5100 Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,088,664	\$ 54,088,664
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,088,664</u>	<u>\$ 54,088,664</u>

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF CAPITAL PROJECTS FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2023

	Salaries Object 100	Associated Payroll Costs Object 200	Purchased Services Object 300
EXPENDITURES:			
Facilities acquisition & construction:			
4120 Site acquisition & development systems	\$ -	\$ -	\$ -
4150 Building acquisition, construction, & improvement services	323,536	190,812	3,171,862
4180 Other capital purchases	-	-	198,035
Total facilities acquisition & construction	323,536	190,812	3,369,897
TOTAL EXPENDITURES	\$ 323,536	\$ 190,812	\$ 3,369,897

Supplies and Materials Object 400	Capital Outlay Object 500	Other Objects Object 600	Total
\$ -	\$ 3,507,780	\$ 118,123	\$ 3,625,903
1,517,046	30,019,864	734,526	35,957,646
568,862	341,350	-	1,108,247
2,085,908	33,868,994	852,649	40,691,796
\$ 2,085,908	\$ 33,868,994	\$ 852,649	\$ 40,691,796

HILLSBORO SCHOOL DISTRICT 1J

OREGON DEPARTMENT OF EDUCATION
255 Capitol Street NE
Salem, Oregon 97310

Office of Finance and Administration
Budget and Analysis

SUPPLEMENTAL INFORMATION, 2022-23

- A. Energy Bill for Heating - **All Funds**:
Please enter your expenditures for electricity, heating
fuel, and water & sewage for these Functions & Objects.

	Objects 325 & 326 & 327
Function 2540	\$ 6,599,428
Function 2550	\$ 56,237

- B. Replacement of Equipment - **General Funds**:
Include all General Fund expenditures in objects 542, except for the following exclusions:
Exclude these functions:

\$	-
----	---

- 1113 Elementary Extracurricular
- 1122 Middle/Junior High School Extracurricular
- 1132 High School Extracurricular
- 1140 Pre-Kindergarten
- 1300 Continuing Education
- 1400 Summer School
- 2550 Pupil Transportation
- 3100 Food Service
- 3300 Community Services
- 4150 Construction

HILLSBORO SCHOOL DISTRICT 1J

STATISTICAL SECTION TABLE OF CONTENTS

This part of Hillsboro School 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 finances.

<u>Contents</u>	<u>Page</u>
Financial Trends	98
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	106
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
	114
Demographic and Economic Information	120
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	122
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 Report for the relevant year.

HILLSBORO SCHOOL DISTRICT 1J
NET POSITION BY CATEGORY
Last Ten Fiscal Years
2014 Through 2023
(accrual basis of accounting)

	2023	2022	2021	2020
Governmental activities:				
Net investment in capital assets	\$ 121,381,055	\$ 114,624,306	\$ 100,801,173	\$ 120,863,366
Restricted for:				
Special programs	23,168,053	21,390,982	13,223,960	9,467,040
Debt service	1,400,522	2,339,519	2,488,915	-
OPEB RHIA	3,467,711	-	-	-
Unrestricted	(239,126,121)	(254,170,798)	(271,439,019)	(253,043,365)
Total primary government net position	<u>\$ (89,708,780)</u>	<u>\$ (115,815,991)</u>	<u>\$ (154,924,971)</u>	<u>\$ (122,712,959)</u>

2019	2018	2017	2016	2015	2014
\$ 119,425,365	\$ 132,523,519	\$ 114,594,309	\$ 93,370,283	\$ 78,831,288	\$ 64,738,162
7,098,095	7,932,428	7,582,360	8,634,227	5,369,178	5,088,140
2,027,936	-	3,148,710	6,070,721	7,410,609	4,854,595
-	-	-	-	-	-
(225,603,901)	(200,783,225)	(173,946,689)	(148,835,008)	(94,426,208)	(12,088,874)
<u>\$ (97,052,505)</u>	<u>\$ (60,327,278)</u>	<u>\$ (48,621,310)</u>	<u>\$ (40,759,777)</u>	<u>\$ (2,815,133)</u>	<u>\$ 62,592,023</u>

HILLSBORO SCHOOL DISTRICT 1J
CHANGES IN NET POSITION
Last Ten Fiscal Years
2014 Through 2023
(accrual basis of accounting)

	2023	2022	2021	2020
Governmental Activities:				
Expenses				
Instruction	\$ 184,724,831	\$ 165,703,515	\$ 189,492,027	\$ 184,652,127
Support services	128,857,634	107,802,885	115,618,677	113,220,605
Enterprise & community services	13,133,132	11,992,089	12,828,735	10,936,422
Interest on long-term debt	19,121,338	19,926,581	21,466,007	21,740,215
Total expenses	345,836,935	305,425,070	339,405,446	330,549,369
Program Revenues:				
Charges for services:				
Instruction	5,997,057	3,323,714	822,495	3,336,764
Support services	382,793	276,803	176,528	248,858
Enterprise & community services	1,378,891	85,754	(20,147)	1,481,151
Operating grants & contributions:				
Instruction	16,765,009	34,964,286	12,461,839	11,600,412
Support services	43,766,739	18,462,130	15,445,829	7,748,399
Enterprise & community services	8,958,556	11,114,325	11,419,117	6,500,827
Interest on long-term debt	544,577	498,840	435,041	396,948
Capital grants & contributions:				
Support services	-	-	-	8,000,000
Enterprise & community services	-	-	-	-
Facilities	451,351	-	-	-
Total program revenues	78,244,973	68,725,852	40,740,702	39,313,359
Net (Expenses)	(267,591,962)	(236,699,218)	(298,664,744)	(291,236,010)
General Revenues				
Property taxes, levied for general purposes	92,640,845	85,978,848	82,014,256	78,662,450
Property taxes, levied for debt service	38,647,134	38,559,001	38,748,464	35,834,950
State school fund - general support	148,854,408	145,150,323	138,615,199	140,731,871
Unrestricted intermediate sources	4,535,690	4,208,696	4,248,409	3,579,750
Earnings on investments	3,692,649	543,906	1,735,545	5,487,890
Gain on sale of capital assets	2,571,675	-	-	-
Miscellaneous	2,738,984	1,367,422	1,295,891	1,278,645
Total general revenues	293,681,385	275,808,196	266,657,764	265,575,556
CHANGE IN NET POSITION	\$ 26,089,423	\$ 39,108,978	\$ (32,006,980)	\$ (25,660,454)

2019	2018	2017	2016	2015	2014
\$ 186,964,257	\$ 162,864,021	\$ 149,844,084	\$ 161,454,482	\$ 90,177,101	\$ 113,612,720
109,178,393	98,545,523	97,716,311	103,928,959	71,099,128	79,207,615
11,452,926	10,288,193	10,128,229	10,354,697	8,308,170	8,129,203
20,914,030	15,800,759	11,802,160	12,218,456	13,029,323	13,034,172
328,509,606	287,498,496	269,490,784	287,956,594	182,613,722	213,983,710
4,172,060	4,119,900	4,270,223	4,837,643	4,531,645	4,842,097
291,027	230,761	362,020	346,318	159,545	609,956
2,046,648	1,643,568	1,628,711	1,639,366	1,512,339	1,719,122
12,091,201	11,469,126	7,919,459	10,413,580	10,258,791	5,981,567
7,383,616	8,329,519	9,067,847	3,990,770	4,144,617	6,392,540
6,598,480	6,652,121	6,848,551	6,727,933	6,522,598	5,522,009
2,051,297	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	384,047
-	300,000	-	-	-	637,036
34,634,329	32,744,995	30,096,811	27,955,610	27,129,535	26,088,374
(293,875,277)	(254,753,501)	(239,393,973)	(260,000,984)	(155,484,187)	(187,895,336)
75,019,638	71,823,536	69,217,233	66,578,201	59,703,224	56,664,969
33,697,947	32,050,326	31,654,333	30,857,723	29,812,298	28,493,052
133,882,639	134,002,096	125,998,472	120,567,483	121,330,286	113,662,969
4,022,484	3,899,102	3,683,221	3,393,998	5,137,388	2,546,625
9,229,868	1,588,315	793,933	459,813	337,386	276,870
-	-	-	-	-	-
1,297,474	392,516	185,248	199,122	433,204	1,430,485
257,150,050	243,755,891	231,532,440	222,056,340	216,753,786	203,074,970
\$ (36,725,227)	\$ (10,997,610)	\$ (7,861,533)	\$ (37,944,644)	\$ 61,269,599	\$ 15,179,634

HILLSBORO SCHOOL DISTRICT 1J
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
2014 Through 2023
(modified accrual basis of accounting)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
FUND BALANCES:				
Nonspendable, reported in:				
General fund	\$ 1,349,764	\$ 1,839,445	\$ 1,085,113	\$ 1,212,815
Special revenue fund	197,867	379,477	384,150	223,828
Capital projects fund	376,068	502,769	401,141	59,045
Restricted, reported in:				
Special revenue fund	22,970,186	21,011,505	14,076,894	9,243,212
Debt service fund	1,687,033	2,574,335	2,868,600	2,018,562
Capital projects fund	17,161,310	52,484,838	108,259,548	205,491,770
Assigned, reported in:				
Supplies and carryover	3,234,544	10,666,883	11,245,779	630,000
Long term planning fund	8,500,000	-	-	-
Unassigned, reported in:				
General fund	<u>10,045,294</u>	<u>9,491,915</u>	<u>8,863,139</u>	<u>10,130,419</u>
TOTAL FUND BALANCES	<u><u>\$ 65,522,066</u></u>	<u><u>\$ 98,951,167</u></u>	<u><u>\$ 147,184,364</u></u>	<u><u>\$ 229,009,651</u></u>

2019	2018	2017	2016	2015	2014
\$ 1,460,812	\$ 591,385	\$ 403,952	\$ 280,224	\$ 341,786	\$ 344,243
225,736	345,821	213,461	218,283	227,945	534,526
-	-	-	-	-	34,205
6,872,359	7,586,607	7,368,899	8,415,944	5,141,233	4,553,614
2,400,290	2,537,190	2,122,466	1,661,262	1,433,967	3,984,610
223,535,859	302,160,060	1,346,696	2,245,328	2,865,775	5,995,241
743,421	-	1,332,092	1,175,000	-	-
-	1,000,000	2,000,000	2,000,000	1,500,000	1,500,000
7,886,309	12,204,414	10,975,030	13,103,229	17,262,483	14,112,648
\$ 243,124,786	\$ 326,425,477	\$ 25,762,596	\$ 29,099,270	\$ 28,773,189	\$ 31,059,087

HILLSBORO SCHOOL DISTRICT 1J
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
2014 Through 2023
(modified accrual basis of accounting)

	2023	2022	2021
Revenues			
Property taxes	\$ 133,709,000	\$ 126,857,851	\$ 120,815,438
Charges for services	7,758,741	3,686,271	978,876
Earnings on investments	3,692,649	543,906	1,735,545
Contributions and donations	1,364,657	1,031,960	578,440
Services provided to other funds	13,723,431	13,131,381	12,307,736
Other	4,565,628	3,163,999	4,694,823
Intermediate sources	7,513,173	6,088,185	5,594,121
State school support	182,979,423	175,017,944	155,258,573
Federal	29,691,717	29,128,248	19,761,420
Total revenues	384,998,419	358,649,745	321,724,972
EXPENDITURES:			
Current operating			
Instruction	182,829,687	170,707,291	148,611,026
Support services	127,166,915	110,462,878	92,774,197
Enterprise & community services	12,864,582	12,201,655	10,506,654
Facilities acquisition & construction	6,772,002	12,647,864	18,644,018
Capital outlay	37,378,783	46,892,671	82,158,437
Debt service			
Principal	32,583,391	29,053,160	25,479,036
Other	-	-	317,369
Interest	22,798,927	23,945,210	26,763,592
Total expenditures	422,394,287	405,910,729	405,254,329
Excess (deficiency) of revenues over expenditures	(37,395,868)	(47,260,984)	(83,529,357)
Other financing sources (uses)			
Bond proceeds	-	-	-
Issuance of debt	-	-	40,360,000
Bond payments	-	-	(40,023,984)
Sale or compensation for loss of capital assets	3,643,818	264,871	130,969
Leases	322,949	-	1,237,085
Operating transfers in	8,500,000	-	-
Operating transfers out	(8,500,000)	-	-
Total other financing sources (uses)	3,966,767	264,871	1,704,070
NET CHANGE IN FUND BALANCES	\$ (33,429,101)	\$ (46,996,113)	\$ (81,825,287)
Expenditures for capital assets	\$ 39,097,439	\$ 67,838,650	\$ 89,068,573
Debt service as a percentage of noncapital expenditures	14.4%	15.7%	16.6%

2020	2019	2018	2017	2016	2015	2014
\$ 114,141,482	\$ 110,354,767	\$ 105,110,078	\$ 100,563,776	\$ 96,961,752	\$ 89,919,268	\$ 84,573,962
5,078,518	6,506,044	5,934,229	5,840,940	6,435,189	6,271,278	6,710,072
5,487,890	9,229,868	1,588,315	792,628	459,813	337,386	276,870
1,264,365	921,097	12,287,154	-	-	-	-
11,877,350	11,383,708	774,808	-	-	-	-
4,504,733	3,743,311	2,039,298	15,523,161	11,848,859	10,224,931	10,502,639
5,064,973	5,554,127	5,282,937	5,143,721	4,472,616	6,074,738	2,975,038
154,763,876	140,210,422	138,590,827	128,504,148	122,728,879	123,226,336	116,117,246
14,688,361	17,307,183	17,429,206	16,066,023	15,803,705	16,174,120	14,307,594
316,871,548	305,210,527	289,036,852	272,434,397	258,710,813	252,228,057	235,463,421
147,591,454	151,845,563	144,762,335	132,360,582	125,511,177	116,762,389	110,905,035
92,283,659	89,883,107	89,053,814	88,182,891	84,067,564	86,021,094	77,319,892
9,168,415	9,712,559	9,556,661	9,439,332	8,963,982	9,352,157	7,935,463
26,703,165	26,349,203	5,250,508	269,989	228,203	-	2,639,938
172,946,831	63,330,436	16,114,412	3,035,920	4,086,509	3,065,081	1,511,342
29,258,514	19,833,089	34,678,369	31,946,756	28,702,136	28,212,756	22,300,000
-	-	(28)	2,206	419	-	68,411
21,552,229	28,700,352	10,379,197	11,802,160	12,251,716	12,571,394	13,088,605
499,504,267	389,654,309	309,795,268	277,039,836	263,811,706	255,984,871	235,768,686
(182,632,719)	(84,443,782)	(20,758,416)	(4,605,439)	(5,100,893)	(3,756,814)	(305,265)
27,701,843	-	51,600,506	-	-	-	-
139,605,000	-	268,395,000	-	3,406,866	58,496,864	1,500,000
-	-	-	-	-	(58,461,404)	-
10,353	58,281	128,717	14,205	52,685	5,405	17,730
1,200,388	1,084,810	1,297,074	1,254,560	1,967,423	1,430,050	1,554,058
-	-	-	-	500,000	-	1,200,000
-	-	-	-	(500,000)	-	(1,200,000)
168,517,584	1,143,091	321,421,297	1,268,765	5,426,974	1,470,915	3,071,788
\$ (14,115,135)	\$ (83,300,691)	\$ 300,662,881	\$ (3,336,674)	\$ 326,081	\$ (2,285,899)	\$ 2,766,523
\$ 176,967,913	\$ 60,984,598	\$ 16,114,412	\$ 3,043,901	\$ 4,086,508	\$ 6,606,532	\$ 5,833,691
15.8%	14.8%	15.3%	16.0%	15.8%	16.4%	15.4%

HILLSBORO SCHOOL DISTRICT 1J
ASSESSED VALUE OF TAXABLE PROPERTY WITHIN SCHOOL DISTRICT BOUNDARIES
Last Ten Fiscal Years
2014 Through 2023

