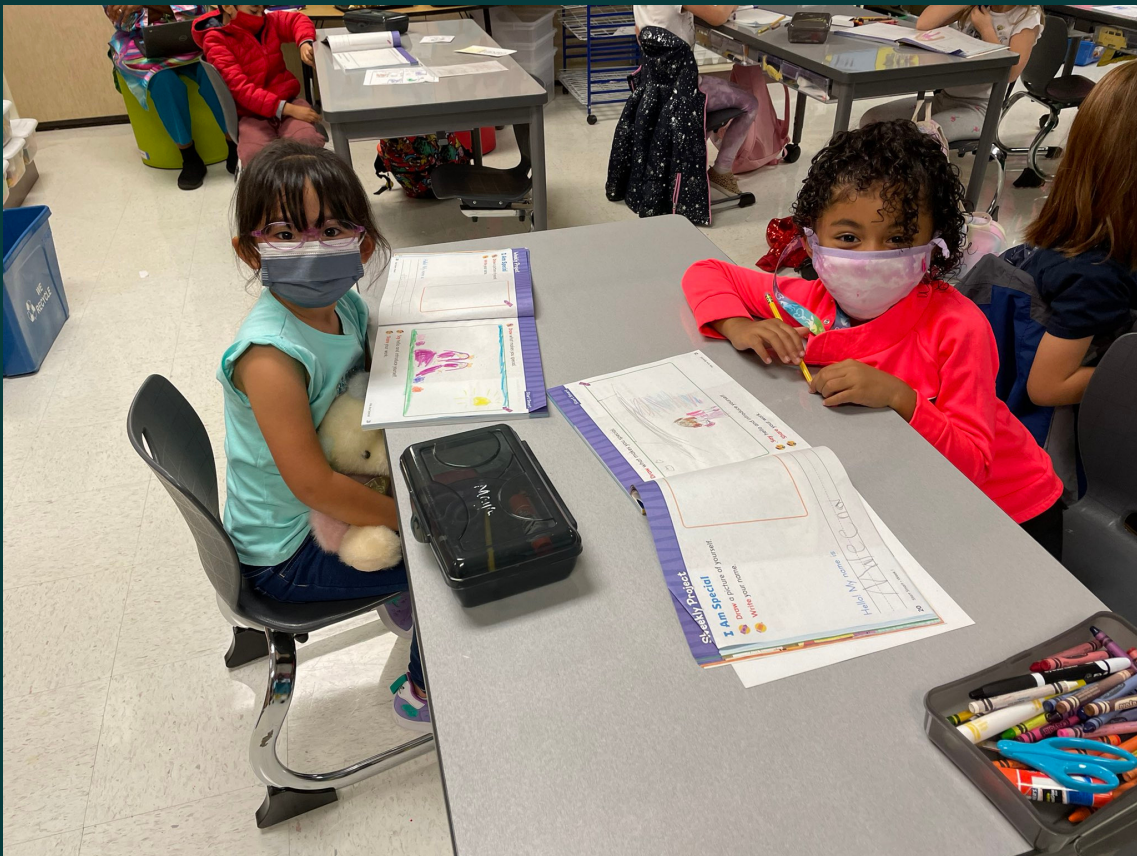




# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021



**Hillsboro School District 1J**  
**Administration Center**  
**3083 NE 49th Place**  
**Hillsboro, OR 97124**  
**[www.hsd.k12.or.us](http://www.hsd.k12.or.us)**

**20**  
**21**

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

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**for the Fiscal Year Ended June 30, 2021**

*Prepared by the  
Business Office staff*

Michelle Morrison, Chief 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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December 1, 2021

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 Comprehensive Annual Financial Report of Hillsboro School District 1J, Washington County, Oregon, for the fiscal year ended June 30, 2021.

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, 2021, 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 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 2020-21, management staff consisted of 1 superintendent, 2 assistant superintendents, 6 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 1,091 teachers and 986 support staff, including instructional assistants, secretaries, clerks, bus drivers, cooks, custodians, maintenance workers, and various other professional and technical staff. The District operates 25 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 2016-21 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 140,986. 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 731, or an average of approximately 0.38 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
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
11-12	19,850

The community voted in November 2017 to approve the sale of \$408 million in bonds for capital projects. These bonds are being 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 21,394 employees.

The Oregon Employment Department report for June 2021 shows the PMSA unemployment rate at 5.0 percent. In late August, the State received its September Revenue Forecast to close out the 2019-21 biennium. Despite the ongoing challenges of the pandemic, financial news is positive and reserve accounts to protect K-12 education are strong.

The September Economic and Revenue Forecast showed another surge in tax collections that will generate the largest personal kicker in Oregon history and closes the books on the 2019-21 biennium. Based on final projections, Oregon's kicker law will return almost \$1.9 billion to individual taxpayers in 2022 when they file their 2021 taxes. The corporate kicker grew to almost \$847 million and must be spent on K-12 education, 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.

## **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 2020-21 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.

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. The Oregon legislature has appropriated \$9.0 billion for K-12 allocations for the 2019-21 biennium.

## 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 CFO.

**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 comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the twenty-sixth 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 2021 Comprehensive Annual 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 a Pathway to the Meritorious Budget Award (MBA) for the 2021-22 budget year. This award reflects the District's transparency and accountability efforts that support the Strategic Plan and community engagement.

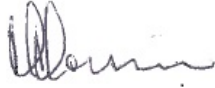
## ACKNOWLEDGMENTS

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  
Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Hillsboro School District 1J  
Oregon**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

**HILLSBORO SCHOOL DISTRICT 1J**

Washington County, Oregon

**OFFICIALS OF THE DISTRICT**

**JUNE 30, 2021**

**BOARD OF DIRECTORS**

<u>Position</u>	<u>Name</u>	<u>Term Expiration</u>
Position 1	Erika Lopez	June 30, 2021
Position 2	Mark Watson	June 30, 2021
Position 3	Martin Granum	June 30, 2021
Position 4	See Eun Kim	June 30, 2023
Position 5	Lisa Allen	June 30, 2023
Position 6	Jaci Spross	June 30, 2021
Position 7	Yadira Martinez	June 30, 2023

All Board members receive mail at the address below.

**DISTRICT ADMINISTRATION**

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

**DISTRICT ADDRESS**

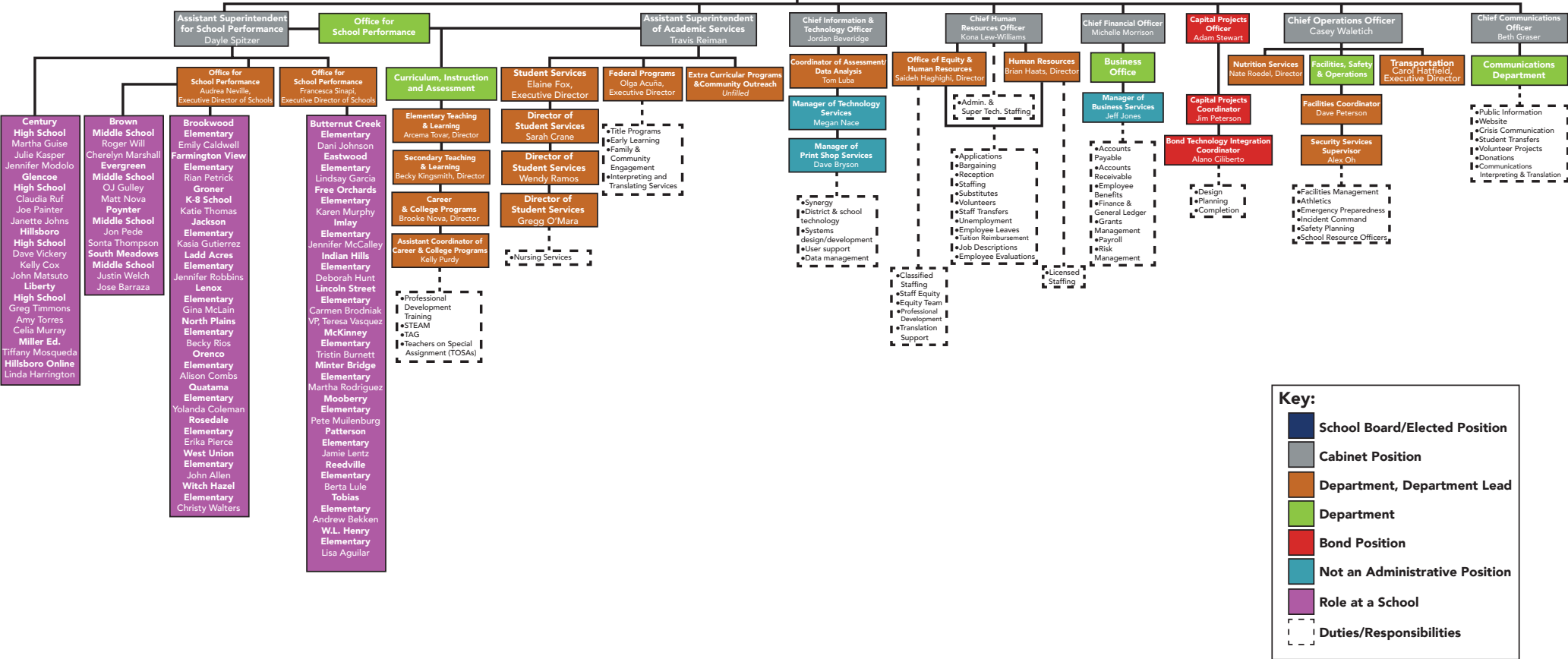
3083 NE 49<sup>th</sup> Place, #200  
Hillsboro, Oregon 97124

**Hillsboro School District  
Organizational Chart  
2020-21**

**School Board**  
Erika Lopez, Chair  
Martin Granum, Vice Chair  
Mark Watson  
See Eun Kim  
Lisa Allen  
Jaci Spross  
Yadira Martinez  
**Student Representatives to the Board**  
Ilhaam Ikramullah  
Devlin Knill  
Mya Smith

**Superintendent**  
Mike Scott

**Cabinet**



**Key:**

- School Board/Elected Position
- Cabinet Position
- Department, Department Lead
- Department
- Bond Position
- Not an Administrative Position
- Role at a School
- Duties/Responsibilities

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# GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

[www.gmscpa.com](http://www.gmscpa.com)

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475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

## ***INDEPENDENT AUDITOR'S REPORT***

School Board  
Hillsboro School District 1J  
Hillsboro, Oregon

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of Hillsboro School District 1J, Washington County, Oregon (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Hillsboro School District 1J, Washington County, Oregon as of June 30, 2021, 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.

## ***Other Matters***

### ***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, 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.

### ***Other 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 introductory section, other supplementary information, as listed in the table of contents, and statistical section, are presented for purposes of additional analysis and are not required parts 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## ***Reports on Other Legal and Regulatory Requirements***

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

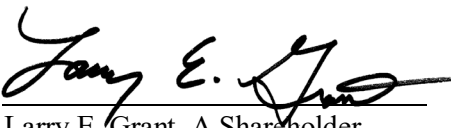
In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and

the results of that testing, and not to provide an opinion on the effectiveness of 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 December 1, 2021, 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  
December 1, 2021

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**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021. 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 \$139.7 million (net position). Of this amount, \$114.8 million represents the District's net investment in capital assets, \$16.9 million is restricted for special programs and debt service, and the remaining (\$271.4) million is unrestricted. The District's overall net position has decreased from the 2020 value by \$17.0 million.
- For the fiscal year ended June 30, 2021, the District's total current and other assets decreased by \$76.3 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 \$147.2 million, a decrease of \$81.8 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 fund balance for the General Fund was \$21.2 million, or about 9.7 percent of total General Fund expenditures.
- The District's total long-term debt decreased by \$25.0 million during the 2020-21 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, 2021**

**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 21 and 22 of this report.

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**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 25-28 of this report.

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**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 29-72 of this report.

**Supplementary Information**

Schedules presenting detailed budgetary information for individual funds and other supplementary information can be found on pages 73-96 of this report.

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$139.7 million at June 30, 2021.

**3. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, and equipment, represent about 73.9 percent and cash and investments represent about 22.8 percent of total assets. The remaining assets consist mainly of grants and property taxes receivable.

The District's largest liability (96.2 percent) is for the repayment of long-term obligations. Other liabilities, representing 3.8 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 (e.g., land, buildings, vehicles, and equipment) 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, 2021**

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

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

	Governmental Activities		Increase
	2021	2020	(Decrease)
Current and other assets	\$ 186,567	\$ 262,824	\$ (76,257)
Capital assets	526,932	455,551	71,381
Total assets	713,499	718,375	(4,876)
Deferred outflows of resources	88,636	76,781	11,855
Total assets and deferred outflows	802,135	795,156	6,979
Current and other liabilities	35,007	33,501	1,506
Long-term obligations outstanding	887,560	862,522	25,038
Total liabilities	922,567	896,023	26,544
Deferred inflows of resources	19,265	21,846	(2,581)
Total liabilities and deferred inflows	941,832	917,869	23,963
Net position:			
Net investment in capital assets	114,792	120,863	(6,071)
Restricted	16,950	9,467	7,483
Unrestricted	(271,439)	(253,043)	(18,396)
Total net position	<u>\$(139,697)</u>	<u>\$ (122,713)</u>	<u>\$ (16,984)</u>

During the current fiscal year, the District's net position decreased by \$17.0 million, as more fully described in the following section.

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

**Governmental Activities**

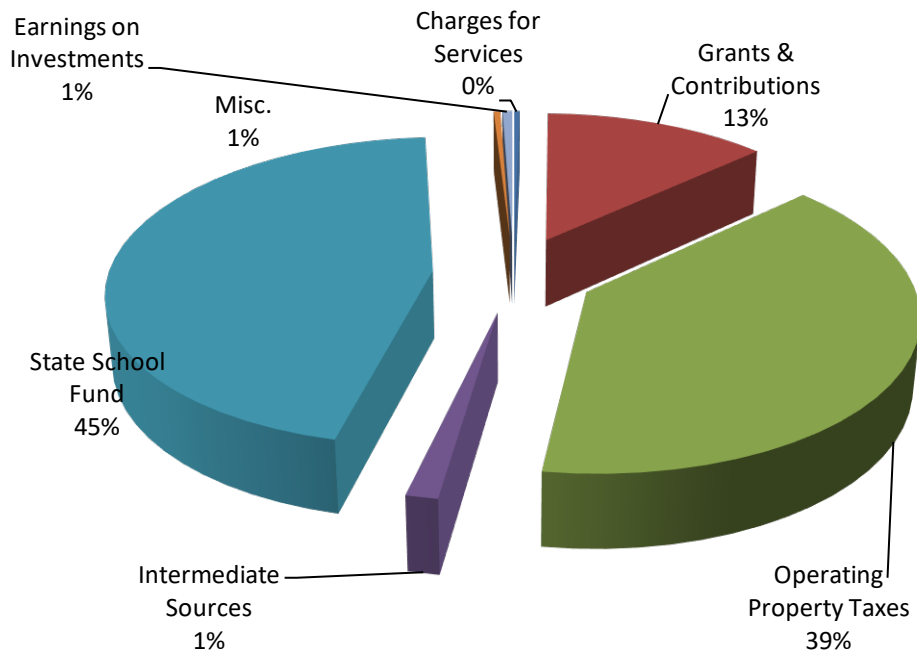
The key elements of the change in the District's net position for the year ended June 30, 2021, are as follows:

<b>Hillsboro School District 1J Changes in Net Position (in thousands)</b>			
	Governmental Activities		Increase
	2021	2020	(Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 979	\$ 5,067	\$ (4,088)
Operating grants and contributions	39,762	26,247	13,515
Capital grant and contributions	-	8,000	(8,000)
General revenues:			
Property taxes	120,763	114,497	6,266
State school fund – general support	139,852	140,732	(880)
Unrestricted intermediate sources	4,248	3,580	668
Earnings on investments	1,736	5,488	(3,752)
Miscellaneous	1,202	1,278	(76)
<b>Total Revenues</b>	<b>308,542</b>	<b>304,889</b>	<b>3,653</b>
Expenses:			
Instruction	180,752	184,652	(3,900)
Support services	110,174	113,221	(3,047)
Enterprise and community services	12,211	10,937	1,274
Interest on long-term debt	22,389	21,740	649
<b>Total Expenses</b>	<b>325,526</b>	<b>330,550</b>	<b>(5,024)</b>
Increase (decrease) in net position	(16,984)	(25,661)	8,677
Net position – July 1	(122,713)	(97,052)	(25,661)
Net position – June 30	<b>\$ (139,697)</b>	<b>\$ (122,713)</b>	<b>\$ (16,984)</b>

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

**REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES**



- State School Fund<sup>1</sup> revenue decreased \$0.9 million or 0.6 percent from 2019-20. This decrease was due to a decrease in student enrollment and Transportation Grant proceeds. Both factors were directly linked to the COVID 19 pandemic and modified service models throughout the period.
- Property Taxes increased by \$6.3 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 \$13.5 million from 2019-20. This increase was due to federal grant funds via Washington County, full funding from the High School Success Act<sup>2</sup> and partial funding for the Student Investment Account<sup>3</sup>. The two significant state grants were resourced by a new Corporate Activity Tax and are accessed through an application and reimbursement mechanism.

