

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

Board Meeting Agenda
December 8, 2020
5:15 PM

1. 5:15 PM - Work Session

A. Budget Committee Applications	5
Presenter: Michelle Morrison	
Time: 5:15 PM, 10 minutes	
B. Native American PAC Report	7
Presenter: Travis Reiman	
Time: 5:25 PM, 30 minutes	
C. Social, Emotional, and Behavioral Health Plan	8
Presenter: Brooke Nova	
Time: 5:55 PM, 15 minutes	
D. Bilingual Program 2020-21 Update	9
Presenters: Dayle Spitzer / Arcema Tovar	
Time: 6:10 PM, 30 minutes	
E. Support Services Report	10
Presenter: Casey Waletich	
Time: 6:40 PM, 15 minutes	
F. Recess Board Meeting	
Presenter: Erika Lopez	
Time: 6:55 PM	

2. 7:00 PM - Regular Session

A. Call to Order and Flag Salute	
Presenter: Erika Lopez	
Time: 7:00 PM, 5 minutes	
B. Approval of Agenda	
Presenter: Erika Lopez	
Time: 7:05 PM, 5 minutes	
C. Audience Time	
Presenter: Erika Lopez	
Time: 7:10 PM, 5 minutes	
D. Consent Agenda	
<i>Consent agenda items are distributed to Board members in advance for study, and enacted with a single motion.</i>	
Presenter: Erika Lopez	
Time: 7:15 PM, 5 minutes	
1. Approve Minutes of November 17, 2020, Board Meeting	17
2. Approve Routine Personnel Matters	24
3. Approve Policies	
a. A/B: Board Governance and Operations	
1) ACB: All Students Belong	25

Presenter: Travis Reiman

2) ACB-AR: Bias Incident Complaint Procedure Presenter: Travis Reiman	28
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b. G: Personnel

1) GBDA: Expression of Milk or Breast-feed in the Workplace Presenter: Kona Lew-Williams	31
2) GBEA: Workplace Harassment * Presenter: Kona Lew-Williams	33
3) GBEA-AR: Workplace Harassment Reporting and Procedure Presenter: Kona Lew-Williams	36
4) GBEB: Communicable Diseases - Staff Presenter: Kona Lew-Williams	41
5) GBEB-AR: Communicable Diseases - Staff Presenter: Kona Lew-Williams	43
6) GBEDA: Drug and Alcohol Testing and Record Query - Transportation Personnel Presenter: Kona Lew-Williams	46
7) GBEDA-AR: Drug and Alcohol Testing and Record Query - Transportation Personnel Presenter: Kona Lew-Williams	47

c. J: Students

1) JHFF: Reporting Requirements Regarding Sexual Conduct with Students Presenters: Kona Lew-Williams / Dayle Spitzer	64
2) JHFF/GBNAA: Reporting Requirements for Suspected Sexual Misconduct with Students Presenters: Kona Lew-Williams / Dayle Spitzer	66
3) JHFF/GBNAA-AR: Suspected Sexual Conduct Report Procedures and Form Presenters: Kona Lew-Williams / Dayle Spitzer	69

E. Action Items

1. Elect Members to OSBA Board of Directors and Legislative Policy Committee Presenter: Erika Lopez	74
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Time: 7:20 PM, 10 minutes	
<i>SAMPLE MOTION: I move that the Board of Directors cast its vote for LeeAnn Larsen for the OSBA Board of Directors, position 15.</i>	
2. City of Cornelius Municipal Code Revision	75
Presenter: Michelle Morrison	
Time: 7:30 PM, 5 minutes	
<i>SAMPLE MOTION: I move that the Board of Directors approve the change to Cornelius Municipal Code 3.35.030 that removes the "55 and over" residential requirement for affordable housing tax exemption applications.</i>	
3. Adopt Legislative Priorities	82
Presenter: Beth Graser	
Time: 7:35 PM, 10 minutes	
<i>SAMPLE MOTION: I move that the Board of Directors adopt the proposed 2021-2023 legislative priorities.</i>	
4. Appoint Budget Committee Applicants	84
Presenter: Michelle Morrison	
Time: 7:45 PM, 5 minutes	
<i>SAMPLE MOTION: I move that the Board of Directors appoint the slate of candidates identified during the work session to the two vacant positions on the Budget Committee as follows:</i>	
5. Accept Comprehensive Annual Financial Report for 2019-2020	85
Presenter: Michelle Morrison	
Time: 7:50 PM, 10 minutes	
<i>SAMPLE MOTION: I move that the Board of Directors accept the Comprehensive Annual Financial Report for 2019-2020</i>	
F. Reports and Discussion	
1. Financial Report (<i>see written report</i>)	242
Presenter: Michelle Morrison	
Time: 8:00 PM, 10 minutes	
2. Construction Timeline for ES #29 (South Hillsboro Elementary School)	246
Presenter: Adam Stewart	
Time: 8:10 PM, 10 minutes	
G. Recess Board Meeting; Convene Meeting of the Local Contract Review Board (LCRB)	
1. Local Contractors Review Board: Review Findings of Fact for Use of Design-Build for Construction of a New Building on an Existing Site	247
Presenter: Adam Stewart	
Time: 8:20 PM, 10 minutes	
<i>SAMPLE MOTION: I move that the Board of Directors, acting in the capacity of the Local Contract Review Board, review and approve the Findings of Fact supporting the use of the Design-Build method for the Pathways Center.</i>	
H. Adjourn Local Contract Review Board Meeting	
I. Policies - First Reading	
<i>Policies that are scheduled for first reading are included in the Board meeting packet. Staff members will not formally present the first reading of policies, unless the Board requests information that is not already included in the Board meeting packet. If no public comments or questions are received regarding these policies during the review period, they may be placed on the consent agenda for approval during the next regular meeting.</i>	
Presenter: Mike Scott	
Time: 8:30 PM, 5 minutes	

1. First Reading - Policies

a. G - Personnel

1) GBN/JBA - Sexual Harassment Presenter: Kona Lew-Williams	254
2) GBN/JBA-AR(1) - Sexual Harassment Complaint Procedure Presenter: Kona Lew-Williams	266
3) GBN/JBA-AR(2) - Federal Law (Title IX) Sexual Harassment Complaint Procedure Presenter: Kona Lew-Williams	276

J. HCU / HEA Reports

Time: 8:35 PM, 10 minutes

K. Discussion Time

Time: 8:45 PM, 10 minutes

1. Student Representatives' Time

2. Superintendent's Time

3. Board of Directors' Time

L. Adjourn Regular Session

Presenter: Erika Lopez

Time: 8:55 PM

M. Next Meetings of the Board of Directors

- January 12, 2021, Work Session
- January 26, 2021, Work / Regular Session

HILLSBORO SCHOOL DISTRICT 1J
December 8, 2020
DISCUSS BUDGET COMMITTEE APPLICATIONS / INTRODUCE APPLICANTS

SITUATION

State law and policy DBEA provide for the establishment of a Budget Committee to review the District's proposed budget. The Hillsboro School District Budget Committee consists of seven members appointed by the Board, plus the seven elected Board members. To be eligible for appointment, Budget Committee members must live and be registered to vote in the District, and must not be officers, agents, or employees of the District. The appointed positions are for three-year terms, with staggered expiration dates.

There are two Budget Committee positions to be filled:

<u>POSITION</u>	<u>EXPIRED</u>	<u>HELD BY</u>	<u>NOTES</u>
1	June 30, 2020	Christopher Clark	Appointed to a three-year term in 2018
2	June 30, 2020	Michael Smith	Appointed to a three-year term in 2018

Vacancies on the Budget Committee were publicly announced in June, and applications were received through November 20, 2020. One application for reappointment and seven new applications were received and are listed below with names linked to each candidate's application for reference. All candidates have been verified as "Eligible."

Name	Race	Ethnicity
Michael David Smith (incumbent)	White	Not Hispanic/Latino
Eric Karl Muehter	White	Not Hispanic/Latino
Linda Anne Seeley	White	Not Hispanic/Latino
Emily Anne Snyder Gothard	White	Not Hispanic/Latino
Caitlyn Joy Mitchel-Markley	White	Not Hispanic/Latino
Patrick Douglas Sippel	White	Not Hispanic/Latino
Kristine Adams-Wannaberg	White	Not Hispanic/Latino
Dawn Marie Wallace	White	Not Hispanic/Latino

During tonight's work session, the Board will review the Budget Committee applications, and applicants will have an opportunity to be introduced to Board members and share their reasons for applying to serve on the committee. The Board is scheduled to select two candidates for appointment during the regular session.

RECOMMENDATION

The Superintendent recommends that the Board of Directors review and discuss the Budget Committee applications, meet the applicants, and complete the [Work Session Appointment Exercise](#).

HILLSBORO SCHOOL DISTRICT 1J
December 8, 2020
NATIVE AMERICAN PARENT ADVISORY COMMITTEE (PAC)
REPORT AND DISCUSSION

SITUATION

The role of the Hillsboro School District's Native American (NA) Parent Advisory Committee (HSD PAC) is to advise HSD staff members on matters concerning planning, developing, administering, and evaluating of the District's Title VI program, and to consequently make recommendations regarding State policies and guidelines, project proposals, and other matters of interest to the NA PAC.

NA PAC engages with families whose students have tribal affiliation to gather input on district programs and policies and to provide educational and other culturally specific opportunities that promote community and lifelong learning. The PAC also collaborates with the District's Office of Federal Programs, which receives federal funds under the Every Student Succeeds Act (ESSA), in order to: 1) raise achievement for low-income and/or otherwise disadvantaged children; 2) provide access and opportunities for parent involvement; 3) increase family engagement in schools; and 4) enhance collaboration between educators and parents.

PAC members are parent volunteers generally representing schools serving high concentrations of students who are eligible to receive services under Title VI.

RECOMMENDATION

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

HILLSBORO SCHOOL DISTRICT 1J
December 8, 2020
SOCIAL, EMOTIONAL AND BEHAVIORAL HEALTH PLAN

SITUATION

The Board of Directors will receive a review of updates to the Multi-Tiered Implementation Plan for Students, Staff and Families, Quarter 1 Connections and Outreach Data provided by our cross-sector team.

Our goal in the Hillsboro School District is to provide consistent, predictable and equitable Mental, Social and Emotional Health information, support and resources for all staff, students and families. We believe it is our responsibility as a PK-12 system to approach this work in a multi-tier approach with the expertise of our community partners.

Our approach: We are a diverse, cross-sector, collaborative team representing administrators, licensed educators, classified employees and community partners that work together to support our HSD community.

RECOMMENDATION

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

HILLSBORO SCHOOL DISTRICT 1J
December 8, 2020
BILINGUAL PROGRAMS 2020-21 UPDATE

SITUATION

Services for our Emerging Bilinguals continue to be a priority in the Hillsboro School District. Tonight's presentation will highlight the District's testing processes and instructional support for English Language Proficiency, the expansion of Dual Language programs, as well as the District's efforts to provide equity in education through bilingualism and biliteracy, grade level academic achievement, and social competency for our emergent bilinguals.

RECOMMENDATION

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

HILLSBORO SCHOOL DISTRICT
December 8, 2020
ANNUAL SUPPORT SERVICES REPORT

SITUATION

Each fall, Support Services provide an annual report of information for the past school year.

FACILITIES AND MAINTENANCE

- Facilities and Maintenance staff processed 5394 work orders during the 2019-20 school year.
- 317 work orders out of this total are still in process.
- Classroom wall project completed at McKinney elementary. This project was similar to the work completed at Eastwood and Minter Bridge where walls were installed to separate classrooms. This was a four and a half month carpentry project.
- Work orders are generated from buildings, fire inspection reports, safety inspections, safety meetings, staff and student accident reports, and general maintenance issues that arise.
- Staff develop a priority list of projects, taking into consideration building needs, long-term maintenance, health and safety, and immediate concerns.
- Using the priority listing of projects, District staff, architects, and other consultants develop cost estimates, specifications, and bid documents to start the identified projects.
- All annual testing has been completed for 20-21. Fire systems, Backflows, Stage Curtains, Fire Extinguishers, Fire Door Testing and all other required Environmental Testing.
- Due of Covid and remotely learning, HSD maintenance/custodial has been able to accomplish more projects on top of what is normally done throughout a typical year. These include painting both interior and exterior, stripping and waxing of floors and other custodial/maintenance projects that improve the overall atmosphere and learning environment of HSD buildings.
- Both maintenance and custodial have been working hard on making plans for making our schools ready for a safe return. HSD carpenters have been custom producing plexiglass barriers for office reception desks and other open workspaces, along with walking each site and coming up with a plan for moving furniture to allow for the safe distance required when students return to the classroom.
- Custodial Staff are currently cleaning and disinfecting to the current CDC standards along with supporting limited in person programs if one resides at their building.
- Facilities are now between two buildings. Building trades electrical, plumbing, HVAC and irrigation systems stayed at the Witch Hazel building while the carpenters, grounds, energy manager and facilities supervisor moved to the new Facilities and Support Services building

RESOURCE CONSERVATION

- Energy conservation measures continue to manage overall energy consumption even during unprecedented circumstances. Standard energy conservation measures were effective during long break-periods. The 2019-2020 school year presented an opportunity to further manage energy consumption by responding with a plan of reduced schedules for our HVAC and lighting systems during the pandemic closure period.
- Since mid-March 2020, our management of building mechanical systems has resulted in a cost-avoided savings of **\$283,855** (Electric & Natural Gas). The implemented measures continue as the pandemic closure continues. Additional cost-avoided savings will be realized in the current 2020-2021 school year.
- These cost-avoidance savings represent a reduction of 3.3 million kWh of electricity and 90 thousand therms of natural gas.
- Bond construction projects, the Strategic Energy Management (SEM) program and efficient fixture purchases earned **\$276,000** in energy incentives.
- Portland, OR hosted the 10th annual Green Schools Conference & Expo March 2-4, 2020. HSD provided scholarships to six staff members to attend this conference. Funding for the scholarships earned by demonstrating incremental energy savings through the Energy Trust of Oregon.
- Management of waste disposal services during pandemic closure resulted in **\$5,000** cost-avoided savings. Additional cost-avoided savings will be realized in the current 2020-2021 school year.
- A pandemic signage program project began in June 2020. The district provided support to our student body by sourcing the 90% of all signage through the Century CTE lab and the district print shop.

NUTRITION SERVICES

Meal Participation

The information below shows student meal participation for 2019-20 at 2,045,307 a decrease of 612,402 student meals, or 23%, below the previous school year.

Quick Facts	2019-20	2018-19	2017-18
Student Meals Served	2,045,307	2,657,709	2,804,075
Adult Meals Served	26,988	42,504	46,531

Nutrition Fund (277) Financial Highlights

Quick Facts	2019-20	2018-19	2017-18
Total Revenues	\$5,860,351	\$8,354,583	\$8,043,442
Total Expenditures	\$5,860,891	\$8,614,038	\$8,009,305
Increase / Decrease in Ending Fund Balance	<\$540>	<\$259,455>	\$34,137

Revenues and Expenses were greatly dysregulated by the COVID-19 pandemic that affected Nutrition Services operations beginning mid-March 2020. Revenue and Expenditures were adjusted based on the changes in program were uncharacteristically shifted to operate under the Summer Food Service Program (SFSP) in the Spring.

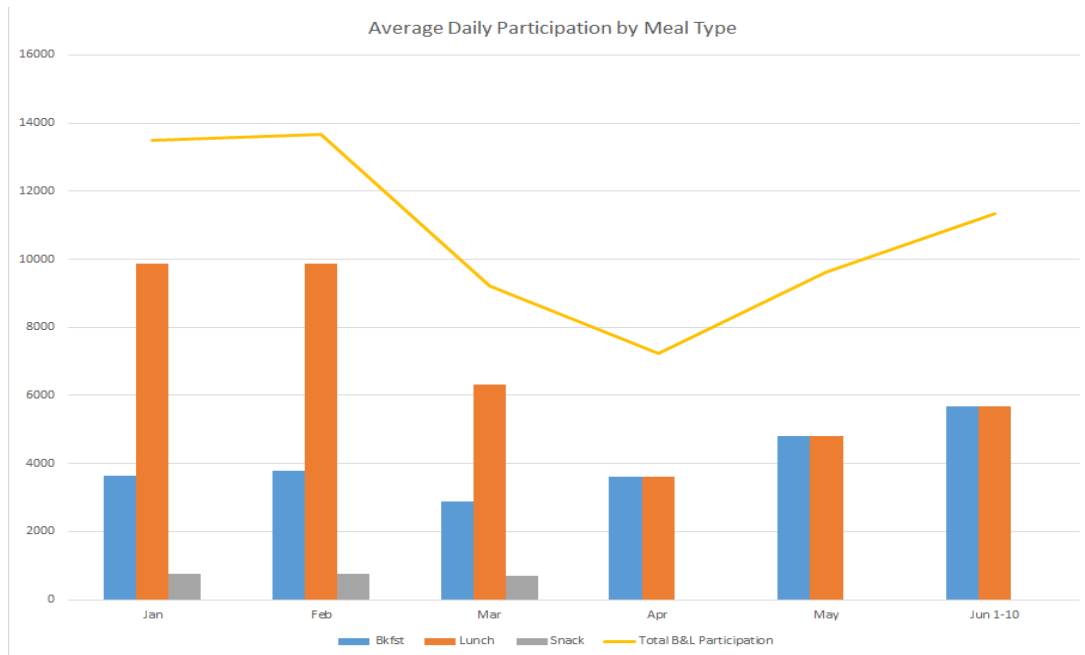
Summer Food Service Program (Fund 217) Financial Highlights

Quick Facts	2019-20	2018-19	2017-18
Total Revenues	\$1,756,285	\$175,307	\$163,156
Total Expenditures	\$1,867,743	\$211,120	\$150,044
Increase / Decrease in Ending Fund Balance	<\$111,458>	<\$35,813>	\$13,112

Meal Participation

Beginning March 16, Nutrition Service redistributed available staff to one of seven schools that offered drive up or walkup meals to students. Beginning April 1, in an attempt to reach more families, the district began delivering meals via 23 bus routes that canvassed the district delivering meals. This change in service model increased participation 56%. By the end of the school year, the average students served had changed from approximately 1900 students to over 4100 students per day.

The USDA and State of Oregon initiated numerable program flexibilities and rule waivers to enable HSD to offer meals to all students. The biggest flexibility was a waiver to area eligibility, which allowed HSD to deliver meals at no charge to students regardless of the economic status of the attendance area, enabling all students to receive meals at no cost.



The Liberty High School bakery continued to produce breakfast entrees and items already in inventory were prioritized that could be served in the new model.

Beginning in the 2017-18 school year, changes were instituted by the Oregon Legislature that restricted communication with students about meal balances, removed account charge limits, discontinued offering alternative meals, and requires the district to provide a meal for any student that asks; regardless of account balance or ability to pay for meals. These changes have continued to increase the negative accounts balance total each year since passage.

	2019-20	2018-19	2017-18	2016-17
Total Negative Balances	(\$159,312)	(\$108,228)	(\$28,453.45)	(\$1,120)
GF Bad Debt* Write-off	(\$65,140)	(\$21,608)	(\$9,792.75)	\$0
Revenue Loss	(\$94,172)	(\$86,620)	(\$18,660.70)	-\$1,120)

**bad debt is an unallowable cost per federal program rules*

Additionally, also included in the landmark Student Success Act (SSA) were provisions for the expansion of free meals offered to students. The two fundamental changes are:

- 1) Annual Income Eligibility Guidelines- The Confidential Free and Reduced-price meal program offers meals to households that earn up to 186% of the federal

poverty level by household size. The Oregon Expanded Eligibility Guidelines (OEIG) increased access for households up to 300% of the FPL.

- 2) Community Eligibility Provision (CEP) Supplement- CEP allows schools that are eligible to offer meals at no cost to all students enrolled regardless of eligibility based on assigned poverty factors of the student population. It was up to districts to determine participation in the program. This portion of the SSA specified a funding target of 90% of meals to be reimbursed at the free rate, enabling districts more confidence that the decision to offer CEP would not result in net losses. Due to this change and changes in student poverty data, HSD was able to extend free meals to eight (8) more schools, including South Meadows and Hillsboro High School.

HSD also utilized funding and programs to support the work including the Oregon Farm to School Grant, and allocating entitlement dollars to purchase fresh seasonal fruits and vegetables through the Department of Defense Fresh program.

The Nutrition Services Department is committed to making a difference in academic success for students by providing and encouraging healthy food choices and is dedicated to ensuring that all students are well-nourished to promote better student outcomes toward their future.

TRANSPORTATION SERVICES

New Replacement Buses

With the District's bus fleet aging, and updated state and federal emissions standards, new buses were purchased. We ordered and received seven (7) 84 passenger Thomas transit buses, four (4) 78 passenger Blue Bird conventions and four(4) BlueBird convention special accommodation buses. The district was awarded **\$569,157** in rebate funds from the Oregon DEQ VW Environmental Mitigation School Bus Grant. These funds were used to offset the cost of our new buses. Fifteen (15) older buses identified as "gross polluters" were destroyed and sold for scrap in accordance with the rebate funds received. We received **\$17,630** from the scrap metal that was also used towards the purchase price of the new buses.

New "North Terminal" Transportation Building

Upon completion of the new Transportation and Support Services Building, the Transportation department moved approximately one-third of its operation to the "north terminal", with the remaining portions staying at the existing "main terminal" location on Walnut St. Currently the new north terminal is maintaining a bus fleet of 74 buses, which has that bus yard at capacity. This leaves the current main terminal bus fleet at 119 with room for additional fleet growth. Both terminals are fully operational with existing staff divided according to fleet numbers and routes. Our 53 current meal delivery routes are

running out of both terminals. Additionally, Limited In-Person Instruction (LIPI) and BLAST routes will be divided between the two terminals according to feeder groups.

Transportation Statistics

As you review the status for the transportation department below, please note several changes due to the Covid-19 pandemic. This leads to a much lower amount of miles driven in particular. Spring is traditionally our highest miles driven season, due to spring sports. Additionally, 23 meal delivery routes were added during the spring months of distance learning.

Transportation Statistics	2018-2019	2019-2020
Miles driven	2,287,021	1,670,689
Reimbursable miles	2,177,743	1,606,266
Pupils transported	12,580	13,178
Routes	98 General Education 53 Special Accommodation	98 General Education 52 Special Accommodation
Runs	<u>543 General Education</u> 490 Home to School 53 After School Activity <u>427 Special Accommodation</u> 268 Home to School 3 After School Activity 156 Early Intervention	<u>543 Gen Education</u> 480 Home to School 40 After School Activity 23 Spring Meal Delivery <u>444 Special Accommodation</u> 265 Home to School 3 After School Activity 156 Early Intervention 2 Portland Routes
Total buses in fleet	123 Large (6 more to be delivered) 68 Special Accommodation	123 Large 67 Special Accommodation
Total "utility" fleet	3 box trucks 2 secure cabs 3 Shop Trucks 3 Utility Vehicles (4WD)	3 box trucks 2 secure cabs 4 Shop Trucks 3 Utility Vehicles (4WD)
Total Accidents	33	31

Transportation Staffing	2018-2019	2019-2020
Drivers	160	155
Transportation Assistants	58	53
Technology Integration Specialist	1	1
Dispatchers	4	4
Routers	2	2
Trainers	3	3
Office Staff	3	2
Mechanics (including seat repair)	9	10
Supervisors	3	2
Executive Director	1	1

RECOMMENDATION

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

DRAFT

HILLSBORO SCHOOL DISTRICT BOARD OF DIRECTORS—MINUTES

November 17, 2020

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

1. **WORK SESSION**

<u>Board Present:</u>	<u>Staff Present:</u>
Erika Lopez, Chair	Mike Scott, Superintendent
Martin Granum, Vice Chair	Travis Reiman, Assistant Superintendent, Academic Services
Lisa Allen	Dayle Spitzer, Assistant Superintendent, School Performance
See Eun Kim	Beth Graser, Chief Communications Officer
Yadira Martinez	Kona Lew-Williams, Chief Human Resources Officer
Jaci Spross	Michelle Morrison, Chief Financial Officer
Mark Watson	Adam Stewart, Capital Projects Officer
	Casey Waletich, Chief Operations Officer
<u>Student Representatives Present:</u>	Jordan Beveridge, Chief Information Technology Officer
Devlin Knill	Olga Acuña, Director of Federal Programs
Mya Smith	Elaine Fox, Executive Director of Student Services
	Saideh Haghighi, Director of Equity and Human Resources
<u>Others Present:</u>	Audrea Neville, Executive Director of Schools
Matt Buckingham	Francesca Sinapi, Executive Director of Schools
	Justin Arey, Web Specialist/Designer
	Rose Roman, Executive Assistant to the Board
	Kelli Waibel, Technology Support
	Debbie Langworthy, HCU

Board Chair Erika Lopez called the meeting to order at 5:18 PM

- A. Legislative Priorities Input and Planning
Chief Communications Officer Beth Graser discussed HSD legislative priorities
- B. Current Metrics and Planning
Superintendent Mike Scott gave an overview of the current metrics at the State, County, and District level. Travis Reiman discussed work by HSD Nurses and working with Washington County Health Department. Casey Waletich discussed the athletics and activities happening, and the plans to continue. Elaine Fox discussed evaluations and plans to return to hybrid learning.
- C. Bond Oversight Committee Report
Capital Projects Officer Adam Stewart and Citizens' Bond Oversight Committee Chair Matt Buckingham gave an update on Bond projects completed, in process, and future projects.
- D. Recess Board Meeting
Board Chair Erika Lopez recessed at 6:16 PM.

2. REGULAR SESSION

<u>Board Present:</u>	<u>Staff Present:</u>
Erika Lopez, Chair	Mike Scott, Superintendent
Martin Granum, Vice Chair	Travis Reiman, Assistant Superintendent, Academic Services
Lisa Allen	Dayle Spitzer, Assistant Superintendent, School Performance
See Eun Kim	Beth Graser, Chief Communications Officer
Yadira Martinez	Kona Lew-Williams, Chief Human Resources Officer
Jaci Spross	Michelle Morrison, Chief Financial Officer
Mark Watson	Casey Waletich, Chief Operations Officer
	Jordan Beveridge, Chief Information Technology Officer
<u>Student Representatives Present:</u>	Olga Acuña, Director of Federal Programs
Devlin Knill	Elaine Fox, Executive Director of Student Services
Mya Smith	Audrea Neville, Executive Director of Schools
	Francesca Sinapi, Executive Director of Schools
	Justin Arey, Web Specialist/Designer
	Rose Roman, Executive Assistant to the Board
	Kelli Waibel, Technology Support
	Jill Golay, HEA President
	Debbie Langworthy, HCU
	Melody Hansen, HCU

A. Call to Order and Flag Salute

Board Chair Erika Lopez reconvened the meeting at 6:31 PM and led the Pledge of Allegiance.

B. Approval of Agenda

Director Mark Watson MOVED, SECONDED by Director Yadira Martinez, to approve the agenda as printed.

The MOTION CARRIED (7-0).

No further discussion took place.

C. Audience Time

No audience members requested to address the Board regarding the following non-agenda items.

D. Consent Agenda

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

Director Mark Watson MOVED, SECONDED by Director Jaci Spross, to approve the Consent Agenda as printed.

The MOTION CARRIED (7-0).

No further discussion took place.

Consent Agenda items were as follows:

1. Approve Minutes of October 27, 2020, Board meeting
2. Approve Minutes of November 9, 2020, Board meeting
3. Approve Routine Personnel Matters
4. Oregon English Language Learners Report 2018-19
5. Approve Policies A-B, G, I, J, K/L
 - a. A/B: Board Governance and Operations
 - 1) AC: Nondiscrimination
 - 2) AC-AR: Discrimination Complaint Procedure
 - 3) BBFC: Reporting of Suspected Abuse of a Child
 - b. G: Personnel
 - 1) GBLA: Disclosure of Information
 - c. I: Instruction
 - 1) IGBAH AR: Special Education - Evaluation and Eligibility Procedures
 - d. J: Students
 - 1) JEA: Compulsory Attendance
 - 2) JECA: Admission of Resident Students
 - 3) JGE: Expulsion
 - 4) JHCC: Communicable Diseases - Student
 - 5) JHCC-AR: Communicable Diseases - Student
 - 6) JHCD/JHCDA: Medications
 - 7) JHCD/JHCDA-AR: Medications
 - e. K/L - District-Community Relations
 - 1) LBE: Public Charter Schools

E. Action Items

1. Accept Gifts and Donation

Chief Financial Officer Michelle Morrison presented the donations received by the HSD over \$5,000. Chief Communications Officer provided an overview of the work and donations of the Hillsboro Schools Foundation.

Director Martin Granum MOVED, SECONDED by Director Lisa Allen, that the Board of Directors accept the donation of \$10,000 from Ballmer Group of Goldman Sachs Philanthropy Fund to Farmington View Elementary school for Home Outreach for the Migrant Farm Community, \$5,071 from Imlay PTA to Imlay Elementary school for Chromebooks, and \$5,000 from the Oregon Community Foundation to the Hillsboro School District for the India Education Program.

The MOTION CARRIED (7-0).

No further discussion took place.

2. Student Investment Act Agreement

Michelle Morrison discussed the Student Investment Act Grant Agreement

Director Lisa Allen MOVED, SECONDED by Director Yadira Martinez, that the Board of Directors approve the Student Investment Act Grant Agreement.

The MOTION CARRIED (7-0).

No further discussion took place.

F. Reports and Discussions

1. Financial Report (see written report)

Chief Financial Officer Michelle Morrison presented the Financial Report.

G. Policies First Read

Assistant Superintendent Travis Reiman discussed the new All Students Belong policy and administrative regulation.

a. A/B: Board Governance and Operations

1) ACB: All Students Belong

2) ACB-AR: Bias Incident Complaint Procedure

b. G: Personnel

1) GBDA: Expression of Milk or Breast-feed in the Workplace

2) GBEA: Workplace Harassment *

3) GBEA-AR: Workplace Harassment Reporting and Procedure

4) GBEB: Communicable Diseases - Staff

5) GBEB-AR: Communicable Diseases - Staff

6) GBEDA: Drug and Alcohol Testing and Record Query - Transportation Personnel

7) GBEDA-AR: Drug and Alcohol Testing and Record Query - Transportation Personnel

c. J: Students

1) JHFF: Reporting Requirements Regarding Sexual Conduct with Students

2) JHFF/GBNAA: Reporting Requirements for Suspected Sexual Misconduct with Students

3) JHFF/GBNAA-AR: Suspected Sexual Conduct Report Procedures and Form

H. HCU / HEA Reports

HEA President Jill Golay spoke regarding American Ed Week and thanked fellow educators for their work, thanked Board members for their questions on virtual learning, and said she looked forward to bargaining. HCU President Melody Hansen spoke regarding Classified Staff in virtual learning and asked for consideration of Classified Staff during planning for return to in person learning.

I. Discussion Time

1) Student Representatives' Time

Mya Smith gave no comments. Devlin Knill thanked presenters, thanked teachers for their hard work, and expressed his support and appreciation for the All Student Belong policy.