Measure 5 Real Market Value					
Fiscal Year Ending June 30	Real Property	Manufactured Property	Personal Property	Public Utility	
2023	\$ 32,444,352,877	\$ 87,088,530	\$ 1,105,462,766	\$ 1,060,790,512	
2022	27,099,446,178	73,669,450	1,088,529,500	959,453,588	
2021	24,897,457,210	71,467,160	1,016,962,793	825,165,827	
2020	23,571,311,414	67,956,450	881,946,816	703,713,952	
2019	22,462,321,901	57,291,960	818,419,521	660,469,231	
2018	20,288,380,311	46,986,620	1,191,209,440	689,947,131	
2017	18,412,341,722	43,872,310	901,787,645	618,365,578	
2016	16,631,044,681	35,460,830	821,813,499	595,704,571	
2015	14,727,467,792	29,912,970	739,888,186	547,677,942	
2014	13,200,019,110	26,670,080	668,866,677	515,618,803	

Note: Measure 5 Real Market Value includes Total Real Market Value and offsets for specially assessed property such as farm/forest land and Strategic Investment Programs

Note: Represents Washington County, Yamhill & Multnomah Counties

Source: Oregon Department of Revenue - Oregon Property Tax Statistics

Total Market Value	Total Taxable Assessed Value	District Assessed Value		Less: Reduction and Adjustments	Total Taxes Imposed (Not Levy)
		Total Direct Tax Rate	Amount Tax Rate Will Raise		
\$ 34,697,694,685	\$ 19,977,130,780	\$ 6.97	\$ 93,627,297	\$ (267,949)	\$ 93,359,348
29,221,098,716	18,554,022,551	7.11	88,858,008	(874,546)	87,983,462
26,811,052,990	17,506,912,143	6.34	108,075,641	(969,052)	107,106,589
25,224,928,632	16,682,866,306	6.27	102,187,175	(1,067,314)	101,119,861
23,998,502,613	15,915,917,572	6.22	96,530,663	(1,260,026)	95,270,637
22,216,523,502	15,503,796,073	5.84	88,314,271	(1,460,254)	86,854,017
19,976,367,255	14,586,782,181	5.86	85,458,330	(1,474,312)	83,984,018
18,084,023,581	14,019,008,427	5.87	82,318,095	(1,557,153)	80,760,942
16,044,946,890	12,527,948,271	5.94	74,376,721	(1,254,961)	73,121,760
14,411,174,670	11,946,872,340	6.28	74,985,230	(1,487,002)	73,498,228

HILLSBORO SCHOOL DISTRICT 1J
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
2014 Through 2023

(rate per \$1,000 of assessed value)

DIRECT:	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Hillsboro School District	\$ 6.9669	\$ 5.7642	\$ 6.3395	\$ 6.2679	\$ 6.2166
Hillsboro School District - after 10/6/01	-	1.3428	0.9109	0.9119	0.9222
OVERLAPPING GOVERNMENTS:					
Washington County	2.2484	2.2484	2.2484	2.2484	2.2484
Washington County - after 10/6/01	0.0665	0.0675	0.0674	0.0691	0.0699
Washington County - after 1/1/13	0.6900	0.6900	0.6400	0.6400	0.6400
Enhanced Sheriff Patrol	1.3165	1.3165	1.3165	1.3165	1.3165
Urban Road Maintenance	0.2456	0.2456	0.2456	0.2456	0.2456
Port of Portland	0.0701	0.0701	0.0701	0.0701	0.0701
City of Beaverton	8.8440	8.8440	8.8440	8.8440	8.9492
City of Beaverton after 01/01/13	0.1891	0.1906	0.1816	0.1927	0.0945
City of Hillsboro	3.6665	3.6665	3.6665	3.6665	3.6665
City of Hillsboro - after 10/6/01	1.7200	1.7200	1.7200	1.7200	1.7200
City of North Plains	2.1712	2.1712	2.1712	2.1712	2.1712
City of Cornelius	4.4706	4.4706	4.4706	4.4706	4.4706
Cornelius RFPD	1.0680	1.0882	0.8681	0.8681	0.7620
Washington County RFFD #2	-	-	-	-	-
Washington County RFFD #2 - after 10/6/01	-	-	-	-	-
Tualatin Valley Fire and Rescue	1.5252	1.5252	1.5252	1.5252	1.5252
Tualatin Valley Fire and Rescue - after 10/6/01	0.1375	0.1411	0.1415	0.0973	0.1087
Tualatin Valley Fire and Rescue - after 1/1/13	0.4500	0.4500	0.4500	0.4500	0.4500
Gaston RFPD	1.7621	1.7621	1.7621	1.7621	1.7621
Banks RFPD	2.4905	2.5024	2.5069	2.1462	2.1689
Forest Grove RFPD	1.2766	1.2766	1.2766	1.2766	1.2766
Metro Service District	0.0966	0.0966	0.0966	0.0966	0.0966
Metro Service District - after 10/6/01	0.3735	0.3774	0.3974	0.4702	0.2801
Metro Service District - after 1/1/13	0.0960	0.0960	0.0960	0.0960	0.0960
Tualatin Hills Park & Recreation	1.3073	1.3073	1.3073	1.3073	1.3073
Tualatin Hills Park & Recreation - after 10/6/01	0.2776	0.2905	0.2863	0.3068	0.3168
Northwest Regional ESD	0.1538	0.1538	0.1538	0.1538	0.1538
Portland Community College	0.2828	0.2828	0.2828	0.2828	0.2828
Portland Community College - after 10/6/01	0.3867	0.3803	0.3970	0.4022	0.4046
Rainbow Lanes Road	0.4888	0.4888	0.4888	0.4888	0.4888
Urban Renewal - Hillsboro	-	-	-	-	-
Urban Renewal - Beaverton	-	-	-	-	-

Source: The Washington County Department of Assessment and Taxation.

	2018	2017	2016	2015	2014
	\$ 5.8396	\$ 5.8605	\$ 5.8738	\$ 5.9389	\$ 6.2778
	1.3116	1.3357	1.3509	1.4811	1.1228
	2.2484	2.2484	2.2484	2.2484	2.3775
	0.0700	0.0709	0.5900	0.5900	0.5900
	0.6400	0.6400	-	-	-
	1.3165	1.3165	1.3165	1.3165	1.3165
	0.2456	0.2456	0.2456	0.2456	0.2456
	0.0701	0.0701	0.0701	0.0701	0.0701
	4.3454	8.8013	4.3279	-	-
	0.0304	-	-	-	-
	3.6665	6.5997	5.8664	8.0663	7.3330
	1.7200	3.0960	2.7520	3.7840	3.4400
	2.1712	2.1712	2.1712	2.1712	2.1712
	4.4706	4.4706	4.4706	3.9836	3.9836
	1.1642	1.2052	1.2237	1.2558	1.2780
	-	1.1219	1.1219	1.1219	1.1219
	-	0.5700	0.5700	0.5700	0.5700
	1.5252	1.5252	1.5252	1.5252	1.5252
	0.1023	0.1226	0.5826	0.3659	0.3809
	0.4500	0.4500	-	-	-
	1.7621	1.7621	1.7621	1.7621	1.7621
	2.0043	2.0562	2.0854	2.1499	2.0051
	1.2766	1.2766	1.2766	1.2766	1.3744
	0.0966	0.1118	0.1117	0.1852	0.1900
	0.2162	0.1892	0.2766	0.2733	0.2771
	0.0960	0.0960	-	-	-
	1.3073	1.3073	1.3973	1.4146	1.4216
	0.3038	0.3119	0.3173	0.3021	0.3066
	0.1538	0.1538	0.1538	0.1538	0.1538
	0.2828	0.2828	0.2828	0.4185	0.4582
	0.3222	0.3957	0.3027	0.3037	0.2760
	0.4888	0.4888	0.4888	0.4888	0.4888
	-	-	0.0867	-	-
	-	-	0.0982	-	-

HILLSBORO SCHOOL DISTRICT 1J
PRINCIPAL PROPERTY TAXPAYERS FOR WASHINGTON COUNTY
Current Year (2023) and Nine Years Prior (2014)

		2023			
Taxpayer	Name	Measure 50 Assessed Value (AV)	Taxes Levied	Percentage of HSD AV	Percentage of Washington County AV
1	Intel Corporation	\$ 1,895,002,799	\$ 31,610,058	9.49%	2.42%
2	Nike Inc	1,464,501,430	25,930,887	7.33%	1.87%
3	Portland General Electric Co	1,124,597,930	18,707,111	5.63%	1.44%
4	Pacific Reality Associates	440,231,557	7,622,801	2.20%	0.56%
5	Northwest Natural Gas Co	468,313,450	7,523,622	2.34%	0.60%
6	Verizon Communications Inc	360,262,000	6,069,140	1.80%	0.46%
7	Genentech Inc	328,238,530	5,573,004	1.64%	0.42%
8	Comcast Corporation	274,530,000	4,743,448	1.37%	0.35%
9	Northwest Fiber LLC	223,356,900	3,696,576	1.12%	0.29%
10	LAM Research Corporation	230,442,558	3,678,457	1.15%	0.29%
-	Frontier Communications			-	-
-	Fred Meyer Stores, Inc.			-	-
-	Maxim Integrated Products			-	-
-	PPR Washington Square LLC			-	-
	All other Washington County	71,509,388,692	1,269,683,678		
Total Washington County		<u>\$ 78,318,865,846</u>	<u>\$ 1,384,838,782</u>		
Hillsboro School District		<u>\$ 19,977,130,780</u>			

Note: Represents Washington County only. Multnomah and Yamhill County portions of the District
comprise less than 0.02% of the District's assessed value.

Source: Washington County Department of Assessment and Taxation.

2014

Rank	Measure 50 Assessed Value (AV)	Taxes Levied	Percentage of HSD AV	Percentage of Washington County AV
1	\$ 1,269,464,924	\$ 21,130,140	10.60%	2.48%
2	566,111,038	9,489,789	4.72%	1.11%
3	412,348,330	6,589,948	3.44%	0.81%
4	308,313,428	5,085,493	2.57%	0.60%
6	299,588,240	4,648,262	2.50%	0.59%
-			-	-
-			0.00%	0.00%
5	267,863,300	4,773,357	2.24%	0.52%
-			-	-
-			-	-
7	249,585,000	4,172,510	2.08%	0.49%
8	149,478,380	2,681,994	1.25%	0.29%
9	142,394,136	2,332,591	1.19%	0.28%
10	134,845,690	2,330,143	1.13%	0.26%
	<u>47,381,923,624</u>	<u>813,642,392</u>		
	<u>\$ 51,181,916,090</u>	<u>\$ 876,876,619</u>		
	<u>\$ 11,981,668,967</u>			

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HILLSBORO SCHOOL DISTRICT 1J
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
2014 Through 2023

Fiscal Year Ending June 30	Net Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collection in Subsequent Years	Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2023	\$ 135,260,994	\$ 130,985,456	96.84%	\$ -	\$ 130,985,456	96.84%
2022	127,868,208	122,959,983	96.16%	802,377	123,762,360	96.79%
2021	124,164,238	119,259,552	96.05%	1,126,054	120,385,606	96.96%
2020	117,575,368	112,800,608	95.94%	1,246,297	114,046,905	97.00%
2019	111,269,635	106,810,743	95.99%	1,241,620	108,052,363	97.11%
2018	108,740,079	104,171,341	95.80%	1,398,125	105,569,466	97.08%
2017	103,666,996	99,478,687	95.96%	1,299,793	100,778,480	97.21%
2016	100,046,726	95,613,087	95.57%	1,394,482	97,007,569	96.96%
2015	92,272,618	88,208,658	95.60%	1,596,857	89,805,515	97.33%
2014	87,085,501	82,849,198	95.14%	2,048,161	84,897,359	97.49%

Taxes extended, less discounts allowed

HILLSBORO SCHOOL DISTRICT 1J
OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Fiscal Year	General Obligation Bonds	Less Amount Available for Repayment	Net General Bonded Debt			Pension Obligation Bonds	Certificates of Participation
			General Bonded Debt	Per ADMw	Per Capita		
2023	\$ 470,165,156	\$ (1,400,522)	\$ 468,764,634	\$ 25,003	\$ 3,267	\$ 78,070,000	\$ -
2022	495,740,273	(2,339,519)	493,400,754	26,340	3,481	87,865,000	-
2021	519,070,390	(2,488,915)	516,581,475	27,019	3,664	96,655,000	-
2020	535,725,507	-	535,725,507	26,769	3,839	104,510,000	-
2019	391,470,386	(2,027,936)	389,442,450	19,267	2,793	111,495,000	510,000
2018	405,480,411	-	405,480,411	20,069	2,789	117,570,000	1,000,000
2017	114,662,851	(3,418,710)	111,244,141	5,453	758	122,985,000	1,455,141
2016	140,365,702	(6,070,721)	134,294,981	6,530	950	127,705,000	1,895,283
2015	161,985,745	(7,847,015)	154,138,730	7,739	1,341	131,410,000	2,320,425
2014	188,175,000	(4,854,595)	183,320,405	9,207	1,399	94,900,000	5,882,366

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

Notes Payable	Qualified Energy Conservation Bond	Total Debt			Total Net Assessed Valuation	Average Daily Membership
		Total District	Per ADMw	Per Capita		
\$ 246,362	\$ 1,434,139	\$ 549,915,657	\$ 29,332	\$ 3,832	\$ 19,977,130,780	18,748
655,391	1,563,318	585,823,982	31,274	4,133	18,554,022,551	18,732
-	1,735,125	617,460,515	32,416	4,396	17,506,912,143	19,119
-	2,164,679	642,400,186	32,099	4,621	16,682,866,306	20,013
-	2,586,363	506,061,749	25,036	3,647	15,915,917,572	20,213
-	3,000,365	527,050,776	26,086	3,644	15,503,796,073	20,204
335,102	3,406,866	242,844,960	11,904	1,675	14,586,782,181	20,400
721,014	3,406,866	274,093,865	13,328	1,936	14,019,008,427	20,566
1,089,976	-	296,806,146	14,902	1,481	12,527,948,271	19,917
-	-	288,957,366	14,512	1,764	11,946,872,340	19,911

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HILLSBORO SCHOOL DISTRICT 1J
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2023

Overlapping Issuer	Net Property Tax Backed Debt	Percent Overlapping	Net Overlapping Debt
Multnomah County	\$ 583,000,736	0.0007%	\$ 4,081
Metro	822,713,920	7.0720%	58,182,328
Northwest Regional ESD	13,670,000	19.0184%	2,599,815
Portland Community College	669,475,000	10.2753%	68,790,565
Washington County	164,628,758	23.9016%	39,348,907
Tualatin Hills Park & Recreation District	47,825,680	1.7462%	835,132
Banks Fire District 13	3,400,000	2.3408%	79,587
Tualatin Valley Fire & Rescue District	55,780,000	6.5134%	3,633,175
City of Hillsboro	74,915,000	88.8592%	66,568,870
Chehalem Park & Recreation District	20,750,000	0.0175%	3,631
City of Cornelius	1,967,596	33.3631%	656,451
City of Beaverton	30,045,000	0.1538%	46,209
Washington County SD 48J (Beaverton)	1,155,458,918	0.0564%	651,679
Yamhill County	7,870,442	0.0209%	1,645
Subtotal, overlapping debt			<u>241,402,075</u>
Direct District net property tax backed debt			<u>497,841,362</u>
Total direct and overlapping debt			<u><u>\$ 739,243,437</u></u>

(1) The percentage of overlapping debt is estimated by dividing the value of the property in the overlapping area by the total value of the property of the District.

Source: <https://www.oregon.gov/treasury/oregon-bonds/municipal-debt-advisory/Pages/Overlapping-Debt-Request.aspx>

HILLSBORO SCHOOL DISTRICT 1J
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
2014 Through 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Debt Limit	\$ 4,589,350,073	\$ 3,837,759,870	\$ 3,480,787,777	\$ 2,901,472,235
Total net debt applicable to the limit	<u>470,165,156</u>	<u>495,740,273</u>	<u>450,705,000</u>	<u>463,395,000</u>
Legal debt margin	<u><u>\$ 4,119,184,917</u></u>	<u><u>\$ 3,342,019,597</u></u>	<u><u>\$ 3,030,082,777</u></u>	<u><u>\$ 2,438,077,235</u></u>
Total net debt applicable to the limit as a percentage of debt limit	10.24%	12.92%	12.95%	15.97%

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

For each grade from Kindergarten to Eighth for which the District operates schools, fifty-five one-hundredths of one percent (0.0055) of the real market value.