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

<sup>2</sup> [Oregon Department of Education- High School Success](#)

<sup>3</sup> [Oregon Department of Education- Student Investment Account](#)

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

- Earnings on Investments decreased by \$3.8 million from 2019-20. 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>4</sup>, 0.60% as of June 30, 2021.

**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, 2021, the District's governmental funds reported combined ending fund balances of \$147.2 million, a decrease of \$81.8 million in comparison with the prior year. About \$8.9 million (6.0 percent) of the ending fund balance constitutes an unassigned ending fund balance.

About \$125.2 million (85.1 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, 2021, the total fund balance was \$21.2 million. The fund balance consists of both assigned and unassigned resources. The unassigned balance of \$8.9 million represents 4.1% of the total General Fund Expenditures which is a target of the Budget Committee.

As a measure of the fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. The total fund balance represents 9.7 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.

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<sup>4</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, 2021**

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

**General Fund (Continued)**

The fund balance increased by \$9.2 million during the current fiscal year. This increase was due primarily to savings related to the Comprehensive Distance Learning and Hybrid service models and an infusion of one-time relief funds.

Expenditures for supplies, transportation, temporary and substitute staff, and implementation of reduced work hours of staff that could not service in the same capacity within the limitations of the service models. The District continued to participate in the Oregon Employment Department Workshare program to enable under-utilized staff to recover lost compensation while maintaining the benefit level of their regular position.

**Special Revenue Fund**

At June 30, 2021, the fund balance was \$14.5 million, which is an increase of \$5.0 million from the prior year. This increase is due to an infusion of one-time relief funds. Also the "typical" year-end reclassification of actual expenditures from the general fund to special revenue funds was not required due to operational savings related to the Comprehensive Distance Learning and Hybrid instructional models.

**Debt Service Fund**

The Debt Service Fund has a total fund balance of \$2.9 million, all of which is restricted for the payment of debt service. This represents a net increase in the fund balance from the prior year of \$0.9 million. The \$2.9 million level of carryover is adequate to address debt service requirements until property taxes are received in November.

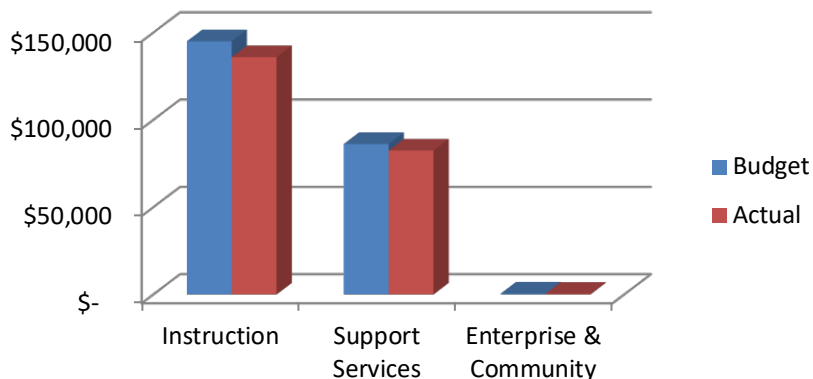
**Capital Projects Fund**

The Capital Projects Fund has a total fund balance of \$108.7 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 \$96.9 million. The decrease is attributable to new construction and remodeling of existing buildings per the ballot title.

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

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



**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund adopted budget for the fiscal year ended June 30, 2021, did not have any appropriation changes. During the year, expenditures were \$12,899,113 less than budgeted.

Major factors for General Fund revenue included stability of the State School Fund due to economic uncertainty, enrollment impacts of Comprehensive Distance Learning, and Hybrid learning model, and accessibility to federal and state resources that could support current service level.

The expenditure analysis for the year indicates both prudent operational management and leveraging federal support via other agencies.

- Prudent operational management strategies include but are not limited to 1) engaging in the workshare and reassignment of staff that did not have work available during Comprehensive Distance Learning, and 2) contract negotiations as needed to protect the District from losses.
- Management leveraged federal and emergency supports by providing childcare to essential workers, internet access to students, staff, and families, accessing FEMA when applicable, and utilizing the USDA nutrition program in concert with student transportation efforts to deliver meals to homes of students.

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

- Major areas of savings included substitutes, temporary staffing, fuel, utilities, and supplies.
- Investments in protective protocols (HVAC, PPE, training), digital curriculum and communication platforms expand the District's experience in diverse methods of both teaching and learning to inform future practices.

As of June 30, 2021, the assigned and unassigned fund balance increased by \$9.2 million during the current fiscal year for a total fund balance of \$21.2 million. The unassigned balance of \$8.9 million represents 4.1 percent of the total General Fund Expenditures which is a target of the Budget Committee. The assigned and unassigned fund balance combined represents 9.7 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.

Due to the material difference and anomalous spending patterns, the 2020-21 fiscal year will be largely omitted for future budget modeling and projections.

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2021, the District had invested approximately \$527 million in capital assets, net of depreciation, as shown in the following table:

<b>Hillsboro School District 1J</b>			
<b>Capital Assets</b>			
<b>(in thousands)</b>			
	Governmental Activities 2021	2020	Increase (Decrease)
Land	\$ 39,437	\$ 39,437	\$ -
Construction in progress	56,497	137,481	(80,984)
Buildings and improvements	418,788	267,174	151,614
Vehicles and equipment	12,210	11,459	751
Total	\$ 526,932	\$ 455,551	\$ 71,381

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

**Capital Assets (Continued)**

During the year, the District's investment in capital assets increased by \$71.4 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 41-42 of this report.

**Long-Term Debt**

At the end of the current fiscal year, the District had total long-term debt outstanding of \$619.8 million, consisting of general obligation bonds, capital leases, qualified energy conservation bonds and PERS pension bonds, net of unamortized premium/discount.

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

	Governmental Activities 2021	2020	Increase/ (Decrease)
General obligation bonds and related premium	\$ 519,070	\$ 535,726	\$ (16,656)
Pension obligation bonds	96,655	104,510	(7,855)
Qualified energy conservation bond	1,735	2,165	(430)
Capital leases	2,306	2,348	(42)
	\$ 619,766	\$ 644,748	\$ (24,983)

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.

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

**Long-Term Debt (Continued)**

State statutes limit the amount of general obligation debt a school district may issue up to 7.95 percent of its total assessed valuation of \$17.507 billion or \$1.392 billion for the district. At 2.96% of total assessed value, \$519.1 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 43-45 of this report.

**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, 2021, the State School Fund – General Support provided 46.2 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 2019 Senate Bill 1049 PERS Reforms effectively deferred an increase to PERS rates for the 2021-23 biennium, though longer projections indicate a potential biennial increase of 3.0 percent, pending market returns, valuations, and changes to the rate of return as determined by the PERS board.

Current agreements with Hillsboro Classified Union (HCU) and Hillsboro Education Associations expired June 30, 2021. The District is currently bargaining with both groups and will use current work agreements until new ones are ratified. Leadership of both groups are actively collaborating with the District throughout this historically unprecedented period to follow contract language while finding solutions for stabilization challenges for the district, staff, students, and community at large.

**HILLSBORO SCHOOL DISTRICT 1J  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

**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 Chief Financial Officer at 3083 NE 49<sup>th</sup> Place #104, Hillsboro, OR 97124.

**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, 2021**

<b>ASSETS:</b>	
Cash and investments	\$ 162,412,461
Receivables	17,852,579
Supply inventory	433,505
Prepaid expenses	1,436,899
OPEB asset	4,431,307
Capital assets:	
Not being depreciated	95,934,024
Being depreciated, net of accumulated depreciation	430,997,553
<b>Total assets</b>	<u>713,498,328</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred amount on refunding	2,311,188
PERS deferred outflows	82,346,409
OPEB deferred outflows	3,978,888
<b>Total deferred outflows of resources</b>	<u>88,636,485</u>
<b>Total assets and deferred outflows of resources</b>	<u>802,134,813</u>
 <b>LIABILITIES:</b>	
Accounts payable	10,660,120
Accrued payroll, payroll taxes and employee withholdings	13,675,835
Accrued interest payable	855,825
Construction retainage	2,657,786
Unearned revenue	6,454,448
Accrued compensated absences payable:	
Due within one year	526,970
Due in more than one year	175,656
Long-term debt:	
Due within one year	29,358,432
Due in more than one year	590,407,908
Noncurrent liabilities due in more than one year:	
PERS pension liability	252,869,709
OPEB liability	14,923,793
<b>Total liabilities</b>	<u>922,566,482</u>
 <b>DEFERRED INFLOWS OF RESOURCES:</b>	
PERS deferred inflows	15,508,101
OPEB deferred inflows	3,757,176
<b>Total deferred inflows of resources</b>	<u>19,265,277</u>
<b>Total liabilities and deferred inflows of resources</b>	<u>941,831,759</u>
 <b>NET POSITION:</b>	
Net investment in capital assets	114,792,114
Restricted for:	
Special programs	14,461,044
Debt service	2,488,915
Unrestricted	(271,439,019)
<b>Total net position</b>	<u>\$ (139,696,946)</u>

The accompanying notes are an integral part of this statement.

**HILLSBORO SCHOOL DISTRICT 1J**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

FUNCTION	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 180,752,316	\$ 822,495	\$ 12,461,839	\$ (167,467,982)
Support services	110,173,508	176,528	15,445,829	(94,551,151)
Enterprise and community services	12,210,846	(20,147)	11,419,117	(811,876)
Interest on long-term debt	22,388,694	-	435,041	(21,953,653)
<b>Total Governmental Activities</b>	<b>\$ 325,525,364</b>	<b>\$ 978,876</b>	<b>\$ 39,761,826</b>	<b>(284,784,662)</b>
		GENERAL REVENUES:		
			Property taxes levied for general purposes	82,014,256
			Property taxes levied for debt service	38,748,464
			State School Fund - general support	139,852,283
			Unrestricted intermediate sources	4,248,409
			Earnings on investments	1,735,545
			Miscellaneous	1,201,718
			<b>TOTAL GENERAL REVENUES</b>	<b>267,800,675</b>
			CHANGE IN NET POSITION	(16,983,987)
			NET POSITION, July 1, 2020	(122,712,959)
			<b>NET POSITION, JUNE 30, 2021</b>	<b>\$ (139,696,946)</b>

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, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 40,412,426	\$ 1,215,843	\$ 2,605,171	\$ 118,179,021	\$ 162,412,461
Receivables	3,287,270	13,825,740	739,569	-	17,852,579
Inventory	49,355	384,150	-	-	433,505
Prepaid items	1,035,758	-	-	401,141	1,436,899
<b>TOTAL ASSETS</b>	<u>\$ 44,784,809</u>	<u>\$ 15,425,733</u>	<u>\$ 3,344,740</u>	<u>\$ 118,580,162</u>	<u>\$ 182,135,444</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 3,029,792	\$ 354,242	\$ -	\$ 7,276,086	\$ 10,660,120
Accrued payroll, payroll taxes and employee withholdings	13,675,835	-	-	-	13,675,835
Construction retainage	-	14,399	-	2,643,387	2,657,786
Unearned revenue	5,858,400	596,048	-	-	6,454,448
<b>TOTAL LIABILITIES</b>	<u>22,564,027</u>	<u>964,689</u>	<u>-</u>	<u>9,919,473</u>	<u>33,448,189</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue - property taxes	1,026,751	-	476,140	-	1,502,891
<b>FUND BALANCES:</b>					
Nonspendable:					
Inventory	49,355	384,150	-	-	433,505
Prepaid items	1,035,758	-	-	401,141	1,436,899
Restricted for:					
Special programs	-	14,076,894	-	-	14,076,894
Debt services	-	-	2,868,600	-	2,868,600
Capital projects	-	-	-	108,259,548	108,259,548
Assigned for:					
Future year expenses	11,245,779 (1)	-	-	-	11,245,779
Unassigned	8,863,139	-	-	-	8,863,139
<b>TOTAL FUND BALANCES</b>	<u>21,194,031</u>	<u>14,461,044</u>	<u>2,868,600</u>	<u>108,660,689</u>	<u>147,184,364</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 44,784,809</u>	<u>\$ 15,425,733</u>	<u>\$ 3,344,740</u>	<u>\$ 118,580,162</u>	<u>\$ 182,135,444</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, 2021**

<b>TOTAL FUND BALANCES</b>		\$ 147,184,364
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Capital assets	\$ 738,220,039	
Accumulated depreciation	(211,288,462)	
		526,931,577
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.		
		1,502,891
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.		
		(702,626)
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
		(855,825)
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.		
		2,311,188
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)	(519,070,390)	
Capital leases payable	(2,305,825)	
Qualified Energy Conservation Bond	(1,735,125)	
PERS pension bonds payable	(96,655,000)	
		(619,766,340)
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	(252,869,709)	
PERS deferred outflow of resources	82,346,409	
PERS deferred inflow of resources	(15,508,101)	
		(186,031,401)
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	4,431,307	
OPEB liability	(14,923,793)	
OPEB deferred outflow of resources	3,978,888	
OPEB deferred inflow of resources	(3,757,176)	
		(10,270,774)
<b>TOTAL NET POSITION</b>		<b>\$ (139,696,946)</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, 2021**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
<b>REVENUES:</b>					
Local sources:					
Property taxes	\$ 82,050,272	\$ -	\$ 38,765,166	\$ -	\$ 120,815,438
Charges for services	169,731	809,145	-	-	978,876
Interest on investments	367,489	-	104,418	1,263,638	1,735,545
Contributions and donations	2,859	575,581	-	-	578,440
Services provided to other funds	-	-	12,307,736	-	12,307,736
Other	1,380,686	3,280,650	55,987	(22,500)	4,694,823
Intermediate sources	4,248,409	1,345,712	-	-	5,594,121
State sources	139,852,283	15,406,290	-	-	155,258,573
Federal sources	-	19,761,420	-	-	19,761,420
<b>Total Revenues</b>	<u>228,071,729</u>	<u>41,178,798</u>	<u>51,233,307</u>	<u>1,241,138</u>	<u>321,724,972</u>
<b>EXPENDITURES:</b>					
Current:					
Instruction	135,897,419	12,713,607	-	-	148,611,026
Support services	82,345,965	10,398,184	-	30,048	92,774,197
Enterprise and community services	474,837	10,031,817	-	-	10,506,654
Facilities acquisition and construction	-	-	-	18,644,018	18,644,018
Debt service:					
Other	-	-	317,369	-	317,369
Principal	-	1,709,036	23,770,000	-	25,479,036
Interest	-	131,676	26,631,916	-	26,763,592
Capital outlay	263,680	2,437,559	-	79,457,198	82,158,437
<b>Total Expenditures</b>	<u>218,981,901</u>	<u>37,421,879</u>	<u>50,719,285</u>	<u>98,131,264</u>	<u>405,254,329</u>
<b>Excess (deficiency) of revenues over expenditures</b>	9,089,828	3,756,919	514,022	(96,890,126)	(83,529,357)
<b>OTHER FINANCING SOURCES (USES):</b>					
Bonds issued	-	-	40,360,000	-	40,360,000
Issuance of debt	-	1,237,085	-	-	1,237,085
Sale or compensation for loss of capital assets	130,969	-	-	-	130,969
Payment to escrow	-	-	(40,023,984)	-	(40,023,984)
<b>Total Other Financing Sources (Uses)</b>	<u>130,969</u>	<u>1,237,085</u>	<u>336,016</u>	<u>-</u>	<u>1,704,070</u>
<b>NET CHANGE IN FUND BALANCES</b>	9,220,797	4,994,004	850,038	(96,890,126)	(81,825,287)
<b>FUND BALANCES as of July 1, 2020</b>	<u>11,973,234</u>	<u>9,467,040</u>	<u>2,018,562</u>	<u>205,550,815</u>	<u>229,009,651</u>
<b>FUND BALANCES as of June 30, 2021</b>	<u>\$ 21,194,031</u>	<u>\$ 14,461,044</u>	<u>\$ 2,868,600</u>	<u>\$ 108,660,689</u>	<u>\$ 147,184,364</u>

The accompanying notes are an integral part of this statement.