2) Superintendent's Time

Superintendent Mike Scott informed the Board the bargaining starts tomorrow, and thanked HSD staff for their work.

3) Board of Directors' Time

Mark Watson expressed appreciation for the Bond video, supports canceling Bond tours, and looks forward to joint session with City of Hillsboro.

Jaci Spross pointed out that she learned from the Oregon English Language Report that TAG is only state funded, not federally.

Martin Granum saluted our educators.

Yadira Martinez said thank you to our educators, they are doing a wonderful job and accepting the challenges they face.

See Eun Kim wished a happy American Ed Week, looks forward to bargaining sessions conversation, and to joint discussion with City Council.

Lisa Allen expressed appreciation for our educators, our unsung heroes, all the other folks who make the education system go. She highlighted speaking to her son's Cub Scout troop with Rep. Janeen Sollman and thanked her fellow Board members.

Erika Lopez thanked the amazing educators and highlighted attending the OSBA Fall conference.

J. Adjourn Meeting

Chair Erika Lopez adjourned the meeting at 7:13 PM.

3. 7:30 PM - Joint Session with Hillsboro City Council

<u>Board Present:</u>	<u>Staff Present:</u>
Erika Lopez, Chair	Mike Scott, Superintendent
Martin Granum, Vice Chair	Travis Reiman, Assistant Superintendent, Academic Services
Lisa Allen	Dayle Spitzer, Assistant Superintendent, School Performance
See Eun Kim	Beth Graser, Chief Communications Officer
Yadira Martinez	Kona Lew-Williams, Chief Human Resources Officer
Jaci Spross	Michelle Morrison, Chief Financial Officer
Mark Watson	Adam Stewart, Capital Projects Officer
	Casey Waletich, Chief Operations Officer
<u>Student Representatives Present:</u>	Jordan Beveridge, Chief Information Technology Officer
Devlin Knill	Morgan Quimby, TOSA
Mya Smith	Justin Arey, Web Specialist/Designer
	Rose Roman, Executive Assistant to the Board
<u>Others Present:</u>	
Chad Martin - WCSO	<u>City of Hillsboro Council Present:</u>
	Steve Callaway, Mayor
	Beach Pace, Councilor
	Rick Van Beveren, Councilor
	Kyle Allen, Councilor
	Anthony Martin, Councilor
	Olivia Alcaire, Councilor
	Fred Nachtigal, Councilor
	Robby Hammond, City Manager

A. Welcome and Introductions

Mayor Steve Callaway called the joint session to order at 7:48 PM.

Steve Callaway, Mayor and Erika Lopez, Board Chair introduced themselves and the Board and Council.

B. City of Hillsboro Efforts Regarding Police Review and Community Engagement

Robby Hammond, City Manager and Jim Coleman, Police Chief gave an update of the City of Hillsboro and Hillsboro Police Department efforts regarding police review and community engagement.

C. School Resource Officer Program Feedback

Superintendent Mike Scott and TOSA Morgan Quimby gave an update on the HSD SRO program and gave a preview of the draft MOU.

D. Combined Discussion School Resource Officer Program and Opportunities for Partnership

City Councilors, Board Members, Student Representatives and HSD staff discussed the SRO program in Hillsboro.

E. Adjourn Meeting

Mayor Steve Callaway adjourned the joint session at 9:45 PM.

HILLSBORO SCHOOL DISTRICT 1J
December 8, 2020
APPROVE ROUTINE PERSONNEL MATTERS

The Superintendent recommends the Board of Directors:

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

Jane Kushner-Katz

Assignment: 0.8 FTE Speech Language Pathologist
Location: West Union Elementary School
Effective Date: December 31, 2020
Years of Service: 10 years

Lois Richter

Assignment: 1.0 FTE 5th Grade Teacher
Location: North Plains Elementary School
Effective Date: November 23, 2020
Years of Service: 24 years

Patricia Smith

Assignment: 1.0 FTE 6th Grade Teacher
Location: McKinney Elementary School
Effective Date: December 8, 2020
Years of Service: 22 years

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

Andrew Hull

Assignment: 1.0 FTE Counselor
Location: Liberty High School
Effective Date: June 18, 2021

- C. Approve the employment of the following licensed personnel in the 2020-21 school year:

Lauren Frank

Education: BA – Linfield University, McMinnville, OR
Experience: None
Assignment: 0.5 FTE General Education Teacher - Free Orchards Elementary School

Suzanne Hawthorne

Education: MA – George Fox University, Tigard, OR
Experience: None
Assignment: 0.5 FTE 1st Grade Teacher – Farmington View Elementary School

OSBA Model Sample Policy

Code: ACB
Adopted:

All Students Belong

The Hillsboro School District is committed to the success of every student in each of our schools. For that success to occur, the district is committed to equity by recognizing and eliminating institutional barriers and creating access and opportunities that benefit each student.

All students are entitled to a high quality educational experience, free from discrimination or harassment based on perceived race/ethnicity, religion, national origin, language proficiency, socioeconomic status, mobility, immigration status, sexual orientation, perceived ability level, perceived/identified disability, and gender identity^{1}.

All employees are entitled to work in an environment that is free from discrimination or harassment based on perceived race/ethnicity, religion, national origin, language proficiency, socioeconomic status, mobility, immigration status, sexual orientation, perceived ability level, perceived/identified disability, and gender identity^{2}.

All visitors are entitled to participate in an environment that is free from discrimination or harassment based on perceived race/ethnicity, religion, national origin, language proficiency, socioeconomic status, mobility, immigration status, sexual orientation, perceived ability level, perceived/identified disability, and gender identity^{3}.

A “Bias incident” means a person’s hostile expression of animus toward another person, relating to the other person’s perceived race, color, religion, gender identity, sexual orientation, disability or national origin, of which criminal investigation or prosecution is impossible or inappropriate. Bias incidents refer to or conduct, speech, images or expression that demonstrate conscious or unconscious bias prejudice or favor which targets individuals or groups based on but not limited to their actual or perceived race/ethnicity, religion, national origin, language proficiency, socioeconomic status, mobility, immigration status, sexual orientation, perceived ability level, perceived/identified disability, and gender identity. Bias incidents may include derogatory language or hostile behavior directed at or about any of the preceding identity groups.

“Symbol of hate” means a symbol, image, or object that expresses animus on the basis of race/ethnicity, religion, national origin, language proficiency, socioeconomic status, mobility, immigration status, sexual

¹ {OAR 581-022-2312 does not include this list of classes for employees (only for students), but it can be added.}

² {OAR 581-022-2312 does not include this list of classes for employees (only for students), but it can be added.}

³ {OAR 581-022-2312 does not include this list of classes for employees (only for students), but it can be added.}

orientation, perceived ability level, perceived/identified disability, and gender identity including, the noose, Nazi swastika (also known in German as the Hakenkreuz), or confederate flag⁴,^{5} or whose display:

1. Is reasonably likely to cause a substantial disruption of or material interference with school activities; or
2. Is reasonably likely to interfere with the rights of students by denying them full access to the services, activities, and opportunities offered by a school.

The district prohibits the use or display of any symbols of hate^{6} on district^{7} grounds or in any district- or school-sponsored program, service, school or activity that is funded in whole or in part by monies appropriated by the Oregon Legislative Assembly, except where used in teaching curriculum that is aligned to the Oregon State Standards.

In responding to the use of any symbols of hate, the district will use non-disciplinary remedial action whenever appropriate.

The district prohibits retaliation against an individual because that person has filed a charge, testified, assisted or participated in an investigation, proceeding or hearing; and further prohibits anyone from coercing, intimidating, threatening or interfering with an individual for exercising any rights guaranteed under state and federal law.

Nothing in this policy is intended to interfere with the lawful use of district facilities pursuant to a lease or license.

The district will use administrative regulation ACB-AR - Bias Incident Complaint Procedure to process reports or complaints of bias incidents.

END OF POLICY

Legal Reference(s):

⁴ While commonly referred to as the “confederate flag,” the official name of the prohibited flag is the Battle Flag of the Armies of Northern Virginia.

⁵ {We strongly advise that a district not add to these symbols of hate without first consulting with legal counsel.}

⁶ {Prior to adopting the symbols of hate prohibition, or adding other symbols to the list, we recommend that the district document why the district feels that the presence of these symbols will cause a “material and substantial interference with schoolwork or discipline” or collide “with the rights of other students to be secure and be let alone.” These reasons may include previous incidents, current conditions in the schools and other factors.}

⁷ {Oregon Administrative Rule uses “school.”}

[ORS 659.850](#)
[ORS 659.852](#)

[OAR 581-002-0005](#)
[OAR 581-022-2312](#)

[OAR 581-022-2370](#)

Tinker v. Des Moines Indep. Cmty. Sch. Dist., 393 U.S. 503 (1969).
Dariano v. Morgan Hill Unified Sch. Dist., 767 F.3d 764 (9th Cir. 2014).
State v. Robertson, 293 Or. 402 (1982).

OSBA Model Sample Policy

Code: **ACB-AR**
Adopted:

Bias Incident Complaint Procedure

The term “bias incident” is defined in policy. Persons impacted by a bias incident shall be defined broadly to include individuals at whom an incident was directed as well as students in the larger school community likely to be impacted by the incident.¹

Step 1 {²}: When a staff member learns of a potential bias incident, the staff member will prioritize the safety and well-being of all persons impacted and promptly report the incident to the building or program administrator.

Step 2: The administrator or designee shall acknowledge receipt of the complaint, and investigate any complaint of a bias incident. The administrator or designee will recognize the experience of all persons impacted, acknowledge the impact, commit to taking prompt action, and prevent further harm against those persons impacted from taking place. Redirection procedures, if any, may include:

- Educational components that address the history and impact of hate;
- Procedural components to ensure the safety, healing, and agency of those impacted by hate;
- Accountability and transformation for people who cause harm; and
- Transformation of the conditions that perpetuated the harm. {³}

The administrator or designee must consider whether the behavior implicates other district policies or civil rights laws, and if so, respond accordingly.

The administrator or designee will provide a response within 10 days of receiving the complaint.

All persons impacted will be provided with allowable information relating to the investigation and the outcome of the investigation. At a minimum, the information provided must include:

- That an investigation has been initiated;
- When the investigation has been completed;
- The findings of the investigation and the final determination based on those findings; and

¹ The term “complainant” in this administrative regulation includes persons filing formal complaints and persons reporting bias incidents, regardless of whether the complainant is a victim. Similarly, the term “complaint” includes any report, information or complaint.

² {These specific procedures are not required. The procedures must include all of the requirements listed in OAR 581-022-2312(6)(e). If making changes, we recommend working closely with legal counsel.}

³ {ODE will be releasing additional guidance to support administrators in these situations.}

- Actions taken with the person or persons who committed the harassing behavior to remedy the behavior and prevent reoccurrence when the actions relate directly to a person impacted by the event.

If any of the above information cannot be shared, a citation to the law prohibiting release and an explanation of how that law applies to the current situation will be provided.⁴

Step 3: If complainant or a respondent wishes to appeal the decision of the administrator or designee, the complainant or respondent may submit a written appeal to the Superintendent or designee within five school days after receipt of the administrator or designee's response to the complaint.

The Superintendent or designee shall acknowledge receipt of the appeal and may meet with all parties involved. The Superintendent or designee will review the merits of the complaint and the administrator or designee's decision. The Superintendent or designee will respond in writing to the complainant within 10 school days.

The Superintendent or designee will ensure that the requirements in Steps 1 and 2 (redirection procedures, notice, etc.) are continued to be met through Step 3, as appropriate.

Step 4: If the complainant or respondent is not satisfied with the decision of the Superintendent or designee, a written appeal may be filed with the Board within [five] school days of receipt of the [superintendent or designee]'s response to Step 3. The Board may decide to hear or deny the request for appeal at a Board meeting. The Board may use an executive session if the subject matter qualifies under Oregon law. If the Board decides to hear the appeal, the Board may meet with the concerned parties and their representative at a regular or special Board meeting. The Board's decision will be final and will address each allegation in the complaint and contain reasons for the Board's decision. A copy of the Board's final decision shall be sent to the complainant in writing within 10 days of this meeting.

The Board will ensure that the requirements in Steps 1 and 2 (redirection procedures, notice, etc.) are continued to be met through Step 4, as appropriate.

Complaints can be filed with or communicated directly to the administrator or designee, in which case Step 1 will be skipped. Complaints against the administrator can be directed to the Superintendent or designee and will begin at Step 3. Complaints against the Superintendent or a Board member(s) can be directed to the Board and will begin at Step 4. If complaints begin later than Step 1, the individuals reviewing the complaint will ensure that all requirements are met.

The complainant, if a person who resides in the district, or a parent or guardian of a student who attends school in the district, or a student, is not satisfied after exhausting local complaint procedures, the district fails to render a written decision within 30 days of submission of the complaint at any step or fails to resolve the complaint within 90 days of the initial filing of the complaint, may appeal⁵ the district's final

⁴ Refer to policies GBL - Personnel Records, JOA - Directory Information and JOB - Personally Identifiable Information and district legal counsel for guidance in these situations. Possible laws include, but are not limited to, Title 34 C.F.R. § 99.31 and ORS 342.850.

⁵ An appeal must meet the criteria found in OAR 581-002-0005(1)(a).

decision to the Deputy Superintendent of Public Instruction under Oregon Administrative Rules (OAR) 581-002-0001 – 581-002-0023.

Complaints may also be filed directly with the U.S. Department of Education Office for Civil Rights.⁶

District administration will develop and implement instructional materials to ensure that all school employees and staff are made aware of this procedure and related practices. The materials will include reporting procedures, educational processes, and possible consequences.

When necessary, timelines may be adjusted by the district by communicating to all parties in writing. This communication must include a new timeline and an explanation of why the timeline must be adjusted.

⁶ Complaints must meet criteria as established by law. For more information, visit <http://www.ed.gov/about/offices/list/ocr/complaintintro.html>



Code: **GBDA**

Adopted: 6/11/19

Orig. Code(s): GBDA

Expression of Milk or Breast-feed in the Workplace

The district recognizes that a normal and important role for mothers is to have the option and ability to express milk or breast-feed in the workplace. All employees must give notice to their supervisors; at the District Office, employees must give notice to the receptionist; and at schools and all other locations, employees must give notice to the office manager.

The following locations have been identified in each facility for milk expression or breast-feeding:

Elementary Schools

- Brookwood Elementary School: ~~library office~~ *Level 1, room #113*
- Butternut Creek Elementary School: workroom in the library
- Eastwood Elementary School: Kinder Team Area (located next to the kinder classes)
- Farmington View Elementary School: Mother's room at end of hallway by gym
- Free Orchards Elementary School: Room 104
- *Groner K-8 School: Individual Staff Lounge*
- Hillsboro Online Academy: Principal's office or server closet
- Imlay Elementary School: Library office, *Library* workroom or teacher's classroom
- Indian Hills Elementary School: All classrooms or Counselor's office
- Jackson Elementary School: Media/Tech room
- Ladd Acres Elementary School: Work room in back of Pod 1: Check in with Office Manager
- Lenox Elementary School: Women's lounge in lobby
- Lincoln Street Elementary: Room #160C or classrooms if assigned teacher needs to use it
- Minter Bridge Elementary: ~~3rd grade team office~~ *EL Coach Office*
- Mooberry Elementary School: Room 24
- North Plains Elementary School: Conference room in office
- Orenco Elementary School: ERC Secretary room, Wellness room, Vice Principal's office.
- Patterson Elementary School: Office near workroom
- Quatama Elementary School: Room #103
- Reedville Elementary School: ~~Mom-friendly individual staff restroom / lounge (lower level of building)~~ *Private Office in Annex Building*
- Rosedale Elementary School: Room 277
- Tobias Elementary School: Room #1
- W. Verne McKinney Elementary School: Principal's office
- West Union Elementary School: Room #10
- Witch Hazel Elementary School: Family resource room
- WL Henry Elementary School: Team room in primary or secondary den

Middle Schools

- Evergreen Middle School: Room in main office
- Poynter Middle School: Room #125 in main office
- R.A. Brown Middle School: Corner office in counseling center
- South Meadows Middle School: Classroom #136 and #236

High Schools

- Century High School: N120
- Glencoe High School: Career center office #218
- Hillsboro High School: Office in commons area
- Liberty High School: Conference rooms 101 and 107
- Miller Education Center: Room #113

Other Locations

- Administration Center: Floor 1, private room next to women's restroom
- Facilities: Conference room
- Transportation - *Main Terminal*: Front office file room
- *Transportation and Support Services: Office 104/Privacy Room*

An employee who expresses milk during work hours may use the available refrigeration to store the expressed milk. The district must allow the employee to bring a cooler or other insulated food container to work for storing the expressed milk and ensure there is adequate space in the workplace to accommodate the employee's cooler or insulated food container.

This policy and the list of designated locations is published on the District website. The list of designated locations is available upon request in the central office of each school facility and in the district's central office.

~~This policy only applies to employees who are expressing milk or breast-feeding for children 18 months of age or younger.~~

END OF POLICY

Legal Reference(s):

[ORS 243.650](#) [ORS 653.077](#)
[ORS 653.256](#)
[OAR 839-020-00](#)

Code: GBEA
Adopted:

Workplace Harassment *

Workplace harassment is prohibited and shall not be tolerated. This includes workplace harassment that occurs between district employees or between a district employee and the district in the workplace or at a work-related event that is off district premises and coordinated by or through the district, or between a district and a district employee off district premises. Elected school board members, volunteers and interns are subject to this policy.

Any district employee who believes they have been a victim of workplace harassment may file a report with the district employee designated in the administrative regulation GBEA-AR - Workplace Harassment Reporting and Procedure, may file a report through the Bureau of Labor and Industries' (BOLI) complaint resolution process or under any other available law. The reporting of such information is voluntary. The district employee making the report is advised to document any incidents of workplace harassment.

“Workplace harassment” means conduct that constitutes discrimination prohibited by Oregon Revised Statute (ORS) 659A.030 (discrimination in employment based on race, color, religion, sex, sexual orientation, national origin, marital status, age, or expunged juvenile record), including conduct that constitutes sexual assault or that constitutes conduct prohibited by ORS 659A.082 (discrimination against person in uniformed service) or 659A.112 (discrimination in employment based on disability).

The district, upon receipt of a report from a district employee who believes they are a victim of workplace harassment, shall provide information about legal resources and counseling and support services, including any available employee assistance services. The district employee receiving the report, whether a supervisor of the employer or the district employee designated to receive reports, is advised to document any incidents of workplace harassment, and shall provide a copy of this policy and accompanying administrative regulation to the victim upon their disclosure about alleged workplace harassment.

All incidents of behavior that may violate this policy shall be promptly investigated.

Any person who reports workplace harassment has the right to be protected from retaliation.

The district may not require or coerce a district employee to enter into a nondisclosure or nondisparagement agreement.

The district may not enter into an agreement with an employee or prospective employee, as a condition of employment, continued employment, promotion, compensation, or the receipt of benefits, that contains a nondisclosure provision, a nondisparagement provision or any other provision that has the purpose or effect of preventing the employee from disclosing or discussing workplace harassment that occurred between district employees or between a district employee and the district, in the workplace or at a work-related event that is off district premises and coordinated by or through the district, or between a district employee and employer off district premises.

The district may enter into a settlement agreement, separation or severance agreement that includes one or more of the following provisions only when a district employee claiming to be aggrieved by workplace harassment requests to enter into the agreement: 1) a nondisclosure or nondisparagement provision; 2) a provision that prevents disclosure of factual information relating to the claim of workplace harassment; or 3) a no-rehire provision that prohibits the employee from seeking reemployment with the district as a term or condition of the agreement. The agreement must provide the district employee at least seven days after signing the agreement to revoke it.

If the district determines in good faith that an employee has engaged in workplace harassment, the district may enter into a settlement, separation or severance agreement that includes one or more of the provisions described in the previous paragraph.

It is the intent of the Board that appropriate corrective action will be taken by the district to stop workplace harassment, prevent its recurrence and address negative consequences. Staff members in violation of this policy shall be subject to discipline, up to and including dismissal and/or additional workplace harassment awareness training, as appropriate. Other individuals (e.g., board members, witnesses, and volunteers) whose behavior is found to be in violation of this policy shall be subject to appropriate sanctions as determined and imposed by the superintendent or the Board.

The district shall make this policy available to all district employees and shall be made a part of district orientation materials provided and copied to new district employees at the time of hire.

The superintendent will establish a process of reporting incidents of workplace harassment and the prompt investigation.

END OF POLICY

Legal Reference(s):

[ORS 243.317 - 243.323](#)

[ORS 659A.001](#)

[ORS 659A.003](#)

[ORS 659A.006](#)
[ORS 659A.029](#)
[ORS 659A.030](#)
[ORS 659A.082](#)
[ORS 659A.112](#)
[ORS 659A.820](#)
[ORS 659A.875](#)
[ORS 659A.885](#)
[OAR 584-020-0040](#)
[OAR 584-020-0041](#)

Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d (2012).

Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e (2012).

Title IX of the Education Amendments of 1972, 20 U.S.C. §§ 1681-1683 (2018); Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance, 34 C.F.R. Part 106 (2019).

Bartsch v. Elkton School District, FDA-13-011 (March 27, 2014).



Code: GBEA-AR
Revised/Reviewed:

Workplace Harassment Reporting and Procedure

Any district employee who believes they have been a victim of workplace harassment may file an oral or written report consistent with this administrative regulation, may file a report through the Bureau of Labor and Industries' (BOLI) complaint resolution process, or under any other available law.

Additional information regarding the filing of a report may be obtained through the principal, compliance officer or superintendent.

A complaint alleging an unlawful employment practice as described in ORS 659A.030, 659A.082 or 659A.112 or section 4 of Senate Bill 479 (2019) must be filed no later than five years after the occurrence of the alleged unlawful employment practice.

All documentation related to workplace harassment complaints may become part of the personnel file of the employee who is the alleged harasser, as appropriate. Additionally, a copy of all workplace harassment reports, complaints, and documentation will be maintained by the district as a separate confidential file and stored in the district office.

Investigation Procedure

The supervisor, with support from Human Resources, is responsible for investigating reports concerning workplace harassment. The investigator(s) shall be a neutral party having had no involvement in the report presented. If the alleged workplace harassment involves direct supervisor, the employee may report to a designated Human Resources administrator. All reports of alleged workplace harassment behavior shall be investigated.

The investigator shall:

1. Document the alleged, reported incident of workplace harassment;
2. Provide information about legal resources and counseling and support services, which may include district-provided assistance services available to the district employee;
3. Provide a copy of the district's Board policy GBEA - Workplace Harassment and this administrative regulation to the district employee; and
4. Complete the following steps:

Step 1 Promptly initiate an investigation. The investigator will arrange such meetings as may be necessary to discuss the issue with all concerned parties within five working days after receipt of the report. The parties will have an opportunity to submit evidence and a list of witnesses. All findings of the investigation, including the response of the alleged harasser, shall be

reduced to writing. The investigator shall notify the complainant in writing that the investigation is concluded and if a violation of the policy was found to have occurred to the extent allowable by law.

A copy of the report, complaint, or other documentation about the incident, and the date and details of notification to the complainant of the results of the investigation, together with any other documentation related to the workplace harassment incident, including disciplinary action taken or recommended, shall be forwarded to the Human Resources office.

Step 2 If a complainant is not satisfied with the decision at step 1, the complainant may submit a written appeal to the Superintendent or designee. Such appeal must be filed within 10 working days after receipt of the step 1 decision. The Superintendent or designee shall review the investigators report and findings. The Superintendent or designee will arrange such meetings with the complainant and other affected parties as deemed necessary by the Superintendent or designee to discuss the appeal. The Superintendent or designee shall provide a written decision to the complainant within 10 working days after receipt of the appeal.

Step 3 If a complainant is not satisfied with the decision at Step 2, the complainant may submit a written appeal to the Board. Such appeal must be filed within 10 working days after receipt of the Step 2 decision. The Board will review the findings and conclusion of the Superintendent or designee in a public meeting to determine what action is appropriate. Appropriate action may include, but is not limited to, holding a hearing, requesting additional information, and adopting the Superintendent's or designee's decision as the district's final decision.

If the Board conducts a hearing, the complainant shall be given an opportunity to present the appeal at a Board meeting. The Board may hold the hearing in executive session if the subject matter qualifies under Oregon law. The parties involved may be asked to attend such hearing for the purposes of making further explanations and clarifying the issues. The Board shall decide, within 20 days, in open session what action, if any, is warranted. The Board shall provide a written decision to the complainant within 10 working days following completion of the hearing.

If the Board chooses not to hear the appeal, the Superintendent's or designee's decision in Step 2 is final.

Reports involving the superintendent should be referred to the Board chair on behalf of the Board. The Board chair will cause the information¹ required to be issued to the complainant as described in this administrative regulation. The Board chair shall present the complaint to the Board at a Board meeting. If the Board decides an investigation is warranted, the Board may refer the investigation to a third party. When the investigation is complete, the results will be presented to the Board. The Board may hold the hearing in executive session if the subject matter qualifies under Oregon law. The Board shall decide, within 30 days, in open session what action if any is warranted. The Board chair shall notify the

¹ Provide information about legal resources and counseling and support services, which may include district-provided assistance services available to the district employee, and a copy the district's Board policy GBEA - Workplace Harassment and this administrative regulation to the district employee.

complainant in writing within 10 days that the investigation is concluded and if a violation of the policy was found to have occurred to the extent allowable by law.

Follow-up Procedures

The designated Human Resources administrator will follow up with the district employee of the alleged harassment once every three months for the calendar year following the date on which the designated Human Resources administrator or supervisor received a report of harassment, to determine whether the alleged harassment has stopped or if the employee has experienced retaliation. The designated Human Resources administrator will document the record of this follow-up. The designated Human Resources administrator will continue follow-up in this manner until and unless the employee directs designated Human Resources administrator in writing to stop.

Other Reporting Options and Filing Information

Nothing in this policy prevents an employee from filing a formal grievance in accordance with a collective bargaining agreement (CBA) or a formal complaint with BOLI or the Equal Employment Opportunity Commission (EEOC); or if applicable, the U.S. Department of Labor (USDOL) Civil Rights Center. Review the CBA for any provision that requires an employee to choose between the complaint procedure outlined in the CBA and filing a BOLI or EEOC complaint.

Nothing in Board policy GBEA - Workplace Harassment or this administrative regulation prevents any person from seeking remedy under any other available law, whether civil or criminal.

An employee or claimant must provide advance notice of claim against the employer as required by ORS 30.275.

Filing a report with the U.S. Department of Labor (USDOL) Civil Rights Center.

An employee whose agency receives federal financial assistance from the USDOL under the Workforce Innovation and Opportunity Act, Mine Safety and Health Administration, Occupational Safety and Health Administration, or Veterans' Employment and Training Service, may file a complaint with the state of Oregon Equal Opportunity Officer or directly through the USDOL Civil Rights Center. The complaint must be written, signed and filed within 180 days of when the alleged discrimination or harassment occurred.



Workplace Harassment Reporting or Complaint Form	
Name of person making report/complaint:	
Position / Role of person making report/complaint:	
Phone:	Email:
Date of report:	Name of alleged harasser:
Date and place of incident or incidents:	
Description of alleged misconduct:	
Name of witnesses (if any):	
Evidence of workplace harassment, i.e., letters, photos, etc. (attach evidence, if possible):	
Any other information:	
I agree that all of the information on this form is accurate and true to the best of my knowledge.	
Signature:	Date:

Attach additional pages as needed.



Witness Statement Form

Name of Witness:	Position of Witness:
Date of Testimony/Interview:	Incident Location:
Other Witnesses:	

Description of instance witnessed: (Write only what was observed - include description of who, where, when)

Any additional information:

I agree that all of the information on this form is accurate and true to the best of my knowledge.

Signature:

Date:

Attach additional pages as needed



Code: **GBEB**
Adopted: 4/24/18
Revised/Readopted: 4/28/20
Orig. Code(s): GBEB/JHCC

Communicable Diseases – Staff

The District shall provide reasonable protection against the risk of exposure to communicable disease for employees while engaged in the performance of their duties. Reasonable protection from communicable disease is generally attained through immunization, exclusion or other measures as provided by Oregon law, by the local health department or in the Communicable Disease Guidance published by the Oregon Department of Education (ODE) and the Oregon Health Authority (OHA).

An employee ~~who knows that they have or have been exposed to any restrictable disease,~~ may not attend work ~~while in~~ ~~unless authorized by Oregon law. When a~~ communicable stage of a restrictable disease or ~~when an administrator~~ ~~principal or designee¹~~ has reason to suspect that the ~~any~~ employee has or has been exposed to any ~~restrictable~~ disease for which ~~and~~ exclusion is required in accordance with law and per administrative regulation GBEB-AR - Communicable Diseases - Staff, ~~the principal or designee shall send the employee home.~~ If the disease is a reportable disease, the ~~administrator or designee~~ ~~principal or designee~~ will report the occurrence to the local health department.

Employees shall comply with all other measures adopted by the District and with all rules adopted by Oregon Health Authority, Public Health Division and the local health department.

Employees shall provide services to students as required by law. In cases when a restrictable or reportable disease is diagnosed and confirmed for a student, the principal or designee shall inform the appropriate employees with a legitimate educational interest to protect against the risk of exposure.

The District shall protect the confidentiality of an employee's health condition and record to the extent possible and consistent with federal and state law.

The District will include, as part of its emergency plan, a description of the actions to be taken by District staff in the case of a declared public health emergency or other catastrophe that disrupts District operations.

The Superintendent will develop administrative regulations necessary to implement this policy.

END OF POLICY

Legal Reference(s):

¹-~~Or the site administrator for non-school locations or departments.~~

[ORS 332.107](#)

[ORS 431.150 - 431.157](#)

[ORS 433.001 - 433.526](#)

[OAR 333-018](#)

[OAR 333-019-0010](#)

[OAR 333-019-0014](#)

[OAR 333-019-1000](#)

[OAR 437-002-0360](#)

[OAR 437-002-0377](#)

[OAR 581-022-2220](#)

OREGON DEPARTMENT OF EDUCATION and OREGON HEALTH AUTHORITY, *Communicable Disease Guidance* (2020).

Family Educational Rights and Privacy Act of 1974, 20 U.S.C. § 1232g (2018); Family Educational Rights and Privacy, 34 C.F.R. Part 99 (2019).

Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. §§ 1320d to -1320d-8 (2018); 45 C.F.R. Parts 160, 164 (2019).



Code: **GBEB-AR**
Revised/Reviewed: 4/24/18; 4/28/20
Orig. Code: JHCC/GBEB-AR

Communicable Diseases – Staff

In accordance with state law, administrative rule, the local health authority and the Communicable Disease Guidance, the procedures established below will be followed.