For each grade from Ninth to Twelfth for which the District operates schools, seventy-five one-hundredths of one percent (0.0075) of the real market value.

Allowable Percentage of Real Market Value:	
Kindergarten through Eighth Grade, $9 \times 0.0055 =$	4.95%
Ninth through Twelfth Grade, $4 \times 0.0075 =$	<u>3.00%</u>
Allowable Percentage	7.95%

2019	2018	2017	2016	2015	2014
\$ 2,769,931,244	\$ 2,990,941,202	\$ 2,715,928,535	\$ 2,421,720,350	\$ 2,242,004,958	\$ 1,951,376,163
343,800,000	355,230,000	114,395,000	139,830,000	163,325,000	276,826,712
<u>\$ 2,426,131,244</u>	<u>\$ 2,635,711,202</u>	<u>\$ 2,601,533,535</u>	<u>\$ 2,281,890,350</u>	<u>\$ 2,078,679,958</u>	<u>\$ 1,674,549,451</u>
12.41%	11.88%	4.21%	5.77%	7.28%	14.19%

HILLSBORO SCHOOL DISTRICT 1J
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
2014 Through 2023

Year	Population	Personal Income (thousands of dollars) (estimated)	Personal Income	Unemployment Rate
2023	143,502	\$7,248,143	\$50,509	3.30%
2022	141,746	5,913,501	41,719	3.50%
2021	140,986	5,420,207	38,445	5.00%
2020	139,536	5,648,696	40,482	11.80%
2019	139,448	5,322,033	38,165	3.80%
2018	145,402	5,340,470	36,729	3.90%
2017	144,785	5,027,080	34,721	4.10%
2016	141,412	4,582,739	32,407	5.20%
2015	135,294	4,220,226	31,193	4.70%
2014	128,709	3,457,896	26,866	6.00%

HILLSBORO SCHOOL DISTRICT 1J
PRINCIPAL EMPLOYERS FOR THE PORTLAND, OREGON, METROPOLITAN AREA
Current Year (2023) and Nine Years Ago (2014)

<u>Employer</u>	2023			2014		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Ten Largest Employers:						
Intel	22,328	1	1.70%	16,700	1	1.56%
Providence Health & Services	19,687	2	1.50%	14,132	2	1.32%
Oregon Health & Science University	18,497	3	1.41%	14,106	3	1.32%
Nike, Inc.	15,125	4	1.15%	7,000	7	0.66%
Legacy Health	13,087	5	1.00%	9,835	6	0.92%
Kaiser Permanente	12,262	6	0.93%	9,896	5	0.93%
Fred Meyer Stores	9,374	7	0.71%	10,176	4	0.95%
Portland Public Schools	6,814	8	0.52%	-	-	-
City of Portland	6,483	9	0.49%	-	-	-
Multnomah County	5,307	10	0.40%	-	-	-
Wells Fargo	-	-	-	4,794	8	0.45%
US Bank	-	-	-	4,000	9	0.37%
Daimler Trucks Northwest	-	-	-	2,800	10	0.26%
Subtotal of ten largest employers	128,964		9.82%	93,439		8.75%
All Other Employers	1,184,765		90.18%	974,961		91.25%
Total Portland-Vancouver-Hillsboro MSA Employment	1,313,729		100.00%	1,068,400		100.00%

Source:

HILLSBORO SCHOOL DISTRICT 1J
CERTIFIED, CLASSIFIED, AND ADMINISTRATIVE EMPLOYEES
Last Ten Fiscal Years
2014 Through 2023

<u>Fiscal Year</u>	<u>Certified</u>	<u>Classified</u>	<u>Administrative</u>	<u>Supervisory/ Technical</u>	<u>Total</u>
2023	1,257	1,119	82	44	2,502
2022	1,207	1,049	84	41	2,381
2021	1,091	986	72	36	2,185
2020	1,137	1,102	77	34	2,350
2019	1,156	1,167	77	34	2,434
2018	1,206	843	78	33	2,160
2017	1,106	859	75	30	2,070
2016	1,104	781	74	30	1,989
2015	1,050	777	77	27	1,931
2014	981	747	72	32	1,832

(1) Full-time equivalent (FTE) positions

Source:

Hillsboro School District 1J payroll records

HILLSBORO SCHOOL DISTRICT 1J
STUDENT ENROLLMENT STATISTICS
Last Ten Fiscal Years
2014 Through 2023

<u>Fiscal Year</u>	<u>Average Daily Membership</u>		<u>Percent Free and Reduced</u>	<u>Net Operating Expenditures per ADM</u>	<u>Student to Teacher Ratio</u>
2023	18,748		45%	\$ 13,412	15
2022	18,732	(1)	38%	12,670	16
2021	19,119	(1)	38%	11,454	18
2020	20,013		46%	11,166	18
2019	20,213		44%	10,894	17
2018	20,204		49%	10,597	20
2017	20,400		50%	10,589	18
2016	20,566		50%	10,245	20
2015	19,917		46%	9,899	20
2014	19,911		49%	8,531	20

(1) - During the 2019-20 school year, HSD's percentage of free-and-reduced-price-eligible students totaled 46 percent. Due to the pandemic, current data is not reliable and indicates a percentage of only 38% for 2020-21 and 2021-22. Federal actions have allowed all students to receive meals at no cost during the 2020-21 and 2021-22 school year.

HILLSBORO SCHOOL DISTRICT 1J
STUDENT ENROLLMENT AND CAPITAL ASSET STATISTICS
Last Ten Fiscal Years
2014 Through 2023

School/(Year Opened)	Square Footage	Fiscal Year Enrollment		
		2023	2022	2021
Brookwood Elementary (1953)	73,600	338	315	333
Imlay Elementary (2002)	69,435	470	450	456
Butternut Creek Elementary (1977)	34,840	332	322	325
Patterson Elementary (2000)	69,435	405	405	379
Orenco Elementary (2000)	69,435	497	480	475
Indian Hills Elementary (1979)	40,219	392	401	388
Reedville Elementary (1922)	16,247	209	207	222
Eastwood Elementary (1978)	49,163	372	364	405
Farmington View Elementary (1950)	22,867	250	245	258
Free Orchards Elementary (2008)	73,500	394	356	322
Jackson Elementary (1990)	60,502	389	393	424
L.C. Tobias Elementary (1992)	53,964	411	394	415
Groner K - 8 (1949)	32,402	158	176	169
Lenox Elementary (1949)	51,074	369	355	407
McKinney Elementary (1970)	49,163	412	427	433
Minter Bridge Elementary (1980)	49,163	354	353	363
Moobery Elementary (1963)	49,496	382	378	389
North Plains Elementary (1954)	56,648	187	170	310
Atfalati Ridge Elementary (2021)	73,600	184	173	-
Rosedale Elementary (2009)	73,700	443	409	329
Quatama Elementary (2008)	73,010	497	470	425
Ladd Acres Elementary (1968)	79,335	416	411	397
Lincoln Street Elementary (2008)	73,400	351	361	399
W.L. Henry Elementary (1968)	52,813	317	304	361
West Union Elementary (1948)	42,757	313	318	316
Witch Hazel Elementary (2003)	69,435	425	451	480
Brown Middle School (1963)	95,414	715	705	696
Evergreen Middle School (1981)	138,000	742	783	732
Hillsboro Online Academy (2012)	8,500	431	794	1,020
South Meadows Middle School (2009)	152,875	693	690	727
Poynter Middle School (1959)	83,200	646	670	662
Miller Ed Junior High (1959)	9,560	-	-	-
Century High School (1997)	265,000	1,496	1,492	1,504
Glencoe High School (1980)	270,500	1,464	1,400	1,386
Liberty High School (2003)	293,436	1,432	1,407	1,450
Hillsboro High School (1969)	253,652	1,341	1,310	1,259
Oak Street Campus (2022)	7,800	75	-	-
Miller Ed High School (1958)	20,552	-	131	64
		<u>18,302</u>	<u>18,470</u>	<u>18,680</u>

Source:

From 3/1/23 K-12 Enrollment - HR Dept

2020	2019	2018	2017	2016	2015	2014
351	335	348	358	391	388	360
557	510	520	530	543	523	524
370	395	404	402	403	381	389
456	456	455	446	464	475	477
592	644	631	654	636	606	629
459	475	478	470	497	495	444
232	248	260	235	247	227	229
441	437	452	476	506	518	510
311	310	309	307	295	292	222
368	361	389	392	402	439	481
551	549	566	560	530	553	548
486	449	450	434	440	484	517
212	208	234	219	153	141	140
482	499	471	472	479	459	435
465	467	490	465	462	460	468
443	473	473	474	508	500	512
420	427	427	455	463	459	479
396	383	353	330	299	301	298
-	-	-	-	-	-	-
418	420	439	432	403	407	394
516	509	482	490	472	466	547
484	539	533	522	529	507	506
461	482	490	518	546	558	574
357	362	359	343	360	413	426
365	370	390	392	366	356	283
522	519	510	538	571	574	608
723	726	731	712	709	708	738
785	796	801	823	808	830	829
183	195	197	159	163	193	170
736	694	700	721	720	730	747
703	745	745	739	733	769	746
-	-	-	-	-	6	17
1,549	1,533	1,506	1,571	1,563	1,611	1,669
1,445	1,476	1,490	1,543	1,619	1,612	1,615
1,462	1,495	1,477	1,499	1,506	1,491	1,429
1,233	1,249	1,268	1,291	1,357	1,340	1,352
-	-	-	-	-	-	-
86	91	82	65	64	58	57
<u>19,620</u>	<u>19,827</u>	<u>19,910</u>	<u>20,037</u>	<u>20,207</u>	<u>20,330</u>	<u>20,369</u>

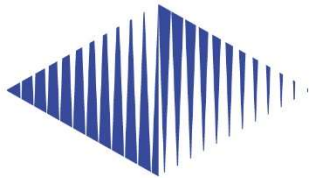
HILLSBORO SCHOOL DISTRICT 1J

TEACHER DATA

2022-23 SCHOOL YEAR

Education	Step	FTE	Salary
BA	A	28.40	\$ 49,198
BA	B	32.17	51,264
BA	C	17.90	53,416
BA	D	9.53	55,659
BA	E	10.50	57,996
BA	F	9.10	60,430
BA	G	9.17	62,968
BA	H	10.77	65,611
BA	I	4.75	68,366
BA	J	6.00	71,236
BA	K	35.67	74,227
BA+24	A	0.00	50,676
BA+24	B	5.00	52,804
BA+24	C	1.00	55,021
BA+24	D	0.00	57,331
BA+24	E	0.00	59,738
BA+24	F	2.00	62,246
BA+24	G	2.00	64,859
BA+24	H	5.00	67,582
BA+24	I	0.00	70,420
BA+24	J	2.00	73,376
BA+24	K	7.50	76,457
BA+45	A	0.00	52,198
BA+45	B	0.00	54,390
BA+45	C	1.00	56,673
BA+45	D	0.00	59,053
BA+45	E	1.00	61,532
BA+45	F	0.00	64,115
BA+45	G	1.00	66,807
BA+45	H	2.00	69,612
BA+45	I	1.00	72,535
BA+45	J	0.80	75,580
BA+45	K	1.00	78,753
BA+45	L	0.00	82,060
BA+45	M	0.00	85,505
BA+45	N	12.00	89,095
MA/BA+60	A	21.67	53,766
MA/BA+60	B	35.60	56,024
MA/BA+60	C	33.10	58,376
MA/BA+60	D	24.13	60,827
MA/BA+60	E	29.77	63,380

Education	Step	FTE	Salary
MA/BA+60	F	29.17	\$ 66,041
MA/BA+60	G	33.60	68,814
MA/BA+60	H	57.82	71,703
MA/BA+60	I	20.17	74,714
MA/BA+60	J	16.02	77,851
MA/BA+60	K	13.50	81,119
MA/BA+60	L	17.83	84,525
MA/BA+60	M	19.33	88,074
MA/BA+60	N	14.00	91,771
MA/BA+60	O	158.78	95,624
MA+24/BA+90	A	0.00	55,381
MA+24/BA+90	B	2.00	57,706
MA+24/BA+90	C	1.00	60,129
MA+24/BA+90	D	4.08	62,654
MA+24/BA+90	E	4.80	65,284
MA+24/BA+90	F	6.17	68,025
MA+24/BA+90	G	6.27	70,881
MA+24/BA+90	H	25.33	73,857
MA+24/BA+90	I	5.50	76,958
MA+24/BA+90	J	4.00	80,189
MA+24/BA+90	K	5.00	83,556
MA+24/BA+90	L	8.00	87,064
MA+24/BA+90	M	11.27	90,719
MA+24/BA+90	N	14.60	94,528
MA+24/BA+90	O	80.58	98,497
MA+45/BA+120	A	0.67	57,045
MA+45/BA+120	B	2.17	59,440
MA+45/BA+120	C	1.00	61,935
MA+45/BA+120	D	1.80	64,536
MA+45/BA+120	E	1.00	67,245
MA+45/BA+120	F	5.50	70,069
MA+45/BA+120	G	9.50	73,010
MA+45/BA+120	H	25.63	76,076
MA+45/BA+120	I	22.33	79,270
MA+45/BA+120	J	14.67	82,598
MA+45/BA+120	K	16.67	86,066
MA+45/BA+120	L	21.25	89,679
MA+45/BA+120	M	16.45	93,444
MA+45/BA+120	N	16.03	97,367
MA+45/BA+120	O	190.55	101,455



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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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

School Board
Hillsboro School District 1J
Hillsboro, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Hillsboro School District 1J, (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 29, 2023.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

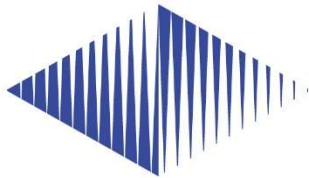
Purpose of This Report

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

Grove, Mueller & Swank, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

November 29, 2023



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

School Board
Hillsboro School District 1J
Hillsboro, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hillsboro School District 1J (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 the District's major federal programs for the year ended June 30, 2023. 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, Hillsboro School District 1J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Hillsboro School District 1J 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.

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 generally accepted auditing standards, *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 generally accepted auditing standards, *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.

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.