**HILLSBORO SCHOOL DISTRICT 1J**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<b>NET CHANGES IN FUND BALANCES</b>		\$ (81,825,287)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>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.</p>		
Expenditures for capital assets	\$ 89,068,573	
Less current year depreciation expense	(17,679,255)	
Capital asset dispositions	<u>(8,700)</u>	71,380,618
<p>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.</p>		
Deferred amount on refunding	2,888,984	
Amortization	<u>(577,796)</u>	2,311,188
<p>Interest payable is not accrued in the governmental funds, but is accrued in the government-wide statements.</p>		
		1,964,235
<p>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.</p>		
		72,381
<p>Repayment of principal on long-term debt is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position, while additions to bond principal are an expense for the Statement of Net Position but not the governmental funds.</p>		
Debt issued	(40,360,000)	
Debt principal repaid	21,310,570	
Deposit to escrow for advanced refunding	40,023,984	
Amortization expense	<u>3,965,117</u>	24,939,671
<p>Capital lease proceeds are recorded as an other financing source in governmental funds. This debt, however, increases liabilities in the Statement of Net Position.</p>		
Debt issued	(1,237,085)	
Debt principal repaid	<u>1,279,482</u>	42,397
<p>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.</p>		
		(52,718)
<p>In the Statement of Activities, pension expense is adjusted based upon the actuarially determined contribution changes</p>		
		(35,821,880)
<p>In the Statement of Activities, OPEB expense is adjusted based upon the actuarially determined contribution changes</p>		
		<u>5,408</u>
<b>CHANGE IN NET POSITION</b>		<u><u>\$ (16,983,987)</u></u>

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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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, 2021**

**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 are depreciated 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, 2021**

**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.

**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, represents a consumption that applies to a future period(s), 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 that applies to a future period(s), 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.

**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.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance (Continued)**

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, 2021**

**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 for all funds.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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, 2021:

Deposits with financial institutions:	
Demand Deposits	\$ 14,841,761
Money Market	773,670
Certificates of Deposit	713,850
Investments	<u>146,083,180</u>
Total	<u>\$ 162,412,461</u>

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

**Deposits**

The District's deposits with various financial institutions at year end had a bank value of \$17,494,378, and a book value of \$16,329,281. 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, 2021, \$16,629,665 of the District's bank balances were covered by the PFCP, and \$114,713 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, 2021**

**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, 2021.

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, 2021. 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, 2021, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
U.S. Treasury Securities	\$ 7,311,942	\$ 7,311,942	\$ -	\$ -
State Treasurer’s Investment Pool	138,771,238	138,771,238	-	-
Total	<u>\$ 146,083,180</u>	<u>\$ 146,083,180</u>	<u>\$ -</u>	<u>\$ -</u>

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,

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

**Investments (Continued)**

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, 2021, the District was in compliance with all percentage restrictions.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**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	\$	2,260,857
Grants		13,825,740
Interest and other		1,765,982
Total	\$	17,852,579

**4. CAPITAL ASSETS**

Capital assets activity for the year was as follows:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 39,436,753	\$ -	\$ -	\$ 39,436,753
Construction in progress	137,481,285	46,251,233	(127,235,247)	56,497,271
Total capital assets not being depreciated	176,918,038	46,251,233	(127,235,247)	95,934,024
Capital assets being depreciated:				
Building and improvements	418,681,664	167,311,246	(8,801)	585,984,109
Furniture and fixtures	23,499,887	-	-	23,499,887
Equipment	5,030,535	708,203	-	5,738,738
Motor vehicles	21,494,707	1,909,414	(1,487,093)	21,917,028
Information technology equipment	5,022,529	123,724	-	5,146,253
Total capital assets being depreciated	473,729,322	170,052,587	(1,495,894)	642,286,015
Less accumulated depreciation for:				
Building and improvements	(151,507,245)	(15,689,368)	101	(167,196,512)
Furniture and fixtures	(21,607,527)	(190,283)	-	(21,797,810)
Equipment	(3,177,783)	(206,840)	-	(3,384,623)
Motor vehicles	(14,531,579)	(1,406,695)	1,487,093	(14,451,181)
Information technology equipment	(4,272,267)	(186,069)	-	(4,458,336)
Total accumulated depreciation	(195,096,401)	(17,679,255)	1,487,194	(211,288,462)
Total capital assets being depreciated, net	278,632,921	152,373,332	(8,700)	430,997,553
Total capital assets, net	\$ 455,550,959	\$ 198,624,565	\$(127,243,947)	\$ 526,931,577

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**4. CAPITAL ASSETS (Continued)**

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

<u>Program</u>	
Instruction	\$ 10,430,397
Support Services	6,511,439
Enterprise and Community Services	<u>737,419</u>
Total Depreciation	<u>\$ 17,679,255</u>

**5. COMPENSATED ABSENCES**

Activity for compensated absences for the year ended June 30, 2021 is as follows:

Balance July 1, 2020	\$ 775,007
Additions	702,626
Payments	<u>(775,007)</u>
Balance June 30, 2021	<u>\$ 702,626</u>
Due Within One Year	<u>\$ 526,970</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, 2021**

**6. LONG-TERM DEBT**

Long-term debt is comprised of:

	Total	Due Within One Year
General Obligation Bonds	\$ 519,070,390	\$ 19,365,000
Pension Obligation Bonds	96,655,000	8,790,000
Qualified Energy Conservation Bond	1,735,125	171,807
Capital Leases	2,305,825	1,031,625
Balance June 30, 2021	619,766,340	\$ 29,358,432
Due within one year	29,358,432	
Due in more than one year	\$ 590,407,908	

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

Governmental Activities Description	Outstanding July 1, 2020	Increases	Decreases	Outstanding June 30, 2021	Due Within One Year
General obligation bonds	\$ 463,395,000	\$ 40,360,000	\$ 53,050,000	\$ 450,705,000	\$ 19,365,000
Unamortized Premium	72,330,507	-	3,965,117	68,365,390	-
Total General obligation bonds, net	535,725,507	40,360,000	57,015,117	519,070,390	19,365,000
Pension obligation bonds	104,510,000	-	7,855,000	96,655,000	8,790,000
Notes from direct placements and borrowings:					
Qualified energy conservation bond	2,164,679	-	429,554	1,735,125	171,807
Capital leases	2,348,222	1,237,085	1,279,482	2,305,825	1,031,625
Total	\$ 644,748,408	\$ 41,597,085	\$ 66,579,153	\$ 619,766,340	\$ 29,358,432

**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%.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

**General Obligation Bonds (Continued)** – The District issued General Obligation Refunding Bonds, Series 2020, in an aggregate principal amount of \$40.4 million. The proceeds were used to refund the Callable Portion only of the District’s 2012 Bonds and to pay the costs of issuance. The Bonds helped the District obtain a benefit of savings in total debt service requirements. The present value of the economic gain resulting from the refunding was \$1,617,680. The Callable Portion of the 2012 Bonds, \$37.1 million, are defeased due to placing the proceeds of the new bonds in irrevocable trusts to provide for future debt payments on the old bonds. This amount has a call date of June 15, 2022.

**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%).

**Capital Leases** - The District entered into lease agreements as lessee for financing the acquisition of buses for student transportation in 2016-17 for \$1,254,560, 2017-18 for 1,294,571, 2018-19 for \$1,084,810, 2019-20 for \$1,200,388 and 2020-21 for \$1,237,085. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the net present value of their future minimum lease payments as of the inception date. During the fiscal year, capital lease obligations remained even at \$2.3 million. The leased buses have a cost of \$6.1 million, and a net book value of \$2.3 million, and accumulated depreciation of \$3.8 million at June 30, 2021. Amortization expense of the period is included in the depreciation expense. The capital lease obligations are paid by the Special Revenue Fund, which is funded by a transportation grant from the State School Fund.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

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		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 19,365,000	\$ 19,457,501	\$ 8,790,000	\$ 4,391,071	\$ 171,807	\$ 58,553	\$ 1,031,625	\$ 49,227
2023	21,610,000	18,684,969	9,795,000	3,998,695	129,179	52,976	716,577	27,501
2024	23,455,000	18,319,217	10,880,000	3,558,037	134,704	48,459	557,623	10,385
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	96,830,000	67,185,500	31,995,000	5,237,964	826,820	113,132	-	-
2032-36	127,840,000	43,331,850	9,875,000	790,433	185,906	4,828	-	-
2037-40	107,915,000	10,435,800	-	-	-	-	-	-
Total	<u>\$ 450,705,000</u>	<u>\$ 212,152,337</u>	<u>\$ 96,655,000</u>	<u>\$ 23,559,308</u>	<u>\$ 1,735,125</u>	<u>\$ 360,535</u>	<u>\$ 2,305,825</u>	<u>\$ 87,113</u>

**7. 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.

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

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

**GASB Statement 75**

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, 2020 (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	\$ -	\$ 4,431,307	\$ 4,431,307
Deferred Outflows of Resources			
Contributions After the Measurement Date	-	24,901	24,901
Difference between projected and actual earnings on investments	-	492,797	492,797
Changes of assumptions or other input	3,461,190	-	3,461,190
Total Deferred Outflows	3,461,190	517,698	3,978,888
Total OPEB Liability	(14,923,793)	-	(14,923,793)
Deferred Inflows of Resources			
Difference between expected and actual experience	-	(453,008)	(453,008)
Changes of assumptions or other input	(2,089,853)	(235,546)	(2,325,399)
Change in Proportionate Share	-	(978,769)	(978,769)
Total Deferred Inflows	(2,089,853)	(1,667,323)	(3,757,176)
OPEB Expense (Included in program expenses on Statement of Activities)	1,740,631	(1,239,907)	500,724

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**7. 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, 2019, the most recent valuation date, program participants included 2,433 active employees and 89 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 \$14,923,793 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019.

For the fiscal year ended June 30, 2021 the District recognized OPEB expense from this plan of \$1,740,631.

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

**Actuarial Assumptions and Other Inputs**

Valuation date	July 1, 2019
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal, level percent of salary
Actuarial assumptions:	
Interest Rate for Discounting Future Liabilities	2.75% per year, based on all years discounted at municipal bond rate.
General Inflation	2.50% per year
Payroll Growth	3.50% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table.
Annual Premium Increase Rate	5.50% for 2020-21 Rates will range from 4.5%-6.00% over the next 17+ years
Mortality Rates	Basic table: Pub-2010 Teachers table, separate Employee/Healthy Annuitant, sex distinct, generational, no setback.  Mortality rates for active male participants are 120% of the above rates, and for active female participants are 100% of the above rates.  Beneficiaries: Pub-2010 General Employees table, Healthy Annuitant, sex distinct, generational, set back 12 months for males, no set back for females.  Improvement Scale: Unisex Social Security Data Scale (60 year average), with data through 2015.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**7. 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, 2020	\$ 13,976,360
Changes for the year:	
Service cost	1,047,372
Interest on Total OPEB Liability	406,193
Benefit payments	(506,132)
Balance as of June 30, 2021	\$ 14,923,793

**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	\$ 1,705,907	\$ -	\$ 1,705,907
Changes of assumptions or other inputs	1,755,283	(2,089,853)	(334,570)
Net deferred outflow(inflow) of resources	\$ 3,461,190	\$ (2,089,853)	\$ 1,371,337

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
2022	\$ 287,066
2023	287,066
2024	287,066
2025	287,066
2026	287,064
Thereafter	(63,991)
Total	\$ 1,371,337

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**7. 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 (1.75 percent) or 1 percentage point higher (3.75 percentage) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

<b>Discount Rate</b>	<b>1% Decrease (1.75%)</b>	<b>Current Discount Rate (2.75%)</b>	<b>1% Increase (3.75%)</b>
Total OPEB Liability	\$ 16,179,635	\$ 14,923,793	\$ 13,748,721

<b>Healthcare Cost Trend</b>	<b>1% Decrease</b>	<b>Current Trend</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 12,910,850	\$ 14,923,793	\$ 17,356,850

**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 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.

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

**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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. The District's total for the year ended June 30, 2021 contributions was \$24,901.

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

At June 30, 2021, the District reported an asset of \$4,431,307 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2020, the District's proportionate share was 2.17%, increased from 1.22% as of June 30, 2019.

For the year ended June 30, 2021, the District recognized OPEB revenue from this plan of \$1,239,907. At June 30, 2021, 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, 2021**

**7. 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, 2021

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ -	\$ (453,008)	\$ (453,008)
Changes of assumptions	-	(235,546)	(235,546)
Net difference between projected and actual earnings on investments	492,797	-	492,797
Changes in proportionate share	-	(978,769)	(978,769)
Subtotal-Amortized Deferrals	<u>492,797</u>	<u>(1,667,323)</u>	<u>\$ (1,174,526)</u>
District contributions subsequent to measurement date	<u>24,901</u>	<u>-</u>	
Net deferred outflow(inflow) of Resources	<u>\$ 517,698</u>	<u>\$ (1,667,323)</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 nonemployer 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
2022	\$ (958,139)
2023	(554,002)
2024	182,167
2025	155,448
Total	<u>\$ (1,174,526)</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 5, 2021.

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

**Actuarial Methods and Assumptions**

Valuation date	December 31, 2018
Measurement date	June 30, 2020
Experience Study	2018, published July 24, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
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, 2020 PERS Comprehensive Annual 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. The actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members as of December 31, 2018, valuation rolled forward to June 30, 2020. Key Actuarial methods and assumptions used to measure the total OPEB liability are illustrated in the above table.

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

**Actuarial Methods and Assumptions (Continued)**

- **Discount Rate.** The discount rate used to measure the total OPEB liability at June 30, 2020 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contribution 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 pension 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, 2020**

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
OPEB – RHIA	\$ (3,577,534)	\$ (4,431,307)	\$ (5,161,317)

- **Long-Term Expected Rate of Return.** To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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 plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was 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, 2021**

**7. 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 Allocation*	Annual Arithmetic Return <sup>2</sup>	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Mid Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %

<sup>1</sup> Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

<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.

