



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

HILLSBORO SCHOOL DISTRICT 1J  
3083 NE 49TH PLACE  
HILLSBORO, OR 97124  
[WWW.HSD.K12.OR.US](http://WWW.HSD.K12.OR.US)





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

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**for the Fiscal Year Ended June 30, 2022**

*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 23, 2022

Board of Directors  
Hillsboro School District 1J  
Washington County  
3083 NE 49<sup>th</sup> 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, 2022.

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, 2022, 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.

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***Engage and challenge all learners to ensure academic excellence***

3083 NE 49th Place, AC 104, Hillsboro, OR 97124-6006  
TEL: 503-844-1500 ■ FAX: 503-844-1551 ■ WEB: [www.hsd.k12.or.us](http://www.hsd.k12.or.us)

## 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 2021-22, management staff consisted of 1 superintendent, 2 assistant superintendents, 7 executive directors, 10 directors, 3 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 1,224 teachers and 1,182 support staff, including instructional assistants, secretaries, clerks, bus drivers, cooks, custodians, maintenance workers, and various other professional and technical staff. The District operates 26 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 2016-22 Plan has a laser-like focus on maximizing the student experience and ensuring that students leave the system prepared for success in post-secondary endeavors and civic life. Goals are identified annually to move toward all students graduating with career-and college-readiness skills. Progress data is shared with the community annually in March. 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 141,746. 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 1,077, or an average of approximately 0.54 percent per year during the last decade. To project future growth, District leadership uses studies by conducted by Portland State University, Davis Demographics, regional partnership feedback and historical data.

School Year	Average Daily Membership
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
12-13	19,809

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 2022 shows the PMSA unemployment rate at 3.5 percent. In late August 2022, 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 \$3.5 billion, which will be credited to taxpayers when they file their individual income tax returns in

Spring 2024. The projected corporate kicker is \$1.1 billion, which will be retained for educational spending, but will not result in an increase to the overall State School Fund appropriation of \$9.3 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 an increase in student enrollment over the next several years with the expansion of the Urban Growth Boundary (UGB) in South Hillsboro, Cornelius, and the South Cooper Mountain area. The District has purchased 90 acres in the South Hillsboro UGB expansion area for future school sites to accommodate this growth. The District also owns 40 acres in the Cornelius UGB expansion area on which to build if enrollment growth requires additional facilities.

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

In the spring of 2016, Hillsboro community schools, District staff, and the Board of Directors revised their five-year Strategic Plan, which is the District’s blueprint for educational excellence. The Strategic Plan focuses on students’ equitable experiences and outcomes, and includes five strategy areas:

- Instruction
  - High-quality curricular, co-curricular and extracurricular offerings
  - Highly qualified staff
- Learning Environments
  - Equitable, safe, and inclusive
  - Engaging and relevant
  - Clear pathways and multiple opportunities
- Leadership for Learning
  - Continuous improvement
  - Data-driven decision-making
- Organization
  - Fiscal responsibility, long-range planning
  - Effective communication and community involvement
  - Human resources management
- Governance
  - Commitment to quality and progress
  - Setting the conditions and providing resources for success

During the 2021-22 year, Hillsboro School District focused on maintaining financial stability within the District, while focusing staffing and resources to promote increased student achievement. This objective includes protecting the integrity of the District’s programs against financial uncertainties, while adequately addressing student services within the District.

## 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, 2021. This was the twenty-seventh 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 comprehensive annual 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 2022 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 2022-23 budget year. This award reflects the District’s transparency and accountability efforts that support the Strategic Plan and community engagement.

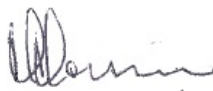
**ACKNOWLEDGMENTS**

We wish to express our appreciation to the entire Business Office staff for their efforts and contributions to this Comprehensive Annual 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,



Michael Scott  
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, 2021

*Christopher P. Morill*

Executive Director/CEO

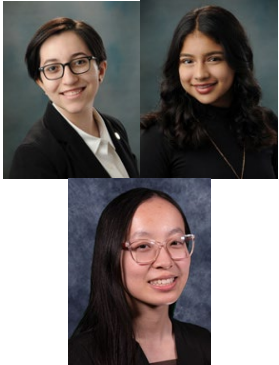
**HILLSBORO SCHOOL DISTRICT 1J**

Washington County, Oregon

**OFFICIALS OF THE DISTRICT**

**JUNE 30, 2022**

**BOARD OF DIRECTORS**

<p><b><u>Position 1</u></b> Erika Lopez July 2021 - June 2025</p> 	<p><b><u>Position 2</u></b> Mark Watson July 2021 - June 2025</p> 	<p><b><u>Position 3</u></b> Nancy Thomas July 2021 - June 2025</p> 	<p><b><u>Position 4</u></b> See Eun Kim July 2019 - June 2023</p> 
<p><b><u>Position 5</u></b> Lisa Allen July 2019 - June 2023</p> 	<p><b><u>Position 6</u></b> Monique Ward July 2021 - June 2025</p> 	<p><b><u>Position 7</u></b> Yadira Martinez February 2019 - June 2023</p> 	<p><b><u>Student Representatives</u></b> Ceph Tronco Kaylee Vazquez Burgos Michelle Chen</p> 

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

**DISTRICT ADMINISTRATION**

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





# 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As discussed in the notes to the financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, in the current period, which resulted in changes to the presentation of lease 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**

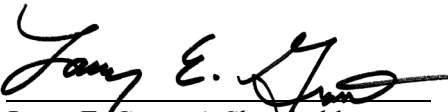
#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2022 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 23, 2022, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By:   
Larry E. Grant, A Shareholder  
November 23, 2022

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**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022. 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 \$115.8 million (net position). Of this amount, \$114.6 million represents the District's net investment in capital assets, \$23.7 million is restricted for special programs, debt service and capital projects, and the remaining (\$254.1) million is unrestricted. The District's overall net position has increased from the restated 2021 value by \$39.1 million.
- For the fiscal year ended June 30, 2022, the District's total current and other assets decreased by \$53.9 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 \$99.0 million, a decrease of \$47.0 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 Assigned and Unassigned fund balance for the General Fund was \$20.2 million, or about 9.3 percent of total General Fund expenditures. The Unassigned fund balance is \$ 9,491,915 or 4.0 percent.
- The District's total long-term obligations decreased by \$159.3 million during the 2021-22 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, 2022**

**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, 2022**

**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, 2022**

**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 27-70 of this report.

**Supplementary Information**

Schedules presenting detailed budgetary information for individual funds and other supplementary information can be found on pages 71-94 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 \$115.8 million at June 30, 2022.

**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 80.9 percent and cash and investments represent about 14.5 percent of total assets. The remaining assets consist mainly of grants and property taxes receivable.

The District's largest liability (96.3 percent) is for the repayment of long-term obligations. Other liabilities, representing 3.7 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, 2022**

**3. GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Hillsboro School District 1J  
Net Position  
(in thousands)**

	Governmental Activities		Increase
	2022	2021*	(Decrease)
Current and other assets	\$ 131,723	\$ 185,628	\$ (53,905)
Capital and lease assets	558,304	512,814	45,490
Total assets	690,027	698,442	(8,415)
Deferred outflows of resources	75,429	88,637	(13,208)
Total assets and deferred outflows	765,456	787,079	(21,623)
Current and other liabilities	28,348	34,304	(5,956)
Long-term obligations outstanding	728,833	888,136	(159,303)
Total liabilities	757,181	922,440	(165,259)
Deferred inflows of resources	124,091	19,564	104,527
Total liabilities and deferred inflows	881,272	942,004	(60,732)
Net position:			
Net investment in capital assets	114,624	100,801	13,823
Restricted	23,731	15,713	8,018
Unrestricted	(254,171)	(271,439)	17,268
Total net position	\$ (115,816)	\$ (154,925)	\$ 39,109

During the current fiscal year, the District's net position increased by \$39.1 million, as more fully described in the following section.

\*Restated per cancelling of prior year bus lease, implementation of GASB Statement No. 87, and adjustment to capital assets. See Notes to Basic Financial Statements 14.

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022, are as follows:

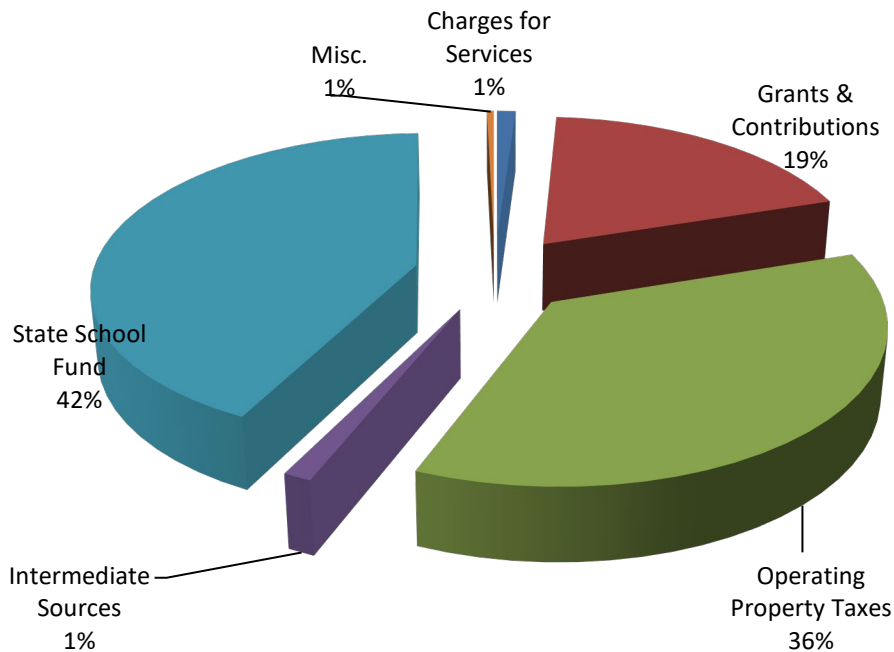
<b>Hillsboro School District 1J</b>			
<b>Changes in Net Position</b>			
<b>(in thousands)</b>			
	Governmental Activities 2022	2021*	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 3,686	\$ 979	\$ 2,707
Operating grants and contributions	65,040	39,762	25,278
General revenues:			
Property taxes	124,538	120,763	3,775
State school fund – general support	145,150	138,615	6,535
Unrestricted intermediate sources	4,209	4,248	(39)
Earnings on investments	544	1,736	(1,192)
Miscellaneous	1,368	1,296	72
<b>Total Revenues</b>	<b>344,535</b>	<b>307,399</b>	<b>37,136</b>
Expenses:			
Instruction	165,704	189,492	(23,788)
Support services	107,803	115,619	(7,816)
Enterprise and community services	11,992	12,829	(837)
Interest on long-term debt	19,927	21,466	(1,539)
<b>Total Expenses</b>	<b>305,426</b>	<b>339,406</b>	<b>(33,980)</b>
Increase (decrease) in net position	39,109	(32,007)	71,116
Net position – July 1	(154,925)	(122,918)	(32,007)
Net position – June 30	<b>\$ (115,816)</b>	<b>\$ (154,925)</b>	<b>\$ 39,109</b>

\*Restated per cancelling of prior year bus lease, implementation of GASB Statement No. 87, and adjustment to capital assets. See Notes to Basic Financial Statements 14.

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**3. GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES**



- State School Fund<sup>1</sup> revenue increased \$6.5 million or 4.7 percent from 2020-21. 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 \$3.8 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 \$25.3 million from 2020-21. This increase was due to use of the Federal Elementary and Secondary School Emergency Relief Funds and State of Oregon Summer Learning Grants.
- Earnings on Investments decreased by \$1.2 million from 2020-21. This decrease was primarily due to the reduction of investment funds as they are used for Capital Projects. Another factor is the historically low rate of return on the Local Government Investment Pool<sup>2</sup>, 1.15 percent as of June 30, 2022.

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

<sup>2</sup> [Local Government Investment Pool, Oregon Short Term Fund Rates](#)

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022, the District's governmental funds reported combined ending fund balances of \$99.0 million, a decrease of \$47.0 million in comparison with the prior year. About \$9.5 million (9.6 percent) of the ending fund balance constitutes an unassigned ending fund balance.

About \$76.1 million (76.9 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, 2022, the total fund balance was \$22.0 million. The fund balance consists of both assigned and unassigned resources. The unassigned fund balance is \$9.5 million or 4.0 percent, 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 9.3 percent of total General Fund expenditures. 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.

The total fund balance increased by \$0.8 million during the current fiscal year. This increase was due primarily to savings related to unavailability of substitutes and supply chain issues.

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

**Special Revenue Fund**

At June 30, 2022, the fund balance was \$21.4 million, which is an increase of \$8.2 million from the prior year. This increase is due to an infusion of one-time relief funds. Also the Nutrition Services program gained a significant fund balance due to the reimbursement rate offered when all students could access meals at no charge under the federal extension of the Summer Meal program throughout the school year due to the pandemic. It is anticipated that the fund balance will be greatly reduced during the 2022-23 school year, after the federal program has expired.

**Debt Service Fund**

The Debt Service Fund has a total fund balance of \$2.6 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 \$0.3 million. The \$2.6 million level of carryover is adequate to address debt service requirements until property taxes are received in November.

**Capital Projects Fund**

The Capital Projects Fund has a total fund balance of \$53.0 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 \$55.7 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, 2022, did not have any appropriation changes. During the year, expenditures were \$4,566,091 less 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.

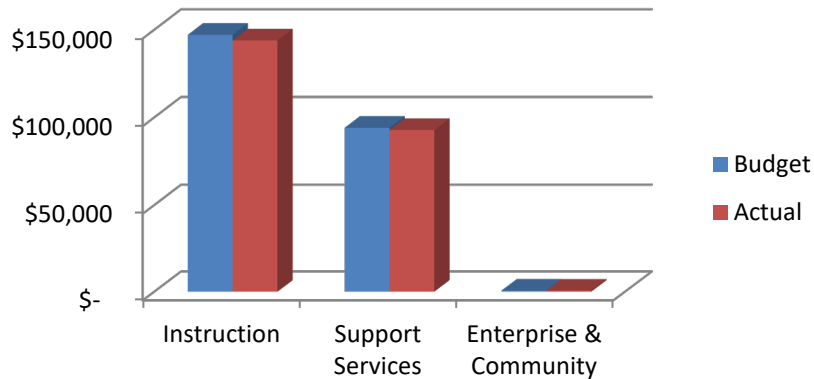
As of June 30, 2022, the assigned and unassigned fund balance increased by \$0.8 million during the current fiscal year for a total fund balance of \$22.0 million. The assigned and unassigned fund balance combined represents 9.3 percent of total General Fund expenditures. The unassigned fund balance is \$9.5 million or 4.0 percent, which is a target of the Budget Committee. The assigned portion of the fund balance represents insurance

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**5. GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)**

pool balances for Hillsboro Education Association members and Hillsboro Classified United members, and future year expenses.

**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, 2022, the District had invested approximately \$555 million in capital assets, net of depreciation and amortization, as shown in the following table. \*Restated, see Notes to Financial Statements, Note 14.