1. “Restrictable diseases” are defined by rule and include but are not limited to COVID-19¹, chickenpox, diphtheria~~diphtheria~~, hepatitis A, hepatitis E, measles, mumps, pertussis, rubella, Salmonella enterica serotype Typhi infection, scabies, Shiga-toxicogenic Escherichia coli (STEC) infection, shigellosis and infectious tuberculosis~~disease~~, and may include a communicable stage of hepatitis B infection if, in the opinion of the local health officer, the person poses an unusually high risk to others (e.g., a child that exhibits uncontrollable biting or spitting). Restrictable disease also includes any other communicable disease identified in an order issued by the Oregon Health Authority or the local public health officer as posing a danger to the public’s health. A disease is considered to be a restrictable disease if it is listed in Oregon Administrative Rule (OAR) 333-019-0010, or it has been designated to be a restrictable disease by ~~Board policy~~² or by the local public health administrator after determining that it ~~poses~~ presents a danger to significant public health risk in the public’s health~~school setting~~.
2. “Susceptible” for an employee means lacking evidence~~being at risk~~ of immunity to the~~contracting a restrictable disease by virtue of being in one or more categories described in law~~.
3. “Reportable diseases” means a ~~human reportable disease, infection, microorganism~~ or condition, the reporting of which enables a public health authority to take action to protect or to benefit the public health~~as specified in OAR Chapter 333, Division 18~~.

Restrictable Diseases

1. An employee of the ~~e~~District will not attend or work at a ~~e~~District school or facility while in a communicable stage of a restrictable disease, including a communicable stage of COVID-19³, unless authorized to do so under Oregon law. When an administrator has reason to suspect that an employee has a restrictable disease, the administrator or designee shall send the employee home.

¹ Added per OAR 333-019-1000(2).

² OAR 333-019-0010(7): “Nothing in these rules prohibits a school or children’s facility from adopting more stringent exclusion standards under ORS 433.284.”

³ “Communicable stage of COVID-19” means having a positive presumptive or confirmed test of COVID-19.

2. A principal or designee⁴ shall exclude an employee if the ~~When a~~ principal or designee has reason to suspect that an employee has ~~or has~~ been exposed to measles, mumps, rubella, diphtheria, pertussis, hepatitis A, or hepatitis B, unless the local health officer determines ~~any restrictable disease that requires exclusion~~ is not necessary to protect the public's health. The administrator or designee may request the local health officer to make a determination as allowed by law; ~~the principal or designee shall send the employee home~~. If the disease is reportable, the principal or designee will report the occurrence to the local health department.
3. A principal or designee shall exclude an employee if the principal or designee has been notified by a local public health administrator or local public health officer that the employee has had a substantial exposure to an individual with COVID-19 and exclusion is deemed necessary by same.
4. An employee will be excluded in such instances until such time as the employee presents a certificate from a physician, a physician assistant licensed under Oregon Revised Statute (ORS) 677.505-677.525, a nurse practitioner licensed under ORS 678.375-678.390, local health department nurse or school nurse stating that the employee does not have or is not a carrier of any restrictable disease.
- ~~5. A principal or designee will exclude a susceptible employee that has been exposed to a restrictable disease that is also a reportable disease unless the local health officer determines that exclusion is not necessary to protect the public's health, or the local health officer states the disease is no longer communicable to others or that adequate precautions have been taken to minimize the risk of transmission. The principal or designee may request the local health officer to make a determination as allowed by law.~~
- ~~6.5.~~ A principal or designee may allow attendance of an employee restricted for chickenpox, scabies, staphylococcal skin infections, streptococcal infections, diarrhea or vomiting if the restriction has been removed by a school nurse or health care provider.
- ~~7.6.~~ More stringent exclusion standards for employees from school or work may be adopted by the local health department ~~or by the district through policy adopted by the Board~~.
- ~~8.7.~~ The District's emergency plan shall address the District's plan with respect to a declared public health emergency at the local or state level.

Reportable Diseases Notification

1. All employees shall comply with all reporting measures adopted by the district and with all rules set forth by Oregon Health Authority, Public Health Division and the local health department.
2. A principal or designee may seek confirmation and assistance from the local health officer to determine the appropriate district response when the principal or designee is notified that an employee or a student has been exposed to a restrictable disease that is also a reportable disease.
3. District staff with impaired immune responses, that are of childbearing age or some other medically fragile condition, should consult with a medical provider for additional guidance.

⁴ Or the site administrator for non-school locations or departments.

4. A principal or designee shall determine other persons ~~with a legitimate educational interest~~ who may be informed of ~~the communicable nature of an individual student's disease, or~~ an employee's communicable disease, or that of a student's when a legitimate educational interest exists or for health and safety reasons, in accordance with ~~within guidelines allowed by~~ law.

Equipment and Training

1. The principal or designee shall, on a case-by-case basis, determine what equipment and/or supplies are necessary in a particular classroom or other setting in order to prevent disease transmission.
2. The principal or designee shall consult with the District's school nurse or other appropriate health officials to provide special training in the methods of protection from disease transmission.
3. All District personnel will be instructed annually to use the proper precautions pertaining to blood and body fluid exposure per the Occupational Safety and Health Administration (OSHA). (See policy EBBAA)

Code: **GBEDA**
Adopted: 8/26/14
Revised/Readopted: 4/28/20
Orig. Code: GBEDA

Drug and Alcohol Testing and Record Query - Transportation Personnel

In a continuing effort to prevent accidents and injuries resulting from the misuse of drugs and alcohol by drivers of commercial motor vehicles, the District shall establish a drug and alcohol misuse prevention program. The district's program shall meet the requirements of the Omnibus Transportation Employee Testing Act of 1991. The District or its transportation provider shall have an in-house drug and alcohol testing program, or be a member of a consortium that provides testing that meets the federal regulations, and shall annually certify this information to the Oregon Department of Education (ODE). The district or its transportation provider shall comply with the reporting and pre-employment and annual query requirements of the Federal Motor Carrier Safety Administration (FMCSA).

The Superintendent will develop administrative regulations as needed to implement the District's program, including such provisions for pre-employment, reasonable suspicion, random, post-accident, return-to-duty, and follow-up drug testing as may be necessary. The regulations will include training, education, and other assistance to employees to promote a drug and alcohol-free environment.

END OF POLICY

Legal Reference(s):

[ORS 657.176](#)
[ORS 825.415](#)
[ORS 825.418](#)

[OAR 581-053-0220\(3\)\(h\)](#)
[OAR 581-053-0230\(9\)\(t\)](#)
[OAR 581-053-0420\(4\)\(b\)\(B\)\(ii\)](#)
[OAR 581-053-0430\(13\),\(14\)](#)
[OAR 581-053-0531\(12\),\(13\)](#)
[OAR 581-053-0615\(2\)\(c\)\(D\)\(ii\)](#)
[OAR 581-053-0620\(1\)\(d\)](#)

Omnibus Transportation Employee Testing Act of 1991, 49 U.S.C. §§ 31301-31317 (2012); 49 C.F.R. Parts 40, 382, 391-395 (2019).

Corrected 5/20/20

Code: **GBEDA-AR**
Adopted: 9/23/14
Revised/Readopted: 4/28/20
Orig. Code: GBEDA-AR

Drug and Alcohol Testing and Record Query - Transportation Personnel

The following procedures shall govern the District's drug and alcohol misuse prevention program. This administrative regulation is intended to comply with the Federal Motor Carrier Safety Administration (FMCSA) of the U.S. Department of Transportation (DOT) regulations.

Program Coordinator

A director or designee will be designated as the District's drug and alcohol misuse prevention program coordinator. This director or designee will coordinate the District's responsibilities and compliance efforts with the applicable provisions of the Omnibus Transportation Employee Testing Act of 1991 (OTETA).

The coordinator will:

- Ensure that all employees subject to DOT testing receive written materials explaining the District's drug and alcohol misuse prevention program, including:
 - The DOT drug and alcohol testing regulations, and the District policy and administrative regulations.
 - A contact person knowledgeable about the materials, policy, administrative regulations, and OTETA.
 - The categories of employees covered.
 - Information about the safety-sensitive functions and period of the work day the employee is required to be in compliance. Safety-sensitive functions shall include such responsibilities as on-duty time waiting to be dispatched, driving time, assisting or supervising loading or unloading, repairing, obtaining assistance or remaining in attendance upon a disabled vehicle. All time spent providing drug and alcohol samples, including travel time to and from the collection or testing site as needed to comply with random, reasonable suspicion, post-accident, return-to-duty or follow-up testing, will also be considered as on-duty time.
 - Specific information concerning prohibited conduct.
 - Circumstances under which employees will be tested.
 - Procedures used in the testing process.
 - The requirement that covered employees submit to drug and alcohol testing, administered in accordance with 49 C.F.R. Part 382.

- Explanation of what constitutes a refusal to submit to a drug and/or alcohol test.
- Consequences of violations (e.g., discipline up to and including dismissal as required by the District, and removal from safety-sensitive functions as may be required by the OTETA), and notification of resources available to the driver in evaluating and resolving problems associated with the misuse of alcohol and drugs, including the names, addresses and telephone numbers of substance abuse professionals (SAPs) and counseling and treatment programs.
- Information on the effects of drug and alcohol misuse on an individual's health, work, and personal life; signs and symptoms of an alcohol or drug problem (driver's or co-worker's); and available methods of intervening when such problems are suspected, including confrontation, referral to an employee assistance program as available, and/or referral to the administration; and
- Requirement of the District to collect, maintain and report the following information to the Federal Motor Carrier Safety Administration (FMCSA) Drug and Alcohol Clearinghouse:
 - A verified positive, adulterated, or substituted drug test result;
 - An alcohol confirmation test with a concentration of 0.04 or higher;
 - A refusal to submit to any test required by subpart C of 49 C.F.R. Part 382;
 - An employer's report of actual knowledge (as defined at 49 C.F.R. § 382.107) of a violation of regulations, including:
 - On duty alcohol use;
 - Pre-duty alcohol use;
 - Alcohol use following an accident;
 - Controlled substance use.
 - A SAP's report of the successful completion of the return-to-duty process;
 - A negative return-to-duty test; and
 - An employer's report of completion of follow-up testing.
- Ensure that employees sign statements certifying that they have received the materials.
- Ensure that Designated Employer Representatives (DER) designated to determine reasonable suspicion receive at least 60 minutes of drug abuse training and an additional 60 minutes of alcohol misuse training. Training will include the physical, behavioral, speech, and performance indicators of probable drug abuse and alcohol misuse.
- Ensure District compliance with applicable provisions of the OTETA's requirements regarding the District's management information system, and retention and confidentiality of records.
- Ensure selection of a site with appropriately trained personnel for the collection of specimens for drug testing.

- Ensure selection of a site with a certified breath alcohol technician and evidential breath testing devices for alcohol testing.
- Ensure selection of a laboratory certified by the **Oregon Health Authority, Public Health Division (OHA)** to conduct drug specimen analysis.
- Ensure selection of a qualified medical or osteopathic doctor to serve as a Medical Review Officer (MRO) to verify laboratory drug test results.
- Ensure selection of qualified personnel to provide education and training to employees and supervisors in accordance with employee assistance program requirements as specified in OTETA.
- Ensure that the District's drug and alcohol misuse prevention program is maintained in at least outline form, on file, and available for inspection at the transportation department. The District shall maintain the following:
 - Information regarding the effects and consequences of drug and alcohol use on personal health, safety, and the work environment.
 - Information regarding the manifestations and behavioral changes that may indicate drug and alcohol use or abuse.
 - Documentation of training given to employees.
 - Documentation that drug and alcohol training for all supervisory personnel included at least two hours (60 minutes of each, i.e., drug training and alcohol training) on the signs and symptoms of drug use and alcohol misuse, and how to handle reasonable suspicion incidents.
- Ensure that clearly defined communication procedures are in place so authorized individuals can send and receive information to meet the documentation and confidentiality requirements of OTETA. This would include the method (e.g., mail, facsimile, etc.) and frequency (e.g., daily, weekly, etc.) of the communications, as well as the authorized individuals.
- Ensure employee organizations receive written notice of the availability of all pertinent drug and alcohol misuse prevention program information.
- Ensure compliance with stand-down prohibitions as set forth by the OTETA. "Stand-down" means the practice of temporarily removing an employee from the performance of safety-sensitive functions, based on a report from a laboratory to the MRO of a confirmed positive test for a drug or drug metabolite, an adulterated test, or a substituted test, before the MRO has completed verification of the test results. The District will not stand-down employees, except as provided by the FMCSA below:
 - The District may seek a waiver of the prohibition against standing down an employee;
 - Requests which include all required information will be submitted to FMCSA for approval.
- **Pre-employment and Annual Queries from, and Required Reporting to FMCSA**

The District is required to conduct a pre-employment query with FMCSA on drivers who are subject to controlled substance and alcohol testing regulation, and is required to report information obtained through its controlled substance and alcohol testing program to

FMCSA. All offers of employment for positions identified by the District, as required by the OTETA, will be contingent upon the results of a pre-employment query.

- The District will obtain written or electronic consent from a driver subject to controlled substances and alcohol testing to conduct a pre-employment query with FMCSA. The consent will include consent to obtain the following information:
 - If the driver has a verified positive, adulterated, or substituted controlled substances test result;
 - If the driver has an alcohol confirmation test with a concentration of 0.00 per policy GBEC – Drug-Free Workplace;
 - If the driver has refused to submit to a test (in violation of 49 C.F.R. § 382.211); or
 - If the driver has a report submitted by another employer on actual knowledge (as defined at 49 C.F.R. § 382.107) of a violation of regulations that included:
 - On duty alcohol use;
 - Pre-duty alcohol use;
 - Alcohol use following an accident; or
 - Controlled substance use.

The District will conduct annual queries with the FMCSA on employees subject to such queries as required by law.

- The District will report to FMCSA the following personal information about a driver that is collected and maintained in connection with the District's testing program:
 - An alcohol confirmation test with an alcohol concentration of 0.00 per policy GBEC – Drug-Free Workplace;
 - A refusal to submit to an alcohol test pursuant to conditions found in 49 C.F.R. § 40.261 or a refusal to drug test determination made in accordance with 49 C.F.R. § 40.191(a)(1)-(4), (a)(8)-(11) or (d)(1), but in the case of a refusal to test under (a)(11), the District may report only those admissions made to the specimen collector;
 - A SAP's report of the successful completion of the return-to-duty process;
 - A negative return-to-duty test; and
 - An employer's report of completion of follow-up testing.

The report will include, as applicable:

- Reason for the test;
- Driver's name, date of birth, and CDL number and State of issuance;
- Employer name, address, and USDOT number;
- Date of the test;
- Date the result was reported; and
- Test result. The test result must be one of the following:

- Negative (only required for return-to-duty tests administered in accordance with law);
- Positive; or
- Refusal to take a test.
- An employer's report of a driver's refusal to submit to alcohol or drug testing must include the following information:
 - Documentation, including, but not limited to, electronic mail or other contemporaneous record of the time and date the driver was notified to appear at a testing site; and the time, date and testing site location at which the employee was directed to appear, or an affidavit providing evidence of such notification;
 - Documentation, including, but not limited to, electronic mail or other correspondence, or an affidavit, indicating the date the employee was terminated or resigned (if applicable); and
 - Documentation, including a certificate of service or other evidence, showing that the employer provided the employee with all documentation reported herein.
- An employer's report of a violation of one of the following will occur by the close of the third business day following the date on which the employer obtains actual knowledge (as defined at 49 C.F.R. § 382.107):
 - On duty alcohol use;
 - Pre-duty alcohol use;
 - Alcohol use following an accident;
 - Controlled substance use.

This report will include the following information:

- Driver's name, date of birth, CDL number and State of issuance;
- Employer name, address, and USDOT number, if applicable;
- Date the employer obtained actual knowledge of the violation;
- Witnesses to the violation, if any, including contact information;
- Description of the violation;
- Evidence supporting each fact alleged in the description of the violation required under paragraph above in this section, which may include, but is not limited to, affidavits, photographs, video or audio recordings, employee statements (other than admissions pursuant to §382.121), correspondence, or other documentation; and
- A certificate of service or other evidence showing that the employer provided the employee with all information reported under paragraph above in this section.

If the District's program coordinator is the subject of the testing, the District will ensure compliance with applicable consent, testing, and reporting requirements pursuant to law.

Pre-Employment Testing

The District shall conduct pre-employment testing as follows:

- Testing for drugs is required of applicants for DOT-covered driver positions and safety sensitive positions as required by the OTETA. A negative test result must be received before the individual is allowed to drive a commercial motor vehicle. All offers of employment for positions as identified by Board policy and as required by the OTETA will be contingent upon drug and alcohol test results.
- Individuals offered employment with the District and employees transferring to positions subject to the OTETA contingent on drug and alcohol testing must provide written consent for the release of any prior employer positive drug and failed alcohol testing results, refusals to be tested, other violations of testing regulations and, with respect to any employee who violated drug and alcohol regulations, documentation of the employee's successful completion of return-to-duty requirements (including SAP evaluations and follow-up tests) within the preceding two years.
- The District shall obtain and review drug and alcohol information from previous employers of the past two years no later than 14 calendar days after the driver is used for the first time. The District will provide the written permission of the driver for release of information to the previous employers.
- The District will maintain a written, confidential record of information obtained from another employer or the good faith efforts to obtain such information, and will maintain the same for three years from the date of the driver's service began.
- Requests received by the District for release of such information to another employer must include written consent from the subject driver. Records will be released immediately in any written form (e.g., fax, email, letter) that ensures confidentiality. The District will maintain a written record and summary of information released, the date, and to whom the information was released.
- The District must ask a driver, and will not use such driver, if they have a positive drug test or a failed alcohol test while employed with a previous employer or who refused to test while under employment with a previous employer in the past two years unless the driver is in compliance with the SAP's treatment program and the OTETA's return-to-duty test requirements.
- The applicant will be notified that the urine sample collected shall be tested for the presence of drugs prior to being directed by the District to go to a collection site for drug and alcohol testing.
- Failure to report to the collection site for testing within the time frame specified by the District shall constitute a refusal to report and result in immediate termination of the employment or transfer offer.
- Pre-employment drug and alcohol testing will be paid for by the prospective employee. Under District authority, and as permitted by the DOT, a negative dilute result is unsatisfactory on a pre-employment test. Applicants will be given one additional opportunity to provide a valid specimen. The result of the second test will determine whether the applicant is eligible for employment in a safety sensitive position.

- Test results must be negative for drugs and alcohol. Individuals who fail to meet drug and alcohol requirements will not be hired or transferred voluntarily or involuntarily to covered positions.
- Such testing will also be required of covered employees each time an employee returns to work after a layoff period if the employee was removed from the random testing pool. As long as the employee remains in the random testing pool, additional testing or subsequent pre-employment drug and alcohol testing will not be necessary following a layoff.
- The District will notify individuals offered employment with the District contingent on drug testing of the results of testing, upon request, within 60 days of being notified of the status of the employment application.
- Refusal to submit to such testing and/or to provide signed permission for the release of past testing information, as required by the District, shall result in immediate termination from employment or transfer consideration.
- Any candidate with a urine sample that tests positive for the use of adulterants shall not be considered for employment. Adulterants are substances that corrupt or make impure drug screening results.

A drug test result which is verified as positive for unauthorized use of controlled substances or found to be substituted or adulterated, will disqualify the applicant for the OTETA position. Applicants for DOT-covered driver positions with positive test results must wait at least 90 days and fulfill any federal requirements for return to duty at their own expense before reapplying.

- The individual may request a screening of the split specimen at **their** expense. All such requests must be received in writing by the District no later than 72 hours following notification to the applicant of the positive test results.

Post-Accident Testing

The District shall conduct post-accident testing as follows:

DOT-covered drivers are required by DOT to be tested after an accident if:

- There is a fatality;
- The driver receives a citation for a moving traffic violation and there is an injury requiring medical treatment away from the scene of the accident; or
- The driver receives a citation for a moving traffic violation and a vehicle must be towed from the scene of the accident (DOT accidents).

Additionally, employees who are involved in safety-related incidents or accidents on the job may be required to be tested for drugs or alcohol under the District's independent authority (non-DOT accidents).

- Drivers are required to remain available for testing after any DOT accident. The employee must report for post-accident drug and alcohol testing as soon as possible

following a motor vehicle accident meeting DOT criteria in items 1-3 above which occurs while the employee is performing District safety-sensitive functions. A non-DOT post drug/alcohol test may be administered at the discretion of the District.

- The employee will be escorted to the designated collection site for post-accident drug and alcohol testing as soon as possible following the occurrence of the accident, but no later than 32 hours after the incident/accident. Alcohol testing will be conducted only if there is reasonable suspicion of alcohol misuse, and must take place as soon as possible, but no later than eight hours after the accident.
- If alcohol testing has not been administered within two hours, the District shall prepare and maintain a record stating the reasons the alcohol test was not promptly administered.
- If alcohol testing is not administered within eight hours, the District shall cease attempts to administer an alcohol test and shall state and maintain a record specifying why the test was not administered.
- If drug testing has not been administered within 32 hours following the accident, the District will cease attempts to administer such tests and will document why the test was not administered.
- The employee will inform the appropriate District official or designee as soon as possible following the accident, giving as much detailed information about the accident as available (e.g., fatalities, injuries, tow-aways, traffic citation issued, etc.).

If the accident does not meet any of the DOT criteria, the District management may require non-DOT testing for drugs or alcohol under the District's independent authority based on the extent of injuries, equipment damage, or contract requirements.

- The District will provide employees with necessary post-accident testing information, procedures, and instructions as a part of its employee training program. Additionally, written instructions to follow in the event of an accident will be provided in District vehicles as appropriate. Instructions will include telephone numbers of the District drug and alcohol misuse prevention program coordinator or other District officials to contact. Under the District's independent authority, employees will be removed from safety sensitive job duties until all test results have been received.
- The employee shall remain readily available for testing or may be deemed by the District to have refused to submit to testing. Such refusal is treated as if the District received a positive alcohol or drug test. Nothing in this requirement shall cause the delay of necessary medical attention for injured people following an accident or prohibit an employee from leaving the scene of an accident for the period necessary to obtain necessary emergency medical care or assistance in responding to the accident.

- The District may use the results of a breath or blood test for the use of alcohol or a urine test for the use of drugs conducted by on-site federal, state, and/or local law enforcement officials having independent authority for the test, if the results of the tests are obtained by the District and the tests conform to all applicable federal, state, and/or local requirements.
- An employee who is involved in an accident involving a fatality, injury, and/or tow away as described by the OTETA, is prohibited from using alcohol for eight hours after the accident or until the employee undergoes a post-accident alcohol test, whichever occurs first.

Random Testing

The District shall conduct random drug and alcohol testing annually as follows:

- An objective outside party will conduct random selections for the District. DOT-covered drivers will be in a random “pool” with federally-regulated employees from other companies (consortium). Each person in the pool will have the same chance of being selected every time a selection occurs. As a result, individuals are subject to testing at any time, and may be randomly tested more than once in a calendar year. Random testing through the consortium will be reasonably distributed through the calendar year.
- Not less than 25 percent of the average number of driver positions shall be tested for drugs and not less than 10 percent shall be tested for alcohol in accordance with current minimum random testing requirements of OTETA. Any unfilled, covered positions will be included as part of the total number of positions counted by the District for testing rate purposes.

The District will meet minimum testing rates.

- The testing rate may be adjusted by FMCSA based on industry wide data;
- The testing process shall, in fact, be random. Unless advised otherwise by their consortium, all employees will remain in the pool of drivers for each subsequent period, including vacations, holiday periods and summer recesses, whether or not they have been chosen for testing in the past;
- The selection of employees for random testing shall be made by a scientifically valid method. The District uses an outside contractor, whose process ensures that all employees shall have an equal chance of being tested each time selections are made.
- All testing shall be unannounced, and dates selected spread reasonably throughout the calendar year to avoid predictability and the perception that testing is “done for the year.” The date selected will be kept confidential to ensure that testing is unannounced as required by law.
- Following notification of testing, selected employees shall proceed to the District-selected collection site immediately or as soon as possible.
- **Each employee selected for testing shall be tested during the selection period.**

- An employee shall only be tested for alcohol before the driver is scheduled to perform safety sensitive functions, during, or just after performing such functions.
- Employees off work due to leave, vacation, and layoff will be informed that they remain subject to random testing. Employees drawn for such testing will be notified and tested as soon as possible upon return to duty, but no later than the next selection cycle (e.g., monthly, quarterly, etc.).

Reasonable Suspicion Testing

The District shall conduct reasonable suspicion drug and alcohol testing as follows:

- The District will test covered employees whenever there is reasonable suspicion, including police and arrest reports, to believe that the employee has engaged in drug or alcohol misuse.
- Reasonable suspicion will be based on specific, contemporaneous, articulable observations made by a trained administrator or designee as designated by the District, concerning appearance, behavior, speech, or body odors indicative of employee drug or alcohol misuse. Observations of drug misuse may include indications of chronic and withdrawal effects of drugs and noticeable decline in job performance that may be associated with the misuse of drugs.
- Hearsay or second hand information is not sufficient to require an employee to submit to testing. However, if the District receives information directly from a person who witnesses an employee's drug or alcohol misuse, this information may be sufficient to require an employee to submit to testing.
- Alcohol testing may be authorized only if observations resulting in reasonable suspicion are made during, just preceding, or just after the period of the work day that the employee is required to be in compliance with Board policy, administrative regulations, and the provisions of the OTETA.
- A written record shall be made of the observations leading to a reasonable suspicion test and signed by the administrator or designee authorized to make such observations within 24 hours of the observed behavior or before the results of the test are released, whichever is earlier.
- The District will ensure that the employee under reasonable suspicion is transported to the designated collection or testing site.

Return to Duty

~~The DOT requires that DOT-covered drivers who have violated the federal drug/alcohol prohibitions undergo a return-to-duty procedure, which includes return-to-duty testing (under direct observation, if required), with "negative" test results prior to return to work. The District's policy to terminate employees who have violated the drug and alcohol prohibitions negate the need for a return-to-duty test policy.~~

Prescription Medicines

The DOT permits employers to require drivers to report therapeutic drug use. All District employees who take prescription medications with warning labels regarding driving or operating equipment or commercial motor vehicle while using the medicine are required to:

- Discuss use of the medicine with their licensed medical practitioner, specifically with regard to how it could affect their job performance.
- Inform the District supervisor that they are using a medication which could impair performance.

The notification can be personal, by telephone, or by a note in an envelope addressed to the supervisor. The District may change an employee's job duties temporarily to ensure safety.

Use of prescribed medicine according to the healthcare provider's instructions is not a violation of this administrative regulation or Board policy. It is a violation of federal law, and of Board policy and this administrative regulation to use another person's prescription medication(s).

Marijuana is a Class 1 controlled substance; its use is illegal under federal law. The state of Oregon permits the use of marijuana to treat medical conditions when supported in writing by a licensed medical doctor. This is not an acceptable explanation for a positive drug test for DOT-covered drivers. The District MRO will automatically report such tests as positive, and the employee will be terminated.

Follow-up Testing

~~Employees, if they continue employment, shall comply with the following:~~

- ~~—— Follow-up testing will be conducted whenever an SAP determines that an employee is in need of resolving problems associated with drug use and/or alcohol misuse;~~
- ~~—— Follow-up alcohol testing will be conducted only when the employee is performing safety-sensitive functions, just before or just after the driver has performed safety-sensitive functions;~~
- ~~—— Follow-up drug and alcohol testing will be unannounced;~~
- ~~—— The number and frequency of such tests shall be determined by the SAP. Minimally, there shall be:~~
 - ~~—— At least 6 unannounced tests in the first 12 months following the driver's return to duty;~~
 - ~~—— Testing shall not exceed 60 months from the date of the employee's return to duty. The SAP, however, may terminate the follow-up testing at any time after the first six tests if the SAP determines the testing is no longer needed.~~

Drug and Alcohol Testing Procedures

The District, in cooperation with contracted collection and testing facilities, shall maintain drug and alcohol testing procedures in accordance with federal standards (49 C.F.R. Part 40) as follows:

- Drugs
 - The applicant or employee reports to the District-designated collection site and provides positive identification (e.g., photo ID);
 - A urine sample for drug testing is provided. A “split specimen” (two urine specimen bottles) is prepared from the urine sample;
 - Following completion of a chain-of-custody form, both specimen bottles are forwarded to the certified laboratory for analysis. The split specimen is stored at the laboratory for later testing as may be necessary. Initial testing is performed only on one specimen bottle;
 - Testing results are reported to the District-selected MRO by mail or electronic transmission. Results may not be given over the phone;
 - The MRO will verify both negative and positive testing results;
 - The MRO will report the verified negative testing results to the District;
 - The MRO will report verified positive testing results to the applicant or employee, discuss the type of illegal substance found, and determine whether there is any valid medical reason for the positive testing results;
 - A verified valid medical reason for a positive test result will be reported as a negative test result to the District;
 - If no legitimate medical reason exists for positive drug testing, the MRO will report a confirmed positive test result and identity of the substance(s) to the District;
 - The employee or applicant may request within 72 hours of a positive test notice that the split specimen (second bottle) be screened. Such screening costs will be paid for by the employee;
 - Unlike the original specimen analyzed for specific levels of controlled substances, the split specimen is analyzed only for the presence of drugs;
 - The MRO will report results of the second screening to the employee and the District;
 - The MRO will meet all OTETA requirements, including review of chain-of-custody control form, administrative processing of negative test results, verification of positive testing results, report to the FMCSA, and maintenance of confidentiality requirements as may be applicable;
 - Detailed drug testing procedures may be obtained by contacting the District’s drug use and alcohol misuse prevention coordinator or designee.
- Alcohol
 - The employee reports to the District-designated testing site and provides positive identification;
 - Under the alcohol testing rule, an alcohol test result will be considered failing even if over-the-counter or legally prescribed medication is involved;
 - All alcohol screening tests will be conducted by a qualified breath alcohol technician using evidential breath testing devices.

- Testing may be conducted at a certified laboratory or other location including mobile facilities equipped for such testing as may meet the requirements of OTETA;
- District supervisors should generally not be used as a breath alcohol or screening test technician for covered employees. Under certain circumstances, a properly trained District supervisor may conduct such testing in the absence of another technician;
- The employee submits to breath or saliva testing;
- If the result of the testing indicates an alcohol concentration rate of 0.02 or greater, a confirmation breath test is administered after at least 15 minutes, but no longer than 30 minutes, after the initial testing. All confirmation tests will be conducted using evidential breath testing devices;
- The technician will report any invalid tests, confirmed failing and passing results to the District;
- Employee refusal to sign forms as required (i.e., Step 2 on the Alcohol Testing Form) shall be considered as refusal to be tested;
- The breath alcohol or screening test technician will meet all OTETA requirements, including such testing procedures, Alcohol Testing Form, and confidentiality requirements as may be required;
- Detailed alcohol testing procedures may be obtained by contacting the District's drug use and alcohol misuse prevention program coordinator or designee.

Positive Test Results

When the MRO determines a positive test result is valid, the MRO will report the finding to the Oregon Department of Transportation (ODOT) and the Oregon Department of Education. The person who is the subject of the test results will be notified by ODOT that the person has a right to a hearing to determine whether the test results reported will be placed in the employee's employment driving record.