Grove, Mueller & Swank, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

November 29, 2023

HILLSBORO SCHOOL DISTRICT 1J

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

July 1, 2022- June 30, 2023	Assistance	Agency or	Program		Revenue
Federal Grantor, Program Title	Listing Number	Pass-through Number	Begin Date	End Date	and Expenditures
DEPARTMENT OF AGRICULTURE:					
Passed through Oregon Department of Education:					
Child Nutrition Cluster					
School Breakfast Program (SBP)	10.553	3408001	7/1/2022	6/30/2023	\$ 1,073,737
National School Lunch Program (NSLP)	10.555	3408001	7/1/2022	6/30/2023	5,580,006
Summer Food Service Program For Children (SFSPC)	10.559	3408001	7/1/2022	6/30/2023	141,608
Total Pass-Through Programs from Child Nutrition Cluster					6,795,351
Child Nutrition Discretionary Grants Limited Availability					
Child and Adult Care Food Program (CACFP)	10.558	3408001	7/1/2022	6/30/2023	163,249
Pass-Through					163,249
Total Pass-Through Programs from Department of Education					6,958,600
DEPARTMENT OF AGRICULTURE TOTAL					6,958,600
DEPARTMENT OF THE TREASURY:					
Passed through Oregon Department of Administrative Services:					
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	8031	3/3/2021	10/1/2024	187,731
DEPARTMENT OF THE TREASURY TOTAL					187,731
ENVIRONMENTAL PROTECTION AGENCY:					
Passed through Oregon Department of Education:					
Lead Testing in School and Child Care Program Drinking Water	66.444	75598	7/1/2019	6/30/2023	56,520
ENVIRONMENTAL PROTECTION AGENCY TOTAL					56,520
DEPARTMENT OF EDUCATION:					
Indian Education Grants to Local Education Agencies	84.060	S060A222526	7/1/2022	6/30/2023	25,356
Direct Program					25,356
Total Direct Programs					25,356
Passed through the Office of Vocational Rehabilitation Services					
Rehabilitation Services - Vocational Rehabilitation Grants to States					
Youth Transition Program	84.126	4694	7/1/2021	6/30/2023	90,971
Total Pass-Through Programs from Office of Vocational Rehabilitation Services					90,971
Passed through Oregon Department of Education:					
Title IA/D Grants to Local Educational Agencies (LEAs)					
Title IA	84.010	53283	7/1/2019	9/30/2022	102,233
Title IA	84.010	58279	7/1/2021	9/30/2022	99,716
Title IA	84.010	66988	7/1/2021	9/30/2023	327,375
Title IA	84.010	72528	7/1/2022	9/30/2023	2,718,589
Title ID	84.010	73509	7/1/2022	9/30/2023	15,671
Title IA/D - ESSA Partnerships 20-21	84.010	60392	7/1/2020	9/30/2022	26,566
Title IA/D - ESSA Partnerships 21-22	84.010	67975	10/1/2021	9/30/2023	92,042
Pass-Through					3,382,192
Migrant Education - State Grant Program					
Title IC - Migrant Education	84.011	58934	7/1/2020	9/30/2023	46,086
Title IC - Migrant Education	84.011	68114	7/1/2021	9/30/2023	69,540
Title IC - Migrant Education	84.011	73275	7/1/2022	9/30/2023	661,286
Title IC - Migrant Education - Preschool	84.011	68143	7/1/2021	9/30/2023	21,155
Title IC - Migrant Education - Preschool	84.011	73257	7/1/2022	9/30/2023	76,187
Title IC - Migrant Education - Summer	84.011	57313	3/14/2020	9/30/2022	122,189
Title IC - Migrant Education - Summer	84.011	66108	7/1/2020	9/30/2023	128
Title IC - Migrant Education - Summer	84.011	70938	7/1/2021	9/30/2023	335,134
Pass-Through					1,331,705

See notes to the schedule of expenditures of federal awards

HILLSBORO SCHOOL DISTRICT 1J

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

July 1, 2022- June 30, 2023	Assistance	Agency or	Program		Revenue
Federal Grantor, Program Title	Listing Number	Pass-through Number	Period Begin Date	End Date	and Expenditures
DEPARTMENT OF EDUCATION (Continued):					
Passed through Oregon Department of Education (Continued):					
Office of Special Education and Rehabilitative Services					
Special Education Cluster (IDEA)					
Special Education Grants to States (IDEA, Part B)					
SPR&I 2018-19	84.027	49528	7/1/2018	6/30/2023	\$ 720
IDEA - Equipment and Supplies Grant	84.027	75325	7/1/2022	9/30/2023	245,172
IDEA - Part B Section 611	84.027	68635	7/1/2021	9/30/2023	2,681,875
IDEA - Part B Section 611	84.027	74031	7/1/2022	9/30/2024	46,512
COVID 19 - IDEA - Part B Section 611 ARP	84.027	68386	7/1/2021	9/30/2023	163,847
IDEA - Part B Section 611 Extended Assessment	84.027	73189	7/1/2022	6/30/2023	4,337
				Pass-Through	3,142,463
Special Education Preschool Grants (IDEA Preschool)					
IDEA - Part B Section 619	84.173	68920	7/1/2021	9/30/2023	16,398
COVID 19 - IDEA - Part B Section 619 ARP	84.173	69164	7/1/2021	9/30/2023	15,526
				Pass-Through	31,924
Total Pass-Through Programs from Special Education Cluster (IDEA)					3,174,387
Office of Career, Technical, and Adult Education					
Career and Technical Education - Basic Grants to States					
Perkins Comprehensive Basic	84.048	66144	7/1/2021	9/30/2023	36,113
Perkins Comprehensive Basic	84.048	72333	7/1/2022	9/30/2023	166,698
				Pass-Through	202,811
Office of Educational Improvement and Innovation					
Education for Homeless Children and Youth					
McKinney-Vento Homeless	84.196	66234	7/1/2021	9/30/2023	52,277
McKinney-Vento Homeless	84.196	74843	7/1/2022	9/30/2023	42,095
				Pass-Through	94,372
English Language Acquisition State Grants					
Title III - English Language Acquisition	84.365	53424	7/1/2019	9/30/2022	26,031
Title III - English Language Acquisition	84.365	58476	7/1/2020	9/30/2023	85,202
Title III - English Language Acquisition	84.365	67137	7/1/2021	9/30/2023	105,434
Title III - English Language Acquisition	84.365	73096	7/1/2022	9/30/2023	425,280
				Pass-Through	641,947
Supporting Effective Instruction State Grants					
Title IIA - Teacher Quality	84.367	58771	7/1/2020	9/30/2023	20,562
Title IIA - Teacher Quality	84.367	67421	7/1/2021	9/30/2023	38,004
Title IIA - Teacher Quality	84.367	72725	7/1/2022	9/30/2023	518,559
				Pass-Through	577,125
Student Support and Academic Enrichment Program					
Title IV-A Student Support and Academic Enrichment	84.424	72922	7/1/2022	9/30/2023	261,701
				Pass-Through	261,701
COVID 19 - Education Stabilization Fund					
COVID 19 - Elementary and Secondary School Emergency Relief Fund I	84.425D	57826	3/13/2020	9/30/2022	283,270
COVID 19 - Elementary and Secondary School Emergency Relief Fund II	84.425D	64596	3/13/2020	9/30/2023	5,180,453
COVID 19 - Elementary and Secondary School Emergency Relief Fund III	84.425D	64901	3/13/2020	9/30/2024	6,794,399
COVID 19 - ARP Homeless Children & Youth I	84.425	69292	4/23/2021	9/30/2024	39,570
COVID 19 - ARP Homeless Children & Youth II	84.425	69355	4/23/2021	9/30/2024	10,419
				Pass-Through	12,308,111
Total Pass-Through from Oregon Department of Education					21,974,351
DEPARTMENT OF EDUCATION TOTAL					22,090,678

See notes to the schedule of expenditures of federal awards

HILLSBORO SCHOOL DISTRICT 1J

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

July 1, 2022- June 30, 2023	Assistance	Agency or	Program		Revenue
Federal Grantor, Program Title	Listing Number	Pass-through Number	Begin Date	End Date	and Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Passed through the Oregon Department of Health and Human Services:					
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program					
Office of Self Sufficiency Programs My Future-My Choice	93.235	157101	7/1/2018	6/30/2023	\$ 17,443
				Pass-Through	17,443
Substance Abuse and Mental Health Services Project					
Strengthening Mental Health	93.243	71780	3/24/2021	9/30/2024	193,412
				Pass-Through	193,412
CCDF Cluster					
Child Care and Development Block Grant	93.575	156210	1/1/2018	6/30/2023	16,439
				Total Pass-Through Programs from CCDF Cluster	16,439
Medicaid Cluster					
Medical Assistance Program (Medicaid; Title XIX)	93.778	114731	7/1/2022	6/30/2023	30,714
				Total Pass-Through Programs from the Medicaid Cluster	30,714
				Total Pass-Through Programs from Oregon Department of Health & Human Services	258,008
Passed through the Oregon Department of Education:					
Administration for Children and Families					
Foster Care Title IV-E	93.658	71662	7/2/2021	6/30/2023	6,847
				Total Pass-Through Programs from Oregon Department of Education	6,847
Passed through Oregon Health Authority					
Public Health Emergency Response	93.354	173999	1/21/2022	6/30/2023	133,333
				Total Pass-Through from Oregon Health Authority	133,333
DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL					398,188
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ 29,691,717

See notes to the schedule of expenditures of federal awards

Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards (“the Schedule”) is a supplementary schedule to the District’s financial statements and is presented for purposes of additional analysis. 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 activities of the District, it is not intended to and does not present the financial position, changes in net position, or the operating funds’ revenues, expenditures and changes in fund balances of the District.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the Schedule is presented in accordance with the cost principles contained in the Uniform Guidance, 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 due to the District having a negotiated indirect cost rate with Oregon Department of Education and thus is not allowed to use the de minimis rate.

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. Additionally, the Schedule includes all federal programs administered by the District for the year ended June 30, 2023.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where expenditures are incurred. Expenditures are recorded when the liability is incurred. Donated commodities are valued at their estimated fair value.

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
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 section 200.516(a)?	No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.556, 10.559, 10.582	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster (IDEA)
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	\$890,752
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Auditee qualified as low-risk auditee?	Yes
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FINANCIAL STATEMENT FINDINGS

2023-001 Significant Deficiency in Internal Controls over Compliance with State Laws

Criteria and Condition: The District is required to adopt an annual budget pursuant to Oregon Local Budget Law that sets limits on legal spending from each fund at the various appropriation levels (major function). The District is required to have controls in place to prevent expenditures in excess of appropriations before they happen, and if additional appropriations are needed, the Board can either approve a transfer of appropriations or adopt a full supplemental budget, depending on the amount of additional appropriations needed. The Board approved a transfer of appropriations in late-June; however, those additional appropriations were insufficient to prevent over-expenditures. The District's internal controls did not prevent expenditures beyond what was legally authorized, and did not identify that a supplemental budget was required to ensure sufficient spending authority.

Context: The District last received a Significant Deficiency Finding in 2017-18 for expenditures in excess of appropriations and recommendations have been made to management to ensure that controls over budget

compliance are properly designed and operating effectively to avoid unauthorized spending. The District responded at that time with Planned Corrective Actions that included improved controls that did not prevent expenditures in excess of appropriations in the 2022-23 fiscal year.

The General Fund and Special Revenue Fund had expenditures in excess of appropriations totaling approximately \$4.3 million and \$12.0 million, respectively. The additional expenditures within the General Fund were largely the result of staffing challenges and the need to use contractors at higher costs for services in specialty areas. The additional expenditures within the Special Revenue Fund were primarily the result of expenditures of grant revenues awarded at higher than anticipated levels.

Effect or Potential Effect: The failure of controls to prevent transactions from occurring without sufficient spending authority has resulted in the District's noncompliance with Oregon's Local Budget Law and has permitted significant expenditures to be made without legal authority. This could lead to the loss of taxpayer faith in the organization as it pertains to the spending of public funds.

Cause: A large portion of the District's expenditures are typically incurred in the last month of the fiscal year. While Management performs regular comparisons of budget to actual throughout the year, these comparisons may not fully estimate the expenditures that will be incurred in that last month. The sheer volume of expenditures that were incurred at year end were not fully anticipated with sufficient time to prepare and adopt a supplemental budget.

Recommendation: Management should review their controls over compliance with Oregon Local Budget Law to ensure that they are properly designed and operating effectively to prevent expenditures from being incurred without sufficient budget authority.

Views of Responsible Official(s) and Planned Corrective Actions: The 2022-23 was unique to budget for and mitigate as programming returned to pre-pandemic levels, staffing remained a challenge, supply chain issues created a delay in project completion and delivery of goods from the prior year, and a portion of operations were transitioned to special revenues for major state and federal grants. The preceding year held significant challenges as well that resulted in expenditures far below appropriation levels. Throughout 2022-23, staff were successfully focused on fund balances based on available resources which represent the end and beginning points for each year as represented in the budget document. As one-time federal relief funds expire, it is anticipated that being responsive to the needs of operations will require exchanges between major funds and functions rather than exceeding appropriations.

Corrective Measure:

The action plan components for this issue include technical and structured activity improvements.

1. (From 2017-18) The District will continue to use analytics software to monitor and project end-of-year expenditures by fund, function, and object. Management positions have been restructured to align monitoring of budget appropriations against actual expenditures. Appropriations will be adjusted to include any targeted carryover identified in the prior year annual financial report.
2. After the final adjustments and review of the prior year (usually November), staff will identify any areas that will require appropriation changes based on final revenue and expenditure trends.
3. A timeline will be developed to determine whether or not a Supplemental Budget or Appropriations Change Resolution will be required for the current fiscal year. This timeline will be shared with the Board in December in conjunction with the budget development calendar.

Timeline: This measure is to be implemented immediately.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

***HILLSBORO SCHOOL DISTRICT 1J, HILLSBORO, OREGON
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023***

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.



GROVE, MUELLER & SWANK, P.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

School Board
Hillsboro School District 1J
Hillsboro, Oregon

We have audited, 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, the basic financial statements of Hillsboro School District 1J, Washington County, Oregon (the District) as of and for the year ended June 30, 2023, and have issued our report thereon dated November 29, 2023.

Compliance and Other Matters

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 162-10-320 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 statements 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.**

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 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except that expenditures exceeded appropriations as noted in the financial statements.

Internal Control


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

We identified and reported a significant deficiency in internal controls in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated November 29, 2023.

Restriction on Use

This report is intended solely for the information and use of the school board and management of the Hillsboro School District 1J and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 
Larry E. Grant, A Shareholder
November 29, 2023

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
ANNUAL COMPREHENSIVE FINANCIAL REPORT
PLAN FOR CORRECTIVE ACTIONS FOR FISCAL YEAR 2022-23

SITUATION

In accordance with House Bill 2174, management has reported to the school Board the measures it considers necessary to address any deficient items disclosed herein and adopt a plan of action to implement such measures and the estimated period of time necessary to complete the planned actions. The issue is described below and listed in the Hillsboro School District Comprehensive Annual Financial Report. The School Board received a copy of the report on and specific correspondence regarding the finding below and plan of action to address the deficiency.

Finding:

Oregon Local Budget Law requires that differences in expenditures in excess of 10% are approved through a Supplemental Budget process. The Appropriations Changes made in June did not satisfy Local Budget Law and the Supplemental Budget process was not completed. The auditors have reported a Finding of “Significant Deficiency in Internal Controls over Compliance with State Laws” as expenditures exceeded appropriation levels by major fund and function by more than 10%.

Views of Responsible Official(s) and Planned Corrective Actions:

The 2022-23 year was unique to budget for and mitigate as programming returned to pre-pandemic levels, staffing remained a challenge, supply chain issues created a delay in project completion and delivery of goods from the prior year, and a portion of operations were transitioned to special revenues for major state and federal grants. The preceding year held significant challenges as well that resulted in expenditures far below appropriation levels. Throughout 2022-23, staff were successfully focused on fund balances based on available resources which represent the end and beginning points for each year as represented in the budget document. As one-time federal relief funds expire, it is anticipated that being responsive to the needs of operations will require exchanges between major funds and functions rather than exceed appropriations.

Corrective Measure:

The action plan components for this issue include technical and structured activity improvements.

1. (From 2017-18) The District will continue to use analytics software to monitor and project end-of-year expenditures by fund, function, and object. Management positions have been restructured to align monitoring of budget appropriations against actual expenditures. Appropriations will be

- adjusted to include any targeted carryover identified in the prior year annual financial report.
2. After the final adjustments and review of the prior year (usually November), staff will identify any areas that will require appropriation changes based on final revenue and expenditure trends.
 3. A timeline will be developed to determine whether or not a Supplemental Budget or Appropriations Change Resolution will be required for the current fiscal year. This timeline will be shared with the Board in December in conjunction with the budget development calendar.

Timeline: This measure is to be implemented immediately by the District Financial Officer.

RECOMMENDATION

The Superintendent recommends that the Board of Directors approve the 2022-23 Annual Comprehensive Financial Report Plan for Corrective Actions.

I move that the Board of Directors approve the 2022-23 Annual Comprehensive Financial Report Plan for Corrective Actions.

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
STUDENT INVESTMENT ACT AGREEMENT

SITUATION

Staff last presented information on the status of the Student Investment Act (SIA) grant application outlook for the 2023-24 at the April 25th Budget Committee Meeting and again during the November 14th 2022-23 SIA Annual Report. This was an effort to inform and engage key communicators regarding resource use and budgetary impacts based on current information.