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

	Governmental Activities 2022	2021*	Increase (Decrease)
Land	\$ 39,437	\$ 39,437	\$ -
Construction in progress	17,111	79,294	(62,183)
Buildings and improvements	489,965	381,713	108,252
Vehicles and equipment	11,407	11,674	(267)
Lease assets	384	696	(312)
Total	<u>\$ 558,304</u>	<u>\$ 512,814</u>	<u>\$ 45,490</u>

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**6. CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)**

During the year, the District's investment in capital assets increased by \$45.8 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 \$585.8 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 2022	2021	Increase/ (Decrease)
General obligation bonds and related premium	\$ 495,740	\$ 519,070	\$ (23,330)
Pension obligation bonds	87,865	96,655	(8,790)
Qualified energy conservation bond	1,563	1,735	(172)
Equipment financing	656	1,383	(727)
	<u>\$ 585,824</u>	<u>\$ 618,843</u>	<u>\$ (33,019)</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 \$48.274 billion or \$3.838 billion for the district. At 1.21 percent of real market value, \$585.8 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, 2022**

**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, 2022, the State School Fund – General Support provided 45.1 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 rates<sup>3</sup> 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 49<sup>th</sup> Place #104, Hillsboro, OR 97124.

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<sup>3</sup> [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, 2022**

<b>ASSETS:</b>	
Cash and investments	\$ 99,737,581
Receivables	25,856,957
Lease receivables	210,718
Supply inventory	395,843
Prepaid expenses	2,325,848
Capital assets:	
Not being depreciated	56,548,212
Being depreciated, net of accumulated depreciation	501,371,921
Being amortized, net of accumulated amortization	383,675
OPEB asset	3,195,837
<b>Total assets</b>	<u>690,026,592</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred amount on refunding	1,733,391
PERS deferred outflows	69,259,671
OPEB deferred outflows	4,436,274
<b>Total deferred outflows of resources</b>	<u>75,429,336</u>
<b>Total assets and deferred outflows of resources</b>	<u>765,455,928</u>
 <b>LIABILITIES:</b>	
Accounts payable	6,724,929
Accrued payroll, payroll taxes and employee withholdings	13,714,972
Accrued interest payable	803,706
Construction retainage	756,779
Unearned revenue	6,347,819
Noncurrent liabilities:	
Due within one year:	
Lease payables	356,530
Accrued compensated absences	516,940
Long-term debt	31,943,208
Due in more than one year:	
Lease payables	84,988
Accrued compensated absences	172,313
Long-term debt	553,880,774
PERS pension liability	129,942,083
OPEB liability	11,935,800
<b>Total liabilities</b>	<u>757,180,841</u>
 <b>DEFERRED INFLOWS OF RESOURCES:</b>	
PERS deferred inflows	117,074,700
OPEB deferred inflows	6,805,660
Lease deferred inflows	210,718
<b>Total deferred inflows of resources</b>	<u>124,091,078</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>881,271,919</u>
 <b>NET POSITION:</b>	
Net investment in capital assets	114,624,306
Restricted for:	
Special programs	21,390,982
Debt service	2,339,519
Unrestricted	(254,170,798)
<b>Total net position</b>	<u>\$ (115,815,991)</u>

The accompanying notes are an integral part of this statement.

**HILLSBORO SCHOOL DISTRICT 1J**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

FUNCTION	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 165,703,515	\$ 3,323,714	\$ 34,964,286	\$ (127,415,515)
Support services	107,802,885	276,803	18,462,130	(89,063,952)
Enterprise and community services	11,992,089	85,754	11,114,325	(792,010)
Interest on long-term debt	19,926,581	-	498,840	(19,427,741)
<b>Total Governmental Activities</b>	<u>\$ 305,425,070</u>	<u>\$ 3,686,271</u>	<u>\$ 65,039,581</u>	<u>(236,699,218)</u>
GENERAL REVENUES:				
Property taxes levied for general purposes				85,978,848
Property taxes levied for debt service				38,559,001
State School Fund - general support				145,150,323
Unrestricted intermediate sources				4,208,696
Earnings on investments				543,906
Miscellaneous				1,367,422
<b>TOTAL GENERAL REVENUES</b>				<u>275,808,196</u>
CHANGE IN NET POSITION				39,108,978
NET POSITION, July 1, 2021 as originally reported				(139,696,946)
Restatement (See Note 14)				(15,228,023)
NET POSITION, July 1, 2021 as restated				<u>(154,924,969)</u>
<b>NET POSITION, JUNE 30, 2022</b>				<u>\$ (115,815,991)</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, 2022**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>ASSETS</b>					
Cash and investments	\$ 38,988,629	\$ 769,070	\$ 2,482,958	\$ 57,496,924	\$ 99,737,581
Receivables	2,785,255	22,411,435	660,267	-	25,856,957
Lease receivables	210,718	-	-	-	210,718
Inventory	16,366	379,477	-	-	395,843
Prepaid items	1,823,079	-	-	502,769	2,325,848
<b>TOTAL ASSETS</b>	<u>\$ 43,824,047</u>	<u>\$ 23,559,982</u>	<u>\$ 3,143,225</u>	<u>\$ 57,999,693</u>	<u>\$ 128,526,947</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 2,060,493	\$ 392,073	\$ -	\$ 4,272,363	\$ 6,724,929
Accrued payroll, payroll taxes and employee withholdings	13,714,972	-	-	-	13,714,972
Construction retainage	-	17,056	-	739,723	756,779
Unearned revenue	4,587,948	1,759,871	-	-	6,347,819
<b>TOTAL LIABILITIES</b>	<u>20,363,413</u>	<u>2,169,000</u>	<u>-</u>	<u>5,012,086</u>	<u>27,544,499</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue - property taxes	1,251,673	-	568,890	-	1,820,563
Unavailable revenue - lease receivables	210,718	-	-	-	210,718
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,462,391</u>	<u>-</u>	<u>568,890</u>	<u>-</u>	<u>2,031,281</u>
<b>FUND BALANCES:</b>					
Nonspendable:					
Inventory	16,366	379,477	-	-	395,843
Prepaid items	1,823,079	-	-	502,769	2,325,848
Restricted for:					
Special programs	-	21,011,505	-	-	21,011,505
Debt services	-	-	2,574,335	-	2,574,335
Capital projects	-	-	-	52,484,838	52,484,838
Assigned for:					
Future year expenses	10,666,883 (1)	-	-	-	10,666,883
Unassigned	9,491,915	-	-	-	9,491,915
<b>TOTAL FUND BALANCES</b>	<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>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 43,824,047</u>	<u>\$ 23,559,982</u>	<u>\$ 3,143,225</u>	<u>\$ 57,999,693</u>	<u>\$ 128,526,947</u>

(1) See note 4 in Management's Discussion and Analysis Section for detailed explanation of assigned expenses.

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, 2022**

<b>TOTAL FUND BALANCES</b>		\$ 98,951,167
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Capital assets	\$ 785,684,422	
Accumulated depreciation	(227,764,289)	
Lease assets	1,562,300	
Accumulated amortization	(1,178,625)	
		558,303,808
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.		
		1,820,563
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.		
		(689,253)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
		(803,706)
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.		
		1,733,391
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds but, rather, is recognized as an expenditure when due.		
These liabilities consist of:		
Bonds payable (including premium)	(495,740,273)	
Lease payables	(441,518)	
Qualified Energy Conservation Bond	(1,563,318)	
Equipment financing	(655,391)	
PERS pension bonds payable	(87,865,000)	
		(586,265,500)
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	(129,942,083)	
PERS deferred outflow of resources	69,259,671	
PERS deferred inflow of resources	(117,074,700)	
		(177,757,112)
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	3,195,837	
OPEB liability	(11,935,800)	
OPEB deferred outflow of resources	4,436,274	
OPEB deferred inflow of resources	(6,805,660)	
		(11,109,349)
<b>TOTAL NET POSITION</b>		<b>\$ (115,815,991)</b>

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, 2022**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>REVENUES:</b>					
Local sources:					
Property taxes	\$ 85,760,442	\$ 2,637,674	\$ 38,459,735	\$ -	\$ 126,857,851
Charges for services	489,740	3,196,531	-	-	3,686,271
Interest on investments	297,679	-	85,375	160,852	543,906
Contributions and donations	4,350	1,027,610	-	-	1,031,960
Services provided to other funds	-	-	13,131,381	-	13,131,381
Other	1,965,941	984,188	32,815	181,055	3,163,999
Intermediate sources	4,208,696	1,879,489	-	-	6,088,185
State sources	145,150,323	29,867,621	-	-	175,017,944
Federal sources	-	29,128,248	-	-	29,128,248
<b>Total Revenues</b>	<u>237,877,171</u>	<u>68,721,361</u>	<u>51,709,306</u>	<u>341,907</u>	<u>358,649,745</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction	143,898,211	26,809,080	-	-	170,707,291
Support services	92,608,677	17,846,718	-	7,483	110,462,878
Enterprise and community services	634,338	11,567,317	-	-	12,201,655
Facilities acquisition and construction	-	-	-	12,647,864	12,647,864
Debt service:					
Principal	-	898,160	28,155,000	-	29,053,160
Interest	-	96,639	23,848,571	-	23,945,210
Capital outlay	191,111	3,336,425	-	43,365,135	46,892,671
<b>Total Expenditures</b>	<u>237,332,337</u>	<u>60,554,339</u>	<u>52,003,571</u>	<u>56,020,482</u>	<u>405,910,729</u>
<b>Excess (deficiency) of revenues over expenditures</b>	544,834	8,167,022	(294,265)	(55,678,575)	(47,260,984)
<b>OTHER FINANCING SOURCES (USES):</b>					
Sale or compensation for loss of capital assets	259,378	-	-	5,493	264,871
<b>NET CHANGE IN FUND BALANCES</b>	804,212	8,167,022	(294,265)	(55,673,082)	(46,996,113)
<b>FUND BALANCES as of July 1, 2021</b>	<u>21,194,031</u>	<u>13,223,960</u> *	<u>2,868,600</u>	<u>108,660,689</u>	<u>145,947,280</u>
<b>FUND BALANCES as of June 30, 2022</b>	<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>

\* Restated per cancelling of prior year bus lease. See Notes to Basic Financial Statements 14.

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, 2022**

**NET CHANGES IN FUND BALANCES** \$ (46,996,113)

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 expense.

Expenditures for capital assets	\$ 67,838,650	
Less current year depreciation expense	(20,561,415)	
Capital asset dispositions	(1,475,092)	
Less current year lease asset amortization expense	<u>(312,460)</u>	
		45,489,683

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. 52,119

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. 13,373

Repayment of principal on long-term debt and lease 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 payables are an expense for the Statement of Net Position but not the governmental funds.

Debt principal repaid	29,054,553	
Lease principal repaid	354,657	
Amortization expense	<u>3,965,117</u>	
		33,374,327

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. 317,672

In the Statement of Activities, pension expense is adjusted based upon the actuarially determined contribution changes 8,274,289

In the Statement of Activities, OPEB expense is adjusted based upon the actuarially determined contribution changes (838,575)

**CHANGE IN NET POSITION** \$ 39,108,978

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, 2022**

**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, 2022**

**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.
- 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, 2022**

**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 capital 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, 2022**

**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, 2022**

**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 right to used leased equipment 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, 2022**

**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, 2022**

**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 Chief 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, 2022**

**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 Debt Service Fund, Debt Service principal and interest were over-expended by \$865,000 and \$212,950, respectively; and in the Capital Projects Fund, Facilities Acquisitions and Construction were over-expended by \$2,837,999.

**HILLSBORO SCHOOL DISTRICT 1J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022:

Deposits with financial institutions:	
Demand Deposits	\$ 23,264,267
Money Market	774,340
Certificates of Deposit	711,017
Investments	74,987,957
Total	\$ 99,737,581

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**2. CASH AND INVESTMENTS (Continued)**

**Deposits**

The District's deposits with various financial institutions at year end had a bank value of \$27,642,530, and a book value of \$24,749,624. Deposits not covered by Federal Depository 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, 2022, \$26,720,453 of the District's bank balances were covered by the PFCP, and \$172,078 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, 2022**

**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, 2022.

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, 2022. 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, 2022, 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	\$ 19,146,157	\$ 19,146,157	\$ -	\$ -
State Treasurer’s Investment Pool	55,841,800	55,841,800	-	-
<b>Total</b>	<b>\$ 74,987,957</b>	<b>\$ 74,987,957</b>	<b>\$ -</b>	<b>\$ -</b>

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022, the District was in compliance with all percentage restrictions.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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, because all receivables are considered by management to be collectible.

Receivables are comprised of the following:

Property taxes	\$ 2,113,906
Grants	22,411,435
Interest and other	1,331,616
Total	\$ 25,856,957

**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, 2021	Increases	Decreases	Outstanding June 30, 2022
Tower leases	\$ 153,617	\$ -	\$ 30,590	\$ 123,027
Field leases	144,795	-	57,104	87,691
Total lease receivables	\$ 298,412	\$ -	\$ 87,694	\$ 210,718

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 percent increase each following year with 2.0 percent annual interest, which expires on January 1, 2026.