Investigations and Searches

In order to enforce Board policy under independent District authority, the District may investigate potential violations and require personnel to undergo drug/alcohol screening, including urine, breath, or other appropriate tests. When there is reasonable cause, the District may search all areas of the District's physical premises, including vehicles on District property, lockers, work areas, desks, purses, briefcases, and other locations or belongings brought onto District work sites.

Record Keeping/Record Reporting

The District shall maintain records of its drug and alcohol misuse prevention program as follows:

- Records related to the collection process:
 - Documents relating to the random selection process;
 - Documents generated in connection with decisions to administer reasonable suspicion drug or alcohol testing;
 - Documents generated in connection with decisions on post-accident testing;
 - Documents verifying the existence of an explanation of the inability of an employee to provide adequate breath or to provide a urine specimen for testing;
 - An annual calendar year report summarizing results of the District's drug and alcohol misuse prevention program will be prepared and maintained when requested by the FMCSA as part of an inspection, investigation, special study, or for statistical purposes.
- Records related to each query:
 - Documents related to consent of any query;
 - Documents related to information received for a pre-employment or annual query;
 - Documents related to meeting reporting requirements.
- Records related to pre-employment verification with a driver's previous employer;
- Records related to a driver's test results, including:
 - The District's copy of the alcohol testing form, including the test results;
 - The District's copy of the controlled substance test custody and control form;
 - Documents sent by the MRO to the District;
 - Documents related to the refusal of any employee to submit to drug and/or alcohol testing;
 - Documents presented by a driver to dispute the results of a drug and/or alcohol test administered in connection with the requirements of the OTETA.
- Records related to evaluations as follows:
 - Records concerning a driver's compliance with recommendations of the SAP;
 - Records pertaining to a determination by an SAP concerning an evaluation of a covered employees' need for assistance.
- Records related to education and training as follows:
 - Materials on drug and alcohol misuse awareness, including a copy of the District's policies and administrative regulations on drug and alcohol misuse and related information;
 - Driver's signed receipt of education materials;
 - Documentation of training provided to supervisors for the purpose of qualifying them to make a determination concerning the need for drug and/or alcohol testing based on reasonable suspicion;
 - Certification that any training conducted in compliance with the OTETA meets all pertinent requirements for such training.

- Records related to alcohol and drug testing as follows:
 - Agreements with collection site facilities, laboratories, MROs, and consortia (includes breath alcohol technicians, screening test technicians and third party providers), as applicable.
 - Names and positions of officials and their role in the District's drug and alcohol testing program(s).
 - Semi-annual laboratory statistical summaries of urinalysis as required by the OTETA and as reported by the laboratory. The District will document laboratory failures to provide statistical summaries and any District follow-up efforts to obtain such reports.
- Records will be retained by the District as follows:
 - Five years:
 - Records of employee alcohol tests with positive results;
 - Records of verified positive drug test results;
 - Documentation of refusals to take required drug and/or alcohol tests;
 - Drug testing custody and control forms;
 - Employee evaluation and referrals;
 - Testing program records including violations;
 - A copy of each annual calendar year report summary.
 - Three years:
 - Records related to each query and all information received in response to each query. Documentation of a consent will be retained for three years from the date of the last query.
 - Pre-employment records obtained, or good faith efforts to obtain, from a previous employer about a driver.
 - Two years:
 - Records related to the drug and alcohol collection process (except calibration of evidential breath testing devices).
 - One year:
 - Records of negative drug test results and canceled drug tests.
 - Indefinite period:
 - Records related to the education and training of breath alcohol technicians, screening test technicians, supervisors and drivers shall be maintained by the District while the individual performs the functions which require training, and for two years after ceasing to perform those functions.
- To ensure confidentiality requirements are met, records will be maintained in a secure location with controlled access.

- Drug and alcohol misuse prevention program records will be maintained at the transportation department. Records relating to individual employee drug and/or alcohol testing, evaluation, and treatment will be maintained separately from the employee's personnel file.
- Employees are entitled, upon written request, to obtain copies.
- The District may disclose information in connection with employee benefit proceedings, Department of Transportation agency action against an employee, or National Transportation Safety Board safety investigations.
- The District shall disclose such information to subsequent employers upon written request from the employee (in accordance with 49 C.F.R. § 382.413(a)(1))*.

*Information that must be disclosed to subsequent employers, upon receipt of proper authorization form/release signed by the employer's ex-driver:

- Failed alcohol tests (~~breath alcohol content of 0.04 or greater~~).
- Verified positive drug tests.
- Refusals to test.

Refusal to Test or Consent of Query

Compliance with Board policy is a condition of employment with the District. Refusal to test or consent to a record query, including refusing to cooperate with the testing or query procedures or personnel or purposefully interfering with testing (e.g. adulteration or substitution) or queries, will result in termination of employment.

Disciplinary Consequences/Termination

Any employee who tests positive for drugs, alcohol or adulterants in random sampling, post-accident, or reasonable suspicion testing will be terminated immediately.

Employees who violate the prohibitions in Board policy or administrative regulation will be removed immediately from safety sensitive duties. Employees are subject to disciplinary action, up to and including termination of employment. Under the District's independent authority, disciplinary consequences for violations of Board policy or administrative regulation are as follows:

- Positive tests for drugs and alcohol: termination of employment.
- Refusal to test: immediate termination of employment.
- Other policy violations: disciplinary action, up to and including termination of employment.

Ordinarily, the employment of DOT-covered employees who have violated the District's drug/alcohol prohibitions will be terminated promptly. Such employees will be ineligible for employment for a period of one year.

The District reserves the right to consider all circumstances involved in a violation of Board policy or administrative regulation before taking disciplinary action.

The District will distribute educational material, including this administrative regulation, and make informational resources available to DOT-covered drivers as required by DOT.

Referrals, Evaluation, and Treatment

The District shall provide information related to referrals, evaluation, and treatment as follows:

- Early recognition and treatment of alcohol and drug abuse are essential to successful rehabilitation. The District will assist employees with these problems by referring them to appropriate treatment programs.
- This applies only to current employees and not to job applicants who refuse testing or who test positive for drugs and/or alcohol.
- This shall not be interpreted to require the District to provide or pay for any rehabilitation costs or to hold a job open for an employee with or without salary.

Employees voluntarily seeking assistance for a substance abuse problem, through an agreed medical source, will not be disciplined as a result of their disclosure or prior drug or alcohol use. Treatment will be handled in confidence. However, an employee may avoid discipline for violation of this regulation only by participating in a treatment program and complying with the following requirements:

- Volunteers for such treatment prior to being confronted by a supervisor or law enforcement personnel with the possible violation of this regulation or before being involved in an accident.
- Signs a release so that appropriate District official(s) may communicate with the treatment provider.
- Successfully adheres to requirements of and completes the prescribed treatment program, including any recommendations of the program for after care.
- Does not engage in conduct violating this regulation regarding use of alcohol, illegal drugs, and unauthorized prescription drugs.

In the case of employees returning to work after successful completion of a treatment program, the District reserves the right to test for drug and/or alcohol use on a random or periodic basis and/or to receive reports of testing by the treatment provider. Any positive test will constitute just cause for discharge.

Corrected 5/20/20



Code: **JHFF**
Adopted: 12/13
Orig. Code: JHFF

Reporting Requirements Regarding Sexual Conduct with Students

(Delete and see new JHFF/GBNAA as a result of Senate Bill 155 (2019))

Sexual conduct by District employees as defined by Oregon law will not be tolerated. All District employees are subject to this policy.

“Sexual conduct” as defined by Oregon law is any verbal, physical, or other conduct by a school employee that is sexual in nature; directed toward a kindergarten through Grade 12 student; unreasonably interferes with a student’s educational performance; and creates an intimidating, hostile, or offensive educational environment. The definition for sexual conduct does not include behavior that would be considered child abuse as outlined by Oregon law and District Board policy JHFE and JHFE-AR - Reporting of Suspected Abuse of a Child.

Any District employee who has reasonable cause to believe that another District employee has engaged in sexual conduct with a student must immediately notify his/her immediate supervisor. If the immediate supervisor is the subject of the complaint, the employee will contact Human Resources.

When the District receives a report of suspected sexual conduct by a District employee, the District may decide to place the employee on paid administrative leave or in a position that does not involve direct, unsupervised contact with students while conducting an investigation. An investigation is a detailed inquiry into the factual allegations of a report of suspected sexual conduct that is based on interviews with the complainant, witnesses, and the District employee or student who is the subject of the report. If the subject of the report is a school employee, the investigation must meet any negotiated standards of an employment contract or agreement.

If, following the investigation, the report is substantiated, the District will inform the employee that the report has been substantiated and provide information regarding the appeal process. The employee may appeal the District’s decision through the appeal process provided by the District’s collective bargaining agreement. A substantiated report is one that (1) an educational provider has reasonable cause to believe is founded based on the available evidence after conducting an investigation; and (2) involves conduct that the educational provider determines is sufficiently serious to be documented in the employee’s personnel file.

If the employee decides not to appeal the determination or if the determination is sustained after

an appeal, a record of the substantiated report will be placed in the employee's personnel file. The employee will be notified that this information may be disclosed to a potential employer.

The District will post in each school building the name and contact information of the person designated to receive sexual conduct reports, as well as the procedures Human Resources will follow upon receipt of a report. In the event the designated person is the suspected perpetrator, the assistant superintendent of Human Resources shall receive the report. If the assistant superintendent of Human Resources is the suspected perpetrator, the complaint shall be referred to the assistant superintendent of the Office for School Performance. When Human Resources or the Office for School Performance takes action on the report, the person who initiated the report must be notified.

The initiation of a report in good faith about suspected sexual conduct may not adversely affect any terms or conditions of employment, or the work environment of the complainant. If a student initiates a report of suspected sexual conduct by a District employee in good faith, the student will not be disciplined by the Board or any District employee.

The District will provide annual training to District employees, parents, and students regarding the prevention and identification of sexual conduct. The District will provide to employees at the time of hire a description of conduct that may constitute sexual conduct and a description of records subject to disclosure if a sexual conduct report is substantiated.

Educational providers shall follow hiring and reporting procedures as outlined in ORS 339.374 for all District employees.

END OF POLICY

Legal Reference(s):

[ORS 339.370 - 339.400](#)

[ORS 418.746 - 418.751](#)

[ORS 419B.005 - 419B.045](#)

Every Student Succeeds Act, 20 U.S.C. § 7926 (2012).



Code: JHFF/GBNAA
Adopted:
Orig. Code(s): JHFF

Reporting Requirements for Suspected Sexual Conduct with Students *

(New proposed policy to replace JHFF as a result of Senate Bill 155)

Sexual conduct by district employees, contractors, agents, and volunteers is not tolerated. All district employees, contractors, agents, and volunteers are subject to this policy.

“Sexual conduct,” means verbal or physical conduct or verbal, written or electronic communications by a school employee, a contractor, an agent or a volunteer that involve a student and that are sexual advances or requests for sexual favors directed toward the student, or of a sexual nature that are directed toward the student or that have the effect of unreasonably interfering with a student’s educational performance, or of creating an intimidating, hostile or offensive educational environment. “Sexual conduct” does not include touching that is necessitated by the nature of the school employee’s job duties or by the services required to be provided by the contractor, agent or volunteer, and for which there is no sexual intent.

“Student” means any person who is in any grade from prekindergarten through grade 12 or 21 years of age or younger and receiving educational or related services from the district that is not a post-secondary institution of education, or who was previously known as a student by the person engaging in sexual conduct and who left school or graduated from high school within 90 days prior to the sexual conduct.

Any district employee, contractor, agent or volunteer who has reasonable cause to believe that a student has been subjected to sexual conduct by another district employee, contractor, agent or volunteer, or that another district employee, contractor, agent or volunteer has engaged in sexual conduct with a student shall immediately report such suspected sexual conduct to the designated licensed administrator or the alternate designated licensed administrator for their school building. If the superintendent is the alleged perpetrator the report shall be submitted to the Human Resources Officer who shall report the suspected sexual conduct to the Board chair.

If an employee fails to report suspected sexual conduct or fails to maintain confidentiality of records, the employee will be disciplined up to and including dismissal.

When the designated licensed administrator receives a report of suspected sexual conduct by a district employee, contractor, agent or volunteer, the administrator will follow procedures established by the district and set forth in the district’s administrative regulation JHFF/GBNAA-AR - Suspected Sexual Conduct Report Procedures and Form. All such reports will be reported to the Oregon Department of Education (ODE) or Teacher Standards and

Practices Commission (TSPC) as appropriate, for investigation. The agency receiving a report will complete an investigation regardless of any changes in the relationship or duties of the person who is the alleged perpetrator.

When there is reasonable cause to support the report, a district employee suspected of sexual conduct shall be placed on paid administrative leave pending an investigation and the district will take necessary actions to ensure the student's safety.

When there is reasonable cause to support the report, a district contractor, agent or volunteer suspected of sexual conduct shall be removed from providing services to the district and the district will take necessary actions to ensure the student's safety.

The district will post in each school building the names and contact information of the employees designated for the school building to receive reports of suspected sexual conduct and the procedures the designee will follow upon receipt of the report.

The district will notify, as allowed by state and federal law, the person who was subjected to the suspected sexual conduct about any actions taken by the district as a result of the report.

A district employee, contractor or agent will not assist another district employee, contractor or agent in obtaining a new job if the individual knows, or has reasonable cause to believe the district employee, contractor or agent engaged in sexual conduct. Nothing in this policy prevents the district from disclosing information required by law or providing the routine transmission of administrative and personnel files pursuant to law.

The initiation of a report in good faith about suspected sexual conduct may not adversely affect any terms or conditions of employment or the work environment of the person who initiated the report or who may have been subject to sexual conduct. If a student initiates a report of suspected sexual conduct by a district employee, contractor, agent or volunteer in good faith, the student will not be disciplined by the district or any district employee, contractor, agent or volunteer.

The district will provide to employees at the time of hire, or to a contractor, agent or volunteer at the time of beginning service for the district, the following:

- A description of conduct that may constitute sexual conduct;
- A description of the investigatory process and possible consequences if a report of suspected sexual conduct is substantiated; and
- A description of the prohibitions imposed on district employees, contractors and agents when they attempt to obtain a new job, pursuant to ORS 339.378(2).

All district employees are subject to Board policy GCAB - Personal Electronic Devices and Social Media - Staff regarding appropriate electronic communications with students.

Any electronic communications with students by a contractor, agent or volunteer for the district will be appropriate and only when directed by district administration. When communicating with

students electronically regarding school-related matters, contractors, agents or volunteers shall use district e-mail using mailing lists and/or other internet messaging to a group of students rather than individual students or as directed by district administration. Texting or electronically communicating with a student through contact information gained as a contractor, agent or volunteer for the district is prohibited.

The superintendent shall develop administrative regulations to implement this policy and to comply with state law.

END OF POLICY

Legal Reference(s):

[ORS 332.107](#)
[ORS 339.370 - 339.400](#)
[ORS 419B.005 - 419B.045](#)

Senate Bill 155 (2019)

Every Student Succeeds Act, 20 U.S.C. § 7926 (2018).



Code: JHFF/GBNAA-AR
Revised/Reviewed:

Suspected Sexual Conduct Report Procedures and Form *

(New proposed policy resulting from Senate Bill 155)

When the designee receives a report of suspected sexual conduct that may have been committed by a person licensed¹ through Teacher Standards and Practices Commission (TSPC), the designee shall notify TSPC as soon as possible. When the designee receives a report of suspected sexual conduct that may have been committed by a person who is not licensed through TSPC, the designee shall notify the Oregon Department of Education (ODE) as soon as possible.

The district posts in each school building the names and contact information of the employees² in each school building designated to receive reports of suspected sexual conduct and the procedures the designee will follow upon receipt of the report.

If the superintendent is the alleged perpetrator the report shall be submitted to the Human Resources Officer who shall refer the report to the Board chair.

When the designee receives a report of suspected sexual conduct by a district employee, and there is reasonable cause to support the report, the district shall place the district employee on paid administrative leave³ and take necessary actions to ensure the student's safety. The employee shall remain on leave until TSPC or ODE determines that the report is substantiated and the district takes appropriate employment action against the employee, or cannot be substantiated or is not a report of sexual conduct and the district determines either: 1) an employment policy was violated and the district will take appropriate employment action against the employee; or 2) an employment policy has not been violated and an employment action against the employee is not required. The district will investigate all reports of suspected sexual conduct by persons who are licensed by the TSPC, unless otherwise requested by TSPC, and all reports of suspected sexual conduct by persons who are not licensed by TSPC, unless otherwise requested by ODE.

When the designee receives a report of suspected sexual conduct by a contractor⁴, an agent or a volunteer, the district shall prohibit the contractor, agent or volunteer from providing services to the district. If the district determines there is reasonable cause to support a report of suspected sexual conduct, the district shall prohibit the contractor, agent or volunteer from providing services. The district may reinstate the contractor, agent or volunteer, and such reinstatement may not occur until such time as a report of

¹ "License" includes a license, registration or certificate issued by the Teacher Standards and Practices Commission.

² Senate Bill 155 (2019) requires the district to designate a licensed administrator and an alternate licensed administrator for each school building.]

³ The district employee cannot be required to use any accrued leave during the imposed paid administrative leave.

⁴ The district is encouraged to duplicate this language in the contract. If the contract is with a company and the person assigned to do the work is the alleged perpetrator, the district shall notify the company and request another company employee be assigned to complete the work.]

suspected sexual conduct has been investigated and a determination has been made by TSPC or ODE that the report is unsubstantiated.

Upon request from ODE or TSPC the district will provide requested documents or materials to the extent allowed by state and federal law.

The name, address and other identifying information about the employee who made the report are confidential and are not accessible for public inspection.

An “investigation” means a detailed inquiry into the factual allegations of a report of suspected sexual conduct that is based on interviews with the person who initiated the report, the person who may have been subjected to sexual conduct, witnesses and the person who is the subject of the report, and results in a finding that the report is a substantiated report, cannot be substantiated, or is not a report of sexual conduct. If the subject of the report is a district employee represented by a contract or a collective bargaining agreement, the investigation must meet any negotiated standards of such employment contract or agreement.

Nothing prevents the district from conducting its own investigation, unless another agency requests to lead the investigation or requests the district to suspend the investigation, or taking an employment action based on information available to the district before an investigation conducted by another agency is completed. The district will cooperate with agencies assigned to conduct such investigations.

A “substantiated report” means a report of sexual conduct that TSPC or ODE determines is founded.

If, following the investigation, the district decides to take an employment action, the district will inform the district employee of the employment action to be taken and provide information about the appropriate appeal process. The employee may appeal the employment action taken through the appeal process provided by the applicable collective bargaining agreement.

If the district is notified that the employee decided not to appeal the employment action or if the determination of an appeal sustained the employment action, the district shall create a record of the findings of the substantiated report and the employment action taken by the district will be placed in the records on the school employee maintained by the district. Such records created are confidential and not public records as defined in Oregon Revised Statute (ORS) 192.311, however the district may use the record as a basis for providing information required to be disclosed about a district employee under ORS 339.378(1). The district will notify the employee that information about substantiated reports may be disclosed to a potential employer.

Training

The district shall provide training each school year to district employees on the following:

1. Prevention and identification of sexual conduct;
2. Obligations of district employees under ORS 339.388 and 419B.005 - 419B.050 and under adopted board policies to report suspected sexual conduct; and
3. Appropriate electronic communications with students.

The district shall make available each school year the training described above to contractors, agents, volunteers and to parents and legal guardians of students attending district-operated schools, and will be made available separately from the training provided to district employees.

The district shall provide to contractors, agents and volunteers each school year information on the following:

1. Prevention and identification of sexual conduct;
2. Obligations of district employees under adopted board policies to report suspected sexual conduct; and
3. Appropriate electronic communications with students.

The district shall make available each school year training that is designed to prevent sexual conduct to students attending district-operated schools.



Suspected Sexual Conduct Report Form	
Name of person making report:	
Position / Role of person making report:	
Phone:	Email:
Name of person suspected of sexual conduct:	
Date and place of incident or incidents:	
Description of suspected sexual conduct:	
Name of witnesses (if any):	
Evidence of suspected sexual conduct, e.g., letters, photos, etc. (attach evidence, if possible):	
Any other information:	
I agree that all of the information on this form is accurate and true to the best of my knowledge.	
Signature:	Date:



WITNESS STATEMENT FORM

NAME OF WITNESS:	POSITION OF WITNESS:
DATE OF TESTIMONY/INTERVIEW:	INCIDENT LOCATION:
OTHER WITNESSES:	

DESCRIPTION OF INSTANCE WITNESSED: (WRITE ONLY WHAT WAS OBSERVED - INCLUDE DESCRIPTION OF WHO, WHERE, WHEN)

ANY ADDITIONAL INFORMATION:

I AGREE THAT ALL OF THE INFORMATION ON THIS FORM IS ACCURATE AND TRUE TO THE BEST OF MY KNOWLEDGE.

SIGNATURE:

DATE:

ATTACH ADDITIONAL PAGES AS NEEDED

HILLSBORO SCHOOL DISTRICT 1J
December 8, 2020
ELECT MEMBERS TO OREGON SCHOOL BOARDS ASSOCIATION
BOARD OF DIRECTORS AND LEGISLATIVE POLICY COMMITTEE

SITUATION

The Oregon School Board Association (OSBA) governance model provides that member districts elect members to the OSBA Board of Directors and Legislative Policy Committee (LPC). Washington County school districts have been represented by positions 15, 16, and 20, which are staggered, two-year terms. Position 15 is open for election and will be filled for a two-year term.

District votes must be submitted no later than December 18, 2020. Each member board shall have one vote for each open OSBA board position in their geographic area. Newly elected OSBA board members will officially take office on January 1, 2021. Candidate questionnaires and resumes may be viewed on the OSBA website at:

http://www.osba.org/About-OSBA/Election_Center.aspx

The nominee is listed below:

Board	Position	Candidate	Organization
Board of Directors	15	LeeAnn Larsen	Beaverton 48J

Following the election, the Board secretary will record the vote electronically with OSBA.

RECOMMENDATION

The Superintendent recommends that the Board of Directors take action on the following motion, using the sample script provided by OSBA:

I move that the Board of Directors cast its vote for LeeAnn Larsen for the OSBA Board of Directors, position 15.

HILLSBORO SCHOOL DISTRICT 1J
December 8, 2020
CITY OF CORNELIUS MUNICIPAL CODE REVISION

SITUATION

The City of Cornelius is requesting that the Board authorize a change to the current municipal code to align with Oregon Revised Statutes (ORS) regarding tax-exempt treatment of qualifying residential projects. The attached correspondence from City Planner Ryan Wells explains that the majority of taxing districts are required to approve changes to the municipal code, even if the ORS rules supersede them.

Cornelius Municipal Code (CMC) Section 3.35.020 outlines the criteria for eligibility for tax exemptions. These criteria are consistent with the criteria adopted in ORS 307.540-548. CMC 3.35.030 identifies an additional criterion that limits the applicability of tax-exempt affordable housing projects in Cornelius to those whose residents are aged 55 and over. This language was adopted prior to the approval of the Cornelius Place project, a 45-unit senior affordable housing project constructed in conjunction with the new Cornelius Public Library.

The revision would be to remove the “55 and older” residential requirement, allowing low-income housing developers to serve the community at large. Although there are no current developments planned for the Hillsboro School District taxing authority, there may be a future impact of extending exemptions to all low income housing. As a courtesy, the City has offered to notify the District for each exemption application received in the 2021 calendar year.

Due to the K12 school funding mechanism in Oregon, the equalization formula is designed to distribute funds equally to students across the state regardless of the district’s local tax collections. This means that if the District collects less local property taxes, the difference will come from the State School Fund on a per student basis. The State School Fund distribution minimizes the potential impact of the municipal code revision.

RECOMMENDATION

The Superintendent recommends that the Board approve the change to Cornelius Municipal Code 3.35.030 that removes the “55 and over” residential requirement for affordable housing tax exemption applications.

I move that the Board of Directors approve the change to Cornelius Municipal Code 3.35.030 that removes the “55 and over” residential requirement for affordable housing tax exemption applications.



October 29, 2020

Michelle Morrison
Chief Financial Officer
Hillsboro School District
3083 NE 49th Place, #104
Hillsboro, OR 97124-6009

Re: City of Cornelius Code Amendment - Nonprofit Corporation Low-Income Housing Tax Exemptions

Dear Ms. Morrison,

The City of Cornelius is considering a minor amendment to Chapter 3.35 of its Municipal Code related to property tax exemptions for regulated affordable housing owned by non-profit organizations within the city. Cornelius Municipal Code (CMC) Section 3.35.020 outlines the criteria for eligibility for tax exemptions. These criteria are consistent with the criteria adopted in ORS 307.540-548. CMC 3.35.030 identifies an additional criterion that limits the applicability of tax-exempt affordable housing projects in Cornelius to those whose residents are aged 55 and over. This language was adopted prior to the approval of the Cornelius Place project, a 45-unit senior affordable housing project constructed in conjunction with the new Cornelius Public Library.

The production of new, regulated affordable housing has been a key goal for many communities in the Portland Metro region, including Cornelius. Tax exemptions and other cost-saving approaches are critical for making these projects financially feasible. We are now preparing to receive a new 113-unit regulated affordable housing project proposed by REACH CDC, and in anticipation of this project we wish to revise our code to remove the 55+ age constraint to eligibility for tax exemption. As ORS 357.543 states that, at a baseline, this exemption is applicable only to the tax levy of the governing body that adopts the relevant provisions, this tax exemption will only have limited benefit for this and other future affordable housing projects. In order to apply greater taxing benefit for the REACH CDC project and potential future projects, we are seeking your agreement to this tax exemption policy as proposed (please see attached documentation). Per ORS 307.543(2):

“The exemption granted under ORS 307.540 ... applies to the tax levy of all taxing districts in which property certified for exemption is located if, upon request of a governing body that has adopted the provisions of ORS 307.540 ..., the rates of taxation of such taxing districts whose governing boards agree to the policy of exemption under ORS 307.540 ..., when combined with the rate of taxation of the governing body that adopts the provisions of ORS 307.540..., equal 51 percent or more of the total combined rate of taxation on the property granted exemption.”

Your formal agreement to the terms and eligibility criteria for tax exemption as proposed herein will result in a total tax exemption for the 4-acre, 113-unit REACH CDC affordable housing development, which has

been designed to meet and exceed the performance criteria for the 2018 Metro Regional Affordable Housing Bond, which is providing a considerable portion of the project funding.

We are seeking to adopt the proposed amendment language at our January 4, 2021 Cornelius City Council meeting, and as such, time is of the essence for your response. Please feel free to reach out to Ryan Wells, Community Development Director, at (503) 357-3011 or ryan.wells@corneliusor.gov with any questions.

We appreciate your continued cooperation and partnership.

With warm regards,

[Original Signed]

Rob Drake
City Manager

Chapter 3.35

NONPROFIT CORPORATION LOW-INCOME HOUSING TAX EXEMPTIONS

Sections:

- 3.35.010 Definitions.
- 3.35.020 Nonprofit corporation low-income housing exemption – Criteria.
- 3.35.030 Application for exemption.
- 3.35.040 Determination of eligibility for exemption, notice to county assessor.
- 3.35.050 Termination of exemption.
- 3.35.060 Delegation of administrative authority.

3.35.010 Definitions.

(A) “Governing body” means the Cornelius city council.

(B) “Low income” means income at or below 60 percent of the area median income as determined by the ~~State Housing Council~~ **Oregon Housing Stability Council** based on information from the United States Department of Housing and Urban Development.

3.35.020 Nonprofit corporation low-income housing exemption – Criteria.

(A) Property that meets all of the following criteria shall be exempt from taxation as provided in this section:

(1) The property is owned or being purchased by a corporation that is exempt from income taxes under Section 501(c)(3) or (4) of the Internal Revenue Code, ~~as amended before December 1, 1984.~~

(2) Upon liquidation, the assets of the corporation are required to be applied first in payment of all outstanding obligations, and the balance remaining, in cash and in kind, to be distributed to corporations exempt from taxation and operated exclusively for religious, charitable, scientific, literary or educational purposes or to the state of Oregon.

(3) The property is:

(a) Occupied by low-income persons; or

(b) Held for future development as low-income housing.

(4) The property or portion of the property receiving the exemption, if occupied, is actually and exclusively used for the purposes described in Section 501(c)(3) or (4) of the Internal Revenue Code, ~~as amended before December 1, 1984.~~

(5) The exemption has been approved as provided in CMC 3.35.040.

(B) For the purposes of subsection (A) of this section, a corporation that has only a leasehold interest in property is deemed to be a purchaser of that property if:

(1) The corporation is obligated under the terms of the lease to pay the ad valorem taxes on the real and personal property used in this activity on that property; or

(2) The rent payable by the corporation has been established to reflect the savings resulting from the exemption from taxation.

(C) A partnership shall be treated the same as a corporation to which this section applies if the corporation is:

(1) A general partner of the partnership; and

(2) Responsible for the day-to-day operation of the property that is the subject of the exemption.

3.35.030 Application for exemption.

(A) To qualify for the exemption provided by CMC 3.35.020, the corporation shall file an application for exemption with the city for each assessment year the corporation wants the exemption. The application shall be filed on or before March 1st of the assessment year for which the exemption is sought, except that when the property designated is acquired after March 1st and before July 1st, the application for that year shall be filed within 30 days after the date of acquisition. The application shall include the following information, as applicable:

(1) A description of the property for which the exemption is requested;

(2) A description of the charitable purpose of the project and whether all or a portion of the property is being used for that purpose;

(3) A certification of income levels of low-income occupants;

~~(4) A certification that all residents of the property for which exemption is requested are aged 55 and older;~~

~~(54)~~ A description of how the tax exemption will benefit project residents;

~~(65)~~ A description of the development of the property if the property is being held for future low-income housing development; and

~~(76)~~ A declaration that the corporation has been granted an exemption from income taxes under Section 501(c)(3) or (4) of the Internal Revenue Code, as amended before December 1, 1984.

(B) The applicant shall verify the information in the application by oath or affirmation.

~~(C) In addition to the application listed in subsection (A) of this section, the applicant will also need to enter into a payment in lieu of tax (PILOT) agreement with the city on terms to be~~

~~mutually agreed upon by the city and the applicant. The city council will approve all PILOT agreements by separate resolution.~~

3.35.040 Determination of eligibility for exemption, notice to county assessor.

(A) Within 30 days of the filing of an application under CMC 3.35.030, the city shall determine whether the applicant qualifies for the exemption under CMC 3.35.020. If the governing body determines that the applicant qualifies, the city shall certify to the Washington County assessor that all or a portion of the property is exempt from taxation under the levy of the certifying governing body.

(B) Upon receipt of certification sent pursuant to subsection (A) of this section, the Washington County assessor shall exempt the property from taxation to the extent certified by the city.

3.35.050 Termination of exemption.

(A) If the city determines that property that has received an exemption under this chapter in anticipation of future development of low-income housing in connection with the exempt property and finds that the property is being used for any purpose other than the provision of low-income housing, or that any provision of this chapter is not being complied with, the city shall give notice of the proposed termination of the exemption to the owner, by mailing the notice to the last-known address of the owner, and to every known lender, by mailing the notice to the last-known address of every known lender. The notice required under this subsection shall state the reasons for the proposed termination and shall require the owner to appear at a specified time, not less than 20 days after mailing the notice, to show cause, if any, why the exemption should not be terminated.