The Student Investment Act will be fully funded for the 2023-24 academic year with a spending plan that has been developed in alignment to the 2023-2026 Strategic Plan. The grant will be included in the Oregon Department of Education's Integrated Guidance documents and linked to the Key Performance Targets as well as the categories described under the investment program that include Class Size/Caseload Reduction, Student Health and Safety, Increased Instructional Time, and Well-rounded Learning.

The [next requirement](#) under HB 3427 rules for the Student Investment Act is for the board to review and approve the grant agreement between the District and the Department of Education. This is not a typical requirement of other grant agreements and reflects the intent of the law for communications regarding the Student Investment Account to be ongoing with the community at large.

RECOMMENDATION

The Superintendent recommends that the board members review, discuss, and approve the 2023-24 Student Investment Act Grant Agreement.

I move that the Board of Directors approve the Student Investment Act Grant Agreement.

STATE OF OREGON GRANT AGREEMENT

“Student Success Act – Student Investment Account”

Grant No. 34392

This Grant Agreement (“Grant”) is between the State of Oregon acting by and through its Department of Education (“Agency”) and Hillsboro SD 1J (“Grantee”), each a “Party” and, together, the “Parties”.

SECTION 1: AUTHORITY

Pursuant to the “Student Success Act”, codified at 2019 Oregon Laws Chapter 122 and as amended from time to time (the “Act”). ORS 327.175 Student Investment Account (4) Moneys in the Student Investment Account are continuously appropriated to the Department of Education for the purposes of distributing grants under ORS 327.195.

SECTION 2: PURPOSE

The purpose of this grant is to provide funding to assist in meeting students’ mental or behavioral health needs, and increasing academic achievement and reducing academic disparities for students from racial or ethnic groups that have historically experienced academic disparities, students with disabilities, English language learners, economically disadvantaged students, students who are homeless, and students who are foster children.

SECTION 3: EFFECTIVE DATE AND DURATION

When all Parties have executed this Grant, and all necessary approvals have been obtained (“Executed Date”), this Grant is effective and has a Grant funding start date as of July 1, 2023 (“Effective Date”), and, unless extended or terminated earlier in accordance with its terms, will expire on September 30, 2024.

SECTION 4: GRANT MANAGERS

4.1 Agency’s Grant Manager is:

Cassie Medina
Office of Education Innovation & Improvement
255 Capitol St NE
Salem, OR 97310-0203
cassie.medina@ode.oregon.gov

4.2 Grantee's Grant Manager is:

Mike Scott
Hillsboro SD 1J
3083 NE 49th Pl
Hillsboro, OR 97124-6009

4.3 A Party may designate a new Grant Manager by written notice to the other Party.

SECTION 5: PROJECT ACTIVITIES

Grantee must perform the project activities set forth in Exhibit A (the "Project"), attached hereto and incorporated in this Grant by this reference, for the period beginning on the Effective Date and ending on the expiration date set forth in Section 3 (the "Performance Period").

SECTION 6: GRANT FUNDS

In accordance with the terms and conditions of this Grant, Agency will provide Grantee up to \$18,914,385.76 ("Grant Funds") for the Project. Agency will pay the Grant Funds from monies available in the Student Investment Account ("Funding Source"). A reduction in the monies in the Funding Source may result in a decrease in Grant Funds available to Agency.

SECTION 7: DISBURSEMENT GENERALLY

7.1 Disbursement.

- 7.1.1** Subject to the availability of sufficient moneys in and from the Funding Source based on Agency's reasonable projections of moneys accruing to the Funding Source, Agency will disburse Grant Funds to Grantee for the allowable Project activities described in Exhibit A that are undertaken during the Performance Period.
- 7.1.2** Grantee must provide to Agency any information or detail regarding the expenditure of Grant Funds required under Exhibit A prior to disbursement or as Agency may request.
- 7.1.3** Agency will only disburse Grant Funds to Grantee for activities completed or materials produced, that, if required by Exhibit A, are approved by Agency. If Agency determines any completed Project activities or materials produced are not acceptable and any deficiencies are the responsibility of Grantee, Agency will prepare a detailed written description of the deficiencies within 15 days of receipt of the materials or performance of the activity, and will deliver such notice to Grantee. Grantee must correct any deficiencies at no additional cost to Agency within 15 days. Grantee may resubmit a request for disbursement that includes evidence satisfactory to Agency demonstrating

deficiencies were corrected.

7.2 Conditions Precedent to Disbursement. Agency's obligation to disburse Grant Funds to Grantee under this Grant is subject to satisfaction of each of the following conditions precedent:

- 7.2.1** Agency has received sufficient funding, appropriations, expenditure limitation, allotments or other necessary expenditure authorizations to allow Agency, in the exercise of its reasonable administrative discretion, to make the disbursement from the Funding Source;
- 7.2.2** No default as described in Section 15 has occurred; and
- 7.2.3** Grantee's representations and warranties set forth in Section 8 are true and correct on the date of disbursement(s) with the same effect as though made on the date of disbursement.

7.3 No Duplicate Payment. Grantee may use other funds in addition to the Grant Funds to complete the Project; provided, however, the Grantee may not credit or pay any Grant Funds for Project costs that are paid for with other funds and would result in duplicate funding.

7.4 Suspension of Funding and Project. Agency may by written notice to Grantee, temporarily cease funding and require Grantee to stop all, or any part, of the Project dependent upon Grant Funds for a period of up to 180 days after the date of the notice, if Agency has or reasonably projects that it will have insufficient funds from the Funding Source to disburse the full amount of the Grant Funds. Upon receipt of the notice, Grantee must immediately cease all Project activities dependent on Grant Funds, or if that is impossible, must take all necessary steps to minimize the Project activities allocable to Grant Funds.

If Agency subsequently projects that it will have sufficient funds, Agency will notify Grantee that it may resume activities. If sufficient funds do not become available, Grantee and Agency will work together to amend this Grant to revise the amount of Grant Funds and Project activities to reflect the available funds. If sufficient funding does not become available or an amendment is not agreed to within a period of 180 days after issuance of the notice, Agency will either (i) cancel or modify its cessation order by a supplemental written notice or (ii) terminate this Grant as permitted by either the termination at Agency's discretion or for cause provisions of this Grant.

SECTION 8: REPRESENTATIONS AND WARRANTIES

8.1 **Organization/Authority.** Grantee represents and warrants to Agency that:

- 8.1.1 Grantee is a District duly organized and validly existing;
- 8.1.2 Grantee has all necessary rights, powers and authority under any organizational documents and under Oregon Law to (i) execute this Grant, (ii) incur and perform its obligations under this Grant, and (iii) receive financing, including the Grant Funds, for the Project;
- 8.1.3 This Grant has been duly executed by Grantee and when executed by Agency, constitutes a legal, valid and binding obligation of Grantee enforceable in accordance with its terms;
- 8.1.4 If applicable and necessary, the execution and delivery of this Grant by Grantee has been authorized by an ordinance, order or resolution of its governing body, or voter approval, that was adopted in accordance with applicable law and requirements for filing public notices and holding public meetings; and
- 8.1.5 There is no proceeding pending or threatened against Grantee before any court or governmental authority that if adversely determined would materially adversely affect the Project or the ability of Grantee to carry out the Project.

8.2 **False Claims Act.** Grantee acknowledges the Oregon False Claims Act, ORS 180.750 to 180.785, applies to any “claim” (as defined by ORS 180.750) made by (or caused by) Grantee that pertains to this Grant or to the Project. Grantee certifies that no claim described in the previous sentence is or will be a “false claim” (as defined by ORS 180.750) or an act prohibited by ORS 180.755. Grantee further acknowledges in addition to the remedies under Section 16, if it makes (or causes to be made) a false claim or performs (or causes to be performed) an act prohibited under the Oregon False Claims Act, the Oregon Attorney General may enforce the liabilities and penalties provided by the Oregon False Claims Act against the Grantee.

8.3 **No limitation.** The representations and warranties set forth in this Section are in addition to, and not in lieu of, any other representations or warranties provided by Grantee.

SECTION 9: OWNERSHIP

9.1 **Intellectual Property Definitions.** As used in this Section and elsewhere in this Grant, the following terms have the meanings set forth below:

“Third Party Intellectual Property” means any intellectual property owned by parties other than Grantee or Agency.

“Work Product” means every invention, discovery, work of authorship, trade secret or other tangible or intangible item Grantee is required to create or deliver as part of the Project, and all intellectual property rights therein.

- 9.2 Grantee Ownership.** Grantee must deliver copies of all Work Product as directed in Exhibit A. Grantee retains ownership of all Work Product, and grants Agency an irrevocable, non-exclusive, perpetual, royalty-free license to use, to reproduce, to prepare derivative works based upon, to distribute, to perform and to display the Work Product, to authorize others to do the same on Agency’s behalf, and to sublicense the Work Product to other entities without restriction.
- 9.3 Third Party Ownership.** If the Work Product created by Grantee under this Grant is a derivative work based on Third Party Intellectual Property, or is a compilation that includes Third Party Intellectual Property, Grantee must secure an irrevocable, non-exclusive, perpetual, royalty-free license allowing Agency and other entities the same rights listed above for the pre-existing element of the Third party Intellectual Property employed in the Work Product. If state or federal law requires that Agency or Grantee grant to the United States a license to any intellectual property in the Work Product, or if state or federal law requires Agency or the United States to own the intellectual property in the Work Product, then Grantee must execute such further documents and instruments as Agency may reasonably request in order to make any such grant or to assign ownership in such intellectual property to the United States or Agency.
- 9.4 Real Property.** If the Project includes the acquisition, construction, remodel or repair of real property or improvements to real property, Grantee may not sell, transfer, encumber, lease or otherwise dispose of any real property or improvements to real property paid for with Grant Funds for a period of six (6) years after the Effective Date of this Grant without the prior written consent of the Agency.

SECTION 10: CONFIDENTIAL INFORMATION

- 10.1 Confidential Information Definition.** Grantee acknowledges it and its employees or agents may, in the course of performing its responsibilities, be exposed to or acquire information that is: (i) confidential to Agency or Project participants or (ii) the disclosure of which is restricted under federal or state law, including without limitation: (a) personal information, as that term is used in ORS 646A.602(12), (b) social security numbers, and (c) information protected by the federal Family Educational Rights and Privacy Act under 20 USC § 1232g (items (i) and (ii) separately and collectively “Confidential Information”).
- 10.2 Nondisclosure.** Grantee agrees to hold Confidential Information as required by any applicable law and in all cases in strict confidence, using at least the same degree of care Grantee uses in maintaining the confidentiality of its own confidential information. Grantee may not copy, reproduce, sell, assign, license, market, transfer or otherwise dispose of, give, or disclose Confidential Information to third parties, or use Confidential Information except as is allowed by law and for the Project activities and Grantee must advise each of its employees and agents of these restrictions. Grantee must assist Agency in identifying and

preventing any unauthorized use or disclosure of Confidential Information. Grantee must advise Agency immediately if Grantee learns or has reason to believe any Confidential Information has been, or may be, used or disclosed in violation of the restrictions in this Section. Grantee must, at its expense, cooperate with Agency in seeking injunctive or other equitable relief, in the name of Agency or Grantee, to stop or prevent any use or disclosure of Confidential Information. At Agency's request, Grantee must return or destroy any Confidential Information. If Agency requests Grantee to destroy any Confidential Information, Grantee must provide Agency with written assurance indicating how, when and what information was destroyed.

- 10.3 Identity Protection Law.** Grantee must have and maintain a formal written information security program that provides safeguards to protect Confidential Information from loss, theft, and disclosure to unauthorized persons, as required by the Oregon Consumer Information Protection Act, ORS 646A.600-628. If Grantee or its agents discover or are notified of a potential or actual "Breach of Security", as defined by ORS 646A.602(1)(a), or a failure to comply with the requirements of ORS 646A.600-628, (collectively, "Breach") with respect to Confidential Information, Grantee must promptly but in any event within one calendar day (i) notify the Agency Grant Manager of such Breach and (ii) if the applicable Confidential Information was in the possession of Grantee or its agents at the time of such Breach, Grantee must (a) investigate and remedy the technical causes and technical effects of the Breach and (b) provide Agency with a written root cause analysis of the Breach and the specific steps Grantee will take to prevent the recurrence of the Breach or to ensure the potential Breach will not recur. For the avoidance of doubt, if Agency determines notice is required of any such Breach to any individual(s) or entity(ies), Agency will have sole control over the timing, content, and method of such notice, subject to Grantee's obligations under applicable law.
- 10.4 Subgrants/Contracts.** Grantee must require any subgrantees, contractors or subcontractors under this Grant who are exposed to or acquire Confidential Information to treat and maintain such information in the same manner as is required of Grantee under subsections 10.1 and 10.2 of this Section.
- 10.5 Background Check.** If requested by Agency and permitted by law, Grantee's employees, agents, contractors, subcontractors, and volunteers that perform Project activities must agree to submit to a criminal background check prior to performance of any Project activities or receipt of Confidential Information. Background checks will be performed at Grantee's expense. Based on the results of the background check, Grantee or Agency may refuse or limit (i) the participation of any Grantee employee, agent, contractor, subgrantee, or volunteer, in Project activities or (ii) access to Agency Personal Information or Grantee premises.

SECTION 11: INDEMNITY/LIABILITY

- 11.1 Indemnity.** Grantee must defend, save, hold harmless, and indemnify the State of Oregon and Agency and their officers, employees and agents from and against all claims, suits, actions, losses, damages, liabilities, costs, and expenses of any nature whatsoever, including attorneys' fees, resulting from, arising out of, or relating to the activities of Grantee or its officers, employees, subgrantees, contractors, subcontractors, or agents under this Grant (each of the foregoing individually or collectively a "Claim" for purposes of this Section)..
- 11.2 Defense.** Grantee may have control of the defense and settlement of any Claim subject to this Section. But neither Grantee nor any attorney engaged by Grantee may defend the Claim in the name of the State of Oregon, nor purport to act as legal representative of the State of Oregon or any of its agencies, without first receiving from the Attorney General, in a form and manner determined appropriate by the Attorney General, authority to act as legal counsel for the State of Oregon. Nor may Grantee settle any Claim on behalf of the State of Oregon without the approval of the Attorney General. The State of Oregon may, at its election and expense, assume its own defense and settlement in the event the State of Oregon determines Grantee is prohibited from defending the State of Oregon, or is not adequately defending the State of Oregon's interests, or an important governmental principle is at issue and the State of Oregon desires to assume its own defense. Grantee may not use any Grant Funds to reimburse itself for the defense of or settlement of any Claim.
- 11.3 Limitation.** Except as provided in this Section, neither Party will be liable for incidental, consequential, or other direct damages arising out of or related to this Grant, regardless of whether the damages or other liability is based in contract, tort (including negligence), strict liability, product liability or otherwise. Neither Party will be liable for any damages of any sort arising solely from the termination of this Grant in accordance with its terms.

SECTION 12: INSURANCE

- 12.1 Private Insurance.** If Grantee is a private entity, or if any contractors, subcontractors, or subgrantees used to carry out the Project are private entities, Grantee and any private contractors, subcontractors or subgrantees must obtain and maintain insurance covering Agency in the types and amounts indicated in Exhibit C.
- 12.2 Public Body Insurance.** If Grantee is a "public body" as defined in ORS 30.260, Grantee agrees to insure any obligations that may arise for Grantee under this Grant, including any indemnity obligations, through (i) the purchase of insurance as indicated in Exhibit C or (ii) the use of self-insurance or assessments paid under ORS 30.282 that is substantially similar to the types and amounts of insurance coverage indicated on Exhibit C, or (iii) a combination of any or all of the foregoing.
- 12.3 Real Property.** If the Project includes the construction, remodel or repair of real property or improvements to real property, Grantee must insure the real property and improvements against liability and risk of direct physical loss, damage or destruction at

least to the extent that similar insurance is customarily carried by entities constructing, operating and maintaining similar property or facilities.