The District has 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, which expires on December 31, 2023.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**3. RECEIVABLES (Continued)**

Future lease receivable maturities are as follows:

For the Year Ending June 30,	Tower Lease		Field Lease	
	Principal	Interest	Principal	Interest
2023	\$ 32,563	\$ 3,691	\$ 58,246	\$ 1,754
2024	34,627	2,714	29,445	589
2025	36,786	1,675	-	-
2026	19,051	286	-	-
Total	<u>\$ 123,027</u>	<u>\$ 8,366</u>	<u>\$ 87,691</u>	<u>\$ 2,343</u>

**4. CAPITAL AND LEASE ASSETS**

Capital assets activity for the year was as follows:

	Restated Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Capital assets not being depreciated/amortized:				
Land	\$ 39,436,753	\$ -	\$ -	\$ 39,436,753
Construction in progress	79,294,496	14,285,972	(76,469,009)	17,111,459
Total capital assets not being depreciated/amortized	<u>118,731,249</u>	<u>14,285,972</u>	<u>(76,469,009)</u>	<u>56,548,212</u>
Capital assets being depreciated/amortized:				
Building and improvements	546,982,630	127,838,177	(1,219,494)	673,601,313
Furniture and fixtures	23,499,927	-	(49,522)	23,450,405
Equipment	5,754,834	462,934	(716,210)	5,501,558
Motor vehicles	22,416,818	1,465,453	(1,400,329)	22,481,942
Information technology equipment	5,131,304	255,123	(1,285,435)	4,100,992
Right-to-use leased equipment	1,562,300	-	-	1,562,300
Total capital assets being depreciated/amortized	<u>605,347,813</u>	<u>130,021,687</u>	<u>(4,670,990)</u>	<u>730,698,510</u>
Less accumulated depreciation/amortization for:				
Building and improvements	(165,269,694)	(18,655,128)	288,190	(183,636,632)
Furniture and fixtures	(21,806,013)	(189,719)	39,399	(21,956,333)
Equipment	(3,385,559)	(262,268)	345,088	(3,302,739)
Motor vehicles	(15,411,456)	(1,306,457)	1,371,164	(15,346,749)
Information technology equipment	(4,526,050)	(147,843)	1,152,057	(3,521,836)
Right-to-use leased equipment	(866,165)	(312,460)	-	(1,178,625)
Total accumulated depreciation/amortization	<u>(211,264,937)</u>	<u>(20,873,875)</u>	<u>3,195,898</u>	<u>(228,942,914)</u>
Total capital assets being depreciated/amortized, net	<u>394,082,876</u>	<u>109,147,812</u>	<u>(1,475,092)</u>	<u>501,755,596</u>
Total capital assets, net	<u>\$ 512,814,125</u>	<u>\$ 123,433,784</u>	<u>\$ (77,944,101)</u>	<u>\$ 558,303,808</u>

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**4. CAPITAL AND LEASE ASSETS (Continued)**

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

<u>Program</u>	
Instruction	\$ 11,964,283
Support Services	7,741,960
Enterprise and Community Services	<u>855,172</u>
Total Depreciation	<u>\$ 20,561,415</u>

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

<u>Program</u>	
Support Services	<u>\$ 312,460</u>
Total Amortization	<u>\$ 312,460</u>

**5. COMPENSATED ABSENCES**

Activity for compensated absences for the year ended June 30, 2022 is as follows:

Balance July 1, 2021	\$ 702,626
Additions	689,253
Payments	<u>(702,626)</u>
Balance June 30, 2022	<u>\$ 689,253</u>
Due within one year	<u>516,940</u>
Due in more than one year	<u>\$ 172,313</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, 2022**

**6. LONG-TERM DEBT**

Long-term debt is comprised of:

	Total	Due Within One Year
General Obligation Bonds	\$ 495,740,273	\$ 21,610,000
Pension Obligation Bonds	87,865,000	9,795,000
Qualified Energy Conservation Bond	1,563,318	129,179
Equipment financing	655,391	409,029
Balance June 30, 2022	585,823,982	\$ 31,943,208
Due within one year	31,943,208	
Due in more than one year	\$ 553,880,774	

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

Governmental Activities Description	Outstanding July 1, 2021	Increases	Decreases	Outstanding June 30, 2022	Due Within One Year
General obligation bonds	\$450,705,000	\$ -	\$19,365,000	\$431,340,000	\$21,610,000
Unamortized Premium	68,365,390	-	3,965,117	64,400,273	-
Total General obligation bonds, net	519,070,390	-	23,330,117	495,740,273	21,610,000
Pension obligation bonds	96,655,000	-	8,790,000	87,865,000	9,795,000
Notes from direct placements and borrowings:					
Qualified energy conservation bond	1,735,125	-	171,807	1,563,318	129,179
Equipment financing	1,383,137	-	727,746	655,391	409,029
Total	\$618,843,652	\$ -	\$33,019,670	\$585,823,982	\$31,943,208

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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 refunding \$37.1 million for a difference of \$3.3 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. The Callable Portion of the 2012 Bonds, \$37.1 million, were defeased due to placing the proceeds of the new bonds in irrevocable trusts to provide for future debt payments on the old bonds. These bonds have been called as of June 2022 and no further amounts have been defeased.

**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, 2022**

**6. LONG-TERM DEBT (Continued)**

**Equipment Financing** - The District entered into financing agreements for the acquisition of buses for student transportation in 2017-18 for 1,294,571, 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
2023	\$ 21,610,000	\$ 18,684,969	\$ 9,795,000	\$ 3,998,696	\$ 538,208	\$ 73,005
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
2028-32	86,590,000	62,584,100	21,090,000	3,773,721	860,341	84,234
2033-37	139,870,000	37,289,200	6,155,000	360,376	-	-
2038-40	74,825,000	5,615,400	-	-	-	-
<b>Total</b>	<b>\$ 431,340,000</b>	<b>\$ 192,694,836</b>	<b>\$ 87,865,000</b>	<b>\$ 19,168,238</b>	<b>\$ 2,218,709</b>	<b>\$ 328,639</b>

**7. LEASE 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 \$355,000 for the year ended June 30, 2022.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**7. LEASE PAYABLES (Continued)**

Changes in lease payables are as follows:

Governmental Activities Description	Outstanding July 1, 2021	Increases	Decreases	Outstanding June 30, 2022
Copier lease	\$ 618,835	\$ -	\$ 256,213	\$ 362,622
Building lease	177,341	-	98,445	78,896
Total lease payables	<u>\$ 796,176</u>	<u>\$ -</u>	<u>\$ 354,658</u>	<u>\$ 441,518</u>

The District leases copiers for \$26,356 per month for 60 months. 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. The lease expires on August 31, 2023. The building lease obligations are paid by the Capital Projects Fund.

Future lease payments are as follows:

For the Year Ending June 30,	Copier Lease		Building Lease	
	Principal	Interest	Principal	Interest
2023	\$ 289,071	\$ 27,197	\$ 67,459	\$ 2,367
2024	73,551	5,516	11,437	343
Total	<u>\$ 362,622</u>	<u>\$ 32,713</u>	<u>\$ 78,896</u>	<u>\$ 2,710</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*.

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.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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

The Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer (the Schedules), 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, 2021 (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:

Description	Implicit Rate Subsidy Plan	PERS RHIA Plan	Total OPEB On Financials
Net OPEB Asset	\$ -	\$ 3,195,837	\$ 3,195,837
Deferred Outflows of Resources			
Contributions After the Measurement Date	-	21,961	21,961
Changes in proportionate share Changes of assumptions or other input	-	1,525,616	1,525,616
	<u>2,825,815</u>	<u>62,882</u>	<u>2,888,697</u>
Total Deferred Outflows	2,825,815	1,610,459	4,436,274
Total OPEB Liability	(11,935,800)	-	(11,935,800)
Deferred Inflows of Resources			
Difference between expected and actual experience	-	(88,914)	(88,914)
Changes of assumptions or other input	(5,447,226)	(47,542)	(5,494,768)
Net difference between projected and actual earnings on investments	-	(759,500)	(759,500)
Change in Proportionate Share	-	(462,478)	(462,478)
Total Deferred Inflows	<u>(5,447,226)</u>	<u>(1,358,434)</u>	<u>(6,805,660)</u>
OPEB Expense (Revenue) (Included in program expenses on Statement of Activities)	1,343,443	(166,180)	1,177,263

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

**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 \$11,935,800 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021.

For the fiscal year ended June 30, 2022 the District recognized OPEB expense from this plan of \$1,343,443.

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022
Actuarial cost method	Entry Age Normal, level percent of salary
Actuarial assumptions:	
Interest Rate for Discounting Future Liabilities	3.50% per year, based on all years discounted at municipal bond rate based on Bond Buyer 20-Bond General Obligation Index as of June 30, 2022. (Previously 2.75%)
General Inflation	2.00% per year (Previously 2.50%)
Payroll Growth	3.00% per year (Previously 3.50%)
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table.
Annual Premium Increase Rate	3.50% for 2021-22 Rates will range from 4.00%-6.00% over the next 20+ years (Previously 5.50% and 4.50%-6.00% over 17+ years)
Mortality Rates	Active employees: PUB 2010 Employee Tables for Teachers, sex distinct, projected generationally.  Active employee adjustments: 125% of published rates for males, 100% of published rates for females.  Retirees: PUB 2010 Retiree Tables for Teachers, sex distinct, projected generationally.  Beneficiaries: PUB 2010 Employee and Retiree Tables for General Employees, sex distinct, projected generationally.  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.  Improvement Scale: Unisex Social Security Data Scale (60 year average), with data through 2017.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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

**Implicit Rate Subsidy (Medical) (Continued)**

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
Balance as of July 1, 2021	\$ 14,923,793
Changes for the year:	
Service cost	1,084,030
Interest on Total OPEB Liability	435,558
Differences between expected and actual experience	(2,915,555)
Changes of assumptions or other input	(1,253,338)
Benefit payments	(338,688)
Balance as of June 30, 2022	\$ 11,935,800

**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	\$ 1,421,589	\$ (2,591,604)	\$ (1,170,015)
Changes of assumptions or other inputs	1,404,226	(2,855,622)	(1,451,396)
Net deferred outflow(inflow) of resources	\$ 2,825,815	\$ (5,447,226)	\$ (2,621,411)

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
2023	\$ (176,145)
2024	(176,145)
2025	(176,145)
2026	(176,145)
2027	(527,202)
Thereafter	(1,389,629)
Total	\$ (2,621,411)

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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 (2.50 percent) or 1 percentage point higher (4.50 percentage) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 12,980,092	\$ 11,935,800	\$ 10,964,650

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	\$ 10,412,288	\$ 11,935,800	\$ 13,761,986

**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, 2022**

**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, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The District's total for the year ended June 30, 2022 contributions was \$21,961.

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

At June 30, 2022, the District reported an asset of \$3,195,387 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019 rolled forward to June 30, 2021. The District's proportion of the net 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, 2021, the District's proportionate share was 0.93%, decreased from 2.17% as of June 30, 2020.

For the year ended June 30, 2022, the District recognized OPEB revenue from this plan of \$166,180. At June 30, 2022, 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, 2022**

**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, 2022

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ -	\$ (88,914)	\$ (88,914)
Changes of assumptions	62,882	(47,542)	15,340
Net difference between projected and actual earnings on investments	-	(759,500)	(759,500)
Changes in proportionate share	1,525,616	(462,478)	1,063,138
Subtotal-Amortized Deferrals	<u>1,588,498</u>	<u>(1,358,434)</u>	<u>\$ 230,064</u>
District contributions subsequent to measurement date	<u>21,961</u>	<u>-</u>	
Net deferred outflow(inflow) of Resources	<u>\$ 1,610,459</u>	<u>\$ (1,358,434)</u>	

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
2023	\$ 168,379
2024	474,996
2025	(173,396)
2026	(239,915)
Total	<u>\$ 230,064</u>

All assumptions, methods and plan provisions used in these calculation are described in the Oregon PERS system-wide GASB 75 reporting summary dated March 1, 2022.

**HILLSBORO SCHOOL DISTRICT 1J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2022**

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

**PERS Retirement Health Insurance Account (Continued)**

**Actuarial Methods and Assumptions**

Valuation date	December 31, 2019
Measurement date	June 30, 2021
Experience Study	2018, published July 24, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.40 percent (Previously 2.50%)
Long-term expected rate of return	6.90 percent (Previously 7.20%)
Discount rate	6.90 percent (Previously 7.20%)
Projected salary increases	3.40 percent (Previously 3.50%)
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
Healthcare cost trend rate	Not Applicable
Mortality	<p><b>Healthy retirees and beneficiaries:</b>            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><b>Active members:</b>            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><b>Disabled retirees:</b>            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, 2021 PERS Annual Comprehensive Financial Report; page 71)

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 years. The methods and assumptions shown above are based on the 2018 Experience Study, which reviewed experience for the four year period ended on December 31, 2018.

**HILLSBORO SCHOOL DISTRICT 1J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2022**

**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 was 6.90 percent for the OPEB plans, a reduction approved by the Board from 7.20 percent in the prior fiscal year. 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, 2021**

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
OPEB – RHIA	\$ (2,826,249)	\$ (3,195,837)	\$ (3,511,554)

- **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, 2022**

**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> <sup>1</sup>	Target	Annual	20-Year	Annual
Asset Class	Allocation	Arithmetic	Annualized	Standard
		Return <sup>2</sup>	Geometric	Deviation
			Mean	
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 <sup>3</sup>	1.77	1.76	1.20
Assumed Inflation - Mean			2.40 %	1.65 %

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

(Source: June 30, 2021 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, 2022**

**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, 2022**

**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. Member 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 it results in 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 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary was limited for all members beginning in 2020, and will be indexed with inflation in later years.

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 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 2003.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**9. PENSION PLAN (Continued)**

**PERS Pension (Chapter 238) (Continued)**

- **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:
  - 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 \$30 per month for deaths that occur July 30, 2003, and earlier; \$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 a variable equities investment 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 DB)**

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, 2022**

**9. PENSION PLAN (Continued)**

**Oregon Public Service Retirement Plan Pension Program (OPSRP DB) (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 is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary was limited for all members beginning in 2020. The limit was equal to \$195,000 in 2020, and will be indexed with inflation in later years.

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; and, 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.
- **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 due to job-related injury shall receive a disability benefit of 45 percent of the member's salary, determined as of the last full month of employment before the disability occurred.

**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. The 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, 2022, were \$22,298,594, excluding amounts to fund employer specific

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**9. PENSION PLAN (Continued)**

liabilities. A total of \$13,132,769 was charged for the year ended June 30, 2022, as PERS benefits expenditures to be used for bond payments as they become due. A total of \$8,274,289 was recognized as employer pension revenue during the reporting period.

At June 30, 2022, the District reported a net pension liability of \$129,942,083 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to a measurement date of June 30, 2021. 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, 2021, the District's proportion was 1.09 percent, a decrease from 1.16 percent at June 30, 2020.

PERS Schedule of Pension Amounts under GASB 68  
June 30, 2022

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ 12,163,428	\$ -	\$ 12,163,428
Changes of assumptions	32,528,416	(341,977)	32,186,439
Net difference between projected and actual earnings on investments	-	(96,195,117)	(96,195,117)
Changes in proportionate share	1,960,065	(15,303,566)	(13,343,501)
Differences between employer contributions and employer's proportionate share of system contributions	309,168	(5,234,040)	(4,924,872)
Subtotal-Amortized Deferrals	<u>46,961,077</u>	<u>(117,074,700)</u>	<u>\$ (70,113,623)</u>
District contributions subsequent to measurement date	<u>22,298,594</u>	<u>-</u>	
Net deferred outflow(inflow) of Resources	<u>\$ 69,259,671</u>	<u>\$ (117,074,700)</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, 2022**

**9. PENSION PLAN (Continued)**

Year ending June 30	Amount
2023	\$ (13,249,274)
2024	(15,238,295)
2025	(17,741,658)
2026	(25,916,632)
2027	2,032,236
Total	\$ (70,113,623)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB Statement 68 reporting summary dated March 1, 2022. 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, 2019
Measurement date	June 30, 2021
Experience Study	2018, published July 24, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.40 percent (Previously 2.50%)
Long-term expected rate of return	6.90 percent (Previously 7.20%)
Discount rate	6.90 percent (Previously 7.20%)
Projected salary increases	3.40 percent (Previously 3.50%)
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><b>Healthy retirees and beneficiaries:</b> 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><b>Active members:</b> 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><b>Disabled retirees:</b> 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, 2021 PERS Annual Comprehensive Financial Report; page 71)

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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 2018 Experience Study, which reviewed experience for the four year period ended December 31, 2018.

- **Discount Rate.** The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.
- **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, 2022**

**9. PENSION PLAN (Continued)**

**Actuarial Methods and Assumptions (Continued)**

**TABLE 31**

<u>Long-Term Expected Rate of Return</u> <sup>1</sup>				
Asset Class	Target Allocation	Annual Arithmetic Return <sup>2</sup>	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 <sup>3</sup>	1.77	1.76	1.20
Assumed Inflation - Mean			2.40 %	1.65 %

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

(Source: June 30, 2021 PERS Annual Comprehensive Financial Report; page 74; Table 31)

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

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions 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 67 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.