(B) If the owner fails to appear and show cause why the exemption should not be terminated, the governing body shall notify every known lender, and shall allow any lender not less than 30 days after the date the notice of the failure to appear and show cause is mailed to cure any noncompliance or to provide assurance adequate to the governing body that all noncompliance will be remedied.

(C) If the owner fails to appear and show cause why the exemption should not be terminated, and the lender fails to cure or give adequate assurance of the cure of any noncompliance, the city council shall adopt an ordinance or resolution stating its findings that terminate the exemption. A copy of the ordinance or resolution required under this subsection shall be filed within 10 days after its adoption with the county assessor, and a copy shall be sent to the owner at the owner's last-known address and to the lender at the last-known address of the lender within 10 days after its adoption.

(D) Upon the county assessor's receipt of the city's termination findings:

(1) The exemption granted the housing unit or portion under this chapter terminates immediately, without right of notice or appeal;

(2) The property shall be assessed and taxed as other property similarly situated is assessed and taxed; and

(3) Notwithstanding ORS 311.235, there shall be added to the general property tax roll for the tax year next following the presentation or discovery, to be collected and distributed in the same manner as other real property tax, an amount equal to the difference between the taxes assessed against the property and the taxes that would have been assessed against the property had it not been exempt under this chapter for each of the years, not to exceed the last 10 years, during which the property was exempt from taxation under this chapter.

(E) Notwithstanding subsection (D) of this section, if at the time of presentation or discovery, the property is no longer exempt, additional taxes may be collected as provided in subsection (D) of this section, except that the number of years for which the additional taxes shall be collected shall be reduced by one year for each year that has elapsed since the year the property was last granted exemption, beginning with the oldest year for which additional taxes are due.

(F) The assessment and tax rolls shall show potential additional tax liability for each property granted exemption under this chapter because the property is being held for future development of low-income housing.

(FG) Additional taxes collected under this section shall be deemed to have been imposed in the year to which the additional taxes relate.

3.35.060 Delegation of administrative authority.

The city council hereby delegates to the mayor or his/her designee all authority necessary to make all determinations and otherwise administer the provisions of this chapter, excepting determinations and actions required to be taken by the city council pursuant to CMC 3.35.050.

HILLSBORO SCHOOL DISTRICT 1J
December 8, 2020
ADOPT LEGISLATIVE PRIORITIES

SITUATION

In February 2021, elected officials in Oregon will enter into a full legislative session. Within this session, they will determine the budget allocation for K-12 education over the 2021-23 biennium and will consider hundreds of changes to existing law, some of which will directly impact the Hillsboro School District.

So that Board Members can talk to elected officials and advocate for funding and other matters of importance to the District, a slate of legislative priorities is being created and acted upon in advance of the session. The Board's adopted legislative priorities will become a working tool for conversations with elected officials from the Hillsboro area, and with legislative leaders in key committee assignments and leadership roles at the state and federal levels. The use of consistent legislative priorities also makes it possible for individual Board members to participate in the process, while maintaining a common voice with their fellow directors.

At the November 17 meeting, the Board of Directors discussed the preliminary recommendations of the Legislative Advocacy subcommittee of the Board of Directors regarding priorities for advocacy during the 2021 Legislative Session. This evening, the Board is scheduled to adopt its legislative priorities.

RECOMMENDATION

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

I move that the Board of Directors adopt the proposed 2021-23 legislative priorities.

2021 Legislative Priorities

Top-Line Priorities

- **Provide stable and adequate funding for K-12 education**
 - Correctly calculate current service level (CSL)
 - Legislative Fiscal Office should work with Oregon Association of School Business Officials to ensure the same math is being used to calculate CSL
 - Education needs sustained investment that is tied to a reasonable assumption of inflation year-over-year
 - Protect against the erosion of K-12 school funding versus other services
 - K-12 portion of OR budget 2019-21 biennium - 38%
 - K-12 portion of OR budget 2013-15 biennium - 40%
 - K-12 portion of OR budget 2003-05 biennium - 45%
- **Protect the Student Success Act (SSA) and Student Investment Account (SIA)**
 - Allow carryover of year 1 plan to year 2, or shorten the process for 2021-22
- **Provide for students' COVID recovery**
 - Funding for extended learning opportunities for those who are behind
 - Funding will be needed beyond what is provided for in SSA/SIA

Secondary Priorities

- Limit COVID liability for school districts
- Make modifications to ORS 413.223 School-Based Health Centers, and ORS 413.225 Grants to Safety Net Providers, that would allow the recognition of mobile clinics as school-based health centers that are eligible for state-level reimbursement
- Explore public-private partnerships that would make internet service widely available across the state and less expensive for families
- Maintain the 3% virtual charter school cap
- Maintain the 49%/51% split of State School Fund dollars

Additional information about the Hillsboro School District's budget situation is available on the Budget Matters webpage at www.hsd.k12.or.us/budget.

HSD Board of Directors, 2020-21



Erika Lopez
Chair



Martin Granum
Vice Chair



Mark Watson



See Eun Kim



Lisa Allen



Jaci Spross



Yadira Martinez



Mya Smith
Student
Representative



Ilhaam Ikramullah
Student
Representative



Devlin Knill
Student
Representative

HILLSBORO SCHOOL DISTRICT 1J
December 8, 2020
APPOINT BUDGET COMMITTEE MEMBERS

SITUATION

State law and policy DBEA provide for the establishment of a Budget Committee to review the District's proposed budget. The Hillsboro School District Budget Committee consists of seven members appointed by the Board, plus the seven elected Board members. To be eligible for appointment, Budget Committee members must live and be registered to vote in the District, and must not be officers, agents, or employees of the District. The appointed positions are for three-year terms, with staggered expiration dates.

Three Budget Committee positions are currently vacant, having expired on June 30, 2019. (Oregon law provides that if an appointive member is unable to serve the full term for which the member was appointed, or an appointive member resigns prior to completion of the term, the governing body shall fill the vacancy by appointment for the unexpired term (ORS 294.414).) Term expiration dates are provided below for the positions to be filled:

<u>POSITION</u>	<u>EXPIRES</u>
1	June 30, 2023
2	June 30, 2023

Vacancies on the Budget Committee were publicly announced in June, and applications were received through November 20, 2020. One application for reappointment and seven new applications were received.

During tonight's work session, Board members reviewed the applications, met the applicant present and discussed the selection process. During the regular session, the Board will officially appoint the new Budget Committee members.

RECOMMENDATION

The Superintendent recommends that the Board of Directors appoint the selected candidates to the Budget Committee.

- *I move that the Board of Directors appoint the slate of candidates identified during the work session to the two vacant positions on the Budget Committee, as follows:*
 - *Appoint _____ to position 1, which expires on June 30, 2023*
 - *Appoint _____ to position 2, which expires on June 30, 2023*

HILLSBORO SCHOOL DISTRICT 1J
December 8, 2020
ACCEPT COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR 2019-2020

SITUATION

The firm of Grove, Mueller & Swank, P.C., has completed its report on the audit of the District's financial statements for 2019-20. The Comprehensive Annual Financial Report has been provided to the Board of Directors, and a representative from Grove, Mueller & Swank, P.C., will attend the Board meeting to provide a brief overview of the document and answer any questions. The report is also posted on the District website.

RECOMMENDATION

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

I move that the Board of Directors accept the Comprehensive Annual Financial Report for 2019-20.

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the Fiscal Year Ended June 30, 2020

*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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November 24, 2020

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

In accordance with the provisions of Oregon Revised Statutes, Sections 297.405 to 297.555 and 297.990, known as the Municipal Audit Law, there is submitted herewith the Comprehensive Annual Financial Report of Hillsboro School District 1J, Washington County, Oregon, for the fiscal year ended June 30, 2020.

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, 2020, and for the year then ended.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditor.

THE DISTRICT

Hillsboro School District 1J 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, 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 2019-20, management staff consisted of 1 superintendent, 2 assistant superintendents, 5 executive directors, 7 directors, 9 coordinators, 1 chief financial officer, 1 chief human resources officer, 1 capital projects officer, 1 chief communications officer, 1 chief operations officer, 1 chief information and technology officer, principals, and assistant-principals. The Board of Directors approves the hires of all management staff members.

The District also employs 1,137 teachers and 1,102 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, 2 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, dual language, bilingual programs, special education and transition services, student transportation, nutrition services, dual credit, 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 139,536. 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 growth over the past ten years. The table below shows that the number of students in the District has grown by 248, or an average of approximately 0.12 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
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
10-11	19,765

During this time, the District has had two major additions to its facilities. Series 2001 general obligation bonds financed the construction of two elementary schools and one high school; the purchase of additional land for future school facilities; and safety, security, and seismic upgrades to existing District facilities. The 2006 general obligation bonds financed the construction of four elementary schools and one middle school, as well as expanding and remodeling existing District facilities.

The community voted again 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 accommodate growth due 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. Washington County accounts for approximately 75 percent of the high-tech industry jobs in Oregon. These employers include Intel, Tektronix, and Genentech. Intel is currently the largest employer in the Portland-Vancouver Primary Metropolitan Statistical Area (PMSA) with 20,000 employees.

The Oregon Employment Department report for June 2020 shows the PMSA unemployment rate at 11.8 percent. The June 2020 Oregon Economic and Revenue forecast, published by the Oregon Office of Economic Analysis, projects total state general fund net revenues decreasing by \$2.7 billion in the 2019-21 biennium from the 2019 session close, \$4.4 billion in the 2021-23 biennium due to economic impacts of COVID-19 in the state of Oregon.

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.

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

The District anticipates a significant 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 will provide 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 2019-20 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 population growth 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 assets and liabilities of the agency funds are recorded on the modified accrual basis of accounting. The agency funds consist of the student body accounts controlled by each school, and the Deferred Compensation Plan controlled by the District.

The financial transactions for the proprietary fund type are recorded on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned, and expenses are recorded at the time liabilities are incurred.

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 (CAFR) for the fiscal year ended June 30, 2019. This was the twenty-fifth 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 2020 CAFR 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.

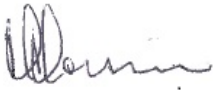
ACKNOWLEDGMENTS

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
Chief 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, 2019

Christopher P. Morill

Executive Director/CEO

HILLSBORO SCHOOL DISTRICT 1J

Washington County, Oregon

OFFICIALS OF THE DISTRICT

JUNE 30, 2020

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.

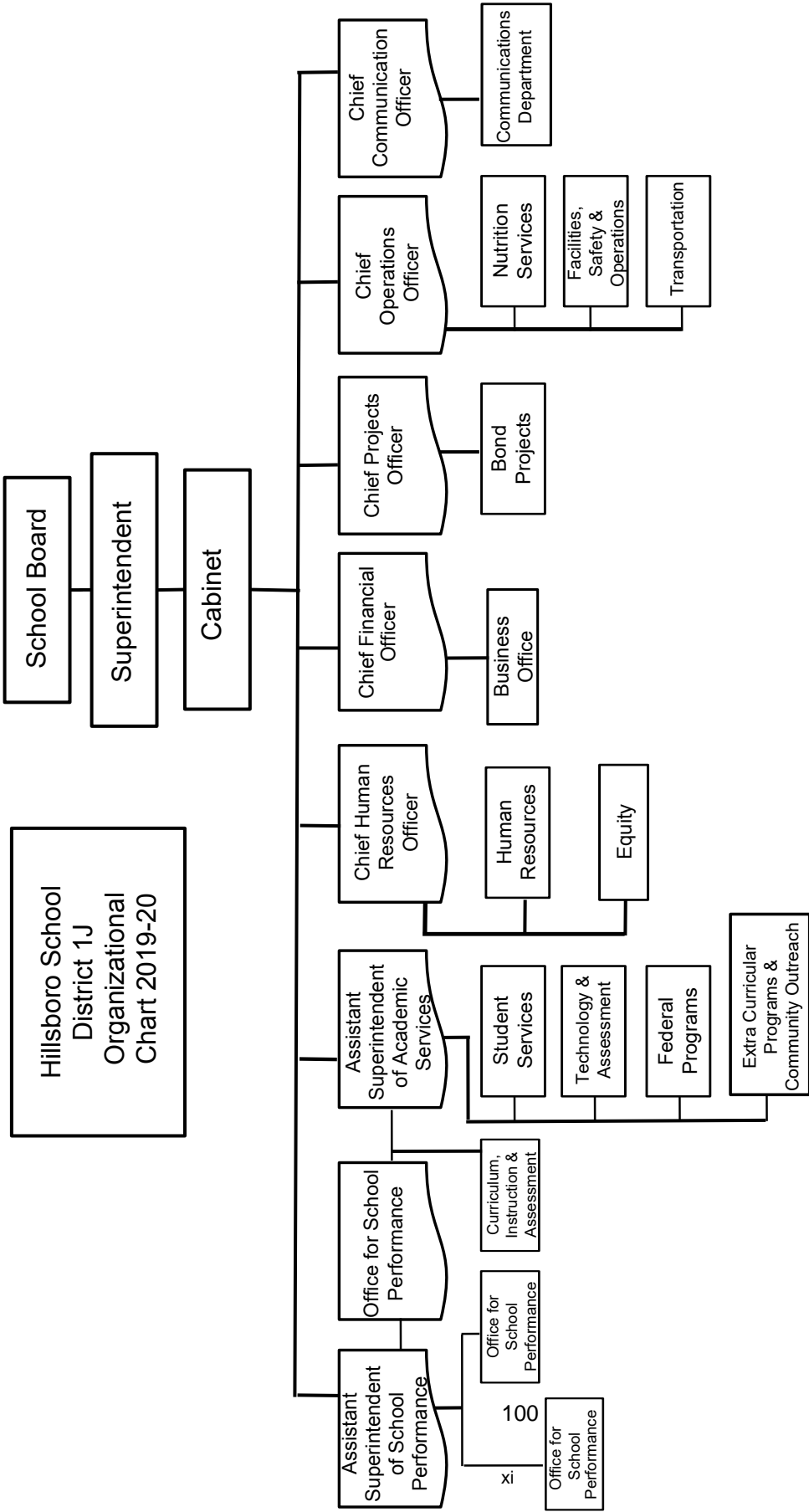
DISTRICT ADMINISTRATION

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

DISTRICT ADDRESS

3083 NE 49th Place, #200
Hillsboro, Oregon 97123

Hillsboro School
District 1J
Organizational
Chart 2019-20



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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

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, 2020, 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

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, 2020, 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

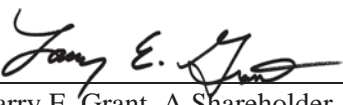
In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 November 24, 2020, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By: 
Larry E. Grant, A Shareholder
November 24, 2020

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**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020. 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 \$122.7 million (net position). Of this amount, \$120.9 million represents the District's net investment in capital assets, \$9.4 million is restricted for special programs, and (\$253.0) million unrestricted balance. The District's overall net position has decreased from the 2019 value by \$25.7 million.
- For the fiscal year ended June 30, 2020, the District's total current and other assets decreased by \$19.1 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 \$229.0 million, a decrease of \$14.1 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 \$12.0 million, or about 5.4 percent of total General Fund expenditures.
- The District's total long-term debt increased by \$151.8 million during the 2019-20 fiscal year, due to the issuance of the 2020 Bond Series (the second of two approved by voters in 2017 for a total of \$408.0 million).

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020**

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, 2020**

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.

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$122.7 million at June 30, 2020.

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, and equipment, represent about 63.4 percent and cash and investments represent about 34.5 percent of total assets. The remaining assets consist mainly of grants and property taxes receivable.

The District's largest liability (96.3 percent) is for the repayment of long-term obligations. Other liabilities, representing 3.7 percent of the District's total liabilities, consist of payables on accounts, salaries and benefits, and other accrued liabilities.

Most of the District's net position reflects its investment in capital assets (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. Consequently, capital assets are not available for future spending. Although 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, 2020**

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	Governmental Activities		Increase
	2020	2019	(Decrease)
Current and other assets	\$ 262,824	\$ 281,912	\$ (19,088)
Capital assets	455,551	292,980	162,571
Total assets	718,375	574,892	143,483
Deferred outflows of resources	76,781	90,831	(14,050)
Total assets and deferred outflows	795,156	665,723	129,433
Current and other liabilities	33,501	37,478	(3,977)
Long-term obligations outstanding	862,522	710,696	151,826
Total liabilities	896,023	748,174	147,849
Deferred inflows of resources	21,846	14,601	7,245
Total liabilities and deferred inflows	917,869	762,775	155,094
Net position:			
Net investment in capital assets	120,863	119,425	1,438
Restricted	9,467	9,126	341
Unrestricted	(253,043)	(225,603)	(27,440)
Total net position	<u>\$(122,713)</u>	<u>\$ (97,052)</u>	<u>\$ (25,661)</u>

During the current fiscal year, the District's net position decreased by \$25.7 million, as more fully described in the following section.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

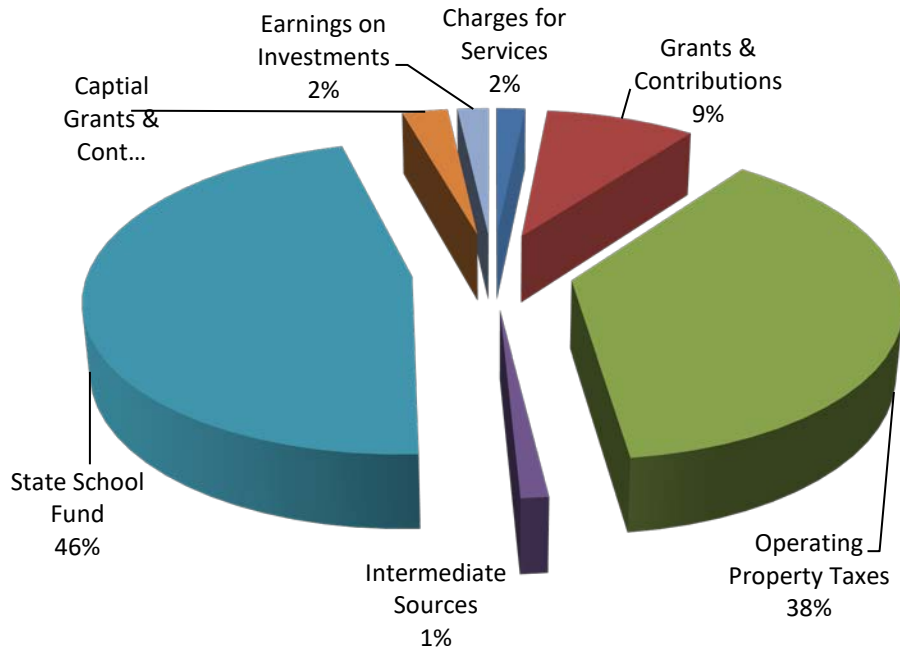
The key elements of the change in the District's net position for the year ended June 30, 2020, are as follows:

Hillsboro School District 1J Changes in Net Position (in thousands)			
	Governmental Activities 2020	2019	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 5,067	\$ 6,510	\$ (1,443)
Operating grants and contributions	26,247	28,125	(1,878)
Capital grant and contributions	8,000	-	8,000
General revenues:			
Property taxes	114,497	108,718	5,779
State school fund – general support	140,732	133,883	6,849
Unrestricted intermediate sources	3,580	4,022	(442)
Earnings on investments	5,488	9,230	(3,742)
Miscellaneous	1,278	1,296	(18)
Total Revenues	<u>304,889</u>	<u>291,784</u>	<u>13,105</u>
Expenses:			
Instruction	184,652	186,964	(2,312)
Support services	113,221	109,178	4,043
Enterprise and community services	10,937	11,453	(516)
Interest on long-term debt	21,740	20,914	826
Total Expenses	<u>330,550</u>	<u>328,509</u>	<u>2,041</u>
Increase (decrease) in net position	(25,661)	(36,725)	11,064
Net position – July 1	(97,052)	(60,327)	(36,725)
Net position – June 30	<u>\$ (122,713)</u>	<u>\$ (97,052)</u>	<u>\$ (25,661)</u>

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES



- State School Fund revenue increased \$6.8 million or 5.1 percent from 2018-19. This increase was due to an increase in Oregon State School Fund appropriation for the 2019-21 biennium from \$8.2 billion on a 50/50 biennial split to \$9.0 billion on a 49/51 biennial split. This resulted in an increase from \$8,392¹ to \$9,074² or \$682 per Average Daily Membership (weighted) (ADMw), the distribution formula of the State School Fund.
- Property Taxes increased by \$5.8 million, reflecting an increase in Assessed Value within the District. A general increase in property values resulted in an overall increase to the District on a statewide basis.
- Operating Grants and Contributions decreased by \$1.9 million from 2018-19. This decrease was primarily due to the decrease in student activities related to the extended school closure period under the Governor's Executive Orders for the pandemic.

¹ May 3, 2020, State School Fund Estimate- <https://www.oregon.gov/ode/schools-and-districts/grants/Documents/2018-19%20district%20estimate%205-3-2020.pdf>

² June 26, 2020 State School Fund Estimate- <https://www.oregon.gov/ode/schools-and-districts/grants/Documents/districtestimate%206-26-2020.pdf>

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

- Earnings on Investments decreased by \$3.7 million from 2018-19. This decrease 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, 1.30% as of June 30, 2020.

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, 2020, the District's governmental funds reported combined ending fund balances of \$229.0 million, a decrease of \$14.1 million in comparison with the prior year. About \$10.1 million (4.4 percent) of the ending fund balance constitutes an unassigned ending fund balance.

About \$216.8 million (94.6 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, 2020, the total fund balance was \$12.0 million. As a measure of the fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. The fund balance represents 5.4 percent of total General Fund expenditures.

The fund balance increased by \$1.9 million during the current fiscal year. This increase was due primarily to savings related to the extended closure period for supplies, energy, temporary and substitute staff, and implementation of district-wide furlough days.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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

Special Revenue Fund

At June 30, 2020, the fund balance was \$9.5 million, which is an increase of \$2.4 million from the prior year. This increase was due to under-expenditure of funds related to the extended closure period. The year-end reclassification of actual expenditures in the general fund to special revenue funds was not required due to operational savings related to the extended closure period for supplies, energy, temporary and substitute staff, and implementation of district-wide furlough days.

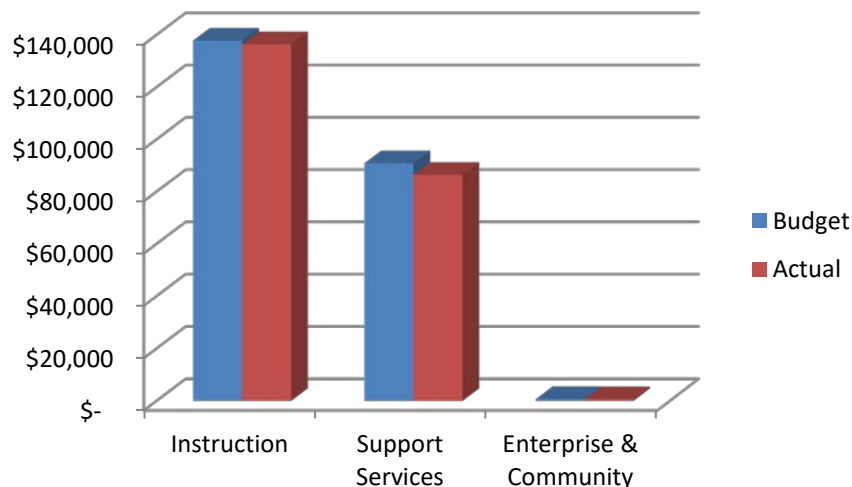
Debt Service Fund

The Debt Service Fund has a total fund balance of \$2.0 million, all of which is restricted for the payment of debt service. This represents a net decrease in the fund balance from the prior year of \$0.4 million. The \$2.0 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 \$205.6 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 \$18.0 million. The decrease is attributable to bond sale proceeds for new construction and remodeling of existing buildings per the ballot title.

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



**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

5. GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund adopted budget for the fiscal year ended June 30, 2020, was increased by \$3.7 million during the fiscal year by appropriation changes. During the year, expenditures were \$5,908,776 less than budgeted.

As the unprecedented pandemic experience quickly unfolded in March, the situation was unclear whether or not savings would be realized due to the extended closure. Timing was a challenge for aligning original appropriations against the pandemic period. The District approved appropriation changes "up to" what would be required for non-crisis operations.

The District engaged the Oregon Employment Department "Work Share" program for one day per week for all eligible staff through July 25, 2020. Projected savings related to furlough days were unclear because of the complexities and other costs related to the program and a lack of historical information.

The District immediately moved into a protective posture for resources, investing risk mitigation and facilitate learning and meal distribution, while implementing savings strategies such as a spending and hiring freeze, and tracking of "but for COVID" expenditures in the event other funds become available. Other unhistorical areas of savings related to the extended closure period for supplies, energy, temporary and substitute staff, resulted in lower expenditures than were needed under the "non-crisis" appropriation changes.

The 2019-20 fiscal year will be largely omitted for future budget modeling due to the anomalous spending patterns.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020, the District had invested over \$455 million in capital assets, net of depreciation, as shown in the following table:

Hillsboro School District 1J			
Capital Assets			
(in thousands)			
	Governmental Activities 2020	2019	Increase (Decrease)
Land	\$ 39,437	\$ 39,437	\$ -
Construction in progress	137,481	34,835	102,646
Buildings and improvements	267,174	204,822	62,352
Vehicles and equipment	11,459	13,885	(2,426)
Total	<u>\$ 455,551</u>	<u>\$ 292,979</u>	<u>\$ 162,572</u>

During the year, the District's investment in capital assets increased by \$162.6 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.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

6. CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-Term Debt

At the end of the current fiscal year, the District had total long-term debt outstanding of \$644.7 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 2020	2019	Increase/ (Decrease)
General obligation bonds and related premium	\$ 535,726	\$ 391,470	\$ 144,256
Pension obligation bonds	104,510	111,495	(6,985)
Certificates of participation	-	510	(510)
Qualified energy conservation bond	2,165	2,586	(421)
Capital leases	2,348	2,524	(176)
	<u>\$ 644,748</u>	<u>\$ 508,585</u>	<u>\$ 136,163</u>

The District maintains an "Aa3" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a school district may issue up to 7.95 percent of its total assessed valuation. The current debt limit for the District is \$1.539 billion, which is significantly in excess of the District's outstanding general obligation debt of \$463.4 million, excluding unamortized premiums.

Additional information on the District's long-term debt can be found in Note 6 on page 43-46 of this report.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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. For the year ended June 30, 2020, the State School Fund – General Support provided 45.9 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.

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.

Current agreements with Hillsboro Classified Union (HCU) and Hillsboro Education Associations expires June 30, 2021. The District will begin bargaining with both groups in early 2021 and 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.

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 49th Place #104, Hillsboro, OR 97124.

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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, 2020

ASSETS:

Cash and investments	\$ 247,531,406
Receivables	11,444,535
Supply inventory	319,657
Prepaid expenses	1,176,031
OPEB asset	2,352,904
Capital assets:	
Not being depreciated	176,918,038
Being depreciated, net of accumulated depreciation	278,632,921
Total assets	718,375,492

DEFERRED OUTFLOWS OF RESOURCES:

PERS deferred outflows	72,528,989
OPEB deferred outflows	4,251,870
Total deferred outflows of resources	76,780,859
Total assets and deferred outflows of resources	795,156,351

LIABILITIES:

Accounts payable	12,856,693
Accrued payroll, payroll taxes and employee withholdings	12,504,679
Accrued interest payable	2,820,060
Construction retainage	4,181,326
Unearned revenue	363,671
Accrued compensated absences payable:	
Due within one year	581,255
Due in more than one year	193,752
Long-term debt:	
Due within one year	23,819,639
Due in more than one year	620,928,769
Noncurrent liabilities due in more than one year:	
PERS pension liability	203,797,390
OPEB liability	13,976,360
Total liabilities	896,023,594

DEFERRED INFLOWS OF RESOURCES:

PERS deferred inflows	18,941,120
OPEB deferred inflows	2,904,596
Total deferred inflows of resources	21,845,716
Total liabilities and deferred inflows of resources	917,869,310

NET POSITION:

Net investment in capital assets	120,863,366
Restricted for:	
Special programs	9,467,040
Unrestricted	(253,043,365)
Total net position	\$ (122,712,959)

The accompanying notes are an integral part of this statement.

HILLSBORO SCHOOL DISTRICT 1J
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

FUNCTION	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Instruction	\$ 184,652,127	\$ 3,336,764	\$ 11,600,412	\$ -	\$ (169,714,951)
Support services	113,220,605	248,858	7,748,399	8,000,000	(97,223,348)
Enterprise and community services	10,936,422	1,481,151	6,500,827	-	(2,954,444)
Interest on long-term debt	21,740,215	-	396,948	-	(21,343,267)
Total Governmental Activities	<u>\$ 330,549,369</u>	<u>\$ 5,066,773</u>	<u>\$ 26,246,586</u>	<u>\$ 8,000,000</u>	<u>(291,236,010)</u>
GENERAL REVENUES:					
Property taxes levied for general purposes					78,662,450
Property taxes levied for debt service					35,834,950
State School Fund - general support					140,731,871
Unrestricted intermediate sources					3,579,750
Earnings on investments					5,487,890
Miscellaneous					1,278,645
TOTAL GENERAL REVENUES					<u>265,575,556</u>
CHANGE IN NET POSITION					(25,660,454)
NET POSITION, July 1, 2019					<u>(97,052,505)</u>
NET POSITION, JUNE 30, 2020					<u><u>\$ (122,712,959)</u></u>

The accompanying notes are an integral part of this statement.