(Source: June 30, 2020 PERS Comprehensive Annual Financial Report; page 74; Table 31)

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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

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

**Actuarial Methods and Assumptions (Continued)**

- **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 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.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

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

**Actuarial Methods and Assumptions (Continued)**

- **Deferred Inflows of Resources and Deferred Outflows of Resources.** Deferred inflows of resources and deferred outflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2020, employers will report the following deferred inflows of resources and/or deferred outflows of resources:
  - A difference between expected and actual experience
  - Changes in assumptions
  - Changes in employer proportion since the prior measurement date
  - Net difference between projected and actual investment earnings. One-year's amortization is recognized in the employer's total OPEB expense for the measurement period.

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are described below:

Year ended June 30, 2020 – 2.9 years  
Year ended June 30, 2019 – 3.1 years  
Year ended June 30, 2018 – 3.3 years  
Year ended June 30, 2017 – 3.7 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

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, 2021**

**8. 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 Comprehensive Annual 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.

- **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:

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**8. PENSION PLAN (Continued)**

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

- 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.

- **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.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**8. PENSION PLAN (Continued)**

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, 2017 actuarial valuation, which became effective July 1, 2019. 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, 2021, were \$23,360,881, excluding amounts to fund employer specific liabilities. A total of \$12,338,458 was charged for the year ended June 30, 2021, as PERS benefits expenditures to be used for bond payments as they become due. A total of \$36,513,812 was recognized as employer pension expense during the reporting period.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**8. PENSION PLAN (Continued)**

At June 30, 2021, the District reported a net pension liability of \$252,869,709 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to a measurement date of June 30, 2020. 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, 2020, the District's proportion was 1.16 percent, a decrease from 1.18 percent at June 30, 2019.

PERS Schedule of Pension Amounts under GASB 68  
June 30, 2021

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ 11,129,326	\$ -	\$ 11,129,326
Changes of assumptions	13,570,718	(475,490)	13,095,228
Net difference between projected and actual earnings on investments	29,734,192	-	29,734,192
Changes in proportionate share	4,551,292	(7,177,247)	(2,625,955)
Differences between employer contributions and employer's proportionate share of system contributions	-	(7,855,364)	(7,855,364)
Subtotal-Amortized Deferrals	<u>58,985,528</u>	<u>(15,508,101)</u>	<u>\$ 43,477,427</u>
District contributions subsequent to measurement date	<u>23,360,881</u>	<u>-</u>	
Net deferred outflow(inflow) of Resources	<u>\$ 82,346,409</u>	<u>\$ (15,508,101)</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**  
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**8. PENSION PLAN (Continued)**

Year ending June 30	Amount
2022	\$ 10,093,392
2023	13,488,517
2024	11,428,239
2025	8,643,141
2026	(175,862)
Total	\$ 43,477,427

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 5, 2021. Oregon PERS produces an independently audited Comprehensive Annual 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, 2018
Measurement date	June 30, 2020
Experience Study	2018, published July 24, 2019
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
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-backs as described in the valuation.</p> <p><b>Disabled retirees:</b>            Pub-2010 Disable Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

(Source: June 30, 2020 PERS Comprehensive Annual Financial Report; page 71)

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**8. 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. The actuarial valuation calculations are based on the benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members. The December 31, 2018, Actuarial Valuation was used to develop the financial reporting results for the Defined Benefit Pension Plan as of June 30, 2020, using standard roll forward procedures. Key actuarial methods and assumptions are illustrated in the above table.

- **Discount Rate.** The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.
- **Long-Term Expected Rate of Return.** To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 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, 2021**

**8. PENSION PLAN (Continued)**

**Actuarial Methods and Assumptions (Continued)**

**TABLE 31**

<b><u>Long-Term Expected Rate of Return</u></b> <sup>1</sup>				
<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Annual Arithmetic Return</u></b> <sup>2</sup>	<b><u>20-Year Annualized Geometric Mean</u></b>	<b><u>Annual Standard Deviation</u></b>
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

<sup>1</sup> Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

<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.

(Source: June 30, 2020 PERS Comprehensive Annual Financial Report; page 74; Table 31)

- **Depletion Date Projection.** GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the actuarial accrued liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position 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, 2021**

**8. PENSION PLAN (Continued)**

**Actuarial Methods and Assumptions (Continued)**

and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

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

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

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

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**8. PENSION PLAN (Continued)**

**Actuarial Methods and Assumptions (Continued)**

**Sensitivity of Net Pension Liability to Changes in the Discount Rate As of June 30, 2020**  
**(Measurement Date)**

Employers' Net Pension Liability/(Asset)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Defined Benefit Pension Plan	\$ 375,490,634	\$ 252,869,709	\$ 150,046,380

- **Deferred Inflows of Resources and Deferred Outflows of Resources.** Deferred inflows of resources and deferred outflows of resources are calculated at the Plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2020, employers will report the following deferred inflows of resources and/or deferred outflows of resources:
  - A difference between expected and actual experience
  - Changes in assumptions
  - Changes in employer proportion since the prior measurement date
  - Net difference between projected and actual investment earnings

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are described below:

Year ended June 30, 2020 – 5.3 years  
 Year ended June 30, 2019 – 5.2 years  
 Year ended June 30, 2018 – 5.2 years  
 Year ended June 30, 2017 – 5.3 years  
 Year ended June 30, 2016 – 5.3 years  
 Year ended June 30, 2015 – 5.4 years  
 Year ended June 30, 2014 – 5.6 years

**HILLSBORO SCHOOL DISTRICT 1J  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**8. PENSION PLAN (Continued)**

**Actuarial Methods and Assumptions (Continued)**

• **Deferred Inflows of Resources and Deferred Outflows of Resources (Continued)**

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

In addition, employers may need to recognize a difference between their actual employer contributions and their proportionate share of contributions, which is not reflected in the Schedule of Pension Amounts by Employer. GASB 68 requires employers to amortize that difference over remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employer contributions made after the measurement date are also excluded from the Schedule of Pension Amounts by Employer. Appropriate treatment of such amounts is the responsibility of the employer.

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>

**9. 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, 2021, 2020, and 2019.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**10. 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 \$45.0 million for goods, services, and construction of facilities.

**11. 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, 2021, were as follows:

General Fund	\$ 1,035,758
Capital Projects Fund	<u>401,141</u>
Total	<u><u>\$1,436,899</u></u>

**HILLSBORO SCHOOL DISTRICT 1J  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2021**

**12. TAX ABATEMENTS**

Property tax abatements result from agreements between Washington County and others, which impact the Districts levied property taxes. As of June 30, 2021, 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)	\$846,000
Enterprise Zone (ORS 285C.175)	\$3,545,000
Strategic Investment Program (ORS 285C.600)	\$88,358,000
Vertical Housing (ORS 307.864)	\$503,000
Nonprofit Corporation Low Income Housing (ORS 307.541)	\$183,000

Estimate based on certified tax roll values (10/9/20)

**13. NEW ACCOUNTING STANDARDS IMPLEMENTED**

For the fiscal year ended June 30, 2021, the District implemented the following new accounting standards:

- **GASB Statement 84**, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The District does not have any Fiduciary Activities to include in the Financial Report.
- **GASB Statement 90**, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The District does not have equity interest in separate organizations.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**14. 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 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. For reporting periods beginning after June 15, 2021.
- **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. For reporting periods beginning after December 15, 2020.
- **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. For reporting periods beginning after December 15, 2021.
- **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. For reporting periods beginning after June 15, 2021.
- **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. For reporting periods ending after December 15, 2020 for the removal of London Interbank Offered Rates and for reporting periods beginning after June 15, 2021 for all other requirements.
- **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 ending after June 15, 2022.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**14. NEW PRONOUNCEMENTS (Continued)**

- **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 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. For reporting periods beginning after June 15, 2021.

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**HILLSBORO SCHOOL DISTRICT 1J**  
**Washington County, Oregon**

**REQUIRED SUPPLEMENTARY INFORMATION**

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**HILLSBORO SCHOOL DISTRICT IJ**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY FOR MEDICAL SUBSIDY AND**  
**SCHEDULE OF THE TOTAL OPEB LIABILITY AND RELATED RATIOS FOR MEDICAL SUBSIDY**  
**JUNE 30, 2021**

Schedule of 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 <sup>2</sup>	Benefit Payments	Net Change in Total OPEB Liability
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	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
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:

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 OEBB healthcare plan premiums.

**HILLSBORO SCHOOL DISTRICT IJ**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF**  
**CONTRIBUTIONS FOR RHIA**  
**JUNE 30, 2021**

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
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
2021	\$ 24,901	\$ 24,901	\$ -	\$128,970,064	0.02%
2020	155,305	155,305	-	125,018,722	0.12%
2019	603,483	603,483	-	128,513,691	0.47%
2018	585,850	585,850	-	122,808,685	0.48%
2017	591,455	591,455	-	117,330,543	0.50%

Notes:

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

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

**HILLSBORO SCHOOL DISTRICT IJ**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS**  
**JUNE 30, 2021**

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
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:

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%.

**HILLSBORO SCHOOL DISTRICT IJ  
SCHEDULE OF CONTRIBUTIONS FOR PERS  
JUNE 30, 2021**

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
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:

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, 2021**

	Original Budget	Final Budget	Actual		GAAP Basis	Variance with Final Budget
			Budget Basis	Adjustments		
<b>REVENUES:</b>						
Local sources						
Property taxes	\$ 82,507,072	\$ 82,507,072	\$ 82,050,272	\$ -	\$ 82,050,272	\$ (456,800)
Charges for services	915,314	915,314	169,731	-	169,731	(745,583)
Earnings on investments	1,200,353	1,200,353	367,489	-	367,489	(832,864)
Contributions & donations	53,045	53,045	2,859	-	2,859	(50,186)
Other	1,796,613	1,796,613	1,380,686	-	1,380,686	(415,927)
Intermediate sources	3,790,112	3,790,112	4,248,409	-	4,248,409	458,297
State sources	143,160,594	143,160,594	139,852,283	-	139,852,283	(3,308,311)
<b>Total Revenues</b>	<b>233,423,103</b>	<b>233,423,103</b>	<b>228,071,729</b>	<b>-</b>	<b>228,071,729</b>	<b>(5,351,374)</b>
<b>EXPENDITURES:</b>						
Current						
Instruction	145,059,346	145,059,346	135,977,449	(80,030)	135,897,419	9,081,897
Support services	86,249,283	86,249,283	82,529,615	(183,650)	82,345,965	3,719,668
Enterprise and community services	572,385	572,385	474,837	-	474,837	97,548
Capital outlay	-	-	-	263,680	263,680	-
Contingency	1,500,000	1,500,000	-	-	-	-
<b>Total Expenditures</b>	<b>233,381,014</b>	<b>233,381,014</b>	<b>218,981,901</b>	<b>-</b>	<b>218,981,901</b>	<b>12,899,113</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>42,089</b>	<b>42,089</b>	<b>9,089,828</b>	<b>-</b>	<b>9,089,828</b>	<b>7,547,739</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale or compensation for loss of capital assets	42,832	42,832	130,969	-	130,969	88,137
<b>NET CHANGE IN FUND BALANCE</b>	<b>84,921</b>	<b>84,921</b>	<b>9,220,797</b>	<b>-</b>	<b>9,220,797</b>	<b>9,135,876</b>
<b>FUND BALANCE, July 1, 2020</b>	<b>9,409,091</b>	<b>9,409,091</b>	<b>11,973,234</b>	<b>-</b>	<b>11,973,234</b>	<b>2,564,143</b>
<b>FUND BALANCE, June 30, 2021</b>	<b>\$ 9,494,012</b>	<b>\$ 9,494,012</b>	<b>\$ 21,194,031</b>	<b>\$ -</b>	<b>\$ 21,194,031</b>	<b>\$ 11,700,019</b>

**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, 2021**

	Original Budget	Final Budget	Actual		GAAP Basis	Variance with Final Budget
			Budget Basis	Adjustments		
<b>REVENUES:</b>						
Local sources						
Construction excise tax	\$ 1,000,000	\$ 1,000,000	\$ 2,647,792	\$ -	\$ 2,647,792	\$ 1,647,792
Charges for services	5,796,900	5,796,900	809,145	-	809,145	(4,987,755)
Contributions & donations	634,350	634,350	575,581	-	575,581	(58,769)
Other	264,000	264,000	632,858	-	632,858	368,858
Intermediate sources	1,355,000	1,355,000	1,345,712	-	1,345,712	(9,288)
State sources	22,555,877	22,555,877	15,406,290	(1)	15,406,290	(7,149,587)
Federal sources	17,576,000	18,007,202	19,761,420	-	19,761,420	1,754,218
<b>Total Revenues</b>	<b>49,182,127</b>	<b>49,613,329</b>	<b>41,178,798</b>	<b>-</b>	<b>41,178,798</b>	<b>(8,434,531)</b>
<b>EXPENDITURES:</b>						
Current						
Instruction	22,922,156	22,922,156	13,231,978	(518,371)	12,713,607	9,690,178
Support services	16,808,990	15,900,225	12,295,375	(1,897,191)	10,398,184	3,604,850
Enterprise and community services	12,234,922	12,234,922	10,053,814	(21,997)	10,031,817	2,181,108
Debt service						
Principal	858,698	2,118,267	1,709,036	-	1,709,036	409,231
Interest	54,811	135,209	131,676	-	131,676	3,533
Capital outlay	-	-	-	2,437,559	2,437,559	-
<b>Total Expenditures</b>	<b>52,879,577</b>	<b>53,310,779</b>	<b>37,421,879</b>	<b>-</b>	<b>37,421,879</b>	<b>15,888,900</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(3,697,450)</b>	<b>(3,697,450)</b>	<b>3,756,919</b>	<b>-</b>	<b>3,756,919</b>	<b>7,454,369</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Issuance of debt	1,000,000	1,000,000	1,237,085	-	1,237,085	237,085
Sale or compensation for loss of capital assets	25,000	25,000	-	-	-	(25,000)
Transfers in	400,000	400,000	-	-	-	(400,000)
Transfers out	(400,000)	(400,000)	-	-	-	400,000
<b>Total Other Financing Sources (Uses)</b>	<b>1,025,000</b>	<b>1,025,000</b>	<b>1,237,085</b>	<b>-</b>	<b>1,237,085</b>	<b>212,085</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,672,450)</b>	<b>(2,672,450)</b>	<b>4,994,004</b>	<b>-</b>	<b>4,994,004</b>	<b>7,666,454</b>
<b>FUND BALANCE, July 1, 2020</b>	<b>4,960,428</b>	<b>4,960,428</b>	<b>9,467,040</b>	<b>-</b>	<b>9,467,040</b>	<b>4,506,612</b>
<b>FUND BALANCE, June 30, 2021</b>	<b>\$ 2,287,978</b>	<b>\$ 2,287,978</b>	<b>\$ 14,461,044</b>	<b>\$ -</b>	<b>\$ 14,461,044</b>	<b>\$ 12,173,066</b>