<b><u>Sensitivity of Net Pension Liability to Changes in the Discount Rate As of June 30, 2021</u></b>			
<b><u>(Measurement Date)</u></b>			
<b>Employers' Net Pension Liability/(Asset)</b>	<b>1% Decrease (5.90%)</b>	<b>Current Discount Rate (6.90%)</b>	<b>1% Increase (7.90%)</b>
Defined Benefit Pension Plan	\$ 255,175,167	\$ 129,942,083	\$ 25,167,445

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, 2022**

**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, 2022, 2021, and 2020.

**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. The COVID-19 pandemic is expected to cause reductions in the District's pupil counts, however the extent of the effect is unknown. 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 \$36.3 million for goods, services, and construction of facilities.

**HILLSBORO SCHOOL DISTRICT 1J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2022**

**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, 2022, were as follows:

General Fund	\$ 1,823,079
Capital Projects Fund	502,769
Total	\$2,325,848

**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, 2022, the District was affected by tax abatement agreements made by Washington County through five programs.

Exemption Type	Tax Abatement Amount
Construction in Process in Enterprise Zone (ORS 285C.170)	\$4,578,000
Enterprise Zone (ORS 285C.175)	\$4,834,000
Housing for Low Income Rental (ORS 307.517)	\$8,000
Nonprofit Corporation Low Income Housing (ORS 307.541)	\$197,000
Strategic Investment Program (ORS 285C.600)	\$95,015,000
Vertical Housing (ORS 307.864)	\$512,000

Estimate based on certified tax roll values (10/4/21)

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**14. PRIOR YEAR RESTATEMENTS**

In a strategic effort to eliminate interest costs, the District terminated the 2020-21 Capital Bus Lease agreement and paid in full. This activity requires a restatement of prior year accounts receivable due to the District never receiving the funding. The District staff also completed a detailed review of the capital asset records, resulting in a significant correction that changed the beginning balance for capital assets. Additionally, an adjustment was required for the implementation of GASB Statement No. 87.

Adjustment to Government-wide Financial Statements:

Net Position – July 1, 2021 as originally reported	\$ (139,696,946)
Change caused by terminating unfunded bus lease	(314,396)
Change caused by correction to capital asset database	(14,813,587)
Due to implementation of GASB Statement No. 87	<u>(100,040)</u>
Net Position – July 1, 2021 as restated	<u><u>\$ (154,924,969)</u></u>

Adjustment to Fund Financial Statements:

Special Revenue Fund Balance – July 1, 2021 as originally reported	\$ 14,461,044
Change caused by terminating unfunded bus lease	<u>(1,237,084)</u>
Special Revenue Fund Balance – July 1, 2021 as restated	<u><u>\$ 13,223,960</u></u>

**15. NEW ACCOUNTING STANDARDS IMPLEMENTED**

For the fiscal year ended June 30, 2022, the District implemented the following new accounting standards:

- **GASB Statement 87**, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.
- **GASB Statement 89**, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of the Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**15. NEW ACCOUNTING STANDARDS IMPLEMENTED (Continued)**

- **GASB Statement 91**, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.
- **GASB Statement 92**, *OMNIBUS 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics related to GASB Statement 87, Statements 73 and 74, Statement 84 and requirement related to measurement of liabilities associated with AROs.
- **GASB Statement 93**, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate.
- **GASB Statement 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of the Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.
- **GASB Statement 98**, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**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 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.
- **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**  
**JUNE 30, 2022**

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

Year Ended June 30,	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
2022 <sup>3</sup>	\$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 <sup>2</sup>	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 June 30,	Total OPEB Liability Beginning	Net Change in Total OPEB Liability	Total OPEB Liability Ending <sup>1</sup>	Covered Employee Payroll	Total OPEB Liability as Percentage of Covered Payroll	Discount Rate
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**  
**JUNE 30, 2022**

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) <sup>1</sup>	Employer's Covered Payroll <sup>2</sup>	NOL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
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
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:

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 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**  
**JUNE 30, 2022**

Year Ended June 30,	Employer's Proportion of the Net Pension Liability (NPL)	Employer's Proportionate Share of the Net Pension Liability (NPL) <sup>1</sup>	Employer's Covered Payroll <sup>2</sup>	NPL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022 <sup>7</sup>	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 <sup>6</sup>	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 <sup>5</sup>	1.11%	167,229,488	112,642,257	142.5%	80.5%
2016 <sup>4</sup>	1.05%	60,293,919	100,728,284	59.9%	91.9%
2015 <sup>3</sup>	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:

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 pension 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 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 pension plan for each fiscal year.
3. The June 30, 2015 NPL reflects benefit changes from the Senate Bills 822 and 861.
4. 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.
5. 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%.
6. 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%.
7. 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**  
**JUNE 30, 2022**

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
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:

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 pension 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.

The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward 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, 2022**

	Original Budget	Final Budget	Actual		GAAP Basis	Variance with Final Budget
			Budget Basis	Adjustments		
<b>REVENUES:</b>						
Local sources						
Property taxes	\$ 85,131,045	\$ 85,131,045	\$ 85,760,442	\$ -	\$ 85,760,442	\$ 629,397
Charges for services	926,945	926,945	489,740	-	489,740	(437,205)
Earnings on investments	500,343	500,343	297,679	-	297,679	(202,664)
Contributions & donations	51,500	51,500	4,350	-	4,350	(47,150)
Other	2,133,062	2,133,062	1,965,941	-	1,965,941	(167,121)
Intermediate sources	3,775,652	3,775,652	4,208,696	-	4,208,696	433,044
State sources	148,923,304	148,923,304	145,150,323	-	145,150,323	(3,772,981)
<b>Total Revenues</b>	<u>241,441,851</u>	<u>241,441,851</u>	<u>237,877,171</u>	<u>-</u>	<u>237,877,171</u>	<u>(3,564,680)</u>
<b>EXPENDITURES:</b>						
Current						
Instruction	147,032,593	147,132,593	143,913,186	(14,975)	143,898,211	3,219,407
Support services	93,197,553	94,097,553	92,784,813	(176,136)	92,608,677	1,312,740
Enterprise and community services	668,282	668,282	634,338	-	634,338	33,944
Capital outlay	-	-	-	191,111	191,111	-
Contingency	1,000,000	-	-	-	-	-
<b>Total Expenditures</b>	<u>241,898,428</u>	<u>241,898,428</u>	<u>237,332,337</u>	<u>-</u>	<u>237,332,337</u>	<u>4,566,091</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(456,577)	(456,577)	544,834	-	544,834	1,001,411
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale or compensation for loss of capital assets	-	-	259,378	-	259,378	259,378
<b>NET CHANGE IN FUND BALANCE</b>	(456,577)	(456,577)	804,212	-	804,212	1,260,789
<b>FUND BALANCE, July 1, 2021</b>	<u>9,494,012</u>	<u>9,494,012</u>	<u>21,194,031</u>	<u>-</u>	<u>21,194,031</u>	<u>11,700,019</u>
<b>FUND BALANCE, June 30, 2022</b>	<u>\$ 9,037,435</u>	<u>\$ 9,037,435</u>	<u>\$ 21,998,243</u>	<u>\$ -</u>	<u>\$ 21,998,243</u>	<u>\$ 12,960,808</u>

**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, 2022**

	Original Budget	Final Budget	Actual		GAAP Basis	Variance with Final Budget
			Budget Basis	Adjustments		
<b>REVENUES:</b>						
Local sources						
Construction excise tax	\$ 2,550,115	\$ 2,550,115	\$ 2,637,674	\$ -	\$ 2,637,674	\$ 87,559
Charges for services	4,780,000	4,780,000	3,196,531	-	3,196,531	(1,583,469)
Contributions & donations	1,290,000	1,290,000	1,027,610	-	1,027,610	(262,390)
Other	914,268	914,268	984,188	-	984,188	69,920
Intermediate sources	1,400,000	1,400,000	1,879,489	-	1,879,489	479,489
State sources	20,837,967	20,837,967	29,867,621	(1)	29,867,621	9,029,654
Federal sources	34,975,732	34,975,732	29,128,248	-	29,128,248	(5,847,484)
<b>Total Revenues</b>	<u>66,748,082</u>	<u>66,748,082</u>	<u>68,721,361</u>	<u>-</u>	<u>68,721,361</u>	<u>1,973,279</u>
<b>EXPENDITURES:</b>						
Current						
Instruction	28,278,006	28,278,006	28,260,898	(1,451,818)	26,809,080	17,108
Support services	20,526,265	20,526,265	19,662,941	(1,816,223)	17,846,718	863,324
Enterprise and community services	12,892,193	12,892,193	11,635,701	(68,384)	11,567,317	1,256,492
Debt service						
Principal	2,959,219	2,959,219	898,160	-	898,160	2,061,059
Interest	107,399	107,399	96,639	-	96,639	10,760
Capital outlay	-	-	-	3,336,425	3,336,425	-
<b>Total Expenditures</b>	<u>64,763,082</u>	<u>64,763,082</u>	<u>60,554,339</u>	<u>-</u>	<u>60,554,339</u>	<u>4,208,743</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	1,985,000	1,985,000	8,167,022	-	8,167,022	6,182,022
<b>OTHER FINANCING SOURCES (USES)</b>						
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)	(400,000)	-	-	-	400,000
<b>Total Other Financing Sources (Uses)</b>	<u>1,515,000</u>	<u>1,515,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,515,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	3,500,000	3,500,000	8,167,022	-	8,167,022	4,667,022
<b>FUND BALANCE, July 1, 2021</b>	<u>4,000,000</u>	<u>4,000,000</u>	<u>13,223,960</u>	<u>*</u>	<u>13,223,960</u>	<u>9,223,960</u>
<b>FUND BALANCE, June 30, 2022</b>	<u>\$ 7,500,000</u>	<u>\$ 7,500,000</u>	<u>\$ 21,390,982</u>	<u>\$ -</u>	<u>\$ 21,390,982</u>	<u>\$ 13,890,982</u>

\* Restated per cancelling of prior year bus lease. See Notes to Basic Financial Statements 14.

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

**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, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budget &amp; GAAP Basis Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>				
Local sources				
Property taxes	\$ 38,048,550	\$ 38,048,550	\$ 38,459,735	\$ 411,185
Interest on investments	446,000	446,000	85,375	(360,625)
Services provided to other funds	13,181,071	13,181,071	13,131,381	(49,690)
Intermediate sources	-	-	32,815	32,815
<b>Total Revenues</b>	<u>51,675,621</u>	<u>51,675,621</u>	<u>51,709,306</u>	<u>33,685</u>
<b>EXPENDITURES:</b>				
Current				
Support services	1,000	1,000	-	1,000
Debt service				
Principal	27,290,000	27,290,000	28,155,000	(865,000)
Interest	23,635,621	23,635,621	23,848,571	(212,950)
<b>Total Expenditures</b>	<u>50,926,621</u>	<u>50,926,621</u>	<u>52,003,571</u>	<u>(1,076,950)</u>
<b>NET CHANGE IN FUND BALANCE</b>	749,000	749,000	(294,265)	(1,043,265)
<b>FUND BALANCE, July 1, 2021</b>	500,000	500,000	2,868,600	2,368,600
<b>FUND BALANCE, June 30, 2022</b>	<u>\$ 1,249,000</u>	<u>\$ 1,249,000</u>	<u>\$ 2,574,335</u>	<u>\$ 1,325,335</u>

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**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, 2022**

	Original Budget	Final Budget	Actual		GAAP Basis	Variance with Final Budget
			Budget Basis	Adjustments		
<b>REVENUES:</b>						
Local sources						
Interest on investments	\$ 250,000	\$ 250,000	\$ 160,852	\$ -	\$ 160,852	\$ (89,148)
Other	-	-	181,055	-	181,055	181,055
<b>Total Revenues</b>	<u>250,000</u>	<u>250,000</u>	<u>341,907</u>	<u>-</u>	<u>341,907</u>	<u>91,907</u>
<b>EXPENDITURES:</b>						
Current						
Support services	12,500	87,500	7,483	-	7,483	80,017
Facilities acquisition and construction	48,250,000	53,175,000	56,012,999	(43,365,135)	12,647,864	(2,837,999)
Capital outlay	-	-	-	43,365,135	43,365,135	-
Contingency	5,000,000	-	-	-	-	-
<b>Total Expenditures</b>	<u>53,262,500</u>	<u>53,262,500</u>	<u>56,020,482</u>	<u>-</u>	<u>56,020,482</u>	<u>(2,757,982)</u>
<b>DEFICIENCY OF REVENUES OVER EXPENDITURES</b>	(53,012,500)	(53,012,500)	(55,678,575)	-	(55,678,575)	(2,666,075)
<b>OTHER FINANCING SOURCES (USES):</b>						
Sale or compensation for loss of capital assets	-	-	5,493	-	5,493	(5,493)
<b>NET CHANGE IN FUND BALANCE</b>	(53,012,500)	(53,012,500)	(55,673,082)	-	(55,673,082)	(2,671,568)
<b>FUND BALANCE, July 1, 2021</b>	<u>83,000,000</u>	<u>83,000,000</u>	<u>108,660,689</u>	<u>-</u>	<u>108,660,689</u>	<u>25,660,689</u>
<b>FUND BALANCE, June 30, 2022</b>	<u>\$ 29,987,500</u>	<u>\$ 29,987,500</u>	<u>\$ 52,987,607</u>	<u>\$ -</u>	<u>\$ 52,987,607</u>	<u>\$ 22,989,121</u>

**HILLSBORO SCHOOL DISTRICT 1J**  
**SCHEDULE OF REVENUES - ALL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Fund 100	Fund 200	Fund 300
<b>REVENUES:</b>			
<b>Revenue from local sources:</b>			
1110 Ad valorem taxes paid by District	\$ 85,720,057	\$ -	\$ 38,439,327
1130 Construction excise tax	-	2,637,674	-
1190 Penalties and interest on taxes	40,385	-	20,408
1200 Revenue from local governments	-	199,663	-
1400 Transportation fees	4,137	-	-
1500 Earning on investments	297,679	-	85,375
1600 Food service	-	85,754	-
1700 Extracurricular activities	268,800	3,050,777	-
1800 Community services activities	-	1,286	-
1910 Rentals	216,803	60,000	-
1920 Contributions & donations	4,350	1,027,610	-
1960 Recovery of prior year	13,452	286,078	-
1970 Services provided other funds	46,325	7,562	13,131,381
1980 Fees charged to grants	1,397,185	-	-
1990 Miscellaneous	508,979	489,599	-
<b>Total revenue from local sources</b>	<b>88,518,152</b>	<b>7,846,003</b>	<b>51,676,491</b>
<b>Revenue from intermediate sources:</b>			
2101 County school funds	542,691	-	-
2103 ESD	3,592,812	-	-
2199 Other intermediate sources	73,193	-	32,815
2200 Restricted revenue	-	1,879,489	-
<b>Total revenue from intermediate sources</b>	<b>4,208,696</b>	<b>1,879,489</b>	<b>32,815</b>
<b>Revenue from state sources:</b>			
3101 State school fund - general support	131,512,786	-	-
3102 State school fund - school lunch match	-	81,221	-
3103 Common school fund	2,249,342	-	-
3104 State managed county timber	848,145	-	-
3105 State school fund - transportation grant	10,540,050	-	-
3199 Other unrestricted grants	-	19,109	-
3200 Restricted grants-in-aid	-	5,453,919	-
3222 State school fund transportation equipment	-	1,507,658	-
3299 Other restricted grants-in-aid	-	22,805,714	-
<b>Total revenue from state sources</b>	<b>145,150,323</b>	<b>29,867,621</b>	<b>-</b>
<b>Revenue from federal sources:</b>			
4100 Unrestricted direct from federal government	-	31,681	-
4200 Unrestricted federal revenue through state	-	18,794	-
4500 Restricted revenue from federal government	-	28,066,942	-
4700 Restricted revenue from federal government through intermediate sources	-	224,085	-
4900 Revenue for/on behalf of the District	-	786,746	-
<b>Total revenue from federal sources</b>	<b>-</b>	<b>29,128,248</b>	<b>-</b>
<b>Revenue from other sources:</b>			
5300 Sale or compensation for loss of capital assets	259,378	-	-
5400 Resources - beginning fund balance	21,194,031	13,223,960	2,868,600
<b>Total revenue from other sources</b>	<b>21,453,409</b>	<b>13,223,960</b>	<b>2,868,600</b>
<b>TOTAL REVENUES</b>	<b>\$ 259,330,580</b>	<b>\$ 81,945,321</b>	<b>\$ 54,577,906</b>