SECTION 13: GOVERNING LAW, JURISDICTION

This Grant is governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively “Claim”) between Agency or any other agency or department of the State of Oregon, or both, and Grantee that arises from or relates to this Grant must be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon; provided, however, if a Claim must be brought in a federal forum, then it will be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. In no event may this Section be construed as a waiver by the State of Oregon of any form of defense or immunity, whether sovereign immunity, governmental immunity, immunity based on the eleventh amendment to the Constitution of the United States or otherwise, to or from any Claim or from the jurisdiction of any court. GRANTEE, BY EXECUTION OF THIS GRANT, HEREBY CONSENTS TO THE PERSONAL JURISDICTION OF SUCH COURTS.

SECTION 14: ALTERNATIVE DISPUTE RESOLUTION

The Parties should attempt in good faith to resolve any dispute arising out of this Grant. This may be done at any management level, including at a level higher than persons directly responsible for administration of the Grant. In addition, the Parties may agree to utilize a jointly selected mediator or arbitrator (for non-binding arbitration) to resolve the dispute short of litigation. Each Party will bear its own costs incurred for any mediation or non-binding arbitration.

SECTION 15: DEFAULT

15.1 Grantee. Grantee will be in default under this Grant upon the occurrence of any of the following events:

- 15.1.1** Grantee fails to use the Grant Funds for the intended purpose described in Exhibit A or otherwise fails to perform, observe or discharge any of its covenants, agreements or obligations under this Grant;
- 15.1.2** Any representation, warranty or statement made by Grantee in this Grant or in any documents or reports relied upon by Agency to measure the Project, the expenditure of Grant Funds or the performance by Grantee is untrue in any material respect when made; or
- 15.1.3** A petition, proceeding or case is filed by or against Grantee under any federal or state bankruptcy, insolvency, receivership or other law relating to reorganization, liquidation, dissolution, winding-up or adjustment of debts; in the case of a petition filed

against Grantee, Grantee acquiesces to such petition or such petition is not dismissed within 20 calendar days after such filing, or such dismissal is not final or is subject to appeal; or Grantee becomes insolvent or admits its inability to pay its debts as they become due, or Grantee makes an assignment for the benefit of its creditors.

- 15.2 Agency.** Agency will be in default under this Grant if, after 15 days written notice specifying the nature of the default, Agency fails to perform, observe or discharge any of its covenants, agreements, or obligations under this Grant; provided, however, Agency will not be in default if Agency fails to disburse Grant Funds because there is insufficient expenditure authority for, or moneys available from, the Funding Source.

SECTION 16: REMEDIES

- 16.1 Agency Remedies.** In the event Grantee is in default under Section 15.1, Agency may, at its option, pursue any or all of the remedies available to it under this Grant and at law or in equity, including, but not limited to: (i) termination of this Grant under Section 18.2, (ii) reducing or withholding payment for Project activities or materials that are deficient or Grantee has failed to complete by any scheduled deadlines, (iii) requiring Grantee to complete, at Grantee's expense, additional activities necessary to satisfy its obligations or meet performance standards under this Grant, (iv) initiation of an action or proceeding for damages, specific performance, or declaratory or injunctive relief, (v) exercise of its right of recovery of overpayments under Section 17 of this Grant or setoff, or both, or (vi) declaring Grantee ineligible for the receipt of future awards from Agency. These remedies are cumulative to the extent the remedies are not inconsistent, and Agency may pursue any remedy or remedies singly, collectively, successively or in any order whatsoever.
- 16.2 Grantee Remedies.** In the event Agency is in default under Section 15.2 and whether or not Grantee elects to terminate this Grant, Grantee's sole monetary remedy will be, within any limits set forth in this Grant, reimbursement of Project activities completed and accepted by Agency and authorized expenses incurred, less any claims Agency has against Grantee. In no event will Agency be liable to Grantee for any expenses related to termination of this Grant or for anticipated profits.

SECTION 17: WITHHOLDING FUNDS, RECOVERY

Agency may withhold from disbursements of Grant Funds due to Grantee, or Grantee must return to Agency within 30 days of Agency's written demand:

- 17.1** Any Grant Funds paid to Grantee under this Grant, or payments made under any other agreement between Agency and Grantee, that exceed the amount to which Grantee is entitled;
- 17.2** Any Grant Funds received by Grantee that remain unexpended or contractually committed for payment of the Project at the end of the Performance Period;

17.3 Any Grant Funds determined by Agency to be spent for purposes other than allowable Project activities; or

17.4 Any Grant Funds requested by Grantee as payment for deficient activities or materials.

SECTION 18: TERMINATION

18.1 **Mutual.** This Grant may be terminated at any time by mutual written consent of the Parties.

18.2 **By Agency.** Agency may terminate this Grant as follows:

18.2.1 At Agency's discretion, upon 30 days advance written notice to Grantee;

18.2.2 Immediately upon written notice to Grantee, if Agency fails to receive funding, or appropriations, limitations or other expenditure authority at levels sufficient in Agency's reasonable administrative discretion, to perform its obligations under this Grant;

18.2.3 Immediately upon written notice to Grantee, if federal or state laws, rules, regulations or guidelines are modified or interpreted in such a way that Agency's performance under this Grant is prohibited or Agency is prohibited from funding the Grant from the Funding Source; or

18.2.4 Immediately upon written notice to Grantee, if Grantee is in default under this Grant and such default remains uncured 15 days after written notice thereof to Grantee.

18.3 **By Grantee.** Grantee may terminate this Grant as follows:

18.3.1 If Grantee is a governmental entity, immediately upon written notice to Agency, if Grantee fails to receive funding, or appropriations, limitations or other expenditure authority at levels sufficient to perform its obligations under this Grant.

18.3.2 If Grantee is a governmental entity, immediately upon written notice to Agency, if applicable laws, rules, regulations or guidelines are modified or interpreted in such a way that the Project activities contemplated under this Grant are prohibited by law or Grantee is prohibited from paying for the Project from the Grant Funds or other planned Project funding; or

18.3.3 Immediately upon written notice to Agency, if Agency is in default under this Grant and such default remains uncured 15 days after written notice thereof to Agency.

18.4 **Cease Activities.** Upon receiving a notice of termination of this Grant, Grantee must immediately cease all activities under this Grant, unless Agency expressly directs otherwise in such notice. Upon termination, Grantee must deliver to Agency all materials or other property that are or would be required to be provided to Agency under this Grant or that are needed to complete the Project activities that would have been performed by Grantee.

SECTION 19: MISCELLANEOUS

- 19.1 Conflict of Interest.** Grantee by signature to this Grant declares and certifies the award of this Grant and the Project activities to be funded by this Grant, create no potential or actual conflict of interest, as defined by ORS Chapter 244, for a director, officer or employee of Grantee.
- 19.2 Nonappropriation.** Agency's obligation to pay any amounts and otherwise perform its duties under this Grant is conditioned upon Agency receiving funding, appropriations, limitations, allotments, or other expenditure authority sufficient to allow Agency, in the exercise of its reasonable administrative discretion, to meet its obligations under this Grant. Nothing in this Grant may be construed as permitting any violation of Article XI, Section 7 of the Oregon Constitution or any other law limiting the activities, liabilities or monetary obligations of Agency.
- 19.3 Amendments.** The terms of this Grant may not be altered, modified, supplemented or otherwise amended, except by written agreement of the Parties.
- 19.4 Notice.** Except as otherwise expressly provided in this Grant, any notices to be given under this Grant must be given in writing by email, personal delivery, or postage prepaid mail, to a Party's Grant Manager at the physical address or email address set forth in this Grant, or to such other addresses as either Party may indicate pursuant to this Section. Any notice so addressed and mailed becomes effective five (5) days after mailing. Any notice given by personal delivery becomes effective when actually delivered. Any notice given by email becomes effective upon the sender's receipt of confirmation generated by the recipient's email system that the notice has been received by the recipient's email system.
- 19.5 Survival.** All rights and obligations of the Parties under this Grant will cease upon termination of this Grant, other than the rights and obligations arising under Sections 11, 13, 14, 16, 17 and subsection 19.5 hereof and those rights and obligations that by their express terms survive termination of this Grant; provided, however, termination of this Grant will not prejudice any rights or obligations accrued to the Parties under this Grant prior to termination.
- 19.6 Severability.** The Parties agree if any term or provision of this Grant is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions will not be affected, and the rights and obligations of the Parties will be construed and enforced as if the Grant did not contain the particular term or provision held to be invalid.
- 19.7 Counterparts.** This Grant may be executed in several counterparts, all of which when taken together constitute one agreement, notwithstanding that all Parties are not signatories to the same counterpart. Each copy of the Grant so executed constitutes an original.
- 19.8 Compliance with Law.** In connection with their activities under this Grant, the Parties must comply with all applicable federal, state and local laws.

- 19.9 Intended Beneficiaries.** Agency and Grantee are the only parties to this Grant and are the only parties entitled to enforce its terms. Nothing in this Grant provides, is intended to provide, or may be construed to provide any direct or indirect benefit or right to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of this Grant.
- 19.10 Assignment and Successors.** Grantee may not assign or transfer its interest in this Grant without the prior written consent of Agency and any attempt by Grantee to assign or transfer its interest in this Grant without such consent will be void and of no force or effect. Agency's consent to Grantee's assignment or transfer of its interest in this Grant will not relieve Grantee of any of its duties or obligations under this Grant. The provisions of this Grant will be binding upon and inure to the benefit of the Parties hereto, and their respective successors and permitted assigns.
- 19.11 Contracts and Subgrants.** Grantee may not, without Agency's prior written consent, enter into any contracts or subgrants for any of the Project activities required of Grantee under this Grant. Agency's consent to any contract or subgrant will not relieve Grantee of any of its duties or obligations under this Grant.
- 19.12 Time of the Essence.** Time is of the essence in Grantee's performance of the Project activities under this Grant.
- 19.13 Records Maintenance and Access.** Grantee must maintain all financial records relating to this Grant in accordance with generally accepted accounting principles. In addition, Grantee must maintain any other records, whether in paper, electronic or other form, pertinent to this Grant in such a manner as to clearly document Grantee's performance. All financial records and other records, whether in paper, electronic or other form, that are pertinent to this Grant, are collectively referred to as "Records." Grantee acknowledges and agrees Agency and the Oregon Secretary of State's Office and the federal government and their duly authorized representatives will have access to all Records to perform examinations and audits and make excerpts and transcripts. Grantee must retain and keep accessible all Records for a minimum of six (6) years, or such longer period as may be required by applicable law, following termination of this Grant, or until the conclusion of any audit, controversy or litigation arising out of or related to this Grant, whichever date is later.
- 19.14 Headings.** The headings and captions to sections of this Grant have been inserted for identification and reference purposes only and may not be used to construe the meaning or to interpret this Grant.
- 19.15 Grant Documents.** This Grant consists of the following documents, which are incorporated by this reference and listed in descending order of precedence:
- This Grant less all exhibits
 - Exhibit A (the "Project")
 - Exhibit B (Common and Customized Framework)
 - Exhibit C (Insurance)

- 19.16 Merger, Waiver.** This Grant and all exhibits and attachments, if any, constitute the entire agreement between the Parties on the subject matter hereof. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Grant. No waiver or consent under this Grant binds either Party unless in writing and signed by both Parties. Such waiver or consent, if made, is effective only in the specific instance and for the specific purpose given.

SECTION 20: SIGNATURES

EACH PARTY, BY SIGNATURE OF ITS AUTHORIZED REPRESENTATIVE, HEREBY ACKNOWLEDGES IT HAS READ THIS GRANT, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.

IN WITNESS WHEREOF, the Parties have executed this Grant as of the dates set forth below.

STATE OF OREGON acting by and through its Department of Education

By: Philip Hofmann
Contracting Officer

11/08/2023
Date

Hillsboro SD 1J

By: Michelle Morrison
Michelle Morrison (Nov 28, 2023 14:08 PST)
Authorized Signature
Michelle Morrison
Printed Name
93-6001037
Federal Tax ID Number

11/28/2023
Date
Financial Officer
Title

Approved for Legal Sufficiency in accordance with ORS 291.047

By: Jake Hogue
Assistant Attorney General

November 8, 2023, via email
Date

EXHIBIT A

THE PROJECT

SECTION I – BACKGROUND AND GOALS

Signed into law in May of 2019, the Student Success Act (SSA) is a historic opportunity for Oregon schools. The law is rooted in equity, authentic community engagement and shared accountability for student success.

SSA establishes the Student Investment Account (SIA) to provide Oregon school districts and eligible charter schools with access to non-competitive grant funds. Each SIA applicant is required to work alongside educators, students, families, and their community to develop a plan and outline priorities and activities that align to the allowable uses in the law.

The SIA grants are for two purposes:

- 1) Meeting students’ mental or behavioral health needs, and
- 2) Increasing academic achievement and reducing academic disparities for students from racial or ethnic groups that have historically experienced academic disparities, students with disabilities, English language learners, economically disadvantaged students, students who are homeless, and students who are foster children.

SECTION II – PROJECT DEFINITIONS

The following capitalized terms have the meanings assigned below for purposes of Exhibits A and B.

“Act” means the “Student Success Act” codified in 2019 Oregon Laws Chapter 122, as amended from time to time, inclusive.

“Allowable Costs of the Project” means Grantee’s actual costs that are reasonable, necessary and directly related to the implementation of the Integrated Plan and are allowable uses of the Grant Funds under the Act.

“Baseline Targets” means the minimum expectations for improvement set forth in the Integrated Plan by the district in either: (i) raising academic achievement or (ii) reducing academic disparities and closing gaps, as further defined in the December 2019 “Guidance for Eligible Applicants”.

“Common Metrics” means the Five-Year Completion Rate, Third-Grade Reading Proficiency Rate, Ninth-Grade On-Track Rate, Regular Attendance Rate, and Four-Year On-Time Graduation rate used by the Agency to measure the success of activities funded by the SIA.

“Disaggregated” has the meaning given in section 12(a) of the Act.

“Five-Year Completion Rate” has the meaning given in section 12(b) of the Act.

“Focal Student Groups” means students from racial or ethnic groups that have historically experienced academic disparities, students with disabilities, English language learners, economically disadvantaged, students who are homeless and students who are foster children.

“Four-Year on-Time Graduation Rate” means the percentage of students who received a high school diploma or a modified diploma within four years of the student beginning the ninth grade.

“Gap Closing Targets” or “Closing Gap Targets” means the reduction of academic disparities between groups of students especially for Focal Student Groups set forth in the Integrated Plan based on the February 2022 “Aligning for Student Success: Integrated Guidance for Six ODE Initiatives”.

“Integrated Guidance” means the integration of the following six programs: High School Success (HSS), Student Investment Account (SIA), Continuous Improvement Planning (CIP), Career and Technical Education-Perkins V (CTE), Every Day Matters (EDM), and Early Indicators Intervention Systems (EIS). Together operationally, the guidance creates opportunities to improve outcomes and learning conditions for students and educators. Working within existing state statutes and administrative rules, ODE developed a framework for success that meets the core purpose of each program while trying to create a stronger framework from which progress, long-term impact, and learning approach to monitoring and evaluation is a hallmark of high-performing educational systems.

“Integrated Plan” means the plan developed following the Integrated Guidance, which includes the SIA, which has a focus on increasing academic achievement by all students, reducing academic disparities for identified student groups, and meeting students’ mental and behavioral health needs in addition to other needs deemed important at each school, stated outcomes, strategies, and activities. The plan may only be adjusted with approval from ODE staff in order to align with the anticipated outcomes and approved by Agency.

“Local Optional Metrics” means additional Progress Markers toward the Common Metrics included in the Integrated Plan.

“Longitudinal Performance Growth Targets (LPGTs)” means the required common metrics and optional locally defined metrics, including targets related to student mental and behavioral health needs, included in Grantee’s Integrated Plan.

“Ninth-grade On-Track Rate” has the meaning given in section 12(d) of the Act.

“Progress Markers” means sets of indicators set forth in the Integrated Plan that identify the kinds of changes Agency expects to see in policies, practices and approaches over the next three years that lead to Grantee reaching its LPGTs.

“Regular Attendance Rate” has the meaning given in section 12(f) of the Act.