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

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HILLSBORO SCHOOL DISTRICT 1J
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS					
Cash and investments	\$ 21,209,687	\$ 2,842,391	\$ 1,806,450	\$ 221,672,878	\$ 247,531,406
Receivables	3,894,305	6,838,270	698,150	13,810	11,444,535
Inventory	95,829	223,828	-	-	319,657
Prepaid items	1,116,986	-	-	59,045	1,176,031
TOTAL ASSETS	<u>\$ 26,316,807</u>	<u>\$ 9,904,489</u>	<u>\$ 2,504,600</u>	<u>\$ 221,745,733</u>	<u>\$ 260,471,629</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 777,288	\$ 42,249	\$ -	\$ 12,037,156	\$ 12,856,693
Accrued payroll, payroll taxes and employee withholdings	12,496,714	7,965	-	-	12,504,679
Construction retainage	-	23,564	-	4,157,762	4,181,326
Unearned revenue	-	363,671	-	-	363,671
TOTAL LIABILITIES	<u>13,274,002</u>	<u>437,449</u>	<u>-</u>	<u>16,194,918</u>	<u>29,906,369</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	1,069,571	-	486,038	-	1,555,609
FUND BALANCES:					
Nonspendable:					
Inventory	95,829	223,828	-	-	319,657
Prepaid items	1,116,986	-	-	59,045	1,176,031
Restricted for:					
Special programs	-	9,243,212	-	-	9,243,212
Debt services	-	-	2,018,562	-	2,018,562
Capital projects	-	-	-	205,491,770	205,491,770
Assigned for:					
School carryover	630,000	-	-	-	630,000
Unassigned	10,130,419	-	-	-	10,130,419
TOTAL FUND BALANCES	<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>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 26,316,807</u>	<u>\$ 9,904,489</u>	<u>\$ 2,504,600</u>	<u>\$ 221,745,733</u>	<u>\$ 260,471,629</u>

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, 2020

TOTAL FUND BALANCES \$ 229,009,651

Capital assets are not financial resources and therefore are not reported in the governmental funds:

Capital assets	\$ 650,647,360	
Accumulated depreciation	(195,096,401)	
		455,550,959

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. 1,555,609

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. (775,007)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (2,820,060)

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)	(535,725,507)	
Capital leases payable	(2,348,222)	
Qualified Energy Conservation Bond	(2,164,679)	
PERS pension bonds payable	(104,510,000)	
		(644,748,408)

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	(203,797,390)	
PERS deferred outflow of resources	72,528,989	
PERS deferred inflow of resources	(18,941,120)	
		(150,209,521)

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	2,352,904	
OPEB liability	(13,976,360)	
OPEB deferred outflow of resources	4,251,870	
OPEB deferred inflow of resources	(2,904,596)	
		(10,276,182)

TOTAL NET POSITION \$ (122,712,959)

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, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES:					
Local sources:					
Property taxes	\$ 78,417,736	\$ -	\$ 35,723,746	\$ -	\$ 114,141,482
Charges for services	608,138	4,470,380	-	-	5,078,518
Interest on investments	952,124	-	428,090	4,107,676	5,487,890
Contributions and donations	-	1,264,365	-	-	1,264,365
Services provided to other funds	-	-	11,877,350	-	11,877,350
Other	1,007,645	3,491,819	57	5,212	4,504,733
Intermediate sources	3,579,750	1,485,223	-	-	5,064,973
State sources	140,781,871	5,982,005	-	8,000,000	154,763,876
Federal sources	-	14,688,361	-	-	14,688,361
Total Revenues	225,347,264	31,382,153	48,029,243	12,112,888	316,871,548
EXPENDITURES:					
Current:					
Instruction	136,371,988	11,219,466	-	-	147,591,454
Support services	86,305,916	5,925,155	-	52,588	92,283,659
Enterprise and community services	619,919	8,548,496	-	-	9,168,415
Facilities acquisition and construction	-	-	-	26,703,165	26,703,165
Debt service:					
Principal	-	2,263,514	26,995,000	-	29,258,514
Interest	-	136,258	21,415,971	-	21,552,229
Capital outlay	166,790	2,131,019	-	170,649,022	172,946,831
Total Expenditures	223,464,613	30,223,908	48,410,971	197,404,775	499,504,267
Excess (deficiency) of revenues over expenditures	1,882,651	1,158,245	(381,728)	(185,291,887)	(182,632,719)
OTHER FINANCING SOURCES (USES):					
Bonds issued	-	-	-	139,605,000	139,605,000
Premium on bonds issued	-	-	-	27,701,843	27,701,843
Issuance of debt	-	1,200,388	-	-	1,200,388
Sale or compensation for loss of capital assets	41	10,312	-	-	10,353
Total Other Financing Sources (Uses)	41	1,210,700	-	167,306,843	168,517,584
NET CHANGE IN FUND BALANCES	1,882,692	2,368,945	(381,728)	(17,985,044)	(14,115,135)
FUND BALANCES as of July 1, 2019	10,090,542	7,098,095	2,400,290	223,535,859	243,124,786
FUND BALANCES as of June 30, 2020	\$ 11,973,234	\$ 9,467,040	\$ 2,018,562	\$ 205,550,815	\$ 229,009,651

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, 2020

NET CHANGES IN FUND BALANCES		\$ (14,115,135)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities most of the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	\$ 176,967,913	
Less current year depreciation expense	(11,644,548)	
Capital asset dispositions	<u>(2,751,955)</u>	
		162,571,410
Interest payable is not accrued in the governmental funds, but is accrued in the government-wide statements.		(2,072,950)
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.		(281,565)
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.		
Debt issued	(167,306,843)	
Debt principal repaid	27,926,684	
Amortization expense	<u>3,041,722</u>	
		(136,338,437)
Capital lease proceeds are recorded as an other financing source in governmental funds. This debt, however, increases liabilities in the Statement of Net Position.		
Debt issued	(1,200,388)	
Debt principal repaid	<u>1,375,460</u>	
		175,072
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.		355,918
In the Statement of Activities, pension expense is adjusted based upon the actuarially determined contribution changes		(35,068,764)
In the Statement of Activities, OPEB expense is adjusted based upon the actuarially determined contribution changes		<u>(886,003)</u>
CHANGE IN NET POSITION		<u><u>\$ (25,660,454)</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, 2020

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, 2020

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 is presented as major due to the political importance of the 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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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.

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

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stewardship, Compliance, and Accountability (Continued)

Budgetary Information (Continued)

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, 2020

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), 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, 2020:

Deposits with financial institutions:	
Demand Deposits	\$ 7,356,521
Money Market	880,432
Certificates of Deposit	715,250
Investments	<u>238,579,204</u>
Total	<u>\$ 247,531,406</u>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

2. CASH AND INVESTMENTS (Continued)

Deposits

The District's deposits with various financial institutions at year end had a bank value of \$15,707,714, and a book value of \$8,952,203. 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, 2020, \$14,744,406 of the District's bank balances were covered by the PFCP, and \$155,138 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, 2020

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, 2020.

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, 2020. 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, 2020, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-17	18-59
U.S. Treasury Securities	\$ 135,886,657	\$ 135,886,657	\$ -	\$ -
State Treasurer's Investment Pool	102,692,547	102,692,547	-	-
Total	<u>\$ 238,579,204</u>	<u>\$ 238,579,204</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, 2020

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.

The “weighted average maturity in years” calculation assumes that all investments are held until maturity.

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, 2020, the District was in compliance with all percentage restrictions.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 2,231,781
Grants	6,838,270
Interest and other	2,374,484
Total	<u>\$ 11,444,535</u>

4. CAPITAL ASSETS

Capital assets activity for the year was as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 39,436,753	\$ -	\$ -	\$ 39,436,753
Construction in progress	34,835,498	118,951,908	(16,306,121)	137,481,285
Total capital assets not being depreciated	<u>74,272,251</u>	<u>118,951,908</u>	<u>(16,306,121)</u>	<u>176,918,038</u>
Capital assets being depreciated:				
Building and improvements	346,716,445	71,965,219	-	418,681,664
Furniture and fixtures	23,489,957	9,930	-	23,499,887
Equipment	4,536,640	493,895	-	5,030,535
Motor vehicles	20,917,341	1,662,337	(1,085,971)	21,494,707
Information technology equipment	8,426,191	190,745	(3,594,407)	5,022,529
Total capital assets being depreciated	<u>404,086,574</u>	<u>74,322,126</u>	<u>(4,679,378)</u>	<u>473,729,322</u>
Less accumulated depreciation for:				
Building and improvements	(141,894,045)	(9,613,200)	-	(151,507,245)
Furniture and fixtures	(21,413,972)	(193,555)	-	(21,607,527)
Equipment	(3,012,177)	(165,606)	-	(3,177,783)
Motor vehicles	(14,173,676)	(1,442,874)	1,084,971	(14,531,579)
Information technology equipment	(4,885,406)	(229,313)	842,452	(4,272,267)
Total accumulated depreciation	<u>(185,379,276)</u>	<u>(11,644,548)</u>	<u>1,927,423</u>	<u>(195,096,401)</u>
Total capital assets being depreciated, net	<u>218,707,298</u>	<u>62,677,578</u>	<u>(2,751,955)</u>	<u>278,632,921</u>
Total capital assets, net	<u>\$ 292,979,549</u>	<u>\$ 181,629,486</u>	<u>\$ (19,058,076)</u>	<u>\$ 455,550,959</u>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

4. CAPITAL ASSETS (Continued)

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

<u>Program</u>	
Instruction	\$ 6,900,945
Support Services	4,314,914
Enterprise and Community Services	<u>428,688</u>
Total Depreciation	<u>\$ 11,644,548</u>

5. COMPENSATED ABSENCES

Activity for compensated absences for the year ended June 30, 2020 is as follows:

Balance July 1, 2019	\$ 493,442
Additions	775,007
Payments	<u>(493,442)</u>
Balance June 30, 2020	<u>\$ 775,007</u>
 Due Within One Year	 <u>\$ 581,255</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, 2020

6. LONG-TERM DEBT

Long-term debt is comprised of:

	Total	Due Within One Year
General Obligation Bonds	\$ 535,725,507	\$ 14,570,000
Pension Obligation Bonds	104,510,000	7,855,000
Qualified Energy Conservation Bond	2,164,679	429,554
Capital Leases	2,348,222	965,085
Balance June 30, 2020	644,748,408	<u>\$ 23,819,639</u>
Due within one year	<u>23,819,639</u>	
Due in more than one year	<u>\$ 620,928,769</u>	

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

Governmental Activities Description	Outstanding July 1, 2019	Increases	Decreases	Outstanding June 30, 2020	Due Within One Year
General obligation bonds	\$ 343,800,000	\$ 139,605,000	\$ 20,010,000	\$ 463,395,000	\$ 14,570,000
Unamortized Premium	47,670,386	27,701,843	3,041,722	72,330,507	-
Total General obligation bonds, net	391,470,386	167,306,843	23,051,722	535,725,507	14,570,000
Pension obligation bonds	111,495,000	-	6,985,000	104,510,000	7,855,000
Full faith & credit obligation bonds	510,000	-	510,000	-	-
Notes from direct placements and borrowings:					
Qualified energy conservation bond	2,586,363	-	421,684	2,164,679	429,554
Capital leases	2,523,294	1,200,388	1,375,460	2,348,222	965,085
Total	<u>\$ 508,585,043</u>	<u>\$ 168,507,231</u>	<u>\$ 32,343,866</u>	<u>\$ 644,748,408</u>	<u>\$ 23,819,639</u>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

6. LONG-TERM DEBT (Continued)

General Obligation Bonds – On November 20, 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%.

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 \$102,850,000 in debt as part of a pooled issuance of \$458,620,000.

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.

Full Faith & Credit Obligation Bonds – Advance Refunding Bonds. On May 29, 2008, the District issued \$4.4 million in Series 2008, Full Faith and Credit Refunding Obligations that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of \$4.2 million of Full Faith Credit Obligations. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding was undertaken to reduce total debt service payments by \$282,708 and resulted in an economic gain of \$234,413.

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

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

6. LONG-TERM DEBT (Continued)

Capital Leases - The District entered into lease agreements as lessee for financing the acquisition of buses for student transportation in 2015-16 for \$1,967,423, 2016-17 for \$1,254,560, 2017-18 for 1,294,571, 2018-19 for \$1,084,810 and 2019-20 for \$1,200,388. 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 decreased from \$2.5 million to \$2.3 million. The leased buses have a cost of \$6.8 million, and a net book value of \$2.4 million, and accumulated depreciation of \$4.4 million at June 30, 2020. 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.

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

For the Year	General Obligation Bonds		Pension Obligation Bonds		Notes from Direct Placements		Capital Leases	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 14,570,000	\$ 23,242,487	\$ 7,855,000	\$ 4,738,687	\$ 429,554	\$ 71,191	\$ 965,085	\$ 59,862
2022	18,500,000	20,729,950	8,790,000	4,391,071	171,807	58,553	727,745	38,086
2023	20,745,000	19,960,100	9,795,000	3,998,695	129,179	52,976	477,029	20,029
2024	23,110,000	19,070,600	10,880,000	3,558,037	134,704	48,459	178,363	6,627
2025	25,580,000	18,072,950	12,040,000	3,065,600	140,409	43,749	-	-
2026-30	106,055,000	72,300,750	41,855,000	7,176,475	794,355	140,897	-	-
2031-35	116,550,000	48,839,950	13,295,000	1,369,430	364,671	15,903	-	-
2036-40	138,285,000	16,692,150	-	-	-	-	-	-
Total	<u>\$ 463,395,000</u>	<u>\$ 238,908,937</u>	<u>\$ 104,510,000</u>	<u>\$ 28,297,995</u>	<u>\$ 2,164,679</u>	<u>\$ 431,728</u>	<u>\$ 2,348,222</u>	<u>\$ 124,604</u>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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 for fiscal periods beginning on or after June 15, 2017, 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 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, 2019 (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.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

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	\$ -	\$ 2,352,904	\$ 2,352,904
Deferred Outflows of Resources			
Contributions After the Measurement Date	-	155,305	155,305
Difference between expected and actual experience	1,990,225	-	1,990,225
Changes of assumptions or other input	2,106,340	-	2,106,340
Total Deferred Outflows	4,096,565	155,305	4,251,870
Total OPEB Liability	(13,976,360)	-	(13,976,360)
Deferred Inflows of Resources			
Difference between expected and actual experience	-	(310,278)	(310,278)
Changes of assumptions or other input	(2,438,162)	(2,438)	(2,440,600)
Net difference between projected and actual earnings on investments	-	(145,232)	(145,232)
Change in Proportionate Share	-	(8,486)	(8,486)
Total Deferred Inflows	(2,438,162)	(466,434)	(2,904,596)
OPEB Expense (Included in program expenses on Statement of Activities)	1,735,945	(468,221)	1,267,724

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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 \$13,976,360 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

For the fiscal year ended June 30, 2020 the District recognized OPEB expense from this plan of \$1,735,945.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020
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	5.00% for 2019-20 Rates will range from 4.5%-6.00% over the next 18+ years
Mortality Rates	<p>Basic table: Pub-2010 Teachers table, separate Employee/Healthy Annuitant, sex distinct, generational, no setback.</p> <p>Mortality rates for active male participants are 120% of the above rates, and for active female participants are 100% of the above rates.</p> <p>Beneficiaries: Pub-2010 General Employees table, Healthy Annuitant, sex distinct, generational, set back 12 months for males, no set back for females.</p> <p>Improvement Scale: Unisex Social Security Data Scale (60 year average), with data through 2015.</p>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

Implicit Rate Subsidy (Medical) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of July 1, 2019	\$ 13,421,130
Changes for the year:	
Service cost	952,483
Interest on Total OPEB Liability	496,396
Differences between expected and actual experience	2,274,543
Changes of assumptions or other input	(2,786,471)
Benefit payments	(381,721)
Balance as of June 30, 2020	<u>\$ 13,976,360</u>

Schedule of Collective Deferred Inflows and Outflows

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ 1,990,225	\$ -	\$ 1,990,225
Changes of assumptions or other inputs	2,106,340	(2,438,162)	(331,822)
Net deferred outflow(inflow) of resources	<u>\$ 4,096,565</u>	<u>\$ (2,438,162)</u>	<u>\$ 1,658,403</u>

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

Year ending June 30	Amount
2021	\$ 287,066
2022	287,066
2023	287,066
2024	287,066
2025	287,066
Thereafter	223,073
Total	<u>\$ 1,658,403</u>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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.

Discount Rate	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
Total OPEB Liability	\$ 15,164,186	\$ 13,976,360	\$ 12,865,661

Healthcare Cost Trend	1% Decrease	Current Trend	1% Increase
Total OPEB Liability	\$ 12,183,828	\$ 13,976,360	\$ 16,131,635

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, 2020

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, 2020 contributions was \$155,305.

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

At June 30, 2020, the District reported an asset of \$2,352,904 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. 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, 2019, the District's proportionate share was 1.22%, increased from 1.21% as of June 30, 2018.

For the year ended June 30, 2020, the District recognized OPEB revenue from this plan of \$468,221. At June 30, 2020, 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, 2020

7. OTHER POST-EMPLOYMENT BENEFITS (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, 2020

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ -	\$ (310,278)	\$ (310,278)
Changes of assumptions	-	(2,438)	(2,438)
Net difference between projected and actual earnings on investments	-	(145,232)	(145,232)
Changes in proportionate share	-	(8,486)	(8,486)
Subtotal-Amortized Deferrals	-	(466,434)	\$ (466,434)
District contributions subsequent to measurement date	155,305	-	
Net deferred outflow(inflow) of Resources	\$ 155,305	\$ (466,434)	

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
2021	\$ (241,027)
2022	(213,291)
2023	(27,075)
2024	14,959
Total	\$ (466,434)

All assumptions, methods and plan provisions used in these calculation are described in the Oregon PERS system-wide GASB 75 reporting summary dated March 4, 2020.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

PERS Retirement Health Insurance Account (Continued)

Actuarial Methods and Assumptions

Valuation date	December 31, 2017
Measurement date	June 30, 2019
Experience Study	2016, published July 26, 2017
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: 35%; Disabled retirees: 20%
Healthcare cost trend rate	Not Applicable
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale with collar adjustments and set-back as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

(Source: June 30, 2019 PERS CAFR; page 73)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2019 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, 2019			
	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
OPEB – RHIA	\$ (1,824,108)	\$ (2,352,904)	\$ (2,803,477)

Sensitivity of Net OPEB Liability/(Asset) in the Healthcare Trend as of June 30, 2019			
	1% Decrease	Current Healthcare Trend Rate	1% Increase
OPEB – RHIA	\$ (2,352,904)	\$ (2,352,904)	\$ (2,352,904)

- **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 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, 2020

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> ¹				
<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u> ²	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
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 %

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

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

(Source: June 30, 2019 PERS CAFR; page 74; Table 31)

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020**

**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, 2019, 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, 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.

Employer contributions made after the measurement date are not reflected in the schedule of OPEB amounts by employer. Appropriate treatment of such amounts is the responsibility of the employer.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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

PERS Retirement Health Insurance Account (Continued)

Actuarial Methods and Assumptions (Continued)

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>

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.

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

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. PENSION PLAN (Continued)

- **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:
 - Member was employed by PERS employer at the time of death;
 - Member died within 120 days after termination of PERS-covered employment;
 - Member died as a result of injury sustained while employed in a PERS-covered job; or
 - Member was on an official leave of absence from a PERS-covered job at the time of death.

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

- **Disability Benefits.** A member with ten or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits, regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) 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:

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. PENSION PLAN (Continued)

- 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.

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, 2020, were \$22,827,458, excluding amounts to fund employer specific liabilities. Approximately \$11,849,542 was charged for the year ended June 30, 2020, as PERS benefits expenditures to be used for bond payments as they become due. Approximately \$35,068,764 was recognized as employer pension expense during the reporting period.

At June 30, 2020, the District reported a net pension liability of \$203,797,390 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to a

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. PENSION PLAN (Continued)

Contributions (Continued)

measurement date of June 30, 2019. 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, 2019, the District's proportion was 1.18 percent.

PERS Schedule of Pension Amounts under GASB 68
June 30, 2020

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ 11,238,825	\$ -	\$ 11,238,825
Changes of assumptions	27,647,441	-	27,647,441
Net difference between projected and actual earnings on investments	-	(5,777,449)	(5,777,449)
Changes in proportionate share	7,701,637	(6,942,444)	759,193
Differences between employer contributions and employer's proportionate share of system contributions	3,113,628	(6,221,227)	(3,107,599)
Subtotal-Amortized Deferrals	49,701,531	(18,941,120)	\$ 30,760,411
District contributions subsequent to measurement date	22,827,458	-	
Net deferred outflow(inflow) of Resources	\$ 72,528,989	\$ (18,941,120)	

Amounts reported as deferred outflows or inflows of resources related to pension will be recognized in pension expense as follows:

Year ending June 30	Amount
2021	\$ 21,915,901
2022	1,370,222
2023	4,831,134
2024	2,751,799
2025	(108,645)
Total	\$ 30,760,411

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 4, 2020. Oregon PERS produces an independently audited CAFR which can be found 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, 2020

8. PENSION PLAN (Continued)

Actuarial Methods and Assumptions

Valuation date	December 31, 2017
Measurement date	June 30, 2019
Experience Study	2016, published July 26, 2017
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>Healthy retirees and beneficiaries: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

(Source: June 30, 2019 PERS CAFR; page 71)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study, which reviewed experience for the four-year period ended on December 31, 2016.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

- **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, 2020

8. PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

TABLE 31

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation*	Annual Arithmetic Return ²	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 %

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

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

(Source: June 30, 2019 PERS CAFR; 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, 2020

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 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

- **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.

Sensitivity of Net Pension Liability to Changes in the Discount Rate As of June 30, 2019

(Measurement Date)			
Employers' Net Pension Liability/(Asset)	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Defined Benefit Pension Plan	\$ 326,363,437	\$ 203,797,390	\$ 101,226,493

- **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, 2019, 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, 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, 2020

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, 2020, 2019, and 2018.

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.

**HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

10. COMMITMENTS AND CONTINGENCIES (Continued)

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 \$87.1 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, 2020, were as follows:

General Fund	\$ 1,116,986
Capital Projects Fund	<u>59,045</u>
Total	<u><u>\$1,176,031</u></u>

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, the District was affected by tax abatement agreements made by Washington County through six programs.

Exemption Type	Tax Abatement Amount
Construction in Process in Enterprise Zone (ORS 285C.170)	\$110,000
Enterprise Zone (ORS 285C.175)	\$4,106,000
Housing for Low Income Rental (ORS 307.517)	\$21,000
Strategic Investment Program (ORS 285C.600)	\$68,861,000
Vertical Housing (ORS 307.864)	\$472,000
Nonprofit Corporation Low Income Housing (ORS 307.541)	\$218,000

Estimated based on certified tax roll values (10/7/19)

13. NEW ACCOUNTING STANDARDS IMPLEMENTED

For the fiscal year ended June 30, 2020, the District implemented the following new accounting standards:

- **GASB Statement 95**, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The requirements of the Statement are effective immediately.
- **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

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

13. NEW ACCOUNTING STANDARDS IMPLEMENTED (Continued)

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. The requirements of the Statement are effective immediately.

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 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 requirements of this Statement are effective for reporting periods beginning after December 15, 2019.
- **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 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. For reporting periods beginning after December 15, 2019.
- **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.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

14. NEW PRONOUNCEMENTS (Continued)

- **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, 2020.
- **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, 2020 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.
- **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.

HILLSBORO SCHOOL DISTRICT 1J
Washington County, Oregon

REQUIRED SUPPLEMENTARY INFORMATION

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HILLSBORO SCHOOL DISTRICT IJ
SCHEDULE OF THE CHANGES IN THE TOTAL OPEB LIABILITY FOR MEDICAL SUBSIDY AND
SCHEDULE OF THE TOTAL OPEB LIABILITY AND RELATED RATIOS FOR MEDICAL SUBSIDY
JUNE 30, 2020

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 ²	Benefit Payments	Net Change in Total OPEB Liability
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 ¹	Covered Employee Payroll	Total OPEB Liability as Percentage of Covered Payroll	Discount Rate
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 OEGB 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, 2020

Schedule of the Proportionate Share of the Net OPEB Liability:

Year Ended June 30,	Employer's Portion of the Net OPEB Liability (NOL)	Employer's Proportionate Share of the Net OPEB Liability (NOL) ¹	Employer's Covered Payroll ²	NOL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
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:

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
2020	\$ 155,305	\$ 155,305	\$ -	\$132,477,552	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, 2020

Year Ended June 30,	Employer's Proportion of the Net Pension Liability (NPL)	Employer's Proportionate Share of the Net Pension Liability (NPL) ¹	Employer's Covered Payroll ²	NPL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	1.18%	\$ 203,797,390	\$ 128,513,691	158.6%	80.2%
2019 ⁶	1.24%	188,690,265	122,808,685	153.6%	82.1%
2018	1.17%	158,356,193	117,330,543	135.0%	83.1%
2017 ⁵	1.11%	167,229,488	112,642,257	142.5%	80.5%
2016 ⁴	1.05%	60,293,919	100,728,284	59.9%	91.9%
2015 ³	1.39%	(31,454,943)	94,898,635	-33.1%	103.6%
2014	1.39%	70,815,787	91,185,660	77.7%	92.0%

Notes:

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 or 7.50% to 7.20%.

HILLSBORO SCHOOL DISTRICT IJ
SCHEDULE OF CONTRIBUTIONS FOR PERS
JUNE 30, 2020

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
2020	\$ 22,827,458	\$ 22,827,458	\$ -	\$ 132,477,552	17.2%
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, 2020

			Actual			
	Original Budget	Final Budget	Budget Basis	Adjustments	GAAP Basis	Variance with Final Budget
REVENUES:						
Local sources						
Property taxes	\$ 75,855,778	\$ 78,508,881	\$ 78,417,736	\$ -	\$ 78,417,736	\$ (91,145)
Charges for services	926,945	926,945	608,138	-	608,138	(318,807)
Earnings on investments	1,200,343	1,200,343	952,124	-	952,124	(248,219)
Contributions & donations	51,500	51,500	-	-	-	(51,500)
Other	1,026,381	1,026,381	1,007,645	-	1,007,645	(18,736)
Intermediate sources	3,679,721	3,679,721	3,579,750	-	3,579,750	(99,971)
State sources	140,165,278	140,165,278	140,781,871	-	140,781,871	616,593
Total Revenues	222,905,946	225,559,049	225,347,264	-	225,347,264	(211,785)
EXPENDITURES:						
Current						
Instruction	137,814,845	137,814,845 (1)	136,391,847	(19,859)	136,371,988	1,422,998
Support services	84,124,933	90,869,381 (1)	86,452,847	(146,931)	86,305,916	4,416,534
Enterprise and community services	689,163	689,163 (1)	619,919	-	619,919	69,244
Capital outlay	-	-	-	166,790	166,790	-
Contingency	3,000,000	-	-	-	-	-
Total Expenditures	225,628,941	229,373,389	223,464,613	-	223,464,613	5,908,776
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,722,995)	(3,814,340)	1,882,651	-	1,882,651	5,696,991
OTHER FINANCING SOURCES (USES)						
Sale or compensation for loss of capital assets	-	-	41	-	41	41
NET CHANGE IN FUND BALANCE	(2,722,995)	(3,814,340)	1,882,692	-	1,882,692	5,697,032
FUND BALANCE, July 1, 2019	8,999,197	10,090,542	10,090,542	-	10,090,542	-
FUND BALANCE, June 30, 2020	\$ 6,276,202	\$ 6,276,202	\$ 11,973,234	\$ -	\$ 11,973,234	\$ 5,697,032

(1) Appropriation Level

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, 2020

	Original Budget	Final Budget		Actual		Variance with Final Budget
				Budget Basis	Adjustments	GAAP Basis
REVENUES:						
Local sources						
Construction excise tax	\$ 750,000	\$ 3,918,673		\$ 2,557,115	\$ -	\$ 2,557,115
Charges for services	5,729,500	5,729,500		4,470,380	-	4,470,380
Earnings on investments	1,500	1,500		-	-	-
Contributions & donations	1,250,000	1,250,000		1,264,365	-	1,264,365
Other	846,000	846,000		934,704	-	934,704
Intermediate sources	1,375,000	1,375,000		1,485,223	-	1,485,223
State sources	5,766,600	5,766,600		5,982,005 (2)	-	5,982,005
Federal sources	17,072,019	18,027,342		14,688,361	-	14,688,361
Total Revenues	32,790,619	36,914,615		31,382,153	-	31,382,153
EXPENDITURES:						
Current						
Instruction	12,912,581	14,840,581 (1)		11,348,362	(128,896)	11,219,466
Support services	10,066,800	11,307,473 (1)		7,893,900	(1,968,745)	5,925,155
Enterprise and community services	10,265,000	10,265,000 (1)		8,581,874	(33,378)	8,548,496
Debt service						
Principal	2,260,170	2,260,170 (1)		2,263,514	-	2,263,514
Interest	162,276	162,276 (1)		136,258	-	136,258
Capital outlay	-	-		-	2,131,019	2,131,019
Total Expenditures	35,666,827	38,835,500		30,223,908	-	30,223,908
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,876,208)	(1,920,885)		1,158,245	-	1,158,245
OTHER FINANCING SOURCES (USES)						
Issuance of debt	1,500,000	1,500,000		1,200,388	-	1,200,388
Sale or compensation for loss of capital assets	25,000	25,000		10,312	-	10,312
Transfers in	500,000	500,000		-	-	-
Transfers out	(409,908)	(409,908)		-	-	-
Total Other Financing Sources (Uses)	1,615,092	1,615,092		1,210,700	-	1,210,700
NET CHANGE IN FUND BALANCE	(1,261,116)	(305,793)		2,368,945	-	2,368,945
FUND BALANCE, July 1, 2019	4,761,116	4,761,116		7,098,095	-	7,098,095
FUND BALANCE, June 30, 2020	\$ 3,500,000	\$ 4,455,323		\$ 9,467,040	\$ -	\$ 9,467,040

(1) Appropriation Level

(2) 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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budget & GAAP Basis Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Local sources				
Property taxes	\$ 36,407,125	\$ 36,407,125	\$ 35,723,746	\$ (683,379)
Interest on investments	300,000	300,000	428,090	128,090
Services provided to other funds	12,023,846	12,023,846	11,877,350	(146,496)
Other revenue in lieu of taxes	-	-	57	57
Total Revenues	<u>48,730,971</u>	<u>48,730,971</u>	<u>48,029,243</u>	<u>(701,728)</u>
EXPENDITURES:				
Current				
Support services	1,000	1,000	-	1,000
Debt service				
Principal	26,995,000	26,995,000	26,995,000	-
Interest	21,415,971	21,415,971	21,415,971	-
Total Expenditures	<u>48,411,971</u>	<u>48,411,971</u>	<u>48,410,971</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCE	319,000	319,000	(381,728)	(700,728)
FUND BALANCE, July 1, 2019	<u>-</u>	<u>-</u>	<u>2,400,290</u>	<u>2,400,290</u>
FUND BALANCE, June 30, 2020	<u>\$ 319,000</u>	<u>\$ 319,000</u>	<u>\$ 2,018,562</u>	<u>\$ 1,699,562</u>