Fund 400	Total
\$ -	\$ 124,159,384
-	2,637,674
-	60,793
-	199,663
-	4,137
160,852	543,906
-	85,754
-	3,319,577
-	1,286
-	276,803
-	1,031,960
181,055	480,585
-	13,185,268
-	1,397,185
-	998,578
<u>341,907</u>	<u>148,382,553</u>
-	542,691
-	3,592,812
-	106,008
-	1,879,489
<u>-</u>	<u>6,121,000</u>
-	131,512,786
-	81,221
-	2,249,342
-	848,145
-	10,540,050
-	19,109
-	5,453,919
-	1,507,658
-	22,805,714
<u>-</u>	<u>175,017,944</u>
-	31,681
-	18,794
-	28,066,942
-	224,085
-	786,746
<u>-</u>	<u>29,128,248</u>
5,493	264,871
108,660,689	145,947,280
<u>108,666,182</u>	<u>146,212,151</u>
<u><u>\$ 109,008,089</u></u>	<u><u>\$ 504,861,896</u></u>

**HILLSBORO SCHOOL DISTRICT 1J**  
**SCHEDULE OF GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Salaries Object 100	Associated Payroll Costs Object 200
<b>EXPENDITURES:</b>		
<b>Instruction:</b>		
1111 Primary programs	\$ 32,324,482	\$ 15,680,499
1113 Elementary extracurricular	222,060	73,233
1121 Middle school programs	7,741,911	3,763,901
1122 Middle school extracurricular	71,463	22,290
1131 High school programs	16,516,795	7,946,509
1132 High school extracurricular	1,657,250	534,261
1133 High school Saturday school	6,274	1,941
1140 Pre-Kindergarten programs	10,891	3,381
1210 Talented and gifted program	284,221	136,241
1220 Students with disabilities - restricted programs	8,487,107	5,078,898
1250 Students with disabilities - less restricted programs	8,785,328	4,807,040
1272 Title 1	-	7
1280 Alternative education	715,597	351,110
1291 English second language programs	10,534,788	5,209,965
1292 Teen parent programs	207,901	110,629
1294 Youth corrections education	271,026	134,137
1400 Summer school programs	14,133	3,979
<b>Total instruction</b>	<b>87,851,227</b>	<b>43,858,021</b>
<b>Support services:</b>		
2110 Attendance and social work services	1,135,686	667,887
2120 Guidance services	3,409,304	1,593,515
2130 Health services	1,277,879	631,055
2140 Psychological services	300,074	146,328
2150 Speech pathology services	2,802,078	1,232,138
2160 Other student treatment services	5,507	1,847
2190 Service direction, student special education	94,843	30,271
2210 Improvement of Instructional services	379,133	149,654
2220 Educational media services	500,270	383,255
2230 Assessment and testing	27,196	8,434
2240 Instructional staff development	980,985	391,412
2310 Board of Education services	74,872	23,410
2320 Executive administration services	345,737	224,989
2410 Office of the principal services	10,997,012	5,800,660
2490 Other support services school administration	2,036,827	1,050,529
2510 Direction of business support services	756,319	394,255
2520 Fiscal services	708,328	438,623
2540 Operation and maintenance of plant	6,597,988	3,766,336
2550 Student transportation services	7,952,460	4,959,594
2570 Internal services	241,492	145,265
2630 Information/production services	396,677	209,210
2640 Staff services	1,115,097	969,660
2660 Technology services	2,868,702	1,445,360
2670 Records management services	-	-
2690 Other support services	11	3
<b>Total support services</b>	<b>45,004,477</b>	<b>24,663,690</b>
<b>Enterprise and community services</b>		
3300 Other community services	374,719	208,091
3500 Custody and care of children services	1,494	129
<b>Total enterprise and community services</b>	<b>376,213</b>	<b>208,220</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 133,231,917</b>	<b>\$ 68,729,931</b>

Purchased Services Object 300	Supplies and Materials Object 400	Capital Outlay Object 500	Other Objects Object 600	Total
\$ 2,053,739	\$ 813,442	\$ -	\$ 184	\$ 50,872,346
2,030	9,738	-	-	307,061
409,725	148,143	-	-	12,063,680
59	3,563	-	-	97,375
780,321	440,997	4,662	3,473	25,692,757
407,145	147,176	10,313	40,254	2,796,399
46	-	-	-	8,261
228	-	-	-	14,500
4,010	58,040	-	-	482,512
1,835,293	132,522	-	60,980	15,594,800
382,227	23,422	-	-	13,998,017
7,273	-	-	-	7,280
2,636,388	823,856	-	84,290	4,611,241
421,391	52,710	-	-	16,218,854
12,320	1,695	-	6,221	338,766
18,262	1,084	-	-	424,509
20,166	346,550	-	-	384,828
<u>8,990,623</u>	<u>3,002,938</u>	<u>14,975</u>	<u>195,402</u>	<u>143,913,186</u>
1,381,719	55,432	42,337	3,286	3,286,347
352,491	74,394	-	7,000	5,436,704
409,130	12,834	-	1,256	2,332,154
1,794	31,544	-	-	479,740
180,237	22,359	-	299	4,237,111
77,297	-	-	-	84,651
213,146	94,930	-	59	433,249
64,745	72,128	-	-	665,660
36,136	53,230	-	31	972,922
136,841	153,561	-	-	326,032
321,559	85,253	-	3,580	1,782,789
70,594	10,765	-	22,643	202,284
26,919	14,864	-	5,139	617,648
241,889	465,796	21,322	4,413	17,531,092
171,494	64,547	-	521	3,323,918
29,771	9,406	-	9,676	1,199,427
(573,526)	23,975	6,000	242,635	846,035
9,820,307	2,227,676	90,069	1,259,272	23,761,648
564,062	1,400,429	-	356,856	15,233,401
(297,879)	149,288	-	89	238,255
53,603	48,643	-	-	708,133
320,699	11,853	-	59,528	2,476,837
936,100	1,302,190	16,408	1,676	6,570,436
16,903	21,423	-	-	38,326
-	-	-	-	14
<u>14,556,031</u>	<u>6,406,520</u>	<u>176,136</u>	<u>1,977,959</u>	<u>92,784,813</u>
39,124	9,981	-	800	632,715
-	-	-	-	1,623
<u>39,124</u>	<u>9,981</u>	<u>-</u>	<u>800</u>	<u>634,338</u>
<u>\$ 23,585,778</u>	<u>\$ 9,419,439</u>	<u>\$ 191,111</u>	<u>\$ 2,174,161</u>	<u>\$ 237,332,337</u>

**HILLSBORO SCHOOL DISTRICT 1J**  
**SCHEDULE OF SPECIAL REVENUE FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Salaries Object 100	Associated Payroll Costs Object 200	Purchased Services Object 300	Supplies and Materials Object 400	
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
1111	Primary programs	\$ 2,949,409	\$ 1,425,359	\$ 516,962	\$ 818,667
1113	Elementary extracurricular	17,495	5,410	24,440	14,970
1121	Middle school programs	1,128,427	449,953	37,314	403,144
1122	Middle school extracurricular	943	301	6,000	27
1131	High school programs	2,259,464	1,093,916	120,769	530,998
1132	High school extracurricular	1,668	530	5,788	2,587,282
1133	High school Saturday school	202	62	-	-
1140	Pre-kindergarten programs	11,303	10,087	119	3,454
1221	Students with disabilities - restrictive programs	1,217,440	586,665	17,465	25,324
1250	Students with disabilities - less restrictive progr	234,447	139,685	14,493	-
1272	Title I	1,443,216	830,102	59,258	202,404
1280	Alternative education	163,549	56,803	538,896	88,742
1291	English second language programs	205,459	104,049	11,640	662,616
1292	Teen parent programs	22,340	6,412	-	-
1293	Migrant education	809,550	385,839	74,224	50,730
1295	English language learner	16,468	8,196	2,141	3,656
1400	Summer school programs	1,686,913	459,187	542,458	1,480,678
	<b>Total instruction</b>	<u>12,168,293</u>	<u>5,562,556</u>	<u>1,971,967</u>	<u>6,872,692</u>
<b>Support services:</b>					
2110	Attendance and social work services	1,667,608	802,371	39,608	3,931
2120	Guidance services	1,801,520	867,912	51,399	180
2130	Health services	181,371	74,520	623,831	4,664
2140	Psychological services	607,556	256,926	394,989	32,183
2150	Speech pathology and audiology services	142,215	62,512	-	-
2160	Student treatment center	227,280	107,081	122	-
2190	Service direction, student special education	423,786	230,740	387	672
2210	Improvement of instruction services	202,649	70,707	140,215	90,701
2220	Media services	314,366	149,074	477	10,782
2240	Instructional staff development	1,413,624	666,477	221,309	5,420
2410	Office of the principal services	159,931	100,066	7,315	36,824
2490	Other support services school administration	325,365	131,059	1,912	11,292
2520	Fiscal services	28,044	12,753	-	-
2540	Operation and maintenance of plant	241,364	80,905	5,165	81,962
2550	Student transportation services	-	-	6,622	-
2570	Internal Services	-	-	4,446	803
2610	Direction of central support services	496,869	225,250	13	19,655
2620	Planning, research and development services	-	-	28,000	-
2640	Recruitment and placement	84,702	44,516	16,412	-
2660	Technology services	62,833	33,383	455,035	2,082,388
2690	Other support services central	349	114	-	-
	<b>Total support services</b>	<u>8,381,432</u>	<u>3,916,366</u>	<u>1,997,257</u>	<u>2,381,457</u>
<b>Enterprise and community services:</b>					
3100	Food services	3,015,933	1,687,406	220,527	3,909,729
3300	Community services	494,695	238,945	1,421,473	498,077
	<b>Total enterprise and community services</b>	<u>3,510,628</u>	<u>1,926,351</u>	<u>1,642,000</u>	<u>4,407,806</u>
<b>Debt service</b>					
5110	Long-term debt service	-	-	-	-
	<b>Total debt service</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>		<u><u>\$ 24,060,353</u></u>	<u><u>\$ 11,405,273</u></u>	<u><u>\$ 5,611,224</u></u>	<u><u>\$ 13,661,955</u></u>

Capital Outlay Object 500	Other Objects Object 600	Total
\$ -	\$ 615	\$ 5,711,012
-	150	62,465
5,939	850	2,025,627
-	-	7,271
197,300	8,857	4,211,304
-	-	2,595,268
-	-	264
-	-	24,963
-	27,351	1,874,245
-	-	388,625
6,513	112,487	2,653,980
1,202,235	17,416	2,067,641
-	-	983,764
-	-	28,752
-	64,491	1,384,834
-	1,256	31,717
39,831	99	4,209,166
<u>1,451,818</u>	<u>233,572</u>	<u>28,260,898</u>
-	1,439	2,514,957
-	-	2,721,011
-	5,375	889,761
-	-	1,291,654
-	-	204,727
-	-	334,483
-	95,254	750,839
-	1,008	505,280
-	-	474,699
-	53	2,306,883
-	540	304,676
-	-	469,628
-	-	40,797
349,817	778	759,991
1,382,411	-	1,389,033
59,127	843,582	907,958
-	27,724	769,511
24,868	4,093	56,961
-	-	145,630
-	-	2,633,639
-	190,360	190,823
<u>1,816,223</u>	<u>1,170,206</u>	<u>19,662,941</u>
68,384	53,283	8,955,262
-	27,249	2,680,439
<u>68,384</u>	<u>80,532</u>	<u>11,635,701</u>
-	994,799	994,799
-	994,799	994,799
<u>\$ 3,336,425</u>	<u>\$ 2,479,109</u>	<u>\$ 60,554,339</u>

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**HILLSBORO SCHOOL DISTRICT 1J**  
**SCHEDULE OF DEBT SERVICE FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	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
<b>EXPENDITURES:</b>							
<b>Debt Services</b>							
5100 Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,003,571	\$ 52,003,571
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,003,571</u>	<u>\$ 52,003,571</u>

**HILLSBORO SCHOOL DISTRICT 1J**  
**SCHEDULE OF CAPITAL PROJECTS FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Salaries Object 100	Associated Payroll Costs Object 200	Purchased Services Object 300
<b>EXPENDITURES:</b>			
<b>Support services</b>			
2660 Technology	\$ 4,792	\$ 2,691	\$ -
<b>Facilities acquisition &amp; construction</b>			
4150 Building acquisition, construction, & improvement services	682,399	342,127	6,441,588
4180 Other capital purchases	-	-	249,670
<b>Total facilities acquisition &amp; construction</b>	<u>682,399</u>	<u>342,127</u>	<u>6,691,258</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 687,191</u></u>	<u><u>\$ 344,818</u></u>	<u><u>\$ 6,691,258</u></u>

Supplies and Materials Object 400	Capital Outlay Object 500	Other Objects Object 600	Total
\$ -	\$ -	\$ -	\$ 7,483
2,007,914	41,956,075	1,690,685	53,120,788
1,232,825	1,409,060	656	2,892,211
<u>3,240,739</u>	<u>43,365,135</u>	<u>1,691,341</u>	<u>56,012,999</u>
<b>\$ 3,240,739</b>	<b>\$ 43,365,135</b>	<b>\$ 1,691,341</b>	<b>\$ 56,020,482</b>

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, 2021-22

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	\$ 5,815,739
Function 2550	\$ 49,284

B. Replacement of Equipment - **General Funds:**

Include all General Fund expenditures in objects 542, except for the following exclusions:

Exclude these functions:

\$ 6,000
----------

- 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>
<b>Financial Trends</b>	<b>96</b>
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>104</b>
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	
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.	<b>112</b>
<b>Demographic and Economic Information</b>	<b>118</b>
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
<b>Operating Information</b>	<b>120</b>
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**  
**2013 Through 2022**  
**(accrual basis of accounting)**

	2022	2021*	2020	2019
Governmental activities:				
Net investment in capital assets	\$ 114,624,306	\$ 100,801,173	\$ 120,863,366	\$ 119,425,365
Restricted for:				
Special programs	21,390,982	13,223,960	9,467,040	7,098,095
Debt service	2,339,519	2,488,915	-	2,027,936
Capital projects	-	-	-	-
Unrestricted	(254,170,798)	(271,439,019)	(253,043,365)	(225,603,901)
Total primary government net position	<u>\$ (115,815,991)</u>	<u>\$ (154,924,971)</u>	<u>\$ (122,712,959)</u>	<u>\$ (97,052,505)</u>

\*Restated per cancelling of prior year bus lease, implementation of GASB Statement No. 87, and adjustment to capital assets. See Notes to Basic Financial Statements 14.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 132,523,519	\$ 114,594,309	\$ 93,370,283	\$ 78,831,288	\$ 64,738,162	\$ 52,287,910
7,932,428	7,582,360	8,634,227	5,369,178	5,088,140	5,507,603
-	3,148,710	6,070,721	7,410,609	4,854,595	3,581,143
-	-	-	-	-	8,413,441
<u>(200,783,225)</u>	<u>(173,946,689)</u>	<u>(148,835,008)</u>	<u>(94,426,208)</u>	<u>(12,088,874)</u>	<u>(22,377,708)</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>	<u>\$ 47,412,389</u>

**HILLSBORO SCHOOL DISTRICT 1J**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**2013 Through 2022**  
**(accrual basis of accounting)**

	2022	2021	2020	2019
<b>Governmental Activities:</b>				
<b>Expenses</b>				
Instruction	\$ 165,703,515	\$ 189,492,027	\$ 184,652,127	\$ 186,964,257
Support services	107,802,885	115,618,677	113,220,605	109,178,393
Enterprise & community services	11,992,089	12,828,735	10,936,422	11,452,926
Interest on long-term debt	19,926,581	21,466,007	21,740,215	20,914,030
<b>Total expenses</b>	<b>305,425,070</b>	<b>339,405,446</b>	<b>330,549,369</b>	<b>328,509,606</b>
<b>Program Revenues:</b>				
Charges for services:				
Instruction	3,323,714	822,495	3,336,764	4,172,060
Support services	276,803	176,528	248,858	291,027
Enterprise & community services	85,754	(20,147)	1,481,151	2,046,648
Operating grants & contributions:				
Instruction	34,964,286	12,461,839	11,600,412	12,091,201
Support services	18,462,130	15,445,829	7,748,399	7,383,616
Enterprise & community services	11,114,325	11,419,117	6,500,827	6,598,480
Interest on long-term debt	498,840	435,041	396,948	2,051,297
Capital grants & contributions:				
Support services	-	-	8,000,000	-
Enterprise & community services	-	-	-	-
Facilities	-	-	-	-
<b>Total program revenues</b>	<b>68,725,852</b>	<b>40,740,702</b>	<b>39,313,359</b>	<b>34,634,329</b>
<b>Net (Expenses)</b>	<b>(236,699,218)</b>	<b>(298,664,744)</b>	<b>(291,236,010)</b>	<b>(293,875,277)</b>
<b>General Revenues</b>				
Property taxes, levied for general purposes	85,978,848	82,014,256	78,662,450	75,019,638
Property taxes, levied for debt service	38,559,001	38,748,464	35,834,950	33,697,947
State school fund - general support	145,150,323	138,615,199	140,731,871	133,882,639
Unrestricted intermediate sources	4,208,696	4,248,409	3,579,750	4,022,484
Earnings on investments	543,906	1,735,545	5,487,890	9,229,868
Gain on sale of capital assets	-	-	-	-
Miscellaneous	1,367,422	1,295,891	1,278,645	1,297,474
<b>Total general revenues</b>	<b>275,808,196</b>	<b>266,657,764</b>	<b>265,575,556</b>	<b>257,150,050</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 39,108,978</b>	<b>\$ (32,006,980)</b>	<b>\$ (25,660,454)</b>	<b>\$ (36,725,227)</b>

2018	2017	2016	2015	2014	2013
\$ 162,864,021	\$ 149,844,084	\$ 161,454,482	\$ 90,177,101	\$ 113,612,720	\$ 112,947,889
98,545,523	97,716,311	103,928,959	71,099,128	79,207,615	74,174,524
10,288,193	10,128,229	10,354,697	8,308,170	8,129,203	8,540,335
15,800,759	11,802,160	12,218,456	13,029,323	13,034,172	14,610,731
<u>287,498,496</u>	<u>269,490,784</u>	<u>287,956,594</u>	<u>182,613,722</u>	<u>213,983,710</u>	<u>210,273,479</u>
4,119,900	4,270,223	4,837,643	4,531,645	4,842,097	5,119,993
230,761	362,020	346,318	159,545	609,956	750,681
1,643,568	1,628,711	1,639,366	1,512,339	1,719,122	1,672,468
11,469,126	7,919,459	10,413,580	10,258,791	5,981,567	8,761,256
8,329,519	9,067,847	3,990,770	4,144,617	6,392,540	8,174,761
6,652,121	6,848,551	6,727,933	6,522,598	5,522,009	5,795,967
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	384,047	450,972
300,000	-	-	-	637,036	410,963
<u>32,744,995</u>	<u>30,096,811</u>	<u>27,955,610</u>	<u>27,129,535</u>	<u>26,088,374</u>	<u>31,137,061</u>
(254,753,501)	(239,393,973)	(260,000,984)	(155,484,187)	(187,895,336)	(179,136,418)
71,823,536	69,217,233	66,578,201	59,703,224	56,664,969	53,423,125
32,050,326	31,654,333	30,857,723	29,812,298	28,493,052	27,812,402
134,002,096	125,998,472	120,567,483	121,330,286	113,662,969	96,246,256
3,899,102	3,683,221	3,393,998	5,137,388	2,546,625	871,920
1,588,315	793,933	459,813	337,386	276,870	283,150
-	-	-	-	-	904
392,516	185,248	199,122	433,204	1,430,485	536,077
<u>243,755,891</u>	<u>231,532,440</u>	<u>222,056,340</u>	<u>216,753,786</u>	<u>203,074,970</u>	<u>179,173,834</u>
<u>\$ (10,997,610)</u>	<u>\$ (7,861,533)</u>	<u>\$ (37,944,644)</u>	<u>\$ 61,269,599</u>	<u>\$ 15,179,634</u>	<u>\$ 37,416</u>

**HILLSBORO SCHOOL DISTRICT 1J**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**2013 Through 2022**  
(modified accrual basis of accounting)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>FUND BALANCES:</b>				
<b>Nonspendable, reported in:</b>				
General fund	\$ 1,839,445	\$ 1,085,113	\$ 1,212,815	\$ 1,460,812
Special revenue fund	379,477	384,150	223,828	225,736
Capital projects fund	502,769	401,141	59,045	-
<b>Restricted, reported in:</b>				
Special revenue fund	21,011,505	14,076,894	9,243,212	6,872,359
Debt service fund	2,574,335	2,868,600	2,018,562	2,400,290
Capital projects fund	52,484,838	108,259,548	205,491,770	223,535,859
<b>Assigned, reported in:</b>				
Supplies and carryover	10,666,883	11,245,779	630,000	743,421
PERS reserve	-	-	-	-
<b>Unassigned, reported in:</b>				
General fund	9,491,915	8,863,139	10,130,419	7,886,309
<b>TOTAL FUND BALANCES</b>	<u>\$ 98,951,167</u>	<u>\$ 147,184,364</u>	<u>\$ 229,009,651</u>	<u>\$ 243,124,786</u>

	2018	2017	2016	2015	2014	2013
\$	591,385	\$ 403,952	\$ 280,224	\$ 341,786	\$ 344,243	\$ 312,262
	345,821	213,461	218,283	227,945	534,526	189,829
	-	-	-	-	34,205	-
	7,586,607	7,368,899	8,415,944	5,141,233	4,553,614	5,507,603
	2,537,190	2,122,466	1,661,262	1,433,967	3,984,610	3,581,143
	302,160,060	1,346,696	2,245,328	2,865,775	5,995,241	8,413,441
	-	1,332,092	1,175,000	-	-	-
	1,000,000	2,000,000	2,000,000	1,500,000	1,500,000	1,500,000
	12,204,414	10,975,030	13,103,229	17,262,483	14,112,648	8,788,286
\$	<u>326,425,477</u>	<u>\$ 25,762,596</u>	<u>\$ 29,099,270</u>	<u>\$ 28,773,189</u>	<u>\$ 31,059,087</u>	<u>\$ 28,292,564</u>

**HILLSBORO SCHOOL DISTRICT 1J**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**2013 Through 2022**

(modified accrual basis of accounting)

	2022	2021	2020
<b>Revenues</b>			
Property taxes	\$ 126,857,851	\$ 120,815,438	\$ 114,141,482
Charges for services	3,686,271	978,876	5,078,518
Earnings on investments	543,906	1,735,545	5,487,890
Contributions and donations	1,031,960	578,440	1,264,365
Services provided to other funds	13,131,381	12,307,736	11,877,350
Other	3,163,999	4,694,823	4,504,733
Intermediate sources	6,088,185	5,594,121	5,064,973
State school support	175,017,944	155,258,573	154,763,876
Federal	29,128,248	19,761,420	14,688,361
<b>Total revenues</b>	<b>358,649,745</b>	<b>321,724,972</b>	<b>316,871,548</b>
<b>EXPENDITURES:</b>			
<b>Current operating</b>			
Instruction	170,707,291	148,611,026	147,591,454
Support services	110,462,878	92,774,197	92,283,659
Enterprise & community services	12,201,655	10,506,654	9,168,415
Facilities acquisition & construction	12,647,864	18,644,018	26,703,165
<b>Capital outlay</b>	46,892,671	82,158,437	172,946,831
<b>Debt service</b>			
Principal	29,053,160	25,479,036	29,258,514
Other	-	317,369	-
Interest	23,945,210	26,763,592	21,552,229
<b>Total expenditures</b>	<b>405,910,729</b>	<b>405,254,329</b>	<b>499,504,267</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(47,260,984)</b>	<b>(83,529,357)</b>	<b>(182,632,719)</b>
<b>Other financing sources (uses)</b>			
Bond proceeds	-	-	27,701,843
Issuance of debt	-	40,360,000	139,605,000
Bond payments	-	(40,023,984)	-
Sale or compensation for loss of capital assets	264,871	130,969	10,353
Capital leases	-	1,237,085	1,200,388
Operating transfers in	-	-	-
Operating transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>264,871</b>	<b>1,704,070</b>	<b>168,517,584</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (46,996,113)</b>	<b>\$ (81,825,287)</b>	<b>\$ (14,115,135)</b>
Expenditures for capital assets	\$ 67,838,650	\$ 89,068,573	\$ 176,967,913
Debt service as a percentage of noncapital expenditures	15.7%	16.6%	15.8%

	2019	2018	2017	2016	2015	2014	2013
\$	110,354,767	\$ 105,110,078	\$ 100,563,776	\$ 96,961,752	\$ 89,919,268	\$ 84,573,962	\$ 81,824,121
	6,506,044	5,934,229	5,840,940	6,435,189	6,271,278	6,710,072	8,926,225
	9,229,868	1,588,315	792,628	459,813	337,386	276,870	283,150
	921,097	12,287,154	-	-	-	-	-
	11,383,708	774,808	-	-	-	-	-
	3,743,311	2,039,298	15,523,161	11,848,859	10,224,931	10,502,639	7,461,433
	5,554,127	5,282,937	5,143,721	4,472,616	6,074,738	2,975,038	1,334,511
	140,210,422	138,590,827	128,504,148	122,728,879	123,226,336	116,117,246	98,162,287
	17,307,183	17,429,206	16,066,023	15,803,705	16,174,120	14,307,594	19,461,252
	<u>305,210,527</u>	<u>289,036,852</u>	<u>272,434,397</u>	<u>258,710,813</u>	<u>252,228,057</u>	<u>235,463,421</u>	<u>217,452,979</u>
	151,845,563	144,762,335	132,360,582	125,511,177	116,762,389	110,905,035	107,502,434
	89,883,107	89,053,814	88,182,891	84,067,564	86,021,094	77,319,892	70,598,413
	9,712,559	9,556,661	9,439,332	8,963,982	9,352,157	7,935,463	8,128,587
	26,349,203	5,250,508	269,989	228,203	-	2,639,938	495,737
	63,330,436	16,114,412	3,035,920	4,086,509	3,065,081	1,511,342	4,020,609
	19,833,089	34,678,369	31,946,756	28,702,136	28,212,756	22,300,000	20,225,000
	-	(28)	2,206	419	-	68,411	85,220
	28,700,352	10,379,197	11,802,160	12,251,716	12,571,394	13,088,605	14,725,769
	<u>389,654,309</u>	<u>309,795,268</u>	<u>277,039,836</u>	<u>263,811,706</u>	<u>255,984,871</u>	<u>235,768,686</u>	<u>225,781,769</u>
	(84,443,782)	(20,758,416)	(4,605,439)	(5,100,893)	(3,756,814)	(305,265)	(8,328,790)
	-	51,600,506	-	-	-	-	96,794
	-	268,395,000	-	3,406,866	58,496,864	1,500,000	-
	-	-	-	-	(58,461,404)	-	-
	58,281	128,717	14,205	52,685	5,405	17,730	904
	1,084,810	1,297,074	1,254,560	1,967,423	1,430,050	1,554,058	-
	-	-	-	500,000	-	1,200,000	3,597,417
	-	-	-	(500,000)	-	(1,200,000)	(3,597,417)
	<u>1,143,091</u>	<u>321,421,297</u>	<u>1,268,765</u>	<u>5,426,974</u>	<u>1,470,915</u>	<u>3,071,788</u>	<u>97,698</u>
\$	<u>(83,300,691)</u>	<u>\$ 300,662,881</u>	<u>\$ (3,336,674)</u>	<u>\$ 326,081</u>	<u>\$ (2,285,899)</u>	<u>\$ 2,766,523</u>	<u>\$ (8,231,092)</u>
\$	60,984,598	\$ 16,114,412	\$ 3,043,901	\$ 4,086,508	\$ 6,606,532	\$ 5,833,691	\$ 4,084,550
	14.8%	15.3%	16.0%	15.8%	16.4%	15.4%	15.8%

**HILLSBORO SCHOOL DISTRICT 1J**  
**ASSESSED VALUE OF TAXABLE PROPERTY WITHIN SCHOOL DISTRICT BOUNDARIES**  
**Last Ten Fiscal Years**  
**2013 Through 2022**

Measure 5 Real Market Value

Fiscal Year Ending June 30	Real Property	Manufactured Property	Personal Property	Public Utility
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
2013	12,434,602,191	27,705,330	602,339,180	474,405,054

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			Total Taxes Imposed (Not Levy)
		Total Direct Tax Rate	Amount Tax Rate Will Raise	Less: Reduction and Adjustments	
\$ 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
13,539,051,755	11,438,477,752	6.30	72,086,863	(1,614,038)	70,472,825

**HILLSBORO SCHOOL DISTRICT 1J**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**Last Ten Fiscal Years**  
**2013 Through 2022**

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

<b>DIRECT:</b>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Hillsboro School District	\$ 5.7642	\$ 6.3395	\$ 6.2679	\$ 6.2166	\$ 5.8396
Hillsboro School District - after 10/6/01	1.3428	0.9109	0.9119	0.9222	1.3116
<b>OVERLAPPING GOVERNMENTS:</b>					
Washington County	2.2484	2.2484	2.2484	2.2484	2.2484
Washington County - after 10/6/01	0.0675	0.0674	0.0691	0.0699	0.0700
Washington County - after 1/1/13	0.6900	0.6400	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	8.9492	4.3454
City of Beaverton after 01/01/13	0.1906	0.1816	0.1927	0.0945	0.0304
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	1.0882	0.8681	0.8681	0.7620	1.1642
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	0.1411	0.1415	0.0973	0.1087	0.1023
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	2.5024	2.5069	2.1462	2.1689	2.0043
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	0.3774	0.3974	0.4702	0.2801	0.2162
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	0.2905	0.2863	0.3068	0.3168	0.3038
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	0.3803	0.3970	0.4022	0.4046	0.3222
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.