“SIA Account” means the Student Investment Account established, pursuant to ORS 327.175, within the Fund for Student Success for the purpose of distributing grants under ORS 327.195.

“Stretch Targets” means significant improvement set forth in the Integrated Plan by the district in either: (i) raising academic achievement or (ii) reducing academic disparities and closing gaps, as further described in the December 2019 “Guidance for Eligible Applicants”.

“Third-Grade Reading Proficiency Rate” has the meaning given in section 12(g) of the Act.

SECTION III – PROJECT ACTIVITIES

Integrated Plan Implementation

Agency will disburse Grant Funds for Allowable Costs of the Project that implement Grantee’s Integrated Plan during the Performance Period in accordance with formula and activities described in the Act.

At the start of the 2023-2024 School Year, Grantee must begin to implement its Integrated Plan.

Grantees must use the Grant Funds only for:

(a) Increasing instructional time, which may include: (A) More hours or days of instructional time; (B) Summer programs; (C) Before-school or after-school programs; or (D) Technological investments that minimize class time used for assessments administered to students.

(b) Addressing students’ health or safety needs, which may include: (A) Social-emotional learning and development; (B) Student mental and behavioral health; (C) Improvements to teaching and learning practices or organizational structures that lead to better interpersonal relationships at the school; (D) Student health and wellness; (E) Trauma-informed practices; (F) School health professionals and assistants; or (G) Facility improvements directly related to improving student health or safety.

(c) Reducing class sizes, which may include increasing the use of instructional assistants, by using evidence-based criteria to ensure appropriate student-teacher ratios or staff caseloads.

(d) Expanding availability of and student participation in well-rounded learning experiences, which may include: (A) Developmentally appropriate and culturally responsive early literacy practices and programs in prekindergarten through third grade; (B) Culturally responsive practices and programs in grades six through eight, including learning, counseling and student support that is connected to colleges and careers; (C) Broadened curricular options at all grade levels, including access to: (i) Art, music and physical education classes; (ii) Science, technology, engineering and mathematics education; (iii) Career and technical education, including career and technical student organization programs; (iv) Electives that are engaging to students; (v) Accelerated college credit programs, including dual credit programs, International Baccalaureate programs and advanced placement programs; (vi) Dropout prevention programs and transition supports; (vii) Life skills classes; or (viii) Talented and gifted programs; or (D) Access to licensed educators with a library media endorsement

Administrative costs shall not exceed 5% or \$500,000, whichever is less, of Grantee’s total expenditures. Administrative costs may include (A) Ongoing community engagement; (B) costs associated with the administration of the grant.

Grantee must make satisfactory progress on Grantee’s Progress Markers and LPGT described in Exhibit B.

Grantee must periodically review its progress toward meeting Grantee’s Progress Markers and LPGT described in Exhibit B.

Subsection 2. Charter School Relationships

For each charter school applying for SIA Funds with the Grantee, please indicate the type of relationship you have: Either Fully Administered or Partially Administered.

Indicate Fully Administered if the Charter will be fully embedded within the Grantee's Integrated Plan and Budget

Indicate Partially Administered if the Grantee will provide broad fiscal and monitoring oversight, but the Charter will act largely independently.

Charter School(s)		
City View Charter School	<input type="checkbox"/> Fully Administered	<input checked="" type="checkbox"/> Partially Administered
	<input type="checkbox"/> Fully Administered	<input type="checkbox"/> Partially Administered
	<input type="checkbox"/> Fully Administered	<input type="checkbox"/> Partially Administered
	<input type="checkbox"/> Fully Administered	<input type="checkbox"/> Partially Administered
	<input type="checkbox"/> Fully Administered	<input type="checkbox"/> Partially Administered
	<input type="checkbox"/> Fully Administered	<input type="checkbox"/> Partially Administered

For Fully Administered Charters, all reporting must be done through the Grantee's reporting dashboard.

For Partially Administered Charters, the Grantee shall ensure that the Charter maintains its own Integrated Plan and Budget and reports progress separately on the Charter's reporting dashboard.

SECTION IV – REPORTING REQUIREMENTS

Grantee must submit quarterly financial and performance progress reports as well as a final yearly report on the dates set forth in Section V. This reporting requirement shall survive termination of this Agreement.

Financial Reports

Beginning in October of 2023 and continuing each quarter thereafter, Grantee must submit a financial report detailing its expenditure of Grant Funds to the Agency using the form provided by the Agency.

Reports are due 30 days after the end of each fiscal year quarter. The yearly report will be due no later than 60 days after the end of the performance period.

If Grantee does not use the Grant Funds for Allowable Project Costs Agency may exercise the remedies provided in Section 17 of this Grant, including without limitation deducting amounts from future disbursements of Grant Funds.

Any Grant Funds that are not used by Grantee by September 30 of each grant year, must be returned to Agency for deposit in the Student Investment Account.

Integrated Plan Performance Reporting

The Agency will closely monitor and evaluate Grantee's progress towards its Progress Markers.

Beginning in October of 2023 and continuing each quarter thereafter, Grantee must submit a narrative Performance Progress Report detailing its Integrated Plan activities to the Agency using the form provided by the Agency. Reports are due 30 days after the end of each fiscal year quarter. Reports include providing Progress Marker updates. The yearly report will be due no later than 60 days after the end of the performance period.

SIA Grant Monitoring

The Agency will monitor Grantee's performance under this Grant in person, video conferencing or by phone. Agency will provide written notice to Grantee, as provided in Section 19.4 of the Grant, at least 15 days in advance of Agency's monitoring activities and will schedule in person visits, video conferencing and phone calls.

A Grant monitoring visit or call may cover a variety of topics at Agency's discretion including but not limited to: Grantee's compliance with the SIA Account purposes; challenges faced by the Grantee in implementing its Plan; Integrated Plan outcomes; its budget and expenditure of moneys received from the SIA Account, Grantee's progress toward achieving its Progress Markers; financial reporting, any expenditure changes, and reconciliation of Grant Funds; or Grantee's training and technical assistance needs.

Before an on-site visit, the Agency will advise Grantee on how to prepare for the monitoring visit and financial reconciliation, the format for the visit, and which Grantee organizational leaders, staff or others should be involved in the visit. Once a date and time are confirmed, the Grantee should send a notification to its organizational leaders, staff, students and community partners who are expected to participate; identify a meeting location and prepare all necessary monitoring documents and data.

The department may establish a procedure for conducting performance audits on a random basis or based on just cause as allowed under rules adopted by the board.

Each grant recipient must conduct a performance review every four years as required by standards adopted in board rule.

SECTION V – DISBURSEMENT and REPORTING PROVISIONS

Agency will disburse the Grant Funds using its Electronic Grants Management System (“EGMS”), on a quarterly basis as outlined below:

Disbursement Date	Quarterly Amount
July 1	25% of funds allocated
October 1	25% of funds allocated
January 1	25% of funds allocated
April 1	25% of funds allocated

If this Grant is not fully executed by July 1, annually, the Agency will disburse the Grant Funds within 30 days of the Execution Date.

Agency will disburse the Grant Funds in quarterly disbursements in advance of expenditures, not on a reimbursement basis. While we encourage grantees to draw funds down following the schedule noted above, 100% of funds must be drawn down by June 30th, each year.

Grantee must submit its financial and performance progress reports by the following dates:

October 31

January 31

April 30

November 30 (Annual Report)

Grantee shall provide to Agency the minutes from the board meeting demonstrating that Grantee’s Financial Audit was presented at an open meeting with the opportunity for public comment (not a consent agenda item). These board minutes must be submitted alongside the Second Quarterly Report.

Grantee shall provide to Agency the minutes from the board meeting demonstrating that Grantee’s Annual Report was presented at an open meeting with the opportunity for public comment (not a consent agenda item). These board minutes must be submitted alongside the Annual Report.

Grantee must post its Annual Report to Grantee’s webpage.

EXHIBIT B

COMMON AND CUSTOMIZED PERFORMANCE FRAMEWORK

HILLSBORO SD 1J

SECTION I – PROGRESS MARKERS FOR 2023-2025 BIENNIUM

The Progress Markers are a mechanism to support a developmental approach to evaluation with a focus on learning about the kinds of changes that happen from distinct investments. Grantees will provide updates toward these Progress Markers through the quarterly/annual reports. The following fifteen Progress Markers are arranged into three categories that represent the advancement in degree of change from minimum to profound as described and listed below:

- A. “Start to See: Early Signs of Progress”** Based on your investments and activities, what changes or contributions are you noticing? What practices are improving?
- B. “Gaining Traction: Intermediate Changes”** Based on your investments and activities, are you seeing any of these impacts?
- C. “Profound Progress: Substantial and Significant Changes”** Based on your investments and activities, are any of these more transformational changes noticeable?

A. Start to See: Early Signs of Progress

1	Community engagement is authentic, consistent, and ongoing. The strengths that educators, students, families, focal groups, and tribal communities bring to the educational experience informs school and district practices and planning.
2	Equity tools are utilized in continuous improvement cycles, including the ongoing use of an equity lens or decision-tool that impacts policies, procedures, people/students, resource allocation, and practices that may impact grading, discipline, and attendance.
3	Data teams are formed and provided time to meet regularly to review disaggregated student data in multiple categories (grade bands, content areas, attendance, discipline, mental health, participation in advanced coursework, formative assessment data, etc.). These teams have open access to timely student data and as a result decisions are made that positively impact district/school-wide systems and focal populations.
4	Schools and districts have an accurate inventory of literacy assessments, tools, and curriculum being used, including digital resources, to support literacy (reading, writing, listening, and speaking). The inventory includes a review of what resources and professional development are research-aligned, formative, diagnostic, and culturally responsive.

B. Gaining Traction: Intermediate Changes

5	Two-way communication practices are in place, with attention to mobile students and primary family languages. Families understand approaches to engagement and attendance, literacy strategy, math vision, what “9th grade on-track” means, graduation requirements, access to advanced/college-level courses and CTE experiences, and approaches to supporting student well-being and well-rounded education.
6	Student agency and voice is elevated. Educators use student-centered approaches and instructional practices that shift processes and policies that actualize student and family ideas and priorities.
7	Action research, professional learning, data teams, and strengths-based intervention systems are supported by school leaders and are working in concert to identify policies, practices, or procedures informed by staff feedback to meet student needs, including addressing systemic barriers, the root-causes of chronic absenteeism, academic disparity, and student well-being. These changes and supports are monitored and adjusted as needed.
8	Comprehensive, evidence-informed, culturally responsive literacy plans, including professional development for educators, are documented and communicated to staff, students (developmentally appropriate), and families. Literacy plans and instruction are evaluated and adjusted to deepen students’ learning. Digital resources are being used with fidelity to advance learners’ engagement with instruction.
9	A review of 9th grade course scheduling, as it relates to on-track status for focal student groups, accounts for core and support core class placement . School staff ensure emerging bilingual students are enrolled in appropriate credit-bearing courses that meet graduation requirements.
10	Foundational learning practices that create a culturally sustaining and welcoming climate are visible. This includes practices that ensure safe, brave, and welcoming classrooms, schools and co/extracurricular environments. Strengths-based, equity-centered, trauma and SEL-informed practices are present and noticeable. Policies and practices prioritize health, well-being, care, connection, engagement, and relationship building. Multiple ways of being are supported through culturally affirming and sustaining practices for students, staff, and administrators.

C. Profound Progress: Substantial and Significant Changes

11	Schools strengthen partnerships with active community organizations and partners, including local public health, mental health, colleges, workforce development boards, employers, labor partners, faith communities, Tribal nations, and other education partners in order to collaboratively support students’ growth and well-being. Characteristics of strong partnerships include mutual trust and respect, strengths-based and collaborative approaches, clear communication around roles, and shared responsibilities and decision-making power.
12	Financial stewardship reflects high-quality spending with accurate and transparent use of state and federal funds in relationship to a comprehensive needs assessment, disaggregated data, and the priorities expressed by students, families, communities, business, and Tribal partners in resource allocation and review.
13	Students and educators experience a well-rounded and balanced use of assessment systems that help them identify student learning in the areas of the Oregon State Standards. Educators understand how to assess emerging multilingual students’ assets to inform gauging progress.
14	Policies, practices, and learning communities address systemic barriers. Schools and districts have a process to identify, analyze, and address barriers that disconnect students from their educational goals, impact student engagement or attendance, and/or impede students from graduating on-time or transitioning to

	their next steps after high school. Staff members are consistently engaging in action research, guided by student's strengths and interests, to improve their practice and advance professional learning.
15	Schools create places and learning conditions where every student, family, educator and staff member is welcomed, where their culture and assets are valued and supported, and where their voices are integral to decision making. Instruction is monitored and adjusted to advance and deepen individual learners' knowledge and understanding of the curriculum. Educators are empowered with agency and creativity. Communities are alive with visions, stories, and systems of vitality, wholeness, and sustainability.

SECTION II – FINALIZED CO-DEVELOPED LPGTS

The Longitudinal Performance Growth Targets (LPGTs) include baseline, stretch, and gap-closing targets for each of the common metrics. These targets center focal student groups while supporting public transparency and learning. Progress toward meeting these Longitudinal Performance Growth Targets will be included in the Annual Report. While all three types of targets are named in the Grant Agreement, ODE will review and consider when or if intervention is needed using only the Baseline and Gap-Closing Targets

Target Type	2023-24	2024-25	2025-26	2026-27	2027-28
Four Year Cohort Graduation					
Baseline Target: All Students	86.70%	87.20%	87.80%	88.30%	88.80%
Stretch Target: All Students	87.00%	87.70%	88.50%	89.20%	90.00%
Gap-Closing Target: All Focal Group Students	83.60%	84.90%	86.20%	87.50%	88.80%
Five Year Cohort Completion					
Baseline Target: All Students	91.60%	91.90%	92.30%	92.60%	93.00%
Stretch Target: All Students	92.00%	92.70%	93.50%	94.20%	95.00%
Gap-Closing Target: All Focal Group Students	88.60%	89.70%	90.80%	91.90%	93.00%

9th Grade on-Track					
Baseline Target: All Students	90.10%	91.30%	92.60%	93.80%	95.00%
Stretch Target: All Students	90.70%	92.50%	94.40%	>95.00%	>95.00%
Gap-Closing Target: All Focal Group Students	87.00.%	89.00%	91.00%	93.00%	95.00%
3rd Grade ELA Proficiency					
Baseline Target: All Students	45.00%	46.20%	47.50%	48.70%	50.00%
Stretch Target: All Students	46.00%	48.20%	50.50%	52.70%	55.00%
Gap-Closing Target: All Focal Group Students	33.43%	35.93%	38.43%	40.93%	43.43%
Regular Attenders					
Baseline Target: All Students	69.50%	72.00%	75.50%	77.70%	80.00%
Stretch Target: All Students	72.00%	75.20%	78.50%	81.70%	85.00%
Gap-Closing Target: All Focal Group Students	57.00%	60.00%	63.60%	67.20%	70.80%

SECTION III – APPROVED LOCAL OPTIONAL METRICS (IF APPLICABLE)

Local optional metrics are designed to allow grantees to set and monitor metrics connected to outcomes they've described in their Integrated Plan.

	2023-24	2024-25	2025-26	2026-27	2027-28
Local Optional Metrics					
3rd Grade ELA Proficiency Stretch Gap-Closing Target	34.80%	38.60%	42.40%	46.20%	50.00%
3rd Grade ELA Proficiency Stretch Gap-Closing Target	60.20%	65.10%	70.10%	75.00%	80.00%
Gap-Closing Target: All Focal Group Students					

EXHIBIT C

INSURANCE

INSURANCE REQUIREMENTS

Grantee/Recipient shall obtain at Grantee/Recipient's expense the insurance specified in this Exhibit C prior to performing under this Contract. Grantee/Recipient shall maintain such insurance in full force and at its own expense throughout the duration of this Contract, as required by any extended reporting period or continuous claims made coverage requirements, and all warranty periods that apply. Grantee/Recipient shall obtain the following insurance from insurance companies or entities that are authorized to transact the business of insurance and issue coverage in the State of Oregon and that are acceptable to Agency. All coverage shall be primary and non-contributory with any other insurance and self-insurance, with the exception of Professional Liability and Workers' Compensation. Grantee/Recipient shall pay for all deductibles, self-insured retention, and self-insurance, if any.