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual		GAAP Basis	Variance with Final Budget
			Budget Basis	Adjustments		
REVENUES:						
Local sources						
Interest on investments	\$ 2,775,000	\$ 2,775,000	\$ 4,107,676	\$ -	\$ 4,107,676	\$ 1,332,676
Other	-	-	5,212	-	5,212	5,212
State sources	-	-	8,000,000	-	8,000,000	8,000,000
Total Revenues	<u>2,775,000</u>	<u>2,775,000</u>	<u>12,112,888</u>	<u>-</u>	<u>12,112,888</u>	<u>9,337,888</u>
EXPENDITURES:						
Current						
Support services	68,875	68,875	52,588	-	52,588	16,287
Facilities acquisition and construction	224,840,864	224,840,864	197,352,187	(170,649,022)	26,703,165	27,488,677
Capital outlay	-	-	-	170,649,022	170,649,022	-
Contingency	5,000,000	5,000,000	-	-	-	5,000,000
Total Expenditures	<u>229,909,739</u>	<u>229,909,739</u>	<u>197,404,775</u>	<u>-</u>	<u>197,404,775</u>	<u>32,504,964</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(227,134,739)	(227,134,739)	(185,291,887)	-	(185,291,887)	41,842,852
OTHER FINANCING SOURCES (USES):						
Bonds issued	-	-	139,605,000	-	139,605,000	139,605,000
Premium on bonds issued	-	-	27,701,843	-	27,701,843	27,701,843
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>167,306,843</u>	<u>-</u>	<u>167,306,843</u>	<u>167,306,843</u>
NET CHANGE IN FUND BALANCE	(227,134,739)	(227,134,739)	(17,985,044)	-	(17,985,044)	209,149,695
FUND BALANCE, July 1, 2019	<u>242,648,965</u>	<u>242,648,965</u>	<u>223,535,859</u>	<u>-</u>	<u>223,535,859</u>	<u>(19,113,106)</u>
FUND BALANCE, June 30, 2020	<u>\$ 15,514,226</u>	<u>\$ 15,514,226</u>	<u>\$ 205,550,815</u>	<u>\$ -</u>	<u>\$ 205,550,815</u>	<u>\$ 190,036,589</u>

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HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF REVENUES - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Fund 100	Fund 200	Fund 300
REVENUES:			
Revenue from local sources:			
1110 Ad valorem taxes paid by District	\$ 78,327,722	\$ -	\$ 35,683,113
1114 Payments in lieu of property taxes	13,536	-	6,167
1190 Penalties and interest on taxes	76,478	-	34,466
1200 Revenue from local governments - Construction Excise Tax	-	2,557,115	-
1310 Tuition	577	-	-
1400 Transportation fees	12,562	-	-
1500 Earning on investments	952,124	-	428,090
1600 Food service	-	1,481,151	-
1700 Extracurricular activities	406,141	2,917,484	-
1800 Community services activities	-	71,745	-
1910 Rentals	188,858	60,000	-
1920 Contributions & donations	-	1,264,365	-
1960 Recovery of prior year	24,314	135,990	-
1970 Services provided other funds	131,475	11,782	11,877,350
1980 Fees charged to grants	461,201	-	-
1990 Miscellaneous	390,655	657,038	57
1995 Printing revenue	-	69,894	-
Total revenue from local sources	80,985,643	9,226,564	48,029,243
Revenue from intermediate sources:			
2101 County school funds	382,069	-	-
2103 ESD	3,197,681	-	-
2200 Restricted revenue	-	1,485,223	-
Total revenue from intermediate sources	3,579,750	1,485,223	-
Revenue from state sources:			
3101 State school fund - general support	126,666,824	-	-
3102 State school fund - school lunch match	-	81,221	-
3103 Common school fund	2,012,688	-	-
3104 State managed county timber	852,363	-	-
3105 State school fund - transportation grant	11,199,996	-	-
3120 Reduced breakfast reimbursement	-	11,776	-
3121 Reduced lunch reimbursement	-	43,369	-
3199 Other unrestricted grants	-	12,819	-
3200 Restricted grants-in-aid	50,000	685,853	-
3222 State school fund transportation equipment	-	1,464,000	-
3299 Other restricted grants-in-aid	-	3,682,967	-
Total revenue from state sources	140,781,871	5,982,005	-
Revenue from federal sources:			
4100 Unrestricted direct from federal government	-	12,834	-
4200 Unrestricted federal revenue through state	-	26,005	-
4500 Restricted revenue from federal government	-	13,685,275	-
4700 Restricted revenue from federal government through intermediate sources	-	402,237	-
4900 Revenue for/on behalf of the District	-	562,010	-
Total revenue from federal sources	-	14,688,361	-
Revenue from other sources:			
5100 Long-term financing sources	-	1,200,388	-
5110 Bond proceeds	-	-	-
5300 Sale or compensation for loss of capital assets	41	10,312	-
5400 Resources - beginning fund balance	10,090,542	7,098,095	2,400,290
Total revenue from other sources	10,090,583	8,308,795	2,400,290
TOTAL REVENUES	\$ 235,437,847	\$ 39,690,948	\$ 50,429,533

Fund 400	Total
\$ -	\$ 114,010,835
-	19,703
-	110,944
-	2,557,115
-	577
-	12,562
4,107,676	5,487,890
-	1,481,151
-	3,323,625
-	71,745
-	248,858
-	1,264,365
5,212	165,516
-	12,020,607
-	461,201
-	1,047,750
-	69,894
4,112,888	142,354,338
-	382,069
-	3,197,681
-	1,485,223
-	5,064,973
-	126,666,824
-	81,221
-	2,012,688
-	852,363
-	11,199,996
-	11,776
-	43,369
-	12,819
8,000,000	8,735,853
-	1,464,000
-	3,682,967
8,000,000	154,763,876
-	12,834
-	26,005
-	13,685,275
-	402,237
-	562,010
-	14,688,361
-	1,200,388
167,306,843	167,306,843
-	10,353
223,535,859	243,124,786
390,842,702	411,642,370
\$ 402,955,590	\$ 728,513,918

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

	Object 100	Object 200
EXPENDITURES:		
Instruction:		
1111 Primary programs	\$ 31,768,418	\$ 17,727,753
1113 Elementary extracurricular	85,994	28,898
1121 Middle school programs	7,019,210	3,825,796
1122 Middle school extracurricular	68,913	23,712
1131 High school programs	14,876,009	8,163,033
1132 High school extracurricular	1,611,024	644,641
1133 High school Saturday school	4,834	1,692
1210 Talented and gifted program	270,353	141,820
1220 Students with disabilities - restricted programs	8,846,460	6,240,687
1250 Students with disabilities - less restricted programs	7,628,217	4,863,377
1280 Alternative education	656,501	366,196
1291 English second language programs	7,353,016	4,455,470
1292 Teen parent programs	362,365	232,366
1294 Youth corrections education	259,476	148,119
Total instruction	80,810,790	46,863,560
Support services:		
2110 Attendance and social work services	2,577,613	1,312,258
2120 Guidance services	3,709,712	1,945,982
2130 Health services	1,077,716	651,381
2140 Psychological services	645,832	336,285
2150 Speech pathology services	2,463,663	1,178,530
2160 Other student treatment services	-	-
2190 Service direction, student special education	45,666	17,248
2210 Improvement of Instructional services	252,524	108,883
2220 Educational media services	550,207	488,844
2230 Assessment and testing	10,647	3,785
2240 Instructional staff development	633,248	312,732
2310 Board of Education services	77,125	28,013
2320 Executive administration services	331,517	191,530
2410 Office of the principal services	8,927,921	5,418,101
2490 Other support services school administration	1,442,610	826,797
2510 Direction of business support services	541,152	860,071
2520 Fiscal services	553,284	369,577
2540 Operation and maintenance of plant	5,512,689	3,634,464
2550 Student transportation services	7,890,126	5,765,267
2570 Internal services	228,519	148,351
2630 Information/production services	368,393	201,194
2640 Staff services	738,564	874,042
2660 Technology services	1,696,300	969,853
2670 Records management services	-	-
Total support services	40,275,028	25,643,188
Enterprise and community services		
3300 Other community services	328,839	221,021
Total enterprise and community services	328,839	221,021
TOTAL EXPENDITURES	\$ 121,414,657	\$ 72,727,769

Object 300	Object 400	Object 500	Object 600	Total
\$ 1,521,438	\$ 493,473	\$ -	\$ 175	\$ 51,511,257
4,144	11,881	-	1,600	132,517
209,029	97,259	1,000	1,204	11,153,498
150	6,488	-	-	99,263
462,911	286,770	5,837	2,415	23,796,975
251,454	115,100	13,022	171,592	2,806,833
-	-	-	-	6,526
7,259	3,661	-	240	423,333
1,343,381	90,475	-	58,192	16,579,195
235,409	20,275	-	-	12,747,278
2,597,265	288,985	-	83,031	3,991,978
298,069	20,415	-	96	12,127,066
4,915	9	-	-	599,655
6,438	2,440	-	-	416,473
6,941,862	1,437,231	19,859	318,545	136,391,847
2,067,911	59,289	4,600	3,093	6,024,764
450,146	69,986	-	6,487	6,182,313
40,075	4,722	-	1,414	1,775,308
63,508	9,094	-	-	1,054,719
191,951	4,727	-	389	3,839,260
113,746	-	-	-	113,746
236,122	2,451	-	425	301,912
157,599	348,168	-	100	867,274
23,709	52,107	-	90	1,114,957
155,780	196,659	-	-	366,871
406,072	19,733	-	2,508	1,374,293
78,771	6,642	-	26,103	216,654
20,448	12,504	-	4,194	560,193
378,787	369,148	8,805	139,962	15,242,724
127,764	44,646	-	40	2,441,857
60,077	6,614	-	3,290	1,471,204
378,533	34,322	7,622	947,947	2,291,285
7,610,087	1,214,000	46,509	274,885	18,292,634
206,725	863,953	66,465	261,362	15,053,898
(363,856)	140,673	3,440	-	157,127
215,047	275,849	9,490	423	1,070,396
162,571	9,972	-	50,821	1,835,970
1,121,360	971,123	-	3,100	4,761,736
31,587	10,085	-	80	41,752
13,934,520	4,726,467	146,931	1,726,713	86,452,847
64,125	5,934	-	-	619,919
64,125	5,934	-	-	619,919
\$ 20,940,507	\$ 6,169,632	\$ 166,790	\$ 2,045,258	\$ 223,464,613

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF SPECIAL REVENUE FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

		Object 100	Object 200	Object 300	Object 400
EXPENDITURES:					
Instruction:					
1111	Primary programs	\$ 40,695	\$ 14,873	\$ 288,417	\$ 211,647
1113	Elementary extracurricular	8,615	2,854	7,327	22,227
1121	Middle school programs	262,000	130,376	12,585	245,975
1122	Middle school extracurricular	8,596	2,841	5,652	10,168
1131	High school programs	680,111	375,556	68,251	179,918
1132	High school extracurricular	6,854	2,028	2,694	2,525,636
1133	High school Saturday school	633	217	-	-
1140	Pre-kindergarten programs	26,454	17,634	155	1,344
1210	Talented and gifted program	-	-	650	-
1221	Students with disabilities - restrictive programs	757,497	418,598	23,429	1,919
1250	Students with disabilities - less restrictive programs	165	57	177	-
1272	Title I	1,184,985	841,040	92,931	123,261
1280	Alternative education	492,503	278,127	201,589	45,505
1291	English second language programs	3,276	1,303	100	10,415
1292	Teen parent programs	32,108	17,536	110	-
1293	Migrant education	699,626	381,230	146,955	74,941
1295	English language learner	-	-	4,197	9,392
1400	Summer school programs	2,737	900	-	-
	Total instruction	<u>4,206,855</u>	<u>2,485,170</u>	<u>855,219</u>	<u>3,462,348</u>
Support services:					
2110	Attendance and social work services	161,597	91,760	14,221	2,497
2120	Guidance services	836,721	463,854	1,976	440
2130	Health services	-	-	41,258	-
2140	Psychological services	82,296	39,869	-	-
2150	Speech pathology and audiology services	23,544	15,817	-	-
2160	Student treatment center	246,444	142,633	-	-
2190	Service direction, student special education	399,151	241,345	238	-
2210	Improvement of instruction services	217,552	94,433	80,991	32,068
2220	Media services	-	-	-	19,967
2230	Assessment and testing	-	-	8,118	-
2240	Instructional staff development	407,419	207,745	293,841	767
2410	Office of the principal services	5,582	1,870	21,384	52,515
2490	Other support services school administration	37,130	13,997	52,426	3,457
2510	Direction of business support services	20,160	13,243	212	-
2520	Fiscal services	-	-	-	-
2540	Operation and maintenance of plant	191,892	72,763	77,558	266
2550	Student transportation services	-	-	33,114	-
2570	Internal Services	3,915	319	180	2,250
2610	Direction of central support services	500,072	245,853	-	1,077
2630	Information/production services	-	-	-	9,503
2640	Recruitment and placement	-	-	-	327
2660	Technology services	38,122	23,461	6,312	-
2690	Other support services central	-	-	-	-
	Total support services	<u>3,171,597</u>	<u>1,668,962</u>	<u>631,829</u>	<u>125,134</u>
Enterprise and community services:					
3100	Food services	2,566,101	1,692,292	160,141	3,237,510
3300	Community services	242,235	149,198	408,528	33,659
	Total enterprise and community services	<u>2,808,336</u>	<u>1,841,490</u>	<u>568,669</u>	<u>3,271,169</u>
Debt service					
5110	Long-term debt service	-	-	-	-
	Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES		<u>\$ 10,186,788</u>	<u>\$ 5,995,622</u>	<u>\$ 2,055,717</u>	<u>\$ 6,858,651</u>

Object 500	Object 600	Total
\$ 9,995	\$ -	\$ 565,627
-	3,645	44,668
24,285	160	675,381
-	-	27,257
94,616	10,854	1,409,306
-	60	2,537,272
-	-	850
-	-	45,587
-	-	650
-	20,529	1,221,972
-	-	399
-	105,201	2,347,418
-	19,050	1,036,774
-	-	15,094
-	-	49,754
-	49,568	1,352,320
-	807	14,396
-	-	3,637
<u>128,896</u>	<u>209,874</u>	<u>11,348,362</u>
-	1,928	272,003
-	-	1,302,991
-	12,819	54,077
-	-	122,165
-	-	39,361
-	-	389,077
-	81,765	722,499
-	5,020	430,064
-	-	19,967
-	-	8,118
-	12,616	922,388
-	156	81,507
-	-	107,010
-	-	33,615
-	46,212	46,212
372,873	-	715,352
1,595,872	-	1,628,986
-	-	6,664
-	19,110	766,112
-	-	9,503
-	-	327
-	-	67,895
-	148,007	148,007
<u>1,968,745</u>	<u>327,633</u>	<u>7,893,900</u>
33,378	39,312	7,728,734
-	19,520	853,140
<u>33,378</u>	<u>58,832</u>	<u>8,581,874</u>
-	2,399,772	2,399,772
-	2,399,772	2,399,772
<u>\$ 2,131,019</u>	<u>\$ 2,996,111</u>	<u>\$ 30,223,908</u>

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF DEBT SERVICE FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	TOTAL
EXPENDITURES:							
Debt Services							
5100 Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,410,971	\$ 48,410,971
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,410,971</u>	<u>\$ 48,410,971</u>

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HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF CAPITAL PROJECTS FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

	Object 100	Object 200	Object 300
EXPENDITURES:			
Support services			
2660 Technology	\$ 39,120	\$ 13,468	\$ -
Total support services	<u>39,120</u>	<u>13,468</u>	<u>-</u>
Facilities acquisition & construction			
4150 Building acquisition, construction, & improvement services	832,336	451,318	15,499,586
4180 Other capital purchases	-	-	187,027
Total facilities acquisition & construction	<u>832,336</u>	<u>451,318</u>	<u>15,686,613</u>
TOTAL EXPENDITURES	<u><u>\$ 871,456</u></u>	<u><u>\$ 464,786</u></u>	<u><u>\$ 15,686,613</u></u>

Object 400	Object 500	Object 600	Total
\$ -	\$ -	\$ -	\$ 52,588
-	-	-	52,588
4,089,383	163,544,659	2,772,759	187,190,041
2,870,756	7,104,363	-	10,162,146
6,960,139	170,649,022	2,772,759	197,352,187
<u>\$ 6,960,139</u>	<u>\$ 170,649,022</u>	<u>\$ 2,772,759</u>	<u>\$ 197,404,775</u>

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, 2019-20

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	\$ 4,517,104
Function 2550	\$ 44,963

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

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

Exclude these functions:

\$ 17,992

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>
Financial Trends	98
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	106
These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	114
Demographic and Economic Information	120
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	122
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources:

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

HILLSBORO SCHOOL DISTRICT 1J
NET POSITION BY CATEGORY
Last Ten Fiscal Years
2011 Through 2020
(accrual basis of accounting)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Governmental activities:				
Net investment in capital assets	\$ 120,863,366	\$ 119,425,365	\$ 132,523,519	\$ 114,594,309
Restricted for:				
Special programs	9,467,040	7,098,095	7,932,428	7,582,360
Debt service	-	2,027,936	-	3,148,710
Capital projects	-	-	-	-
Unrestricted	<u>(253,043,365)</u>	<u>(225,603,901)</u>	<u>(200,783,225)</u>	<u>(173,946,689)</u>
Total primary government net position	<u><u>\$ (122,712,959)</u></u>	<u><u>\$ (97,052,505)</u></u>	<u><u>\$ (60,327,278)</u></u>	<u><u>\$ (48,621,310)</u></u>

2016	2015	2014	2013	2012	2011
\$ 93,370,283	\$ 78,831,288	\$ 64,738,162	\$ 52,287,910	\$ 31,538,602	\$ 43,279,660
8,634,227	5,369,178	5,088,140	5,507,603	6,837,003	2,285,638
6,070,721	7,410,609	4,854,595	3,581,143	3,358,031	3,306,895
-	-	-	8,413,441	13,463,581	20,296,746
(148,835,008)	(94,426,208)	(12,088,874)	(22,377,708)	(7,822,244)	(19,579,279)
<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>	<u>\$ 49,589,660</u>

HILLSBORO SCHOOL DISTRICT 1J
CHANGES IN NET POSITION
Last Ten Fiscal Years
2011 Through 2020
(accrual basis of accounting)

	2020	2019	2018	2017
Governmental Activities:				
Expenses				
Instruction	\$ 184,652,127	\$ 186,964,257	\$ 162,864,021	\$ 149,844,084
Support services	113,220,605	109,178,393	98,545,523	97,716,311
Enterprise & community services	10,936,422	11,452,926	10,288,193	10,128,229
Interest on long-term debt	21,740,215	20,914,030	15,800,759	11,802,160
Total expenses	330,549,369	328,509,606	287,498,496	269,490,784
Program Revenues:				
Charges for services:				
Instruction	3,336,764	4,172,060	4,119,900	4,270,223
Support services	248,858	291,027	230,761	362,020
Enterprise & community services	1,481,151	2,046,648	1,643,568	1,628,711
Operating grants & contributions:				
Instruction	11,600,412	12,091,201	11,469,126	7,919,459
Support services	7,748,399	7,383,616	8,329,519	9,067,847
Enterprise & community services	6,500,827	6,598,480	6,652,121	6,848,551
Interest on long-term debt	396,948	2,051,297	-	-
Capital grants & contributions:				
Support services	8,000,000	-	-	-
Enterprise & community services	-	-	-	-
Facilities	-	-	300,000	-
Total program revenues	39,313,359	34,634,329	32,744,995	30,096,811
Net (Expenses)	(291,236,010)	(293,875,277)	(254,753,501)	(239,393,973)
General Revenues				
Property taxes, levied for general purposes	78,662,450	75,019,638	71,823,536	69,217,233
Property taxes, levied for debt service	35,834,950	33,697,947	32,050,326	31,654,333
State school fund - general support	140,731,871	133,882,639	134,002,096	125,998,472
Unrestricted intermediate sources	3,579,750	4,022,484	3,899,102	3,683,221
Earnings on investments	5,487,890	9,229,868	1,588,315	793,933
Gain on sale of capital assets	-	-	-	-
Miscellaneous	1,278,645	1,297,474	392,516	185,248
Total general revenues	265,575,556	257,150,050	243,755,891	231,532,440
CHANGE IN NET POSITION	\$ (25,660,454)	\$ (36,725,227)	\$ (10,997,610)	\$ (7,861,533)

201

2016	2015	2014	2013	2012	2011
\$ 161,454,482	\$ 90,177,101	\$ 113,612,720	\$ 112,947,889	\$ 111,973,461	\$ 115,345,118
103,928,959	71,099,128	79,207,615	74,174,524	70,449,859	75,113,377
10,354,697	8,308,170	8,129,203	8,540,335	8,277,973	8,109,778
12,218,456	13,029,323	13,034,172	14,610,731	15,656,739	16,560,348
287,956,594	182,613,722	213,983,710	210,273,479	206,358,032	215,128,621
4,837,643	4,531,645	4,842,097	5,119,993	5,330,102	4,409,514
346,318	159,545	609,956	750,681	210,960	227,538
1,639,366	1,512,339	1,719,122	1,672,468	1,720,616	1,739,507
10,413,580	10,258,791	5,981,567	8,761,256	6,435,939	17,996,564
3,990,770	4,144,617	6,392,540	8,174,761	8,666,716	6,136,063
6,727,933	6,522,598	5,522,009	5,795,967	5,788,841	6,490,380
-	-	-	-	-	-
-	-	-	-	-	-
-	-	384,047	450,972	563,818	96,590
-	-	637,036	410,963	-	-
27,955,610	27,129,535	26,088,374	31,137,061	28,716,992	37,096,156
(260,000,984)	(155,484,187)	(187,895,336)	(179,136,418)	(177,641,040)	(178,032,465)
66,578,201	59,703,224	56,664,969	53,423,125	54,224,135	51,832,676
30,857,723	29,812,298	28,493,052	27,812,402	27,696,616	27,630,949
120,567,483	121,330,286	113,662,969	96,246,256	100,256,023	91,150,843
3,393,998	5,137,388	2,546,625	871,920	1,000,000	-
459,813	337,386	276,870	283,150	261,912	387,598
-	-	-	904	-	950,007
199,122	433,204	1,430,485	536,077	794,235	2,086,912
222,056,340	216,753,786	203,074,970	179,173,834	184,232,921	174,038,985
\$ (37,944,644)	\$ 61,269,599	\$ 15,179,634	\$ 37,416	\$ 6,591,881	\$ (3,993,480)

HILLSBORO SCHOOL DISTRICT 1J
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
2011 Through 2020
(modified accrual basis of accounting)

	2020	2019	2018	2017
FUND BALANCES:				
Nonspendable, reported in:				
General fund	\$ 1,212,815	\$ 1,460,812	\$ 591,385	\$ 403,952
Special revenue funds	223,828	225,736	345,821	213,461
Capital projects fund	59,045	-	-	-
Restricted, reported in:				
General fund	-	-	-	-
Special revenue funds	9,243,212	6,872,359	7,586,607	7,368,899
Debt service fund	2,018,562	2,400,290	2,537,190	2,122,466
Capital projects funds	205,491,770	223,535,859	302,160,060	1,346,696
Assigned, reported in:				
Special revenue funds	-	-	-	-
Supplies and carryover	630,000	743,421	-	1,332,092
PERS reserve	-	-	1,000,000	2,000,000
Unassigned, reported in:				
General fund	10,130,419	7,886,309	12,204,414	10,975,030
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
TOTAL FUND BALANCES	\$ 229,009,651	\$ 243,124,786	\$ 326,425,477	\$ 25,762,596

(1) GASB 54 was implemented in 2010-11, requiring new fund balance categories to be reported. Over time, all fund balances will be reported under new GASB 54 fund balance categories.

2016	2015	2014	2013	2012	2011
\$ 280,224	\$ 341,786	\$ 344,243	\$ 312,262	\$ 688,343	\$ 300,725
218,283	227,945	534,526	189,829	227,922	572,074
-	-	34,205	-	-	-
-	-	-	-	-	-
8,415,944	5,141,233	4,553,614	5,507,603	6,837,003	2,285,638
1,661,262	1,433,967	3,984,610	3,581,143	3,358,031	3,306,895
2,245,328	2,865,775	5,995,241	8,413,441	13,463,581	20,296,746
-	-	-	-	-	2,582,631
1,175,000	-	-	-	-	-
2,000,000	1,500,000	1,500,000	1,500,000	3,000,000	4,500,000
13,103,229	17,262,483	14,112,648	8,788,286	8,948,777	10,654,867
-	-	-	-	-	(358,476)
-	-	-	-	-	(368,925)
<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>	<u>\$ 43,772,175</u>

HILLSBORO SCHOOL DISTRICT 1J
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
2011 Through 2020

(modified accrual basis of accounting)

	2020	2019	2018	2017
Revenues				
Property taxes	\$ 114,141,482	\$ 110,354,767	\$ 105,110,078	\$ 100,563,776
Charges for services	5,078,518	6,506,044	5,934,229	5,840,940
Earnings on investments	5,487,890	9,229,868	1,588,315	792,628
Contributions and donations	1,264,365	921,097	12,287,154	-
Services provided to other funds	11,877,350	11,383,708	774,808	-
Other	4,504,733	3,743,311	2,039,298	15,523,161
Intermediate sources	5,064,973	5,554,127	5,282,937	5,143,721
State school support	154,763,876	140,210,422	138,590,827	128,504,148
Federal	14,688,361	17,307,183	17,429,206	16,066,023
Total revenues	316,871,548	305,210,527	289,036,852	272,434,397
EXPENDITURES:				
Current operating				
Instruction	147,591,454	151,845,563	144,762,335	132,360,582
Support services	92,283,659	89,883,107	89,053,814	88,182,891
Enterprise & community services	9,168,415	9,712,559	9,556,661	9,439,332
Facilities acquisition & construction	26,703,165	26,349,203	5,250,508	269,989
Capital outlay	172,946,831	63,330,436	16,114,412	3,035,920
Debt service				
Principal	29,258,514	19,833,089	34,678,369	31,946,756
Other	-	-	(28)	2,206
Interest	21,552,229	28,700,352	10,379,197	11,802,160
Total expenditures	499,504,267	389,654,309	309,795,268	277,039,836
Excess (deficiency) of revenues over expenditures	(182,632,719)	(84,443,782)	(20,758,416)	(4,605,439)
Other financing sources (uses)				
Bond proceeds	27,701,843	-	51,600,506	-
Issuance of debt	139,605,000	-	268,395,000	-
Bond payments	-	-	-	-
Sale or compensation for loss of capital assets	10,353	58,281	128,717	14,205
Capital leases	1,200,388	1,084,810	1,297,074	1,254,560
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	168,517,584	1,143,091	321,421,297	1,268,765
NET CHANGE IN FUND BALANCES	\$ (14,115,135)	\$ (83,300,691)	\$ 300,662,881	\$ (3,336,674)
Expenditures for capital assets	\$ 176,967,913	\$ 60,984,598	\$ 16,114,412	\$ 3,043,901
Debt service as a percentage of noncapital expenditures	15.8%	14.8%	15.3%	16.0%

2016	2015	2014	2013	2012	2011
\$ 96,961,752	\$ 89,919,268	\$ 84,573,962	\$ 81,824,121	\$ 80,948,030	\$ 79,663,898
6,435,189	6,271,278	6,710,072	8,926,225	9,257,214	8,161,987
459,813	337,386	276,870	283,150	261,912	387,598
-	-	-	-	-	-
-	-	-	-	-	-
11,848,859	10,224,931	10,502,639	7,461,433	6,524,021	7,495,766
4,472,616	6,074,738	2,975,038	1,334,511	888,300	1,378,287
122,728,879	123,226,336	116,117,246	98,162,287	101,918,660	92,378,467
15,803,705	16,174,120	14,307,594	19,461,252	18,400,804	27,566,990
<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>	<u>217,032,993</u>
125,511,177	116,762,389	110,905,035	107,502,434	107,619,019	106,975,447
84,067,564	86,021,094	77,319,892	70,598,413	67,710,192	69,662,999
8,963,982	9,352,157	7,935,463	8,128,587	7,956,058	7,521,316
228,203	-	2,639,938	495,737	1,860,015	2,378,353
4,086,509	3,065,081	1,511,342	4,020,609	6,206,632	6,905,741
28,702,136	28,212,756	22,300,000	20,225,000	18,365,000	17,940,000
419	-	68,411	85,220	1,050	400
12,251,716	12,571,394	13,088,605	14,725,769	15,731,211	16,554,371
<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>	<u>227,938,627</u>
(5,100,893)	(3,756,814)	(305,265)	(8,328,790)	(7,250,236)	(10,905,634)
-	-	-	96,794	-	-
3,406,866	58,496,864	1,500,000	-	-	-
-	(58,461,404)	-	-	-	-
52,685	5,405	17,730	904	1,718	1,804,620
1,967,423	1,430,050	1,554,058	-	-	2,372,318
500,000	-	1,200,000	3,597,417	-	700,000
(500,000)	-	(1,200,000)	(3,597,417)	-	-
<u>5,426,974</u>	<u>1,470,915</u>	<u>3,071,788</u>	<u>97,698</u>	<u>1,718</u>	<u>4,876,938</u>
\$ <u>326,081</u>	\$ <u>(2,285,899)</u>	\$ <u>2,766,523</u>	\$ <u>(8,231,092)</u>	\$ <u>(7,248,518)</u>	\$ <u>(6,028,696)</u>
\$ 4,086,508	\$ 6,606,532	\$ 5,833,691	\$ 4,084,550	\$ 8,043,533	\$ 3,132,769

15.8%

16.4%

15.4%206

15.8%

15.7%

15.3%

HILLSBORO SCHOOL DISTRICT 1J
ASSESSED VALUE OF TAXABLE PROPERTY WITHIN SCHOOL DISTRICT BOUNDARIES
Last Ten Fiscal Years
2011 Through 2020

Measure 5 Real Market Value					
Fiscal Year Ending June 30	Real Property	Manufactured Property	Personal Property	Public Utility	
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	
2011	13,520,809,062	31,525,110	547,752,419	446,746,222	

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		
\$ 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
14,546,832,813	10,908,553,101	6.40	69,803,033	(1,103,124)	68,699,909

HILLSBORO SCHOOL DISTRICT 1J
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
2011 Through 2020

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

DIRECT:	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Hillsboro School District	\$ 6.2679	\$ 6.2166	\$ 5.8396	\$ 5.8605	\$ 5.8738
Hillsboro School District - after 10/6/01	0.9119	0.9222	1.3116	1.3357	1.3509
OVERLAPPING GOVERNMENTS:					
Washington County	2.2484	2.2484	2.2484	2.2484	2.2484
Washington County - after 10/6/01	0.0691	0.0699	0.0700	0.0709	0.5900
Washington County - after 1/1/13	0.6400	0.6400	0.6400	0.6400	-
Enhanced Sheriff Patrol	1.3165	1.3165	1.3165	1.3165	1.3165
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	8.9492	4.3454	8.8013	4.3279
City of Beaverton after 01/01/13	0.1927	0.0945	0.0304	-	-
City of Hillsboro	3.6665	3.6665	3.6665	6.5997	5.8664
City of Hillsboro - after 10/6/01	1.7200	1.7200	1.7200	3.0960	2.7520
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	0.7620	1.1642	1.2052	1.2237
Washington County RFFD #2	-	-	-	1.1219	1.1219
Washington County RFFD #2 - after 10/6/01	-	-	-	0.5700	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	0.0973	0.1087	0.1023	0.1226	0.5826
Tualatin Valley Fire and Rescue - after 1/1/13	0.4500	0.4500	0.4500	0.4500	-
Gaston RFPD	1.7621	1.7621	1.7621	1.7621	1.7621
Banks RFPD	2.1462	2.1689	2.0043	2.0562	2.0854
Forest Grove RFPD	1.2766	1.2766	1.2766	1.2766	1.2766
Metro Service District	0.0966	0.0966	0.0966	0.1118	0.1117
Metro Service District - after 10/6/01	0.4702	0.2801	0.2162	0.1892	0.2766
Metro Service District - after 1/1/13	0.0960	0.0960	0.0960	0.0960	-
Tri-Met	-	-	-	-	-
Tualatin Hills Park & Recreation	1.3703	1.3703	1.3073	1.3073	1.3973
Tualatin Hills Park & Recreation - after 10/6/01	0.3068	0.3168	0.3038	0.3119	0.3173
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	0.4022	0.4046	0.3222	0.3957	0.3027
Rainbow Lanes Road	0.4888	0.4888	0.4888	0.4888	0.4888
Urban Renewal - Hillsboro	-	-	-	-	0.0867
Urban Renewal - Beaverton	-	-	-	-	0.0982

Source: The Washington County Department of Assessment and Taxation.