	2017	2016	2015	2014	2013
\$	5.8605	\$ 5.8738	\$ 5.9389	\$ 6.2778	\$ 6.3034
	1.3357	1.3509	1.4811	1.1228	1.1943
	2.2484	2.2484	2.2484	2.3775	2.3801
	0.0709	0.5900	0.5900	0.5900	0.5900
	0.6400	-	-	-	-
	1.3165	1.3165	1.3165	1.3165	1.2285
	0.2456	0.2456	0.2456	0.2456	0.2456
	0.0701	0.0701	0.0701	0.0701	0.0701
	8.8013	4.3279	-	-	-
	-	-	-	-	-
	6.5997	5.8664	8.0663	7.3330	5.1331
	3.0960	2.7520	3.7840	3.4400	2.4080
	2.1712	2.1712	2.1712	2.1712	2.1712
	4.4706	4.4706	3.9836	3.9836	3.9836
	1.2052	1.2237	1.2558	1.2780	1.2971
	1.1219	1.1219	1.1219	1.1219	1.1219
	0.5700	0.5700	0.5700	0.5700	0.5700
	1.5252	1.5252	1.5252	1.5252	1.5252
	0.1226	0.5826	0.3659	0.3809	0.3893
	0.4500	-	-	-	-
	1.7621	1.7621	1.7621	1.7621	1.7621
	2.0562	2.0854	2.1499	2.0051	2.0332
	1.2766	1.2766	1.2766	1.3744	1.4012
	0.1118	0.1117	0.1852	0.1900	0.2621
	0.1892	0.2766	0.2733	0.2771	0.1422
	0.0960	-	-	-	-
	1.3073	1.3973	1.4146	1.4216	1.4224
	0.3119	0.3173	0.3021	0.3066	0.3074
	0.1538	0.1538	0.1538	0.1538	0.1538
	0.2828	0.2828	0.4185	0.4582	0.4853
	0.3957	0.3027	0.3037	0.2760	0.1798
	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 (2022) and Nine Years Prior (2013)**

		2022			
Taxpayer	Name	Measure 50 Assessed Value (AV)	Taxes Levied	Percentage of HSD AV	Percentage of Washington County AV
1	Intel Corporation	\$ 1,892,355,244	\$ 31,611,688	10.20%	2.54%
2	Nike Inc	1,450,518,012	25,402,283	7.82%	1.95%
3	Portland General Electric Co	951,592,080	15,583,059	5.13%	1.28%
4	Pacific Realty Associates	426,502,345	7,406,382	2.30%	0.57%
5	Northwest Natural Gas Co	430,076,890	6,903,542	2.32%	0.58%
6	Verizon Communications Inc	338,930,000	5,706,086	1.83%	0.46%
7	Genentech Inc	281,929,300	4,759,410	1.52%	0.38%
8	Comcast Corporation	267,644,000	4,627,060	1.44%	0.36%
9	LAM Research Corporation	204,291,922	3,725,411	1.10%	0.27%
10	Northwest Fiber LLC	195,724,800	3,240,040	1.05%	0.26%
-	Frontier Communications			-	-
-	Fred Meyer Stores, Inc.			-	-
-	Maxim Integrated Products			-	-
-	PS Business Parks LP			-	-
	All other Washington County	<u>67,932,349,712</u>	<u>1,199,848,855</u>		
	Total Washington County	<u>\$ 74,371,914,305</u>	<u>\$ 1,308,813,816</u>		
	Hillsboro School District	<u>\$ 18,554,022,551</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.

2013

Rank	Measure 50 Assessed Value (AV)	Taxes Levied	Percentage of HSD AV	Percentage of Washington County AV
1	\$ 1,317,485,109	\$ 21,794,417	11.50%	2.67%
2	458,134,800	7,440,124	4.00%	0.93%
3	430,132,692	6,829,088	3.75%	0.87%
4	301,554,205	4,949,821	2.63%	0.61%
5	303,517,250	4,698,617	2.65%	0.61%
-			-	-
-			0.00%	0.00%
6	247,208,700	4,197,086	2.16%	0.50%
-			-	-
-			-	-
7	250,268,000	4,159,162	2.18%	0.51%
8	149,532,916	2,586,367	1.31%	0.30%
9	142,776,738	2,312,951	1.25%	0.29%
10	112,151,006	2,116,469	0.98%	0.23%
	<u>46,032,883,097</u>	<u>29,751,724</u>		
	<u>\$ 49,355,659,075</u>	<u>\$ 84,325,789</u>		
	<u>\$ 11,456,148,320</u>			

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**HILLSBORO SCHOOL DISTRICT 1J**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
**2013 Through 2022**

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
2022	\$ 127,868,208	\$ 122,959,983	96.16%	\$ -	\$ 122,959,983	96.16%
2021	124,164,238	119,259,552	96.05%	903,895	120,163,447	96.78%
2020	117,575,368	112,800,608	95.94%	1,081,372	113,881,980	96.86%
2019	111,269,635	106,810,743	95.99%	1,120,739	107,931,482	97.00%
2018	108,740,079	104,171,341	95.80%	1,390,097	105,561,438	97.08%
2017	103,666,996	99,478,687	95.96%	1,295,297	100,773,984	97.21%
2016	100,046,726	95,613,087	95.57%	1,392,939	97,006,026	96.96%
2015	92,272,618	88,208,658	95.60%	1,596,044	89,804,702	97.33%
2014	87,085,501	82,849,198	95.14%	2,047,461	84,896,659	97.49%
2013	84,325,790	80,516,253	95.48%	2,084,810	82,601,063	97.95%

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		
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
2013	201,521,712	(3,581,143)	197,940,569	9,992	1,686	97,200,000	5,628,130

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		
\$ 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
-	-	\$ 304,349,842	15,364	1,652	11,438,477,752	19,809

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**HILLSBORO SCHOOL DISTRICT 1J**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2022**

Overlapping Issuer	Net Property Tax Backed Debt	Percent Overlapping	Net Overlapping Debt
Chemeketa Community College	\$ 94,425,000	0.0032%	\$ 3,022
Multnomah County	627,742,035	0.0006%	3,766
Metro	873,470,000	6.4734%	56,543,207
Portland Community College	496,110,000	9.4210%	46,738,523
Washington County SD 13 (Banks)	7,260,730	0.0337%	2,447
Washington County	181,686,051	23.2971%	42,327,581
Tualatin Hills Park & Recreation District	54,782,795	1.7389%	952,618
Banks Fire District 13	3,540,000	2.2176%	78,503
Tualatin Valley Fire & Rescue District	60,075,000	6.3780%	3,831,584
City of Hillsboro	66,260,000	88.0165%	58,319,733
Chehalem Park & Recreation District	22,070,000	0.0142%	3,134
City of Cornelius	2,073,871	31.4344%	651,909
City of Beaverton	31,357,988	0.0038%	1,192
Washington County SD 48J (Beaverton)	907,677,133	0.0050%	45,384
Yamhill County	8,337,279	0.0186%	1,551
Subtotal, overlapping debt			<u>209,504,154</u>
Direct District net property tax backed debt			<u>529,453,543</u>
Total direct and overlapping debt			<u><u>\$ 738,957,697</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**  
**2013 Through 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt Limit	\$ 3,837,759,870	\$ 3,480,787,777	\$ 2,901,472,235	\$ 2,769,931,244
Total net debt applicable to the limit	<u>431,340,000</u>	<u>450,705,000</u>	<u>463,395,000</u>	<u>343,800,000</u>
Legal debt margin	<u>\$ 3,406,419,870</u>	<u>\$ 3,030,082,777</u>	<u>\$ 2,438,077,235</u>	<u>\$ 2,426,131,244</u>
Total net debt applicable to the limit as a percentage of debt limit	11.24%	12.95%	15.97%	12.41%

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 x (	4.95%
Ninth through Twelfth Grade, 4 x 0.0075	<u>3.00%</u>
Allowable Percentage	7.95%

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 2,990,941,202	\$ 2,715,928,535	\$ 2,421,720,350	\$ 2,242,004,958	\$ 1,951,376,163	\$ 1,415,000,484
<u>355,230,000</u>	<u>114,395,000</u>	<u>139,830,000</u>	<u>163,325,000</u>	<u>276,826,712</u>	<u>298,721,712</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>	<u>\$ 1,116,278,772</u>
11.88%	4.21%	5.77%	7.28%	14.19%	21.11%

**HILLSBORO SCHOOL DISTRICT 1J**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**  
**2013 Through 2022**

Year	Population	Personal Income (thousands of dollars) (estimated)	Personal Income	Unemployment Rate
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%
2013	132,506	3,479,343	26,258	7.60%

**HILLSBORO SCHOOL DISTRICT 1J**  
**PRINCIPAL EMPLOYERS FOR THE PORTLAND, OREGON, METROPOLITAN AREA**  
**Current Year (2022) and Nine Years Ago (2013)**

<u>Employer</u>	2022			2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Ten Largest Employers:						
Intel Corp.	21,000	1	1.65%	16,250	1	1.57%
Providence Health System	21,000	2	1.65%	14,389	2	1.39%
Oregon Health & Science University	18,048	3	1.42%	13,733	3	1.32%
Nike, Inc.	13,964	4	1.10%	7,000	7	0.67%
Legacy Health System	13,120	5	1.03%	9,662	5	0.93%
Kaiser Permanente	11,163	6	0.88%	9,195	6	0.89%
Fred Meyer Stores	9,525	7	0.75%	10,389	4	1.00%
Portland Public School	6,847	8	0.54%	-	-	-
City of Portland	6,635	9	0.52%	-	-	-
Multnomah County	5,096	10	0.40%	-	-	-
Wells Fargo	-	-	-	4,578	8	0.44%
US Bank	-	-	-	4,007	9	0.39%
Daimler Trucks Northwest	-	-	-	3,900	10	0.38%
Subtotal of ten largest employers	126,398		9.91%	93,103		8.97%
All Other Employers	1,148,724		90.09%	945,197		91.03%
Total Portland-Vancouver-Hillsboro MSA Employment	1,275,122		100.00%	1,038,300		100.00%

Source:

Oregon Employment Department:

June 2022 Portland-Vancouver-Hillsboro MSA

<https://www.qualityinfo.org/multnomah-and-washington>

**HILLSBORO SCHOOL DISTRICT 1J**  
**CERTIFIED, CLASSIFIED, AND ADMINISTRATIVE EMPLOYEES**  
**Last Ten Fiscal Years**  
**2013 Through 2022**

<u>Fiscal Year</u>	<u>Certified</u>	<u>Classified</u>	<u>Administrative</u>	<u>Supervisory/ Technical</u>	<u>Total</u>
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
2013	981	766	68	33	1,848

(1) Full-time equivalent (FTE) positions

Source:

Hillsboro School District 1J payroll records

**HILLSBORO SCHOOL DISTRICT 1J**  
**STUDENT ENROLLMENT STATISTICS**  
**Last Ten Fiscal Years**  
**2013 Through 2022**

<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>
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
2013	19,809		47%	8,140	19

(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**  
**2013 Through 2022**

School/(Year Opened)	Square Footage	Fiscal Year Enrollment		
		2022	2021	2020
Brookwood Elementary (1953)	73,600	315	333	351
Imlay Elementary (2002)	69,435	450	456	557
Butternut Creek Elementary (1977)	34,840	322	325	370
Patterson Elementary (2000)	69,435	405	379	456
Orenco Elementary (2000)	69,435	480	475	592
Indian Hills Elementary (1979)	40,219	401	388	459
Reedville Elementary (1922)	16,247	207	222	232
Eastwood Elementary (1978)	49,163	364	405	441
Farmington View Elementary (1950)	22,867	245	258	311
Free Orchards Elementary (2008)	73,500	356	322	368
Jackson Elementary (1990)	60,502	393	424	551
L.C. Tobias Elementary (1992)	53,964	394	415	486
Groner K - 8 (1949)	32,402	176	169	212
Lenox Elementary (1949)	51,074	355	407	482
McKinney Elementary (1970)	49,163	427	433	465
Minter Bridge Elementary (1980)	49,163	353	363	443
Moobery Elementary (1963)	49,496	378	389	420
North Plains Elementary (1954)	56,648	170	310	396
Atfalati Ridge Elementary (2021)	73,600	173	-	-
Rosedale Elementary (2009)	73,700	409	329	418
Quatama Elementary (2008)	73,010	470	425	516
Ladd Acres Elementary (1968)	79,335	411	397	484
Lincoln Street Elementary (2008)	73,400	361	399	461
W.L. Henry Elementary (1968)	52,813	304	361	357
West Union Elementary (1948)	42,757	318	316	365
Witch Hazel Elementary (2003)	69,435	451	480	522
Brown Middle School (1963)	95,414	705	696	723
Evergreen Middle School (1981)	138,000	783	732	785
Hillsboro Online Academy (2012)	8,500	794	1,020	183
South Meadows Middle School (2009)	152,875	690	727	736
Poynter Middle School (1959)	83,200	670	662	703
Miller Ed Junior High (1959)	9,560	-	-	-
Century High School (1997)	265,000	1,492	1,504	1,549
Glencoe High School (1980)	270,500	1,400	1,386	1,445
Liberty High School (2003)	293,436	1,407	1,450	1,462
Hillsboro High School (1969)	253,652	1,310	1,259	1,233
Miller Ed High School (1958)	20,552	131	64	86
		18,470	18,680	19,620

Source:

From 3/1/22 K-12 Enrollment - HR Dept

2019	2018	2017	2016	2015	2014	2013
335	348	358	391	388	360	382
510	520	530	543	523	524	561
395	404	402	403	381	389	400
456	455	446	464	475	477	486
644	631	654	636	606	629	581
475	478	470	497	495	444	437
248	260	235	247	227	229	228
437	452	476	506	518	510	497
310	309	307	295	292	222	215
361	389	392	402	439	481	484
549	566	560	530	553	548	531
449	450	434	440	484	517	488
208	234	219	153	141	140	154
499	471	472	479	459	435	432
467	490	465	462	460	468	501
473	473	474	508	500	512	482
427	427	455	463	459	479	485
383	353	330	299	301	298	305
-	-	-	-	-	-	-
420	439	432	403	407	394	370
509	482	490	472	466	547	531
539	533	522	529	507	506	515
482	490	518	546	558	574	594
362	359	343	360	413	426	455
370	390	392	366	356	283	306
519	510	538	571	574	608	569
726	731	712	709	708	738	796
796	801	823	808	830	829	804
195	197	159	163	193	170	90
694	700	721	720	730	747	740
745	745	739	733	769	746	722
-	-	-	-	6	17	22
1,533	1,506	1,571	1,563	1,611	1,669	1,631
1,476	1,490	1,543	1,619	1,612	1,615	1,603
1,495	1,477	1,499	1,506	1,491	1,429	1,399
1,249	1,268	1,291	1,357	1,340	1,352	1,361
91	82	65	64	58	57	76
<u>19,827</u>	<u>19,910</u>	<u>20,037</u>	<u>20,207</u>	<u>20,330</u>	<u>20,369</u>	<u>20,233</u>

**HILLSBORO SCHOOL DISTRICT 1J**

**TEACHER DATA**

**2021-22 SCHOOL YEAR**

Education	Step	FTE	Salary
BA	A	47.97	\$ 47,765
BA	B	18.80	49,771
BA	C	7.00	51,860
BA	D	12.00	54,038
BA	E	7.10	56,306
BA	F	7.50	58,670
BA	G	19.60	61,134
BA	H	3.00	63,700
BA	I	8.00	66,375
BA	J	3.10	69,161
BA	K	31.00	72,066
BA+24	A	1.00	49,200
BA+24	B	0.00	51,266
BA+24	C	1.00	53,418
BA+24	D	3.00	55,661
BA+24	E	1.00	57,998
BA+24	F	3.00	60,433
BA+24	G	5.00	62,970
BA+24	H	1.00	65,614
BA+24	I	2.00	68,368
BA+24	J	1.00	71,239
BA+24	K	7.00	74,231
BA+45	A	0.00	50,678
BA+45	B	0.00	52,806
BA+45	C	0.00	55,023
BA+45	D	0.00	57,333
BA+45	E	2.00	59,740
BA+45	F	0.00	62,248
BA+45	G	2.00	64,861
BA+45	H	0.00	67,585
BA+45	I	0.80	70,422
BA+45	J	1.00	73,379
BA+45	K	0.00	76,460
BA+45	L	0.00	79,670
BA+45	M	1.00	83,015
BA+45	N	13.08	86,501
MA/BA+60	A	31.69	52,200
MA/BA+60	B	26.75	54,392
MA/BA+60	C	27.80	56,675
MA/BA+60	D	27.23	59,055
MA/BA+60	E	33.63	61,534

Education	Step	FTE	Salary
MA/BA+60	F	35.87	\$ 64,118
MA/BA+60	G	58.00	66,810
MA/BA+60	H	21.78	69,615
MA/BA+60	I	16.67	72,538
MA/BA+60	J	13.50	75,583
MA/BA+60	K	17.50	78,756
MA/BA+60	L	16.17	82,063
MA/BA+60	M	21.40	85,508
MA/BA+60	N	16.92	89,098
MA/BA+60	O	152.65	92,840
MA+24/BA+90	A	0.00	53,768
MA+24/BA+90	B	0.00	56,026
MA+24/BA+90	C	3.00	58,378
MA+24/BA+90	D	0.00	60,829
MA+24/BA+90	E	5.27	63,383
MA+24/BA+90	F	6.97	66,044
MA+24/BA+90	G	22.17	68,817
MA+24/BA+90	H	7.00	71,706
MA+24/BA+90	I	4.00	74,716
MA+24/BA+90	J	9.00	77,853
MA+24/BA+90	K	5.83	81,122
MA+24/BA+90	L	11.80	84,528
MA+24/BA+90	M	9.20	88,077
MA+24/BA+90	N	9.00	91,775
MA+24/BA+90	O	80.22	95,629
MA+45/BA+120	A	0.00	55,383
MA+45/BA+120	B	0.00	57,709
MA+45/BA+120	C	0.00	60,131
MA+45/BA+120	D	0.00	62,656
MA+45/BA+120	E	0.00	65,287
MA+45/BA+120	F	6.50	68,028
MA+45/BA+120	G	25.97	70,884
MA+45/BA+120	H	15.67	73,860
MA+45/BA+120	I	13.42	76,961
MA+45/BA+120	J	14.50	80,192
MA+45/BA+120	K	19.85	83,559
MA+45/BA+120	L	16.83	87,067
MA+45/BA+120	M	14.33	90,723
MA+45/BA+120	N	20.20	94,531
MA+45/BA+120	O	161.75	98,502



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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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 23, 2022.

***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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

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

*Grove, Mueller & Swank, P.C.*  
CERTIFIED PUBLIC ACCOUNTANTS

November 23, 2022



# 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, 2022. 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, 2022.

#### ***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 23, 2022

**HILLSBORO SCHOOL DISTRICT 1J**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

July 1, 2021- June 30, 2022 Federal Grantor, Program Title	Assistance Listing Number	Agency or Pass-through Number	Program Period Begin Date    End Date		Revenue and Expenditures
<b>DEPARTMENT OF AGRICULTURE:</b>					
<b>Passed through Oregon Department of Education:</b>					
<b>Child Nutrition Cluster</b>					
School Breakfast Program (SBP)	10.553	3408001	7/1/2021	6/30/2022	\$ 1,612,110
National School Lunch Program (NSLP)	10.555	3408001	7/1/2021	6/30/2022	8,422,378
Summer Food Service Program For Children (SFSPC)	10.559	3408001	7/1/2021	6/30/2022	<u>282,242</u>
<b>Total Pass-Through Programs from Child Nutrition Cluster</b>					<u>10,316,730</u>
Child and Adult Care Food Program (CACFP)	10.558	3408001	7/1/2021	6/30/2022	<u>18,989</u>
<b>Pass-Through</b>					<u>18,989</u>
COVID 19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	3408001	7/1/2021	6/30/2022	<u>5,814</u>
<b>Pass-Through</b>					<u>5,814</u>
<b>Total Pass-Through Programs from Department of Education</b>					<u>10,341,533</u>
<b>DEPARTMENT OF AGRICULTURE TOTAL</b>					<u>10,341,533</u>
<b>DEPARTMENT OF EDUCATION:</b>					
Indian Education Grants to Local Education Agencies	84.060	S060A212526	7/1/2021	6/30/2022	29,807
Indian Education Grants to Local Education Agencies	84.060	S060A192526	7/1/2019	6/30/2022	<u>1,874</u>
<b>Direct Program</b>					<u>31,681</u>
<b>Total Direct Programs</b>					<u>31,681</u>
<b>Passed through the Office of Vocational Rehabilitation Services</b>					
<b>Rehabilitation Services - Vocational Rehabilitation Grants to States</b>					
Youth Transition Program	84.126	160720	7/1/2019	6/30/2023	<u>162,202</u>
<b>Total Pass-Through Programs from Office of Vocational Rehabilitation Services</b>					<u>162,202</u>
<b>Passed through Oregon Department of Education:</b>					
<b>Title IA/D Grants to Local Educational Agencies (LEAs)</b>					
Title IA	84.010	53283	7/1/2019	9/30/2022	176,990
Title IA	84.010	58279	7/1/2020	9/30/2022	5,018
Title IA	84.010	66988	7/1/2021	9/30/2022	2,822,829
Title ID	84.010	66902	7/1/2021	9/30/2022	23,315
Title IA/D - ESSA Partnerships 19-20 Supplement	84.010	65115	7/1/2020	9/30/2022	88,821
Title IA/D - ESSA Partnerships 2021	84.010	60392	7/1/2020	9/30/2022	<u>47,471</u>
<b>Pass-Through</b>					<u>3,164,444</u>
<b>Migrant Education - State Grant Program</b>					
Title IC - Migrant Education	84.011	53720	7/1/2019	9/30/2022	11,542
Title IC - Migrant Education	84.011	58934	7/1/2020	9/30/2022	123,143
Title IC - Migrant Education	84.011	68114	7/1/2021	9/30/2022	1,027,755
Title IC - Migrant Education - Preschool	84.011	58916	7/1/2020	9/30/2022	99
Title IC - Migrant Education - Preschool	84.011	68143	7/1/2021	9/30/2022	83,389
Title IC - Migrant Education - Summer	84.011	57313	3/14/2020	9/30/2022	33,561
Title IC - Migrant Education - Summer	84.011	66108	7/1/2020	9/30/2022	<u>411,897</u>
<b>Pass-Through</b>					<u>1,691,386</u>

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, 2022**

July 1, 2021- June 30, 2022 Federal Grantor, Program Title	Assistance Listing Number	Agency or Pass-through Number	Program Period Begin Date    End Date		Revenue and Expenditures
<b>DEPARTMENT OF EDUCATION (Continued):</b>					
<b>Passed through Oregon Department of Education (Continued):</b>					
<b>Office of Special Education and Rehabilitative Services</b>					
<b>Special Education Cluster (IDEA)</b>					
<b>Special Education Grants to States (IDEA, Part B)</b>					
SPR&I 2018-19	84.027	49528	7/1/2018	9/30/2021	\$ 1,452
IDEA - Part B Section 611	84.027	61432	7/1/2020	9/30/2021	134,911
IDEA - Part B Section 611	84.027	60671	7/1/2020	9/30/2022	2,074,190
IDEA - Part B Section 611	84.027	68635	7/1/2021	9/30/2023	360,160
COVID 19 - IDEA - Part B Section 611 ARP	84.027	68386	7/1/2021	9/30/2023	2,975
IDEA - Part B Section 611 Extended Assessment	84.027	73189	7/1/2021	6/30/2022	1,410
				<b>Pass-Through</b>	<u>2,575,098</u>
<b>Special Education Preschool Grants (IDEA Preschool)</b>					
IDEA - Part B Section 619	84.173	60509	7/1/2020	9/30/2022	145
				<b>Pass-Through</b>	<u>145</u>
<b>Total Pass-Through Programs from Special Education Cluster (IDEA)</b>					<u>2,575,243</u>
<b>Office of Career, Technical, and Adult Education</b>					
<b>Career and Technical Education - Basic Grants to States</b>					
Perkins Comprehensive Basic	84.048	57590	7/1/2020	9/30/2021	25,469
Perkins Comprehensive Basic	84.048	66144	7/1/2021	9/30/2022	125,507
				<b>Pass-Through</b>	<u>150,976</u>
<b>Office of Educational Improvement and Innovation</b>					
<b>Education for Homeless Children and Youth</b>					
McKinney Homeless	84.196	65236	7/1/2020	9/30/2022	32,144
McKinney Homeless	84.196	66234	7/1/2021	9/30/2022	7,723
				<b>Pass-Through</b>	<u>39,867</u>
<b>English Language Acquisition State Grants</b>					
Title III - English Language Acquisition	84.365	53424	7/1/2019	9/30/2022	53,978
Title III - English Language Acquisition	84.365	58476	7/1/2020	9/30/2022	25,644
Title III - English Language Acquisition	84.365	67137	7/1/2021	9/30/2022	263,742
				<b>Pass-Through</b>	<u>343,364</u>
<b>Supporting Effective Instruction State Grants</b>					
Title IIA - Teacher Quality	84.367	53545	7/1/2019	9/30/2021	28,115
Title IIA - Teacher Quality	84.367	58771	7/1/2020	9/30/2022	41,662
Title IIA - Teacher Quality	84.367	67421	7/1/2021	9/30/2022	528,416
				<b>Pass-Through</b>	<u>598,193</u>
<b>Student Support and Academic Enrichment Program</b>					
Title IV-A Student Support and Academic Enrichment	84.424	58589	7/1/2020	9/30/2022	198,966
Title IV-A Student Support and Academic Enrichment	84.424	66777	7/1/2021	9/30/2022	243,400
				<b>Pass-Through</b>	<u>442,366</u>
<b>COVID 19 - Education Stabilization Fund</b>					
COVID 19 - Elementary and Secondary School Emergency Relief I	84.425D	57826	3/13/2020	9/30/2022	2,490,753
COVID 19 - Elementary and Secondary School Emergency Relief I	84.425D	64596	3/13/2020	9/30/2023	5,371,910
COVID 19 - Elementary and Secondary School Emergency Relief I	84.425D	64901	3/13/2020	9/30/2024	1,576,987
				<b>Pass-Through</b>	<u>9,439,650</u>
<b>Total Pass-Through from Oregon Department of Education</b>					<u>18,445,489</u>
<b>DEPARTMENT OF EDUCATION TOTAL</b>					<u>18,639,372</u>

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, 2022**

July 1, 2021- June 30, 2022 Federal Grantor, Program Title	Assistance Listing Number	Agency or Pass-through Number	Program Period Begin Date    End Date		Revenue and Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>					
<b>Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program</b>					
Office of Self Sufficiency Programs My Future-My Choice	93.235	157101	7/1/2018	6/30/2022	\$ 27,351
				<b>Direct Program</b>	<u>27,351</u>
<b>Medicaid Cluster</b>					
Medical Assistance Program, Title XIX	93.778	114731	7/1/2021	6/30/2022	18,794
				<b>Direct Program</b>	<u>18,794</u>
				<b>Total Direct Programs</b>	<u><u>46,145</u></u>
<b>Passed through the Oregon Department of Health and Human Services:</b>					
<b>CCDF Cluster</b>					
Child Care and Development Block Grant	93.575	156210	7/1/2017	6/30/2022	34,531
				<b>Total Pass-Through Programs from CCDF Cluster through Oregon Department of Health and Human Services</b>	<u>34,531</u>
<b>Passed through Oregon Health Authority:</b>					
Public Health Emergency Response	93.354	173999	1/21/2022	6/30/2023	66,667
				<b>Pass-Through</b>	<u>66,667</u>
				<b>Total Pass-Through from Oregon Health Authority</b>	<u><u>66,667</u></u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL</b>					<u><u>147,343</u></u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>					<u><u>\$ 29,128,248</u></u>

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, 2022.

*HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022*

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*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**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2022**

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**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?	None reported
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>
84.010	Title I Grants to Local Educational Agencies
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	\$873,847
Auditee qualified as low-risk auditee?	Yes

**FINANCIAL STATEMENT FINDINGS**

None.

**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, 2022**

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***PRIOR YEAR FINANCIAL STATEMENT FINDINGS***

None.

***PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS***

None.

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# GROVE, MUELLER & SWANK, P.C.

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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, 2022, and have issued our report thereon dated November 23, 2022.

### ***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.

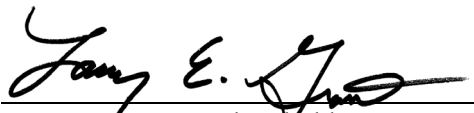
***Internal Control***

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.

***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 23, 2022