If Grantee/Recipient maintains broader coverage and/or higher limits than the minimums shown in this insurance requirement exhibit, Agency requires and shall be entitled to the broader coverage and/or higher limits maintained by Grantee/Recipient.

WORKERS' COMPENSATION & EMPLOYERS' LIABILITY

All employers, including Grantee/Recipient, that employ subject workers, as defined in ORS 656.027, shall comply with ORS 656.017, and provide workers' compensation insurance coverage for those workers, unless they meet the requirement for an exemption under ORS 656.126(2). Grantee/Recipient shall require and ensure that each of its subcontractors complies with these requirements. If Grantee/Recipient is a subject employer, as defined in ORS 656.023, Grantee/Recipient shall also obtain employers' liability insurance coverage with limits not less than \$500,000 each accident.

If Grantee/Recipient is an employer subject to any other state's workers' compensation law, Contactor shall provide workers' compensation insurance coverage for its employees as required by applicable workers' compensation laws including employers' liability insurance coverage with limits not less than \$500,000 and shall require and ensure that each of its out-of-state subcontractors complies with these requirements.

As applicable, Grantee/Recipient/Recipient shall obtain coverage to discharge all responsibilities and liabilities that arise out of or relate to the Jones Act with limits of no less than \$5,000,000 and/or the Longshoremen's and Harbor Workers' Compensation Act.

COMMERCIAL GENERAL LIABILITY

Grantee/Recipient shall provide Commercial General Liability Insurance covering bodily injury and property damage in a form and with coverage that are satisfactory to the State. This insurance must include personal and advertising injury liability, products and completed operations, contractual liability coverage for the indemnity provided under this contract, and have no limitation of coverage to designated premises, project, or operation. Coverage must be written on an occurrence basis in an amount of not less than \$1,000,000 per occurrence and not less than \$2,000,000 annual aggregate limit.

AUTOMOBILE LIABILITY INSURANCE

☒ Required ☐ Not required

Grantee/Recipient shall provide Automobile Liability Insurance covering Grantee/Recipient's business use including coverage for all owned, non-owned, or hired vehicles with a combined single limit of not less than \$1,000,000 for bodily injury and property damage. This coverage may be written in combination with the Commercial General Liability Insurance (with separate limits for Commercial General Liability and

Automobile Liability). Use of personal automobile liability insurance coverage may be acceptable if evidence that the policy includes a business use endorsement is provided.

PROFESSIONAL LIABILITY

☒ **Required** ☐ **Not required**

Grantee/Recipient shall provide Professional Liability covering any damages caused by an error, omission or any negligent acts related to the services to be provided under this Contract by the Grantee/Recipient and Grantee/Recipient's subcontractors, agents, officers or employees in an amount not less than \$1,000,000 per claim and not less than \$2,000,000 annual aggregate limit.

If coverage is provided on a claims made basis, then either an extended reporting period of not less than 24 months shall be included in the Professional Liability insurance coverage, or the Grantee/Recipient shall provide Continuous Claims Made coverage as stated below.

EXCESS/UMBRELLA INSURANCE

A combination of primary and excess/umbrella insurance may be used to meet the required limits of insurance. When used, all of the primary and umbrella or excess policies shall provide all of the insurance coverages herein required, including, but not limited to, primary and non-contributory, additional insured, Self-Insured Retentions (SIRs), indemnity, and defense requirements. The umbrella or excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying insurance. No insurance policies maintained by the Additional Insureds, whether primary or excess, and which also apply to a loss covered hereunder, shall be called upon to contribute to a loss until the Contractor's primary and excess liability policies are exhausted.

If excess/umbrella insurance is used to meet the minimum insurance requirement, the Certificate of Insurance must include a list of all policies that fall under the excess/umbrella insurance.

ADDITIONAL INSURED

All liability insurance, except for Workers' Compensation, Professional Liability, Pollution Liability and Network Security and Privacy Liability (if applicable), required under this Contract must include an additional insured endorsement specifying the State of Oregon, its officers, employees, and agents as Additional Insureds, but only with respect to Grantee/Recipient's activities to be performed under this contract. Coverage shall be primary and non-contributory with any other activities to be performed under this Grant.

Regarding Additional Insured status under the General Liability policy, we require additional insured status with respect to liability arising out of ongoing operations and completed operations, but only with respect to Grantee/Recipient's activities to be performed under this Contract. The Additional Insured endorsement with respect to liability arising out of your ongoing operations must be on or at least as broad as ISO Form CG 20 10 and the Additional Insured endorsement with respect to completed operations must be on or at least as broad as ISO form CG 20 37.

WAIVER OF SUBROGATION

Grantee waives, and must require its first tier contractors and subgrantees waive, rights of subrogation which Grantee, Grantee's first tier contractors and subgrantees, if any, or any insurer of Grantee may acquire against the Agency or State of Oregon by virtue of the payment of any loss. Grantee must obtain, and require its first tier contractors and subgrantees to obtain, any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the Agency has received a waiver of subrogation endorsement from the Grantee or the Grantee's insurer(s).

CONTINUOUS CLAIMS MADE COVERAGE

If any of the required liability insurance is on a claims made basis and does not include an extended reporting period of at least 24 months, then Grantee/Recipient shall maintain continuous claims made liability coverage, provided the effective date of the continuous claims made coverage is on or before the effective date of the Grant Agreement, for a minimum of 24 months following the later of:

1. Grantee/Recipient's completion and Agency's acceptance of all Services required under the Contract, or
2. Agency or Grantee/Recipient termination of this Contract, or
3. The expiration of all warranty periods provided under this Contract.

CERTIFICATE(S) AND PROOF OF INSURANCE

Grantee/Recipient shall provide to Agency Certificate(s) of Insurance for all required insurance before delivering any Goods and performing any Services required under this Contract. The Certificate(s) shall list the State of Oregon, its officers, employees and agents as a Certificate holder and as an endorsed Additional Insured. The Certificate(s) shall also include all required endorsements or copies of the applicable policy language effecting coverage required by this Contract. If excess/umbrella insurance is used to meet the minimum insurance requirement, the Certificate of Insurance must include a list of all policies that fall under the excess/umbrella insurance. As proof of insurance Agency has the right to request copies of insurance policies and endorsements relating to the insurance requirements in this Contract.

NOTICE OF CHANGE OR CANCELLATION

The Grantee/Recipient or its insurer must provide at least 30 days' written notice to Agency before cancellation of, material change to, potential exhaustion of aggregate limits of, or non-renewal of the required insurance coverage(s).

INSURANCE REQUIREMENT REVIEW

Grantee/Recipient agrees to periodic review of insurance requirements by Agency under this Contract and to provide updated requirements as mutually agreed upon by Grantee/Recipient and Agency.

STATE ACCEPTANCE

All insurance providers are subject to Agency acceptance. If requested by Agency, Grantee/Recipient shall provide complete copies of insurance policies, endorsements, self-insurance documents and related insurance documents to Agency's representatives responsible for verification of the insurance coverages required under this Exhibit C.

Additional Coverages That May Apply:

DIRECTORS, OFFICERS AND ORGANIZATION LIABILITY:

☒ **Required** ☐ **Not required**

Grantee/Recipient shall provide **Directors, Officers and Organization** insurance covering the Grantee/Recipient's Organization, Directors, Officers, and Trustees actual or alleged errors, omissions, negligent, or wrongful acts, including improper governance, employment practices and financial oversight - including improper oversight and/or use of use of grant funds and donor contributions which includes state or federal funds - with a combined single limit of not less than \$1,000,000 per claim.

PHYSICAL ABUSE AND MOLESTATION INSURANCE COVERAGE:

☒ **Required** ☐ **Not required**

Grantee/Recipient shall provide Abuse and Molestation Insurance in a form and with coverage that are satisfactory to the State covering damages arising out of actual, perceived, or threatened physical abuse, mental injury, sexual molestation, negligent: hiring, employment, supervision, training, investigation, reporting to proper authorities, and retention of any person for whom the Grantee/Recipient is responsible including but not limited to Grantee/Recipient and Grantee/Recipient's employees and volunteers. Policy endorsement's definition of an insured shall include the Grantee/Recipient, and the Grantee/Recipient's employees and volunteers. Coverage shall be written on an occurrence basis in an amount of not less than \$1,000,000 per occurrence and not less than \$3,000,000 annual aggregate. Coverage can be provided by a separate policy or as an endorsement to the commercial general liability or professional liability policies. The limits shall be exclusive to this required coverage. Incidents related to or arising out of physical abuse, mental injury, or sexual molestation, whether committed by one or more individuals, and irrespective of the number of incidents or injuries or the time period or area over which the incidents or injuries occur, shall be treated as a separate occurrence for each victim. Coverage shall include the cost of defense and the cost of defense shall be provided outside the coverage limit.






HillsboroSD_SIA GA 2023-25

Final Audit Report

2023-11-28

Created:	2023-11-28
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-  Document created by Lisa Hicks (hicksl@hsd.k12.or.us)
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-  Document e-signed by Michelle Morrison (morrisom@hsd.k12.or.us)
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-  Agreement completed.
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HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
APPROVAL HIGH SCHOOL COURSE: CONSTRUCTION 3

SITUATION

On November 14, 2023, the Board of Directors heard a presentation for one new high school course. The course came forward from Glencoe High School. Construction 3 was presented by Melissa Pendergrass, Coordinator of Career and College Pathways and Todd Patterson, CTE Construction Teacher. If approved, this course would be available to be offered in the 2024-2025 school year.

RECOMMENDATION

The Superintendent recommends that the Board of Directors approve the proposed course, Construction 3.

I move that the Board of Directors approve the proposed course Construction 3.

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
APPROVE EARLY LITERACY SUCCESS GRANT

SITUATION

On November 14, 2023, the Board of Directors heard a presentation from Assistant Superintendents Audrea Neville and Brooke Nova regarding the Hillsboro School District plan for the Early Literacy Success Grant. The Oregon Department of Education will administer noncompetitive, application based, annual grant-in-aid to school districts and eligible public charter schools that are elementary schools to support PK-3rd grade comprehensive early literacy plans for the 2023-25 biennium funded through the Statewide Education Initiatives Account.

The Hillsboro School District proposed plan includes: Professional development and coaching in research aligned literacy strategies for teachers and administrators in early elementary grades. Extended learning programs that use research-aligned literacy strategies within the delivery model of an intensive summer school program for students who need the most additional support and who receive direct literacy instruction by an instructional assistant and/or a licensed teacher trained in research-aligned literacy strategies. High-dosage tutoring that uses Science of Reading principles and is delivered by a qualified tutor or tutoring program. The adoption and implementation of curricula that uses research-aligned literacy strategies. Literacy specialists and coaches to support all of the above.

The Oregon Department of Education recommends receiving approval from local school boards in December due to the timing of the grant application opening December 1, 2023.

RECOMMENDATION

The Superintendent recommends that the Board of Directors approves the Early Literacy Success Grant plan.

I move that the Board of Directors approve the Early Literacy Success Grant plan.

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
ELECT MEMBERS TO OREGON SCHOOL BOARDS ASSOCIATION BOARD OF
DIRECTORS AND LEGISLATIVE POLICY COMMITTEE AND APPROVE
RESOLUTIONS

SITUATION

The Oregon School Board Association (OSBA) governance model provides that member districts elect members to the OSBA Board of Directors and Legislative Policy Committee (LPC). Washington County school districts have been represented by positions 15, 16, and 20, which are staggered, two-year terms. Position 15 and 16 are open for election to the OSBA Board of Directors and will be filled for two-year terms. Additionally, there is a resolution to adopt the proposed OSBA Legislative Priorities and Principles.

District votes must be submitted no later than 5:00 PM on December 15, 2023. Each member board shall have one vote for each open OSBA board position in their geographic area. Newly elected OSBA board members will officially take office on January 1, 2024. Candidate questionnaires and resumes may be viewed on the OSBA website at:

<https://osba.org/osba-elections-information-3/#election-resources>

The nominees are listed below:

OSBA Board	Position	Candidate	Organization
Board of Directors	16	Tristan Irvin	Tigard-Tualatin 23J
Legislative Policy	16	Becky Tymchuk	Northwest Regional ESD

Additionally, the following resolutions will be voted on by the OSBA membership during electronic voting Nov. 15 – Dec. 15, 2023:

- [Resolution 1](#) – Creates the Oregon Rural School Board Members Caucus and designate a seat on the OSBA Board of Directors and Legislative Policy Committee; and
- [Resolution 2](#) – Adopts the proposed amendments to the OSBA Bylaws. View the crosswalk for the proposed changes to the OSBA Bylaws [here](#).

Following the election, the Board secretary will record the vote electronically with OSBA.

RECOMMENDATION

The Superintendent recommends that the Board of Directors take action on the following motion, using the sample script provided by OSBA:

I move that the Board of Directors cast its vote for Tristan Irvin for the OSBA Board of Directors, position 16.

I move that the Board of Directors cast its vote for Becky Tymchuk for the OSBA Legislative Policy Committee, position 16.

I move that the Board of Directors approve Resolution 1 to create the Oregon Rural School Board Members Caucus and designate a seat on the OSBA Board of Directors and Legislative Policy Committee.

I move that the Board of Directors approve Resolution 2 to adopt the proposed amendments to the OSBA Bylaws.

HILLSBORO SCHOOL DISTRICT 1J
December 5, 2023
ADOPT PLANNING CALENDAR FOR THE 2024-25 BUDGET

SITUATION

Each year, the Board of Directors adopts a budget planning calendar for the upcoming year, in accordance with ORS 294.305 – 294.565 and Board policy DBC. Key dates on the calendar include:

- The 2024-25 Proposed Budget will be presented during the Budget Committee meeting on April 23, 2024.
- Provision has been made for an additional Budget Committee meeting on May 7, 2024, if needed.
- The calendar provides for the Public Hearing and Board actions to be taken during the regular June 18, 2024, Board meeting.

The Supplemental Budget timeline for the current fiscal year will align with the Budget Development calendar.

- If needed, the 2023-24 Supplemental Budget will be presented during the Budget Committee meeting on April 23, 2024.
- Provision has been made for an additional Budget Committee meeting on May 7, 2024, if needed.
- The calendar provides for the Public Hearing and Board actions to be taken during the regular June 18, 2024, Board meeting.

RECOMMENDATION

The Superintendent recommends that the Board of Directors take action on the following motion:

I move that the Board of Directors adopt the planning calendar for the 2024-25 budget.

Budget Planning Calendar

Hillsboro School District Budget Development activities are listed in the table below. The items may be modified as relevant information becomes available. Please watch for new information on the Budget Matters website.

Date	Activity
November 14, 2023	Appoint Budget Committee Members to Vacant Positions
December 5, 2023	Budget Planning Calendar Approved
January 23, 2024	Budget Development Update: Preliminary Outlook
February 27, 2024	Budget Development Update: Investment Plan
Interim Period	Gather input and update projections for Proposed Budget
April 23, 2024	Budget Committee Meeting: Committee members review proposed budget documents, receive Budget Message, and may approve the budget for Hearing. If needed, a Supplemental Budget for the Current Year will also be proposed.
May 7, 2024	Additional Budget Committee Meeting (if needed)
June 18, 2024	Budget Hearing: Board Adopts Budget, Makes Appropriations, Declares the Levy.
July 1, 2024	Implement Budget
July 15, 2024	Levy Certified to Assessor, and Adopted Budgets distributed per Local Budget Law and district best practice.

Publications:

Per local budget law (ORS 294.305 – 294.565), the Notice of Budget Meeting will be published in the Hillsboro Tribune twice; the first time not more than 30 days prior to the meeting date and the second time not less than 5 days prior to the meeting (with a minimum of 7 days in between publications). The Notice of Budget Hearing and Budget Summary will be published once not more than 25 days or less than 5 days prior to the Budget Hearing date.