(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, 2021**

	<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	\$ 38,578,437	\$ 38,578,437	\$ 38,765,166	\$ 186,729
Interest on investments	320,000	320,000	104,418	(215,582)
Services provided to other funds	12,593,687	12,593,687	12,307,736	(285,951)
Intermediate sources	-	-	55,987	55,987
<b>Total Revenues</b>	<u>51,492,124</u>	<u>51,492,124</u>	<u>51,233,307</u>	<u>(258,817)</u>
<b>EXPENDITURES:</b>				
Current				
Support services	1,000	1,000	-	1,000
Debt service				
Other	-	-	317,369	(317,369)
Principal	23,210,000	23,210,000	23,770,000	(560,000)
Interest	27,962,124	27,962,124	26,631,916	1,330,208
<b>Total Expenditures</b>	<u>51,173,124</u>	<u>51,173,124</u>	<u>50,719,285</u>	<u>453,839</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	319,000	319,000	514,022	195,022
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	-	40,360,000	40,360,000
Payment to escrow	-	-	(40,023,984)	(40,023,984)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>336,016</u>	<u>336,016</u>
<b>NET CHANGE IN FUND BALANCE</b>	319,000	319,000	850,038	531,038
<b>FUND BALANCE, July 1, 2020</b>	<u>-</u>	<u>-</u>	<u>2,018,562</u>	<u>2,018,562</u>
<b>FUND BALANCE, June 30, 2021</b>	<u>\$ 319,000</u>	<u>\$ 319,000</u>	<u>\$ 2,868,600</u>	<u>\$ 2,549,600</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, 2021**

	Original Budget	Final Budget	Actual		GAAP Basis	Variance with Final Budget
			Budget Basis	Adjustments		
<b>REVENUES:</b>						
Local sources						
Interest on investments	\$ 2,000,000	\$ 2,000,000	\$ 1,263,638	\$ -	\$ 1,263,638	\$ (736,362)
Other	-	-	(22,500)	-	(22,500)	(22,500)
<b>Total Revenues</b>	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,241,138</u>	<u>-</u>	<u>1,241,138</u>	<u>(758,862)</u>
<b>EXPENDITURES:</b>						
Current						
Support services	205,000	205,000	30,048	-	30,048	174,952
Facilities acquisition and construction	128,000,000	128,000,000	98,101,216	(79,457,198)	18,644,018	29,898,784
Capital outlay	-	-	-	79,457,198	79,457,198	-
Contingency	5,000,000	5,000,000	-	-	-	5,000,000
<b>Total Expenditures</b>	<u>133,205,000</u>	<u>133,205,000</u>	<u>98,131,264</u>	<u>-</u>	<u>98,131,264</u>	<u>35,073,736</u>
<b>NET CHANGE IN FUND BALANCE</b>	(131,205,000)	(131,205,000)	(96,890,126)	-	(96,890,126)	34,314,874
<b>FUND BALANCE, July 1, 2020</b>	<u>184,302,038</u>	<u>184,302,038</u>	<u>205,550,815</u>	<u>-</u>	<u>205,550,815</u>	<u>21,248,777</u>
<b>FUND BALANCE, June 30, 2021</b>	<u>\$ 53,097,038</u>	<u>\$ 53,097,038</u>	<u>\$ 108,660,689</u>	<u>\$ -</u>	<u>\$ 108,660,689</u>	<u>\$ 55,563,651</u>

**HILLSBORO SCHOOL DISTRICT 1J  
SCHEDULE OF REVENUES - ALL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021**

	Fund 100	Fund 200	Fund 300
<b>REVENUES:</b>			
<b>Revenue from local sources:</b>			
1110 Ad valorem taxes paid by District	\$ 81,994,479	\$ -	\$ 38,739,738
1114 Payments in lieu of property taxes	13,665	-	6,368
1190 Penalties and interest on taxes	42,128	-	19,060
1200 Revenue from local governments - Construction Excise Tax	-	2,647,792	-
1400 Transportation fees	1,782	-	-
1500 Earning on investments	367,489	-	104,418
1600 Food service	-	(20,147)	-
1700 Extracurricular activities	51,421	769,292	-
1910 Rentals	116,528	60,000	-
1920 Contributions & donations	2,859	575,581	-
1940 Services provided to other LEA	177,006	-	-
1960 Recovery of prior year	(17,266)	22,172	-
1970 Services provided other funds	18,979	-	12,307,736
1980 Fees charged to grants	823,141	-	-
1990 Miscellaneous	378,826	558,454	-
1995 Printing revenue	-	52,232	-
<b>Total revenue from local sources</b>	<b>83,971,037</b>	<b>4,665,376</b>	<b>51,177,320</b>
<b>Revenue from intermediate sources:</b>			
2101 County school funds	537,151	-	-
2103 ESD	3,592,811	-	-
2199 Other intermediate sources	118,447	-	55,987
2200 Restricted revenue	-	1,345,712	-
<b>Total revenue from intermediate sources</b>	<b>4,248,409</b>	<b>1,345,712</b>	<b>55,987</b>
<b>Revenue from state sources:</b>			
3101 State school fund - general support	126,021,741	-	-
3102 State school fund - school lunch match	-	81,221	-
3103 Common school fund	2,223,747	-	-
3104 State managed county timber	1,070,795	-	-
3105 State school fund - transportation grant	10,536,000	-	-
3199 Other unrestricted grants	-	35,338	-
3200 Restricted grants-in-aid	-	1,834,983	-
3222 State school fund transportation equipment	-	2,508,933	-
3299 Other restricted grants-in-aid	-	10,945,815	-
<b>Total revenue from state sources</b>	<b>139,852,283</b>	<b>15,406,290</b>	<b>-</b>
<b>Revenue from federal sources:</b>			
4100 Unrestricted direct from federal government	-	36,327	-
4500 Restricted revenue from federal government	-	15,683,909	-
4700 Restricted revenue from federal government through intermediate sources	-	3,399,768	-
4900 Revenue for/on behalf of the District	-	641,416	-
<b>Total revenue from federal sources</b>	<b>-</b>	<b>19,761,420</b>	<b>-</b>
<b>Revenue from other sources:</b>			
5100 Long-term financing sources	-	1,237,085	-
5110 Bond proceeds	-	-	40,360,000
5300 Sale or compensation for loss of capital assets	130,969	-	-
5400 Resources - beginning fund balance	11,973,234	9,467,040	2,018,562
<b>Total revenue from other sources</b>	<b>12,104,203</b>	<b>10,704,125</b>	<b>42,378,562</b>
<b>TOTAL REVENUES</b>	<b>\$ 240,175,932</b>	<b>\$ 51,882,923</b>	<b>\$ 93,611,869</b>

Fund 400	Total
\$ -	\$ 120,734,217
-	20,033
-	61,188
-	2,647,792
-	1,782
1,263,638	1,735,545
-	(20,147)
-	820,713
-	176,528
-	578,440
-	177,006
(22,500)	(17,594)
-	12,326,715
-	823,141
-	937,280
-	52,232
1,241,138	141,054,871
-	537,151
-	3,592,811
-	174,434
-	1,345,712
-	5,650,108
-	126,021,741
-	81,221
-	2,223,747
-	1,070,795
-	10,536,000
-	35,338
-	1,834,983
-	2,508,933
-	10,945,815
-	155,258,573
-	36,327
-	15,683,909
-	3,399,768
-	641,416
-	19,761,420
-	1,237,085
-	40,360,000
-	130,969
205,550,815	229,009,651
205,550,815	270,737,705
\$ 206,791,953	\$ 592,462,677

**HILLSBORO SCHOOL DISTRICT 1J**  
**SCHEDULE OF GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Object 100	Object 200
<b>EXPENDITURES:</b>		
<b>Instruction:</b>		
1111 Primary programs	\$ 30,879,610	\$ 16,648,955
1113 Elementary extracurricular	5,039	1,740
1121 Middle school programs	7,191,347	3,867,775
1122 Middle school extracurricular	34,357	12,018
1131 High school programs	15,316,666	8,322,695
1132 High school extracurricular	1,536,825	622,828
1133 High school Saturday school	398	97
1210 Talented and gifted program	303,457	155,599
1220 Students with disabilities - restricted programs	8,512,983	5,996,961
1250 Students with disabilities - less restricted programs	7,997,995	4,969,819
1272 Title 1	143	32
1280 Alternative education	689,442	378,745
1291 English second language programs	9,065,989	5,222,959
1292 Teen parent programs	242,817	141,297
1294 Youth corrections education	218,255	116,060
<b>Total instruction</b>	81,995,323	46,457,580
<b>Support services:</b>		
2110 Attendance and social work services	906,435	644,708
2120 Guidance services	3,556,800	1,886,588
2130 Health services	1,112,985	658,107
2140 Psychological services	204,905	123,793
2150 Speech pathology services	2,558,750	1,207,500
2160 Other student treatment services	-	-
2190 Service direction, student special education	52,225	18,682
2210 Improvement of Instructional services	230,950	100,618
2220 Educational media services	421,499	373,529
2230 Assessment and testing	10,484	3,578
2240 Instructional staff development	673,181	332,779
2310 Board of Education services	63,013	21,606
2320 Executive administration services	312,208	234,117
2410 Office of the principal services	9,474,813	5,656,027
2490 Other support services school administration	1,369,180	806,147
2510 Direction of business support services	566,054	721,980
2520 Fiscal services	582,607	414,237
2540 Operation and maintenance of plant	5,674,563	3,853,523
2550 Student transportation services	5,825,458	5,007,088
2570 Internal services	236,424	153,676
2610 Direction of Central Support Services	142,210	75,969
2630 Information/production services	413,619	223,780
2640 Staff services	1,090,779	908,658
2660 Technology services	2,175,862	1,225,829
2670 Records management services	-	-
<b>Total support services</b>	37,655,004	24,652,519
<b>Enterprise and community services</b>		
3100 Food Services	-	50
3300 Other community services	235,896	158,787
3500 Custody and care of children services	34,965	20,887
<b>Total enterprise and community services</b>	270,861	179,724
<b>TOTAL EXPENDITURES</b>	<b>\$ 119,921,188</b>	<b>\$ 71,289,823</b>

Object 300	Object 400	Object 500	Object 600	Total
\$ 1,187,526	\$ 686,434	\$ 642	\$ 195	\$ 49,403,362
610	19,449	-	-	26,838
101,113	138,140	-	-	11,298,375
275	-	-	-	46,650
251,200	287,156	64,075	1,197	24,242,989
255,700	103,971	15,313	14,893	2,549,530
-	-	-	-	495
2,695	7,365	-	-	469,116
967,506	81,088	-	58,128	15,616,666
193,331	16,747	-	-	13,177,892
-	-	-	-	175
2,478,113	277,234	-	88,542	3,912,076
124,275	80,875	-	-	14,494,098
12,091	555	-	-	396,760
8,089	23	-	-	342,427
<u>5,582,524</u>	<u>1,699,037</u>	<u>80,030</u>	<u>162,955</u>	<u>135,977,449</u>
311,645	77,727	-	2,240	1,942,755
23,453	10,878	-	-	5,477,719
23,980	20,173	-	1,106	1,816,351
1,282	24,501	-	-	354,481
372,700	7,122	-	472	4,146,544
75,373	-	-	-	75,373
187,204	54,070	-	-	312,181
58,930	151,102	-	500	542,100
15,962	60,043	-	25	871,058
27,119	179,044	-	-	220,225
125,186	58,877	-	1,960	1,191,983
107,567	5,583	-	22,643	220,412
7,134	15,116	-	13,002	581,577
171,978	465,301	27,803	22,591	15,818,513
120,885	42,782	-	99	2,339,093
23,144	4,259	-	4,333	1,319,770
709,184	60,950	113,011	869,838	2,749,827
7,136,888	2,067,925	-	323,234	19,056,133
170,721	493,185	25,828	294,657	11,816,937
(41,530)	80,544	-	-	429,114
72	-	-	-	218,251
40,680	8,436	-	39	686,554
182,837	24,042	-	50,366	2,256,682
1,302,834	3,309,400	17,008	3,000	8,033,933
19,501	32,508	-	40	52,049
<u>11,174,729</u>	<u>7,253,568</u>	<u>183,650</u>	<u>1,610,145</u>	<u>82,529,615</u>
-	-	-	-	50
15,402	2,049	-	10	412,144
6,791	-	-	-	62,643
<u>22,193</u>	<u>2,049</u>	<u>-</u>	<u>10</u>	<u>474,837</u>
<u>\$ 16,779,446</u>	<u>\$ 8,954,654</u>	<u>\$ 263,680</u>	<u>\$ 1,773,110</u>	<u>\$ 218,981,901</u>

**HILLSBORO SCHOOL DISTRICT 1J**  
**SCHEDULE OF SPECIAL REVENUE FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

		Object 100	Object 200	Object 300	Object 400
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
1111	Primary programs	\$ 428,193	\$ 324,295	\$ 481,919	\$ 122,720
1113	Elementary extracurricular	5,363	1,833	178,887	24,481
1121	Middle school programs	329,644	161,839	12,521	186,429
1122	Middle school extracurricular	-	-	100	-
1131	High school programs	734,260	398,633	19,463	418,146
1132	High school extracurricular	1,599	524	20,033	986,176
1140	Pre-kindergarten programs	27,235	21,457	180	595
1221	Students with disabilities - restrictive programs	1,080,548	588,776	305,711	28,300
1272	Title I	1,267,890	817,695	68,407	98,334
1280	Alternative education	588,740	325,160	256,711	542,263
1291	English second language programs	84,490	51,993	6,383	19,864
1293	Migrant education	606,670	336,554	74,657	49,883
1295	English language learner	7,431	2,435	10,925	15,859
1400	Summer school programs	54,780	25,971	8,933	254,668
	<b>Total instruction</b>	<u>5,216,843</u>	<u>3,057,165</u>	<u>1,444,830</u>	<u>2,747,718</u>
<b>Support services:</b>					
2110	Attendance and social work services	748,519	408,078	153,207	152,771
2120	Guidance services	1,220,472	642,694	276,394	250
2130	Health services	-	-	68,727	-
2140	Psychological services	569,493	242,345	376,418	4,621
2150	Speech pathology and audiology services	26,228	17,418	-	-
2160	Student treatment center	273,762	145,665	-	-
2190	Service direction, student special education	430,123	257,268	-	-
2210	Improvement of instruction services	217,317	94,896	40,400	24,268
2220	Media services	20,399	26,430	-	516,954
2240	Instructional staff development	566,348	276,574	180,578	19,141
2410	Office of the principal services	7,250	5,678	3,478	35,498
2490	Other support services school administration	123,976	57,773	175	10,583
2540	Operation and maintenance of plant	208,359	78,625	3,790	4,207
2550	Student transportation services	-	-	-	-
2570	Internal Services	-	-	-	-
2610	Direction of central support services	367,915	173,752	-	6,106
2630	Information/production services	-	-	-	9,438
2640	Recruitment and placement	-	-	135	2,531
2660	Technology services	50,968	29,989	374,964	274,746
2670	Records management services	-	-	-	-
	<b>Total support services</b>	<u>4,831,129</u>	<u>2,457,185</u>	<u>1,478,266</u>	<u>1,061,114</u>
<b>Enterprise and community services:</b>					
3100	Food services	2,648,884	1,736,128	142,933	2,786,318
3300	Community services	514,441	302,450	227,572	137,212
3500	Custody and care of children services	17,482	408,032	1,022,353	4,577
	<b>Total enterprise and community services</b>	<u>3,180,807</u>	<u>2,446,610</u>	<u>1,392,858</u>	<u>2,928,107</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>\$ 13,228,779</u></u>	<u><u>\$ 7,960,960</u></u>	<u><u>\$ 4,315,954</u></u>	<u><u>\$ 6,736,939</u></u>

Object 500	Object 600	Total
\$ 18,108	\$ -	\$ 1,375,235
-	-	210,564
63,259	60	753,752
-	-	100
128,179	6,237	1,704,918
-	45	1,008,377
-	-	49,467
6,560	24,776	2,034,671
-	134,499	2,386,825
302,265	22,954	2,038,093
-	-	162,730
-	57,583	1,125,347
-	897	37,547
-	-	344,352
<u>518,371</u>	<u>247,051</u>	<u>13,231,978</u>
-	2,274	1,464,849
-	-	2,139,810
-	-	68,727
-	-	1,192,877
-	-	43,646
-	-	419,427
-	110,337	797,728
-	260	377,141
-	-	563,783
-	17,541	1,060,182
-	-	51,904
-	-	192,507
-	-	294,981
1,897,191	-	1,897,191
-	199,564	199,564
-	27,851	575,624
-	-	9,438
-	-	2,666
-	-	730,667
-	212,663	212,663
<u>1,897,191</u>	<u>570,490</u>	<u>12,295,375</u>
21,997	46,818	7,383,078
-	36,617	1,218,292
-	-	1,452,444
<u>21,997</u>	<u>83,435</u>	<u>10,053,814</u>
-	1,840,712	1,840,712
-	1,840,712	1,840,712
<u>\$ 2,437,559</u>	<u>\$ 2,741,688</u>	<u>\$ 37,421,879</u>

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**HILLSBORO SCHOOL DISTRICT 1J  
SCHEDULE OF DEBT SERVICE FUND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2021**

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	TOTAL
<b>EXPENDITURES:</b>							
<b>Debt Services</b>							
5100 Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,743,269	\$ 90,743,269
<b>TOTAL EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,743,269</u>	<u>\$ 90,743,269</u>

**HILLSBORO SCHOOL DISTRICT 1J  
SCHEDULE OF CAPITAL PROJECTS FUND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2021**

	Object 100	Object 200	Object 300
<b>EXPENDITURES:</b>			
<b>Support services</b>			
2660 Technology	\$ 22,483	\$ 7,565	\$ -
<b>Facilities acquisition &amp; construction</b>			
4150 Building acquisition, construction, & improvement services	710,085	405,261	9,475,166
4180 Other capital purchases	-	-	164,143
<b>Total facilities acquisition &amp; construction</b>	<b>710,085</b>	<b>405,261</b>	<b>9,639,309</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 732,568</b>	<b>\$ 412,826</b>	<b>\$ 9,639,309</b>

Object 400	Object 500	Object 600	Total
\$ -	\$ -	\$ -	\$ 30,048
6,911,544	78,222,063	756,089	96,480,208
221,730	1,235,135	-	1,621,008
7,133,274	79,457,198	756,089	98,101,216
<b>\$ 7,133,274</b>	<b>\$ 79,457,198</b>	<b>\$ 756,089</b>	<b>\$ 98,131,264</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, 2020-21

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	\$	4,626,164
Function 2550	\$	43,116

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

\$	-
----	---

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

# HILLSBORO SCHOOL DISTRICT 1J

## STATISTICAL SECTION TABLE OF CONTENTS

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b>	<b>98</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>106</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>114</b>
<b>Demographic and Economic Information</b>	<b>120</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>122</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 Comprehensive Annual Financial Report for the relevant year.

**HILLSBORO SCHOOL DISTRICT 1J**  
**NET POSITION BY CATEGORY**  
**Last Ten Fiscal Years**  
**2012 Through 2021**  
**(accrual basis of accounting)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental activities:				
Net investment in capital assets	\$ 114,792,114	\$ 120,863,366	\$ 119,425,365	\$ 132,523,519
Restricted for:				
Special programs	14,461,044	9,467,040	7,098,095	7,932,428
Debt service	2,488,915	-	2,027,936	-
Capital projects	-	-	-	-
Unrestricted	<u>(271,439,019)</u>	<u>(253,043,365)</u>	<u>(225,603,901)</u>	<u>(200,783,225)</u>
Total primary government net position	<u>\$ (139,696,946)</u>	<u>\$ (122,712,959)</u>	<u>\$ (97,052,505)</u>	<u>\$ (60,327,278)</u>

2017	2016	2015	2014	2013	2012
\$ 114,594,309	\$ 93,370,283	\$ 78,831,288	\$ 64,738,162	\$ 52,287,910	\$ 31,538,602
7,582,360	8,634,227	5,369,178	5,088,140	5,507,603	6,837,003
3,148,710	6,070,721	7,410,609	4,854,595	3,581,143	3,358,031
-	-	-	-	8,413,441	13,463,581
(173,946,689)	(148,835,008)	(94,426,208)	(12,088,874)	(22,377,708)	(7,822,244)
<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>	<u>\$ 47,374,973</u>

**HILLSBORO SCHOOL DISTRICT 1J**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
**2012 Through 2021**  
**(accrual basis of accounting)**

	2021	2020	2019	2018
<b>Governmental Activities:</b>				
<b>Expenses</b>				
Instruction	\$ 180,752,316	\$ 184,652,127	\$ 186,964,257	\$ 162,864,021
Support services	110,173,508	113,220,605	109,178,393	98,545,523
Enterprise & community services	12,210,846	10,936,422	11,452,926	10,288,193
Interest on long-term debt	22,388,694	21,740,215	20,914,030	15,800,759
<b>Total expenses</b>	<b>325,525,364</b>	<b>330,549,369</b>	<b>328,509,606</b>	<b>287,498,496</b>
<b>Program Revenues:</b>				
Charges for services:				
Instruction	822,495	3,336,764	4,172,060	4,119,900
Support services	176,528	248,858	291,027	230,761
Enterprise & community services	(20,147)	1,481,151	2,046,648	1,643,568
Operating grants & contributions:				
Instruction	12,461,839	11,600,412	12,091,201	11,469,126
Support services	15,445,829	7,748,399	7,383,616	8,329,519
Enterprise & community services	11,419,117	6,500,827	6,598,480	6,652,121
Interest on long-term debt	435,041	396,948	2,051,297	-
Capital grants & contributions:				
Support services	-	8,000,000	-	-
Enterprise & community services	-	-	-	-
Facilities	-	-	-	300,000
<b>Total program revenues</b>	<b>40,740,702</b>	<b>39,313,359</b>	<b>34,634,329</b>	<b>32,744,995</b>
<b>Net (Expenses)</b>	<b>(284,784,662)</b>	<b>(291,236,010)</b>	<b>(293,875,277)</b>	<b>(254,753,501)</b>
<b>General Revenues</b>				
Property taxes, levied for general purposes	82,014,256	78,662,450	75,019,638	71,823,536
Property taxes, levied for debt service	38,748,464	35,834,950	33,697,947	32,050,326
State school fund - general support	139,852,283	140,731,871	133,882,639	134,002,096
Unrestricted intermediate sources	4,248,409	3,579,750	4,022,484	3,899,102
Earnings on investments	1,735,545	5,487,890	9,229,868	1,588,315
Gain on sale of capital assets	-	-	-	-
Miscellaneous	1,201,718	1,278,645	1,297,474	392,516
<b>Total general revenues</b>	<b>267,800,675</b>	<b>265,575,556</b>	<b>257,150,050</b>	<b>243,755,891</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (16,983,987)</b>	<b>\$ (25,660,454)</b>	<b>\$ (36,725,227)</b>	<b>\$ (10,997,610)</b>

2017	2016	2015	2014	2013	2012
\$ 149,844,084	\$ 161,454,482	\$ 90,177,101	\$ 113,612,720	\$ 112,947,889	\$ 111,973,461
97,716,311	103,928,959	71,099,128	79,207,615	74,174,524	70,449,859
10,128,229	10,354,697	8,308,170	8,129,203	8,540,335	8,277,973
11,802,160	12,218,456	13,029,323	13,034,172	14,610,731	15,656,739
<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>	<u>206,358,032</u>
4,270,223	4,837,643	4,531,645	4,842,097	5,119,993	5,330,102
362,020	346,318	159,545	609,956	750,681	210,960
1,628,711	1,639,366	1,512,339	1,719,122	1,672,468	1,720,616
7,919,459	10,413,580	10,258,791	5,981,567	8,761,256	6,435,939
9,067,847	3,990,770	4,144,617	6,392,540	8,174,761	8,666,716
6,848,551	6,727,933	6,522,598	5,522,009	5,795,967	5,788,841
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	384,047	450,972	563,818
-	-	-	637,036	410,963	-
<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>	<u>28,716,992</u>
(239,393,973)	(260,000,984)	(155,484,187)	(187,895,336)	(179,136,418)	(177,641,040)
69,217,233	66,578,201	59,703,224	56,664,969	53,423,125	54,224,135
31,654,333	30,857,723	29,812,298	28,493,052	27,812,402	27,696,616
125,998,472	120,567,483	121,330,286	113,662,969	96,246,256	100,256,023
3,683,221	3,393,998	5,137,388	2,546,625	871,920	1,000,000
793,933	459,813	337,386	276,870	283,150	261,912
-	-	-	-	904	-
185,248	199,122	433,204	1,430,485	536,077	794,235
<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>184,232,921</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>	<u>\$ 6,591,881</u>

**HILLSBORO SCHOOL DISTRICT 1J**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**2012 Through 2021**  
(modified accrual basis of accounting)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>FUND BALANCES:</b>				
<b>Nonspendable, reported in:</b>				
General fund	\$ 1,085,113	\$ 1,212,815	\$ 1,460,812	\$ 591,385
Special revenue fund	384,150	223,828	225,736	345,821
Capital projects fund	401,141	59,045	-	-
<b>Restricted, reported in:</b>				
Special revenue fund	14,076,894	9,243,212	6,872,359	7,586,607
Debt service fund	2,868,600	2,018,562	2,400,290	2,537,190
Capital projects fund	108,259,548	205,491,770	223,535,859	302,160,060
<b>Assigned, reported in:</b>				
Supplies and carryover	11,245,779	630,000	743,421	-
PERS reserve	-	-	-	1,000,000
<b>Unassigned, reported in:</b>				
General fund	<u>8,863,139</u>	<u>10,130,419</u>	<u>7,886,309</u>	<u>12,204,414</u>
<b>TOTAL FUND BALANCES</b>	<u><u>\$ 147,184,364</u></u>	<u><u>\$ 229,009,651</u></u>	<u><u>\$ 243,124,786</u></u>	<u><u>\$ 326,425,477</u></u>

2017	2016	2015	2014	2013	2012
\$ 403,952	\$ 280,224	\$ 341,786	\$ 344,243	\$ 312,262	\$ 688,343
213,461	218,283	227,945	534,526	189,829	227,922
-	-	-	34,205	-	-
7,368,899	8,415,944	5,141,233	4,553,614	5,507,603	6,837,003
2,122,466	1,661,262	1,433,967	3,984,610	3,581,143	3,358,031
1,346,696	2,245,328	2,865,775	5,995,241	8,413,441	13,463,581
1,332,092	1,175,000	-	-	-	-
2,000,000	2,000,000	1,500,000	1,500,000	1,500,000	3,000,000
10,975,030	13,103,229	17,262,483	14,112,648	8,788,286	8,948,777
<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>	<u>\$ 36,523,657</u>

**HILLSBORO SCHOOL DISTRICT 1J**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**2012 Through 2021**

(modified accrual basis of accounting)

	2021	2020	2019	2018
<b>Revenues</b>				
Property taxes	\$ 120,815,438	\$ 114,141,482	\$ 110,354,767	\$ 105,110,078
Charges for services	978,876	5,078,518	6,506,044	5,934,229
Earnings on investments	1,735,545	5,487,890	9,229,868	1,588,315
Contributions and donations	578,440	1,264,365	921,097	12,287,154
Services provided to other funds	12,307,736	11,877,350	11,383,708	774,808
Other	4,694,823	4,504,733	3,743,311	2,039,298
Intermediate sources	5,594,121	5,064,973	5,554,127	5,282,937
State school support	155,258,573	154,763,876	140,210,422	138,590,827
Federal	19,761,420	14,688,361	17,307,183	17,429,206
<b>Total revenues</b>	<u>321,724,972</u>	<u>316,871,548</u>	<u>305,210,527</u>	<u>289,036,852</u>
<b>EXPENDITURES:</b>				
<b>Current operating</b>				
Instruction	148,611,026	147,591,454	151,845,563	144,762,335
Support services	92,774,197	92,283,659	89,883,107	89,053,814
Enterprise & community services	10,506,654	9,168,415	9,712,559	9,556,661
Facilities acquisition & construction	18,644,018	26,703,165	26,349,203	5,250,508
<b>Capital outlay</b>	82,158,437	172,946,831	63,330,436	16,114,412
<b>Debt service</b>				
Principal	25,479,036	29,258,514	19,833,089	34,678,369
Other	317,369	-	-	(28)
Interest	26,763,592	21,552,229	28,700,352	10,379,197
<b>Total expenditures</b>	<u>405,254,329</u>	<u>499,504,267</u>	<u>389,654,309</u>	<u>309,795,268</u>
<b>Excess (deficiency) of revenues over expenditures</b>	(83,529,357)	(182,632,719)	(84,443,782)	(20,758,416)
<b>Other financing sources (uses)</b>				
Bond proceeds	-	27,701,843	-	51,600,506
Issuance of debt	40,360,000	139,605,000	-	268,395,000
Bond payments	(40,023,984)	-	-	-
Sale or compensation for loss of capital assets	130,969	10,353	58,281	128,717
Capital leases	1,237,085	1,200,388	1,084,810	1,297,074
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>1,704,070</u>	<u>168,517,584</u>	<u>1,143,091</u>	<u>321,421,297</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (81,825,287)</u>	<u>\$ (14,115,135)</u>	<u>\$ (83,300,691)</u>	<u>\$ 300,662,881</u>
Expenditures for capital assets	\$ 89,068,573	\$ 176,967,913	\$ 60,984,598	\$ 16,114,412
Debt service as a percentage of noncapital expenditures	16.6%	15.8%	14.8%	15.3%

2017	2016	2015	2014	2013	2012
\$ 100,563,776	\$ 96,961,752	\$ 89,919,268	\$ 84,573,962	\$ 81,824,121	\$ 80,948,030
5,840,940	6,435,189	6,271,278	6,710,072	8,926,225	9,257,214
792,628	459,813	337,386	276,870	283,150	261,912
-	-	-	-	-	-
-	-	-	-	-	-
15,523,161	11,848,859	10,224,931	10,502,639	7,461,433	6,524,021
5,143,721	4,472,616	6,074,738	2,975,038	1,334,511	888,300
128,504,148	122,728,879	123,226,336	116,117,246	98,162,287	101,918,660
16,066,023	15,803,705	16,174,120	14,307,594	19,461,252	18,400,804
<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>	<u>218,198,941</u>
132,360,582	125,511,177	116,762,389	110,905,035	107,502,434	107,619,019
88,182,891	84,067,564	86,021,094	77,319,892	70,598,413	67,710,192
9,439,332	8,963,982	9,352,157	7,935,463	8,128,587	7,956,058
269,989	228,203	-	2,639,938	495,737	1,860,015
3,035,920	4,086,509	3,065,081	1,511,342	4,020,609	6,206,632
31,946,756	28,702,136	28,212,756	22,300,000	20,225,000	18,365,000
2,206	419	-	68,411	85,220	1,050
11,802,160	12,251,716	12,571,394	13,088,605	14,725,769	15,731,211
<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>	<u>225,449,177</u>
(4,605,439)	(5,100,893)	(3,756,814)	(305,265)	(8,328,790)	(7,250,236)
-	-	-	-	96,794	-
-	3,406,866	58,496,864	1,500,000	-	-
-	-	(58,461,404)	-	-	-
14,205	52,685	5,405	17,730	904	1,718
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>1,268,765</u>	<u>5,426,974</u>	<u>1,470,915</u>	<u>3,071,788</u>	<u>97,698</u>	<u>1,718</u>
\$ (3,336,674)	\$ 326,081	\$ (2,285,899)	\$ 2,766,523	\$ (8,231,092)	\$ (7,248,518)
\$ 3,043,901	\$ 4,086,508	\$ 6,606,532	\$ 5,833,691	\$ 4,084,550	\$ 8,043,533
16.0%	15.8%	16.4%	15.4%	15.8%	15.7%

**HILLSBORO SCHOOL DISTRICT 1J**  
**ASSESSED VALUE OF TAXABLE PROPERTY WITHIN SCHOOL DISTRICT BOUNDARIES**  
**Last Ten Fiscal Years**  
**2012 Through 2021**

Measure 5 Real Market Value

Fiscal Year Ending June 30	Real Property	Manufactured Property	Personal Property	Public Utility
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
2012	13,092,109,066	29,539,350	573,707,622	468,112,631

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

Note: Represents Washington County, Yamhill & Multnomah Counties

Source: Oregon Department of Revenue - Oregon Property Tax Statistics

Total Market Value	Total Taxable Assessed Value	District Assessed Value		Less: Reduction and Adjustments	Total Taxes Imposed (Not Levy)
		Total Direct Tax Rate	Amount Tax Rate Will Raise		
\$ 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
14,163,468,669	11,356,808,253	6.29	71,457,529	(1,341,667)	70,115,862

**HILLSBORO SCHOOL DISTRICT 1J**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**Last Ten Fiscal Years**  
**2012 Through 2021**

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

<b>DIRECT:</b>	2021	2020	2019	2018	2017
Hillsboro School District	\$ 6.3395	\$ 6.2679	\$ 6.2166	\$ 5.8396	\$ 5.8605
Hillsboro School District - after 10/6/01	0.9109	0.9119	0.9222	1.3116	1.3357
<b>OVERLAPPING GOVERNMENTS:</b>					
Washington County	2.2484	2.2484	2.2484	2.2484	2.2484
Washington County - after 10/6/01	0.0674	0.0691	0.0699	0.0700	0.0709
Washington County - after 1/1/13	0.6400	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	8.9492	4.3454	8.8013
City of Beaverton after 01/01/13	0.1816	0.1927	0.0945	0.0304	-
City of Hillsboro	3.6665	3.6665	3.6665	3.6665	6.5997
City of Hillsboro - after 10/6/01	1.7200	1.7200	1.7200	1.7200	3.0960
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	0.8681	0.8681	0.7620	1.1642	1.2052
Washington County RFFD #2	-	-	-	-	1.1219
Washington County RFFD #2 - after 10/6/01	-	-	-	-	0.5700
Tualatin Valley Fire and Rescue	1.5252	1.5252	1.5252	1.5252	1.5252
Tualatin Valley Fire and Rescue - after 10/6/01	0.1415	0.0973	0.1087	0.1023	0.1226
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	2.5069	2.1462	2.1689	2.0043	2.0562
Forest Grove RFPD	1.2766	1.2766	1.2766	1.2766	1.2766
Metro Service District	0.0966	0.0966	0.0966	0.0966	0.1118
Metro Service District - after 10/6/01	0.3974	0.4702	0.2801	0.2162	0.1892
Metro Service District - after 1/1/13	0.0960	0.0960	0.0960	0.0960	0.0960
Tri-Met	-	-	-	-	-
Tualatin Hills Park & Recreation	1.3073	1.3073	1.3073	1.3073	1.3073
Tualatin Hills Park & Recreation - after 10/6/01	0.2863	0.3068	0.3168	0.3038	0.3119
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	0.3970	0.4022	0.4046	0.3222	0.3957
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.

	2016	2015	2014	2013	2012
\$	5.8738	\$ 5.9389	\$ 6.2778	\$ 6.3034	\$ 6.2933
	1.3509	1.4811	1.1228	1.1943	1.1730
	2.2484	2.2484	2.3775	2.3801	2.3844
	0.5900	0.5900	0.5900	0.5900	0.5900
	-	-	-	-	-
	1.3165	1.3165	1.3165	1.2285	1.2477
	0.2456	0.2456	0.2456	0.2456	0.2456
	0.0701	0.0701	0.0701	0.0701	0.0701
	4.3279	-	-	-	-
	-	-	-	-	-
	5.8664	8.0663	7.3330	5.1331	5.3865
	2.7520	3.7840	3.4400	2.4080	-
	2.1712	2.1712	2.1712	2.1712	2.1712
	4.4706	3.9836	3.9836	3.9836	3.9836
	1.2237	1.2558	1.2780	1.2971	1.3097
	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
	0.5826	0.3659	0.3809	0.3893	0.4050
	-	-	-	-	-
	1.7621	1.7621	1.7621	1.7621	1.7621
	2.0854	2.1499	2.0051	2.0332	2.0505
	1.2766	1.2766	1.3744	1.4012	1.2766
	0.1117	0.1852	0.1900	0.2621	0.2277
	0.2766	0.2733	0.2771	0.1422	0.0877
	-	-	-	-	-
	-	-	-	-	0.0583
	1.3973	1.4146	1.4216	1.4224	1.7388
	0.3173	0.3021	0.3066	0.3074	-
	0.1538	0.1538	0.1538	0.1538	0.1538
	0.2828	0.4185	0.4582	0.4853	0.4460
	0.3027	0.3037	0.2760	0.1798	0.1521
	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 (2021) and Nine Years Prior (2012)**

		2021			
Taxpayer	Name	Measure 50 Assessed Value (AV)	Taxes Levied	Percentage of HSD AV	Percentage of Washington County AV
1	Intel	\$ 1,941,050,338	\$ 32,617,489	11.09%	2.72%
2	Nike, Inc.	1,435,297,509	25,048,947	8.20%	2.01%
3	Portland General Electric Co.	819,111,924	13,308,138	4.68%	1.15%
4	Pacific Realty Associates	417,932,187	7,282,172	2.39%	0.59%
5	Northwest Natural Gas Co.	408,827,140	6,557,810	2.34%	0.57%
6	Verizon Communications Inc	299,376,000	5,064,128	1.71%	0.42%
7	Gentech Inc	273,303,730	4,640,669	1.56%	0.38%
8	Comcast Corporation	263,248,000	4,563,314	1.50%	0.37%
9	LAM Research Corporation	198,542,849	3,173,677	1.13%	0.28%
10	BV Centercal LLC	155,910,754	2,720,553	0.89%	0.22%
-	Frontier Communications	-	-	-	-
-	Maxim Integrated Products, Inc.	-	-	-	-
-	Tektronix, Inc.	-	-	-	-
	All other Washington County	65,060,763,723	1,153,016,695		
Total Washington County		\$ 71,273,364,154	\$ 1,257,993,592		
Hillsboro School District		\$ 17,506,912,143			

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

2012

Rank	Measure 50 Assessed Value (AV)	Taxes Levied	Percentage of HSD AV	Percentage of Washington County AV
1	\$ 1,316,340,035	\$ 22,190,506	11.58%	2.73%
2	437,733,767	7,120,512	3.85%	0.91%
3	405,597,504	6,427,562	3.57%	0.84%
5	299,183,240	4,889,897	2.63%	0.62%
6	279,691,970	4,397,293	2.46%	0.58%
-	-	-	-	-
7	239,232,340	3,900,107	2.10%	0.50%
8	223,356,000	3,761,998	1.96%	0.46%
-	-	-	-	-
-	-	-	-	-
4	350,700,000	5,817,155	3.08%	0.73%
9	133,369,640	2,162,910	1.17%	0.28%
10	132,546,208	2,129,082	1.17%	0.27%
	<u>44,642,387,459</u>	<u>741,907,438</u>		
	<u>\$ 48,236,782,163</u>	<u>\$ 800,942,462</u>		
	<u>\$ 11,371,005,915</u>			

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**HILLSBORO SCHOOL DISTRICT 1J**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**  
**2012 Through 2021**

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
2020	117,575,368	112,800,608	95.94%	824,179	113,624,787	96.64%
2019	111,269,635	106,810,743	95.99%	981,437	107,792,180	96.87%
2018	108,740,079	104,171,341	95.80%	1,318,418	105,489,759	97.01%
2017	103,666,996	99,478,687	95.96%	1,279,668	100,758,355	97.19%
2016	100,046,726	95,613,087	95.57%	1,376,116	96,989,203	96.94%
2015	92,272,618	88,208,658	95.60%	1,589,514	89,798,172	97.32%
2014	87,085,501	82,849,198	95.14%	2,046,971	84,896,169	97.49%
2013	84,325,790	80,516,253	95.48%	2,083,919	82,600,172	97.95%
2012	83,738,165	79,664,870	95.14%	3,478,423	83,143,293	99.29%

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		
2021	\$ 519,070,390	\$ (2,488,915.17)	\$ 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
2012	217,576,712	(3,358,031)	214,218,681	10,792	1,589	99,065,000	5,105,060

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

Capital Leases	Notes Payable	Qualified Energy Conservation Bond	Total Debt			Total Net Assessed Valuation	Average Daily Membership
			Total District	Per ADMw	Per Capita		
\$ 2,305,825	\$ -	\$ 1,735,125	\$ 619,766,340	\$ 32,416	\$ 4,396	\$ 17,506,912,143	19,119
2,348,222	-	2,164,679	644,748,408	32,216	4,621	16,682,866,306	20,013
2,523,294	-	2,586,363	508,585,043	25,161	3,647	15,915,917,572	20,213
2,862,571	-	3,000,365	529,913,347	26,228	3,644	15,503,796,073	20,204
3,059,088	335,102	3,406,866	245,904,048	12,054	1,675	14,586,782,181	20,400
3,026,567	721,014	3,406,866	277,120,432	13,475	1,936	14,019,008,427	20,566
2,039,383	1,089,976	-	298,845,529	15,005	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
-	-	-	321,746,772	16,209	1,860	11,356,808,253	19,850

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**HILLSBORO SCHOOL DISTRICT 1J**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**JUNE 30, 2021**

Overlapping Issuer	Net Property Tax Backed Debt	Percent Overlapping	Net Overlapping Debt
Chemeketa Community College	\$ 48,120,992	0.0032%	\$ 1,540
Multnomah County	690,660,604	0.0006%	4,144
Metro	920,585,000	6.4734%	59,593,149
Portland Community College	545,535,000	9.4210%	51,394,852
Washington County SD 13 (Banks)	8,796,137	0.0337%	2,964
Washington County	196,818,344	23.2971%	45,852,966
Washington County SD 1J (Hillsboro 7 Bd)	263,751	99.9211%	263,543
Tualatin Hills Park & Recreation District	61,463,970	1.7389%	1,068,797
Banks Fire District 13	3,665,000	2.2176%	81,275
Tualatin Valley Fire & Rescue District	17,325,000	6.3780%	1,104,988
City of Hillsboro	69,220,000	88.0165%	60,925,021
Chehalem Park & Recreation District	23,455,000	0.0142%	3,331
City of Cornelius	2,410,812	31.4344%	757,824
City of Beaverton	33,173,396	0.0038%	1,261
Washington County SD 48J (Beaverton)	957,104,907	0.0050%	47,855
Yamhill County	7,039,273	0.0186%	1,309
Subtotal, overlapping debt			221,104,819
Direct District net property tax backed debt			619,766,340
Total direct and overlapping debt			\$ 840,871,159

(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**  
**2012 Through 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Debt Limit	\$ 3,480,787,777	\$ 2,901,472,235	\$ 2,769,931,244	\$ 2,990,941,202
Total net debt applicable to the limit	<u>450,705,000</u>	<u>463,395,000</u>	<u>343,800,000</u>	<u>355,230,000</u>
Legal debt margin	<u>\$ 3,030,082,777</u>	<u>\$ 2,438,077,235</u>	<u>\$ 2,426,131,244</u>	<u>\$ 2,635,711,202</u>
Total net debt applicable to the limit as a percentage of debt limit	12.95%	15.97%	12.41%	11.88%

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 0.0055 =	4.95%
Ninth through Twelfth Grade, 4 x 0.0075 =	<u>3.00%</u>
Allowable Percentage	7.95%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 2,715,928,535	\$ 2,421,720,350	\$ 2,242,004,958	\$ 1,951,376,163	\$ 1,415,000,484	\$ 1,497,006,122
<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>316,641,712</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>	<u>\$ 1,180,364,410</u>
4.21%	5.77%	7.28%	14.19%	21.11%	21.15%

**HILLSBORO SCHOOL DISTRICT 1J**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**  
**2012 Through 2021**

Year	Population	Personal Income (thousands of dollars) (estimated)	Personal Income	Unemployment Rate
2021	140,986	\$5,707,395	(1) \$40,482	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%
2012	127,825	3,448,207	26,976	8.50%

Notes:

(1) - The Census Bureau will not release its standard 2020 ACS 1-year estimates because of the impacts of the COVID-19 pandemic on data collection. Experimental estimates, developed from 2020 ACS 1-year data, will be available on the ACS Experinetal Data webpage no later than November 30th. Therefore, HSD will use the prior year income numbers for the current year.

**HILLSBORO SCHOOL DISTRICT 1J**  
**PRINCIPAL EMPLOYERS FOR THE PORTLAND, OREGON, METROPOLITAN AREA**  
**Current Year (2021) and Nine Years Ago (2012)**

<u>Employer</u>	<u>2021</u>			<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
Ten Largest Employers:						
Intel Corp.	21,394	1	1.75%	15,636	1	1.93%
Providence Health System	19,326	2	1.58%	14,089	2	1.74%
Oregon Health & Science University	17,441	3	1.43%	12,000	3	1.48%
Legacy Health System	12,896	4	1.06%	9,204	5	1.14%
Nike, Inc.	12,000	5	0.98%	7,000	7	0.86%
Kaiser Permanente	11,910	6	0.98%	9,039	6	1.12%
Fred Meyer Stores	8,163	7	0.67%	9,858	4	1.22%
City of Portland	7,409	8	0.61%	-	-	-
Portland Public School	7,005	9	0.57%	-	-	-
Beaverton School District	5,646	10	0.46%	-	-	-
Wells Fargo	-	-	-	4,748	8	0.59%
US Bank	-	-	-	3,899	9	0.48%
Xerox	-	-	-	3,300	10	0.41%
Subtotal of ten largest employers	123,190		10.09%	88,773		10.96%
All Other Employers	1,097,477		89.91%	720,940		89.04%
Total Portland-Vancouver-Hillsboro MSA Employment	1,220,667		100.00%	809,713		100.00%

Source:

Oregon Employment Department: <https://www.qualityinfo.org/multnomah-and-washington>  
June 2021 Portland-Vancouver-Hillsboro MSA

**HILLSBORO SCHOOL DISTRICT 1J**  
**CERTIFIED, CLASSIFIED, AND ADMINISTRATIVE EMPLOYEES**  
**Last Ten Fiscal Years**  
**2012 Through 2021**

Fiscal Year	Certified	Classified	Administrative	Supervisory/ Technical	Total
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
2012	1,041	731	67	29	1,868

(1) Full-time equivalent (FTE) positions

Source:

Hillsboro School District 1J payroll records

**HILLSBORO SCHOOL DISTRICT 1J**  
**STUDENT ENROLLMENT STATISTICS**  
**Last Ten Fiscal Years**  
**2012 Through 2021**

Fiscal Year	Average Daily Membership		Percent Free and Reduced	Net Operating Expenditures per ADM	Student to Teacher Ratio
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
2012	19,850		49%	8,043	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. Federal actions have allowed all students to receive meals at no cost during the 2020-21 school year.

**HILLSBORO SCHOOL DISTRICT 1J**  
**STUDENT ENROLLMENT AND CAPITAL ASSET STATISTICS**  
**Last Ten Fiscal Years**  
**2012 Through 2021**

School/(Year Opened)	Square Footage	Fiscal Year Enrollment			
		2021	2020	2019	2018
Brookwood Elementary (1953)	43,041	333	351	335	348
Imlay Elementary (2002)	69,435	456	557	510	520
Butternut Creek Elementary (1977)	34,840	325	370	395	404
Patterson Elementary (2000)	69,435	379	456	456	455
Orengo Elementary (2000)	69,435	475	592	644	631
Indian Hills Elementary (1979)	40,219	388	459	475	478
Reedville Elementary (1922)	16,247	222	232	248	260
Eastwood Elementary (1978)	49,163	405	441	437	452
Farmington View Elementary (1950)	22,867	258	311	310	309
Free Orchards Elementary (2008)	73,500	322	368	361	389
Jackson Elementary (1990)	50,767	424	551	549	566
L.C. Tobias Elementary (1992)	50,000	415	486	449	450
Groner K - 8 (1949)	32,402	169	212	208	234
Lenox Elementary (1949)	51,074	407	482	499	471
McKinney Elementary (1970)	49,163	433	465	467	490
Minter Bridge Elementary (1980)	49,163	363	443	473	473
Moobery Elementary (1963)	49,496	389	420	427	427
North Plains Elementary (1954)	46,913	310	396	383	353
Rosedale Elementary (2009)	73,700	329	418	420	439
Quatama Elementary (2008)	73,100	425	516	509	482
Ladd Acres Elementary (1968)	60,825	397	484	539	533
Lincoln Street Elementary (2008)	73,400	399	461	482	490
W.L. Henry Elementary (1968)	52,813	361	357	362	359
West Union Elementary (1948)	42,757	316	365	370	390
Witch Hazel Elementary (2003)	69,435	480	522	519	510
Brown Middle School (1963)	95,414	696	723	726	731
Evergreen Middle School (1981)	120,000	732	785	796	801
Hillsboro Online Academy (2012)	8,500	1,020	183	195	197
South Meadows Middle School (2009)	153,000	727	736	694	700
Poynter Middle School (1959)	83,200	662	703	745	745
Miller Ed Junior High (1959)	9,560	-	-	-	-
Century High School (1997)	265,000	1,504	1,549	1,533	1,506
Glencoe High School (1980)	240,000	1,386	1,445	1,476	1,490
Liberty High School (2003)	288,897	1,450	1,462	1,495	1,477
Hillsboro High School (1969)	253,652	1,259	1,233	1,249	1,268
Miller Ed High School (1958)	20,552	64	86	91	82
		<u>18,680</u>	<u>19,620</u>	<u>19,827</u>	<u>19,910</u>

Source:

From 3/1/21 K-12 Enrollment - HR Dept

2017	2016	2015	2014	2013	2012
358	391	388	360	382	411
530	543	523	524	561	560
402	403	381	389	400	414
446	464	475	477	486	513
654	636	606	629	581	531
470	497	495	444	437	446
235	247	227	229	228	248
476	506	518	510	497	486
307	295	292	222	215	225
392	402	439	481	484	488
560	530	553	548	531	508
434	440	484	517	488	491
219	153	141	140	154	156
472	479	459	435	432	444
465	462	460	468	501	516
474	508	500	512	482	500
455	463	459	479	485	475
330	299	301	298	305	288
432	403	407	394	370	364
490	472	466	547	531	533
522	529	507	506	515	520
518	546	558	574	594	579
343	360	413	426	455	490
392	366	356	283	306	310
538	571	574	608	569	530
712	709	708	738	796	828
823	808	830	829	804	794
159	163	193	170	90	-
721	720	730	747	740	800
739	733	769	746	722	690
-	-	6	17	22	14
1,571	1,563	1,611	1,669	1,631	1,674
1,543	1,619	1,612	1,615	1,603	1,594
1,499	1,506	1,491	1,429	1,399	1,362
1,291	1,357	1,340	1,352	1,361	1,418
65	64	58	57	76	77
<u>20,037</u>	<u>20,207</u>	<u>20,330</u>	<u>20,369</u>	<u>20,233</u>	<u>20,277</u>

**HILLSBORO SCHOOL DISTRICT 1J**  
**TEACHER DATA**  
**2020-21 SCHOOL YEAR**

Education	Step	FTE	Salary
BA	A	16.03	\$ 46,262
BA	B	3.00	48,204
BA	C	10.00	50,229
BA	D	6.04	52,339
BA	E	7.00	54,537
BA	F	15.57	56,827
BA	G	4.00	59,214
BA	H	5.00	61,701
BA	I	3.00	64,293
BA	J	26.30	66,992
BA+24	A	1.80	47,651
BA+24	B	0.00	49,652
BA+24	C	1.00	51,737
BA+24	D	2.00	53,910
BA+24	E	0.00	56,175
BA+24	F	5.00	58,534
BA+24	G	0.00	60,993
BA+24	H	1.00	63,554
BA+24	I	0.00	66,223
BA+24	J	9.00	69,005
BA+45	A	0.00	49,079
BA+45	B	0.00	51,141
BA+45	C	1.00	53,288
BA+45	D	0.00	55,527
BA+45	E	1.00	57,859
BA+45	F	3.00	60,289
BA+45	G	0.00	62,821
BA+45	H	1.00	65,459
BA+45	I	2.00	68,209
BA+45	J	1.00	71,074
BA+45	K	0.00	74,059
BA+45	L	1.00	77,169
BA+45	M	14.20	80,410
MA/BA+60	A	21.45	50,554
MA/BA+60	B	19.38	52,678
MA/BA+60	C	18.70	54,890
MA/BA+60	D	38.49	57,195
MA/BA+60	E	32.20	59,597

Education	Step	FTE	Salary
MA/BA+60	F	64.70	\$ 62,100
MA/BA+60	G	22.28	54,709
MA/BA+60	H	19.30	67,426
MA/BA+60	I	11.60	70,259
MA/BA+60	J	19.75	73,209
MA/BA+60	K	17.04	76,285
MA/BA+60	L	23.75	79,488
MA/BA+60	M	14.90	82,827
MA/BA+60	N	163.63	86,305
MA+24/BA+90	A	0.00	52,070
MA+24/BA+90	B	1.00	54,257
MA+24/BA+90	C	1.00	56,536
MA+24/BA+90	D	2.00	58,910
MA+24/BA+90	E	5.40	61,384
MA+24/BA+90	F	17.50	63,962
MA+24/BA+90	G	7.00	66,649
MA+24/BA+90	H	2.00	69,448
MA+24/BA+90	I	6.50	72,365
MA+24/BA+90	J	6.00	75,404
MA+24/BA+90	K	12.00	78,571
MA+24/BA+90	L	10.60	81,871
MA+24/BA+90	M	13.00	85,310
MA+24/BA+90	N	84.50	88,893
MA+45/BA+120	A	0.00	53,631
MA+45/BA+120	B	0.00	55,883
MA+45/BA+120	C	0.00	58,230
MA+45/BA+120	D	0.00	60,676
MA+45/BA+120	E	4.50	63,224
MA+45/BA+120	F	18.20	65,880
MA+45/BA+120	G	10.70	68,647
MA+45/BA+120	H	14.85	71,530
MA+45/BA+120	I	16.40	74,534
MA+45/BA+120	J	19.00	77,664
MA+45/BA+120	K	19.75	80,927
MA+45/BA+120	L	14.37	84,326
MA+45/BA+120	M	18.40	87,866
MA+45/BA+120	N	160.10	91,557



## GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

***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 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, Washington County, Oregon, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2021.

***Internal Control over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

  
CERTIFIED PUBLIC ACCOUNTANTS

December 1, 2021



## GROVE, MUELLER & SWANK, P.C.

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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***

We have audited Hillsboro School District 1J (the District)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. 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.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

#### ***Opinion on Each Major Federal Program***

In our opinion, 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, 2021.

***Report on Internal Control over Compliance***

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

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

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

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



*Joe Mueller & Paul R.*  
CERTIFIED PUBLIC ACCOUNTANTS

December 1, 2021

**HILLSBORO SCHOOL DISTRICT 1J**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

July 1, 2020- June 30, 2021 Federal Grantor, Program Title	Federal CFDA 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	7/1/2020	6/30/2021	\$ 56,613
National School Lunch Program (NSLP)	10.555	3408001	7/1/2020	6/30/2021	845,006
Summer Food Service Program For Children (SFSPC)	10.559	3408001	7/1/2020	6/30/2021	6,556,248
<b>Total Pass-Through Programs from Child Nutrition Cluster</b>					<u>7,457,867</u>
<b>DEPARTMENT OF AGRICULTURE TOTAL</b>					<u>7,457,867</u>
<b>DEPARTMENT OF LABOR:</b>					
<b>Passed through Work Systems, Inc:</b>					
<b>WIOA Cluster</b>					
WIOA Youth Activities	17.259	19-50120	7/1/2020	1/31/2021	1,241
WIOA Youth Activities	17.259	19-50115	7/1/2020	6/30/2021	285,016
<b>Total Pass-Through Programs from WIOA Cluster</b>					<u>286,257</u>
<b>Total Pass-Through Programs from Work Systems, Inc</b>					<u>286,257</u>
<b>DEPARTMENT OF LABOR TOTAL</b>					<u>286,257</u>
<b>DEPARTMENT OF THE TREASURY:</b>					
<b>Passed through Washington County, OR:</b>					
COVID 19 - Coronavirus Relief Fund	21.019	20-2151	3/1/2020	12/30/2020	2,990,278
<b>DEPARTMENT OF THE TREASURY TOTAL</b>					<u>2,990,278</u>
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES:</b>					
<b>Passed through State Library of Oregon:</b>					
<b>Library Services and Technology Act (LSTA)</b>					
Grants to States - Free Orchards Elementary	45.310	n/a	5/12/2020	8/31/2020	150
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES TOTAL</b>					<u>150</u>
<b>DEPARTMENT OF EDUCATION:</b>					
Indian Education Grants to Local Education Agencies	84.060	S060A192526	7/1/2019	6/30/2021	12,653
Indian Education Grants to Local Education Agencies	84.060	S060A202526	7/1/2020	6/30/2021	23,674
<b>Direct Program</b>					<u>36,327</u>
<b>Total Direct Programs</b>					<u>36,327</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	6/30/2021	117,920
<b>Total Pass-Through Programs from Office of Vocational Rehabilitation Services</b>					<u>117,920</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	9/30/2021	114,823
Title IA	84.010	58279	7/1/2020	9/30/2021	3,083,343
Title ID	84.010	50314	7/1/2018	9/30/2021	245
Title ID	84.010	58902	7/1/2020	9/30/2021	26,139
Title IA/D - ESSA Partnerships	84.010	54329	7/1/2019	9/30/2021	98,300
Title IA/D - ESSA Partnerships	84.010	60392	7/1/2020	9/30/2021	63,796
<b>Pass-Through</b>					<u>3,386,646</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, 2021**

July 1, 2020- June 30, 2021 Federal Grantor, Program Title	Federal CFDA 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>Migrant Education - State Grant Program</b>					
Title IC - Migrant Education	84.011	49210	7/1/2018	9/30/2021	\$ 6,409
Title IC - Migrant Education	84.011	53720	7/1/2019	9/30/2021	102,749
Title IC - Migrant Education	84.011	58934	7/1/2020	9/30/2021	958,216
Title IC - Migrant Education - Preschool	84.011	58916	7/1/2020	9/30/2021	46,067
Title IC - Migrant Education - Summer	84.011	57313	3/14/2020	9/30/2021	203,430
Title IC - Migrant Education - Summer	84.011	66108	7/1/2020	9/30/2021	2,347
				<b>Pass-Through</b>	<b>1,319,218</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>					
IDEA - Part B Section 611	84.027	53783	7/1/2019	9/30/2021	1,632,300
IDEA - Part B Section 611	84.027	60671	7/1/2020	9/30/2022	751,042
IDEA - Part B Section 611	84.027	61432	7/1/2020	9/30/2021	24,458
Extended Assessment 2020-21	84.027	59361	7/1/2020	6/30/2021	1,537
Post School Outcomes (PSO) Interviews 2018	84.027	52249	7/1/2017	9/30/2021	1,652
				<b>Pass-Through</b>	<b>2,410,989</b>
<b>Special Education Preschool Grants (IDEA Preschool)</b>					
IDEA - Part B Section 619 2020-21	84.173	60509	7/1/2020	9/30/2022	19,726
				<b>Pass-Through</b>	<b>19,726</b>
<b>Total Pass-Through Programs from Special Education Cluster (IDEA)</b>					<b>2,430,715</b>
<b>Office of Career, Technical, and Adult Education</b>					
<b>Career and Technical Education - Basic Grants to States</b>					
Perkins Comprehensive Basic	84.048	52495	7/1/2019	9/30/2020	25,817
Perkins Comprehensive Basic	84.048	57590	7/1/2020	9/30/2021	130,584
				<b>Pass-Through</b>	<b>156,401</b>
<b>Office of Educational Improvement and Innovation</b>					
<b>Education for Homeless Children and Youth</b>					
McKinney Homeless	84.196	54904	7/1/2019	9/30/2021	18,869
McKinney Homeless	84.196	65236	7/1/2020	9/30/2021	41,795
				<b>Pass-Through</b>	<b>60,664</b>
<b>English Language Acquisition State Grants</b>					
Title III - English Language Acquisition	84.365	50251	7/1/2018	9/30/2021	8,208
Title III - English Language Acquisition	84.365	53424	7/1/2019	9/30/2021	26,815
Title III - English Language Acquisition	84.365	58476	7/1/2020	9/30/2021	364,381
				<b>Pass-Through</b>	<b>399,404</b>
<b>Supporting Effective Instruction State Grants</b>					
Title II A - Teacher Quality	84.367	49322	7/1/2018	9/30/2021	25,737
Title II A - Teacher Quality	84.367	53545	7/1/2019	9/30/2021	133,600
Title II A - Teacher Quality	84.367	58771	7/1/2020	9/30/2021	441,880
				<b>Pass-Through</b>	<b>601,217</b>
<b>Student Support and Academic Enrichment Program</b>					
Title IV-A Student Support and Academic Enrichment	84.424	58589	7/1/2020	9/30/2021	49,741
				<b>Pass-Through</b>	<b>49,741</b>
<b>COVID 19 - Education Stabilization Fund</b>					
COVID 19 - Governor's Emergency Education Relief Fund	84.425C	60955	7/1/2020	5/30/2021	431,202
COVID 19 - Elementary and Secondary School Emergency Relief Fund I	84.425D	57826	3/13/2020	9/30/2022	6,436
COVID 19 - Elementary and Secondary School Emergency Relief Fund II	84.425D	64596	3/13/2020	9/30/2023	25,664
				<b>Pass-Through</b>	<b>463,302</b>
<b>Total Pass-Through from Oregon Department of Education</b>					<b>8,867,308</b>
<b>DEPARTMENT OF EDUCATION TOTAL</b>					<b>9,021,555</b>

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, 2021**

July 1, 2020- June 30, 2021 Federal Grantor, Program Title	Federal CFDA 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	6/30/2021	<u>\$ 5,313</u>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL</b>					<u>5,313</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>					<u>\$ 19,761,420</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, 2021.

*HILLSBORO SCHOOL DISTRICT 1J*  
*NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS*  
*YEAR ENDED JUNE 30, 2021*

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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, 2021**

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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

Major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
84.011	Migrant Education State Grant Program
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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, 2021***

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***PRIOR YEAR FINANCIAL STATEMENT FINDINGS***

None.

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

None.

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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, 2021, and have issued our report thereon dated December 1, 2021.

#### ***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.

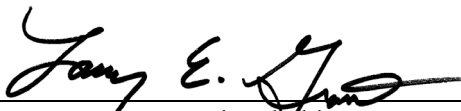
***Internal Control***

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  
December 1, 2021