	2015	2014	2013	2012	2011
\$	5.9389	\$ 6.2778	\$ 6.3034	\$ 6.2933	\$ 6.4001
	1.4811	1.1228	1.1943	1.1730	1.1845
	2.2484	2.3775	2.3801	2.3844	2.3898
	0.5900	0.5900	0.5900	0.5900	0.5900
	-	-	-	-	-
	1.3165	1.3165	1.2285	1.2477	1.2660
	0.2456	0.2456	0.2456	0.2456	0.2456
	0.0701	0.0701	0.0701	0.0701	0.0701
	-	-	-	-	-
	-	-	-	-	-
	8.0663	7.3330	5.1331	5.3865	5.3865
	3.7840	3.4400	2.4080	-	-
	2.1712	2.1712	2.1712	2.1712	2.1712
	3.9836	3.9836	3.9836	3.9836	3.9836
	1.2558	1.2780	1.2971	1.3097	1.3354
	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
	0.3659	0.3809	0.3893	0.4050	0.3576
	-	-	-	-	-
	1.7621	1.7621	1.7621	1.7621	1.7621
	2.1499	2.0051	2.0332	2.0505	2.1007
	1.2766	1.3744	1.4012	1.2766	1.4262
	0.1852	0.1900	0.2621	0.2277	0.2499
	0.2733	0.2771	0.1422	0.0877	0.1589
	-	-	-	-	-
	-	-	-	0.0583	0.0878
	1.4146	1.4216	1.4224	1.7388	1.7428
	0.3021	0.3066	0.3074	-	-
	0.1538	0.1538	0.1538	0.1538	0.1538
	0.4185	0.4582	0.4853	0.4460	0.4628
	0.3037	0.2760	0.1798	0.1521	0.1731
	0.4888	0.4888	0.4888	0.4888	0.4888
	-	-	-	-	-
	-	-	-	-	-

HILLSBORO SCHOOL DISTRICT 1J
PRINCIPAL PROPERTY TAXPAYERS FOR WASHINGTON COUNTY
Current Year (2020) and Nine Years Prior (2011)

Taxpayer	Name	2020			
		Measure 50 Assessed Value (AV)	Taxes Levied	Percentage of HSD AV	Percentage of Washington County AV
1	Intel	\$ 1,970,829,308	\$ 33,052,392	11.81%	2.90%
2	Nike, Inc.	1,011,210,140	17,773,836	6.06%	1.49%
3	Portland General Electric Co.	616,308,814	10,220,313	3.69%	0.91%
4	Pacific Realty Associates	405,106,164	6,985,396	2.43%	0.60%
5	Northwest Natural Gas Co.	368,707,300	5,878,134	2.21%	0.54%
6	Genentech Inc	274,026,540	4,664,650	1.64%	0.40%
7	Comcast Corporation	254,049,000	4,389,859	1.52%	0.37%
8	Verizon Communications	241,357,000	4,078,423	1.45%	0.35%
9	Nike IHM	216,673,430	3,579,453	1.30%	0.32%
10	LAM Research Corporation	190,462,687	3,057,815	1.14%	0.28%
-	Frontier Communications	-	-	-	-
-	Maxim Integrated Products, Inc.	-	-	-	-
-	Tektronix, Inc.	-	-	-	-
	All other Washington County	62,483,625,744	1,105,729,847		
Total Washington County		\$ 68,032,356,127	\$ 1,199,410,118		
Hillsboro School District		\$ 16,682,866,306			

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

2011

Rank	Measure 50 Assessed Value (AV)	Taxes Levied	Percentage of HSD AV	Percentage of Washington County AV
1	\$ 1,086,959,550	\$ 18,173,749	9.96%	2.32%
2	431,605,315	7,048,474	3.96%	0.92%
3	390,952,730	6,261,995	3.58%	0.84%
5	301,956,704	4,998,963	2.77%	0.65%
6	282,171,220	4,469,820	2.59%	0.60%
7	231,546,750	3,817,605	2.12%	0.49%
8	213,072,700	3,596,477	1.95%	0.46%
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4	371,640,200	6,198,222	3.41%	0.79%
9	137,021,824	2,238,437	1.26%	0.29%
10	128,237,247	2,068,348	1.18%	0.27%
	<u>43,226,703,997</u>	<u>724,163,541</u>		
	<u>\$ 46,801,868,237</u>	<u>\$ 783,035,631</u>		
	<u>\$ 10,912,092,039</u>			

HILLSBORO SCHOOL DISTRICT 1J
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
2011 Through 2020

Fiscal Year	Net Taxes	Collected within the Fiscal Year of Levy		Collection in	Tax Collections to Date	
Ending	Levied for the			Subsequent		Percentage of
June 30	Fiscal Year	Amount	Percentage of Levy	Years	Amount	Levy
2020	\$ 117,575,638	\$ 112,800,608	95.94%	\$ -	\$ 112,800,608	95.94%
2019	111,269,635	106,810,743	95.99%	737,735	107,548,478	96.66%
2018	108,740,079	104,171,341	95.80%	1,211,566	105,382,907	96.91%
2017	103,666,996	99,478,687	95.96%	1,246,460	100,725,147	97.16%
2016	100,046,726	95,613,087	95.57%	1,372,155	96,985,242	96.94%
2015	92,272,618	88,208,658	95.60%	1,584,788	89,793,446	97.31%
2014	87,085,501	82,849,198	95.14%	2,046,482	84,895,680	97.49%
2013	84,325,790	80,516,253	95.48%	2,083,316	82,599,569	97.95%
2012	83,738,165	79,664,870	95.14%	3,478,389	83,143,259	99.29%
2011	81,827,938	77,466,427	94.67%	3,187,687	80,654,114	98.57%

Taxes extended, less discounts allowed

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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		
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
2011	234,111,712	(3,306,895)	230,804,817	11,677	1,784	100,520,000	6,538,184

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	Per	Per		
			District	ADMw	Capita		
\$ 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
-	-	-	341,169,896	17,261	1,958	10,908,553,101	19,765

HILLSBORO SCHOOL DISTRICT 1J
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2020

Overlapping Issuer	Net Property Tax Backed Debt	Percent Overlapping	Net Overlapping Debt
Chemeketa Community College	\$ 57,087,534	0.0033%	\$ 1,884
Multnomah County	322,191,877	0.0005%	1,611
Metro	964,085,000	6.3807%	61,515,372
Portland Community College	575,107,061	9.2801%	53,370,510
Washington County SD 13 (Banks)	10,174,984	0.0361%	3,673
Washington County	213,232,118	23.1053%	49,267,921
Washington County SD 1J (Hillsboro 7 Bd)	777,521	100.0000%	777,521
Tualatin Hills Park & Recreation District	69,944,234	1.7921%	1,253,471
Banks Fire District 13	3,780,000	2.1975%	83,066
Tualatin Valley Fire & Rescue District	23,785,000	6.3633%	1,513,511
City of Hillsboro	72,075,000	87.9113%	63,362,069
Chehalem Park & Recreation District	24,770,000	0.0150%	3,716
City of Cornelius	2,776,938	30.8437%	856,510
City of Beaverton	34,857,325	0.1555%	54,203
Washington County SD 48J (Beaverton)	955,103,871	0.0563%	537,723
Yamhill County	7,039,273	0.0196%	1,380
Subtotal, overlapping debt			232,604,141
Direct District net property tax backed debt			535,725,507
Total direct and overlapping debt			\$ 809,413,812

(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>

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HILLSBORO SCHOOL DISTRICT 1J
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
2011 Through 2020

	2020	2019	2018	2017
Debt Limit	\$ 2,901,472,235	\$ 2,769,931,244	\$ 2,990,941,202	\$ 2,715,928,535
Total net debt applicable to the limit	<u>463,395,000</u>	<u>343,800,000</u>	<u>355,230,000</u>	<u>114,395,000</u>
Legal debt margin	<u><u>\$ 2,438,077,235</u></u>	<u><u>\$ 2,426,131,244</u></u>	<u><u>\$ 2,635,711,202</u></u>	<u><u>\$ 2,601,533,535</u></u>
Total net debt applicable to the limit as a percentage of debt limit	15.97%	12.41%	11.88%	4.21%

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 2,421,720,350	\$ 2,242,004,958	\$ 1,951,376,163	\$ 1,415,000,484	\$ 1,497,006,122	\$ 1,497,006,112
<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>334,631,712</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>	<u>\$ 1,162,374,400</u>
5.77%	7.28%	14.19%	21.11%	21.15%	22.35%

HILLSBORO SCHOOL DISTRICT 1J
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
2011 Through 2020

Year	Population	Personal Income (thousands of dollars) (estimated)	Personal Income	Unemployment Rate
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%
2011	130,459	3,310,397	25,375	9.50%

HILLSBORO SCHOOL DISTRICT 1J
PRINCIPAL EMPLOYERS FOR THE PORTLAND, OREGON, METROPOLITAN AREA
Current Year (2020) and Nine Years Ago (2011)

<u>Employer</u>	<u>2020</u>			<u>2011</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.	20,600	1	1.61%	15,228	1	1.55%
Providence Health System	18,885	2	1.48%	13,831	2	1.41%
Oregon Health & Science University	17,556	3	1.37%	13,283	3	1.35%
Nike, Inc.	12,000	4	0.94%	6,000	7	0.61%
Legacy Health System	11,404	5	0.89%	8,250	6	0.84%
Kaiser Permanente	11,243	6	0.88%	9,204	5	0.94%
Fred Meyer Stores	9,777	7	0.76%	9,630	4	0.98%
City of Portland	7,376	8	0.58%	-	-	-
Portland Public School	6,500	9	0.51%	-	-	-
Beaverton School District	5,458	10	0.43%	-	-	-
Wells Fargo	-	-	-	4,861	8	0.49%
US Bank	-	-	-	3,856	9	0.39%
Xerox	-	-	-	2,952	10	0.30%
Subtotal of ten largest employers	120,799		9.44%	87,095		8.87%
All Other Employers	1,158,559		90.56%	895,305		91.13%
Total Portland-Vancouver-Hillsboro MSA Employment	1,279,358		100.00%	982,400		100.00%

Source:

Oregon Employment Department: <https://www.qualityinfo.org/multnomah-and-washington>
June 2020 Portland-Vancouver-Hillsboro MSA - Current Non-Farm Employment 1,223,500

HILLSBORO SCHOOL DISTRICT 1J
CERTIFIED, CLASSIFIED, AND ADMINISTRATIVE EMPLOYEES
Last Ten Fiscal Years
2011 Through 2020

<u>Fiscal Year</u>	<u>Certified</u>	<u>Classified</u>	<u>Administrative</u>	<u>Supervisory/ Technical</u>	<u>Total</u>
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
2011	1,103	748	76	32	1,959

(1) Full-time equivalent (FTE) positions

Source:

Hillsboro School District 1J payroll records

HILLSBORO SCHOOL DISTRICT 1J
STUDENT ENROLLMENT STATISTICS
Last Ten Fiscal Years
2011 Through 2020

<u>Fiscal Year</u>	<u>Average Daily Membership</u>	<u>Percent Free and Reduced</u>	<u>Net Operating Expenditures per ADM</u>	<u>Student to Teacher Ratio</u>
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
2011	19,765	50%	7,996	18

HILLSBORO SCHOOL DISTRICT 1J
STUDENT ENROLLMENT AND CAPITAL ASSET STATISTICS
Last Ten Fiscal Years
2011 Through 2020

School/(Year Opened)	Square Footage	Fiscal Year Enrollment			
		2020	2019	2018	2017
Brookwood Elementary (1953)	43,041	351	335	348	358
Imlay Elementary (2002)	69,435	557	510	520	530
Butternut Creek Elementary (1977)	34,840	370	395	404	402
Patterson Elementary (2000)	69,435	456	456	455	446
Orenco Elementary (2000)	69,435	592	644	631	654
Indian Hills Elementary (1979)	40,219	459	475	478	470
Reedville Elementary (1922)	16,247	232	248	260	235
Eastwood Elementary (1978)	49,163	441	437	452	476
Farmington View Elementary (1950)	22,867	311	310	309	307
Free Orchards Elementary (2008)	73,500	368	361	389	392
Jackson Elementary (1990)	50,767	551	549	566	560
L.C. Tobias Elementary (1992)	50,000	486	449	450	434
Groner K - 8 (1949)	32,402	212	208	234	219
Lenox Elementary (1949)	51,074	482	499	471	472
McKinney Elementary (1970)	49,163	465	467	490	465
Minter Bridge Elementary (1980)	49,163	443	473	473	474
Moobery Elementary (1963)	49,496	420	427	427	455
North Plains Elementary (1954)	46,913	396	383	353	330
Rosedale Elementary (2009)	73,700	418	420	439	432
Quatama Elementary (2008)	73,100	516	509	482	490
Ladd Acres Elementary (1968)	60,825	484	539	533	522
Lincoln Street Elementary (2008)	73,400	461	482	490	518
W.L. Henry Elementary (1968)	52,813	357	362	359	343
West Union Elementary (1948)	42,757	365	370	390	392
Witch Hazel Elementary (2003)	69,435	522	519	510	538
Brown Middle School (1963)	95,414	723	726	731	712
Evergreen Middle School (1981)	120,000	785	796	801	823
Hillsboro Online Academy (2012)	8,500	183	195	197	159
South Meadows Middle School (2009)	153,000	736	694	700	721
Poynter Middle School (1959)	83,200	703	745	745	739
Miller Ed Junior High (1959)	9,560	-	-	-	-
Century High School (1997)	265,000	1,549	1,533	1,506	1,571
Glencoe High School (1980)	240,000	1,445	1,476	1,490	1,543
Liberty High School (2003)	288,897	1,462	1,495	1,477	1,499
Hillsboro High School (1969)	253,652	1,233	1,249	1,268	1,291
Miller Ed High School (1958)	20,552	86	91	82	65
		<u>19,620</u>	<u>19,827</u>	<u>19,910</u>	<u>20,037</u>

Source:

From 4/1/20 K-12 Enrollment - HR Dept

2016	2015	2014	2013	2012	2011
391	388	360	382	411	443
543	523	524	561	560	590
403	381	389	400	414	414
464	475	477	486	513	548
636	606	629	581	531	515
497	495	444	437	446	449
247	227	229	228	248	247
506	518	510	497	486	486
295	292	222	215	225	220
402	439	481	484	488	499
530	553	548	531	508	527
440	484	517	488	491	523
153	141	140	154	156	175
479	459	435	432	444	427
462	460	468	501	516	497
508	500	512	482	500	464
463	459	479	485	475	493
299	301	298	305	288	313
403	407	394	370	364	350
472	466	547	531	533	556
529	507	506	515	520	571
546	558	574	594	579	543
360	413	426	455	490	451
366	356	283	306	310	314
571	574	608	569	530	559
709	708	738	796	828	821
808	830	829	804	794	827
163	193	170	90	-	-
720	730	747	740	800	748
733	769	746	722	690	706
-	6	17	22	14	19
1,563	1,611	1,669	1,631	1,674	1,584
1,619	1,612	1,615	1,603	1,594	1,580
1,506	1,491	1,429	1,399	1,362	1,289
1,357	1,340	1,352	1,361	1,418	1,426
64	58	57	76	77	72
<u>20,207</u>	<u>20,330</u>	<u>20,369</u>	<u>20,233</u>	<u>20,277</u>	<u>20,246</u>

HILLSBORO SCHOOL DISTRICT 1J
TEACHER DATA
2019-20 SCHOOL YEAR

Education	Step	FTE	Salary
BA	A	4.05	\$ 45,023
BA	B	13.00	46,914
BA	C	6.00	48,884
BA	D	11.00	50,938
BA	E	19.33	53,077
BA	F	4.00	55,306
BA	G	5.00	57,629
BA	H	2.90	60,049
BA	I	2.00	62,572
BA	J	26.47	65,199
BA+24	A	0.00	46,375
BA+24	B	2.00	48,323
BA+24	C	1.80	50,352
BA+24	D	0.00	52,467
BA+24	E	4.00	54,671
BA+24	F	0.00	56,967
BA+24	G	1.00	59,360
BA+24	H	0.00	61,853
BA+24	I	0.00	64,451
BA+24	J	11.00	67,158
BA+45	A	0.00	47,766
BA+45	B	0.00	49,772
BA+45	C	2.00	51,862
BA+45	D	0.00	54,041
BA+45	E	2.83	56,311
BA+45	F	0.00	58,676
BA+45	G	1.80	61,140
BA+45	H	3.00	63,708
BA+45	I	1.00	66,383
BA+45	J	0.00	69,171
BA+45	K	0.00	72,077
BA+45	L	1.60	75,103
BA+45	M	16.80	78,258
MA	A	24.20	49,201
MA	B	23.02	51,268
MA	C	33.97	53,421
MA	D	37.17	55,665
MA	E	69.80	58,002

Education	Step	FTE	Salary
MA	F	21.90	\$ 60,438
MA	G	19.50	62,977
MA	H	14.08	65,622
MA	I	20.93	68,379
MA	J	20.50	71,250
MA	K	25.60	74,243
MA	L	12.50	77,361
MA	M	25.00	80,610
MA	N	144.98	83,995
MA+24	A	1.00	50,676
MA+24	B	0.00	52,805
MA+24	C	1.00	55,023
MA+24	D	5.00	57,333
MA+24	E	24.50	59,741
MA+24	F	7.00	62,250
MA+24	G	6.50	64,865
MA+24	H	6.50	67,589
MA+24	I	10.20	70,428
MA+24	J	11.40	73,386
MA+24	K	10.98	76,468
MA+24	L	17.00	79,680
MA+24	M	9.00	83,026
MA+24	N	77.63	86,514
MA+45	A	1.00	52,196
MA+45	B	1.00	54,387
MA+45	C	0.00	56,671
MA+45	D	3.00	59,052
MA+45	E	13.97	61,532
MA+45	F	10.67	64,116
MA+45	G	14.33	66,810
MA+45	H	13.00	69,616
MA+45	I	15.60	72,539
MA+45	J	21.03	75,585
MA+45	K	16.25	78,761
MA+45	L	20.27	82,069
MA+45	M	13.00	85,515
MA+45	N	161.41	89,107



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

School Board
Hillsboro School District 1J
Hillsboro, Oregon

We have audited, in accordance with 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 24, 2020.

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

November 24, 2020



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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'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, 2020. 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, 2020.

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.

Purpose of this Report

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.



CERTIFIED PUBLIC ACCOUNTANTS

November 24, 2020

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

July 1, 2019- June 30, 2020 Federal Grantor, Program Title	Federal CFDA Number	Agency or Pass-through Number	Program Period Begin Date	End Date	Revenue and Expenditures
DEPARTMENT OF AGRICULTURE:					
Passed through Oregon Department of Education:					
Child Nutrition Cluster					
School Breakfast Program (SBP)	10.553	3408001	7/1/2019	6/30/2020	\$ 745,297
National School Lunch Program (NSLP)	10.555	3408001	7/1/2019	6/30/2020	3,343,161
Summer Food Service Program For Children (SFSPC)	10.559	3408001	7/1/2019	6/30/2020	1,715,545
Total Pass-Through Programs from Child Nutrition Cluster					5,804,003
DEPARTMENT OF AGRICULTURE TOTAL					5,804,003
DEPARTMENT OF LABOR:					
Passed through Work Systems, Inc:					
WIOA Cluster					
WIOA Adult Program	17.258	19-50115	7/1/2019	6/30/2020	20,043
WIOA Youth Activities	17.259	19-50115	7/1/2019	6/30/2020	170,546
Total Pass-Through Programs from WIOA Cluster					190,589
H-1B Job Training Grants	17.268	19-50115	7/1/2019	6/30/2020	75,917
Pass-Through					75,917
Total Pass-Through Programs from Work Systems, Inc					266,506
DEPARTMENT OF LABOR TOTAL					266,506
INSTITUTE OF MUSEUM AND LIBRARY SERVICES:					
Passed through State Library of Oregon:					
Library Services and Technology Act (LSTA)					
Grants to States - Free Orchards Elementary	45.310	n/a	5/12/2020	8/31/2020	1,337
Grants to States - Lincoln Street Elementary	45.310	n/a	5/12/2020	8/31/2020	499
Grants to States - Reedville Elementary	45.310	n/a	5/12/2020	8/31/2020	2,999
Grants to States - Witch Hazel Elementary	45.310	n/a	5/12/2020	8/31/2020	500
Pass-Through					5,335
Total Pass-Through from State Library of Oregon					5,335
INSTITUTE OF MUSEUM AND LIBRARY SERVICES TOTAL					5,335
DEPARTMENT OF EDUCATION:					
Indian Education Grants to Local Education Agencies	84.060	S060A192526	7/1/2019	6/30/2020	12,834
Direct Program					12,834
Total Direct Programs					12,834
Passed through the Office of Vocational Rehabilitation Services					
Rehabilitation Services - Vocational Rehabilitation Grants to States					
Youth Transition Program	84.126	160720	7/1/2019	6/30/2021	68,483
Total Pass-Through Programs from Office of Vocational Rehabilitation Services					68,483
Passed through Oregon Department of Education:					
Title IA/D Grants to Local Educational Agencies (LEAs)					
Title IA	84.010	53283	7/1/2019	9/30/2020	2,926,645
Title ID	84.010	50314	7/1/2018	9/30/2019	4,699
Title ID	84.010	53904	7/1/2019	9/30/2020	26,033
Title IA/D - District Engagement	84.010	52035	9/30/2018	9/30/2020	5,866
Title IA/D - District Engagement	84.010	52036	9/30/2018	9/30/2020	11,824
Title IA/D - District Engagement	84.010	52037	9/30/2018	9/30/2020	100,508
Title IA/D - ESSA Partnerships	84.010	54329	7/1/2019	9/30/2020	66,951
Pass-Through					3,142,526

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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, 2020

July 1, 2019- June 30, 2020	Federal CFDA	Agency or Pass-through	Program Period		Revenue and
Program Title	Number	Number	Begin Date	End Date	Expenditures
Migrant Education - State Grant Program					
Title IC - Migrant Education	84.011	44982	7/1/2017	9/30/2019	\$ 35,545
Title IC - Migrant Education	84.011	49210	7/1/2018	9/30/2020	60,692
Title IC - Migrant Education	84.011	53720	7/1/2019	9/30/2020	968,740
Title IC - Stride Academy Payment	84.011	54445	10/7/2019	11/30/2019	19,166
Title IC - Migrant Education - Preschool	84.011	49229	7/1/2018	9/30/2019	6,749
Title IC - Migrant Education - Preschool	84.011	53735	7/1/2019	9/30/2020	68,681
Title IC - Migrant Education - Summer	84.011	52518	3/15/2019	9/30/2019	384,816
Title IC - Migrant Education - Summer	84.011	57313	3/14/2020	9/30/2020	608
Pass-Through					1,544,997
Office of Special Education and Rehabilitative Services					
Special Education Cluster (IDEA)					
Special Education Grants to States (IDEA, Part B)					
IDEA - Part B Section 611	84.027	49892	7/1/2018	9/30/2020	1,170,807
IDEA - Part B Section 611	84.027	53783	7/1/2019	9/30/2021	1,193,589
Extended Assessment 2019-20	84.027	54716	7/1/2019	9/30/2020	1,847
SPR&I 2018-19	84.027	49528	7/1/2018	9/30/2019	3,693
Pass-Through					2,369,936
Special Education Preschool Grants (IDEA Preschool)					
IDEA - Part B Section 619 2018-19	84.173	52155	7/1/2018	9/30/2020	17,528
IDEA - Part B Section 619 2019-20	84.173	53978	7/1/2019	9/30/2021	13,173
Pass-Through					30,701
Total Pass-Through Programs from Special Education Cluster (IDEA)					2,400,637
Office of Career, Technical, and Adult Education					
Career and Technical Education - Basic Grants to States					
Perkins Comprehensive Basic	84.048	48910	7/1/2018	9/30/2019	9,461
Perkins Comprehensive Basic	84.048	52495	7/1/2019	9/30/2020	99,559
Pass-Through					109,020
Office of Educational Improvement and Innovation					
Education for Homeless Children and Youth					
McKinney Homeless	84.196	46123	7/1/2017	9/30/2019	8,697
McKinney Homeless	84.196	54904	10/1/2019	9/30/2020	41,131
Pass-Through					49,828
English Language Acquisition State Grants					
Title III - English Language Acquisition	84.365	44220	7/1/2017	9/30/2019	11,296
Title III - English Language Acquisition	84.365	50251	7/1/2018	9/30/2020	37,883
Title III - English Language Acquisition	84.365	53424	7/1/2019	9/30/2020	324,569
Pass-Through					373,748
Supporting Effective Instruction State Grants					
Title IIA - Teacher Quality	84.367	49322	7/1/2018	9/30/2020	43,584
Title IIA - Teacher Quality	84.367	53545	7/1/2019	9/30/2020	339,950
Pass-Through					383,534
Student Support and Academic Enrichment Program					
Title IV-A Student Support and Academic Enrichment	84.424	50738	7/1/2018	9/30/2019	70,808
Title IV-A Student Support and Academic Enrichment	84.424	54535	7/1/2019	9/30/2020	316,637
Pass-Through					387,445
Total Pass-Through from Oregon Department of Education					8,391,735
DEPARTMENT OF EDUCATION TOTAL					8,473,052

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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, 2020

July 1, 2019- June 30, 2020	Federal	Agency or	Program		Revenue
Federal Grantor,	CFDA	Pass-through	Period		and
Program Title	Number	Number	Begin Date	End Date	Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program					
Office of Self Sufficiency Programs My Future-My Choice	93.235	157101	7/1/2018	6/30/2020	\$ 17,494
				Direct Program	17,494
Medicaid Cluster					
Medical Assistance Program, Title XIX	93.778	114731	7/1/2019	6/30/2020	26,005
				Direct Program	26,005
				Total Direct Programs	43,499
Passed through the Oregon Department of Health and Human Services:					
CCDF Cluster					
Child Care and Development Block Grant	93.575	156210	7/1/2017	6/30/2019	49,754
				Total Pass-Through Programs from CCDF Cluster through Oregon Department of Health and Human Services	49,754
Passed through the Oregon Department of Education:					
Administration for Children and Families					
Title IV-E Foster Care	93.658	47430	7/1/2017	6/30/2019	31,639
Title IV-E Foster Care	93.658	57172	7/1/2019	6/30/2021	14,573
				Total Pass-Through Programs from Administration for Children and Families through Oregon Department of Education	46,212
DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL					139,465
TOTAL FEDERAL FINANCIAL ASSISTANCE					\$ 14,688,361

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

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, 2020.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

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 measurable and available. 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, 2020

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>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.027 & 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

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, 2020***

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

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GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

School Board
Hillsboro School District 1J
Hillsboro, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Hillsboro School District 1J, Washington County, Oregon (the District) as of and for the year ended June 30, 2020, and have issued our report thereon dated November 24, 2020.

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.

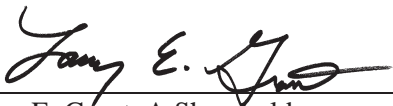
Internal Control

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
November 24, 2020

HILLSBORO SCHOOL DISTRICT 1J
December 8, 2020
FINANCIAL REPORT

Business Office – General Update

The Business Office collaborates with all departments in the District Office to provide a system of support for schools, so that principals can focus their attention on instructional leadership. Financial reports in upcoming months will feature examples of this collaboration, which promotes a culture of continuous improvement, learning, and responding to the changing needs of schools.

Example 43: Business Office Equity Training Plan

The central office has a culture of continuous improvement and can learn, adapt and respond to the changing needs of schools. In alignment with the other departments and schools, the Business Office has developed an Equity Training Plan to increase awareness of historically underserved stakeholders and contribute to HSD's growth as an anti-racist institution. The plan includes ongoing conversations between supervisors and interactive monthly training sessions.

Finance Team – Accounts Payable, Banking, and Student Body Accounting

Finance Manager Jennifer Zavatsky continues to support staff and administrators with questions about purchasing during Comprehensive Distance Learning. Although staff are working remotely if possible, there are still needs for supplies, materials, services, and technology for instruction. Ms. Zavatsky works with office managers to improve access to reports for decision makers to access financial information for resources that support their school or department.

Finance Team – Financial Reporting, Contracts and Grants

Manager of Business Services Jeff Jones has completed the financial updates for 2020-21 for administrators to access resources to support their staff and students. Because school and department purchases are decentralized, access to identifiable account codes improve budget management. Mr. Jones has completed the second of two major budget updates for schools. The first Memo occurs in the Spring to assist with planning and the second Memo is an adjusting memo for schools that have prior period carryover or enrollment over 95% of original projections. Mr. Jones also coordinates budget transfers between schools and departments as needed through the year within overall budget appropriations.

Payroll Team and Employee Benefits

Payroll Supervisor Kim Grannis continues to collaborate with Human Resources on the Work Share 2.0 program. The District continues to utilize the Work Share program in partnership with the Oregon Employment Department to access compensation for employees working 20-40% less than their original positions under Comprehensive Distance Learning. Program participation requires that the District maintain former benefit levels for members and along with repurposing of staff has prevented approximately 192 classified staff lay-offs during the extended closure.

Benefits Supervisor Lynette Coffman continues to support staff that qualify for various types of leaves, specifically Personal or Family Medical Leave and FFCRA (COVID Leave). She has organized multiple virtual sessions for staff participating in the district “Preferred Plans” (high deductible coupled with a Health Reimbursement Arrangement) to ensure they are receiving reimbursements for eligible out of pocket expenses. Mrs. Coffman has also arranged for well-attended virtual PERS and retirement planning sessions to education members regarding future benefits. She is committed to maximizing all available benefit programs for staff, including Employee Assistance and wellness tools.

General Functions

The Business Office Recovery Team is working to track all COVID-19 related expenses and potential funding sources to recovery outlay wherever possible. Although the economic impact of the Coronavirus is yet to be determined, the Recovery Team is an ad-hoc work group aligned with the Business Office imperative to 1) minimizes waste, and 2) maximize opportunities. If you would like more information or to discuss these or other Business Office items, please contact Michelle Morrison at 503-844-1527 or morrisom@hsd.k12.or.us.

Workers’ Compensation Report

In order to ensure accurate reports to the Board, and allow adequate time for the claims submitted each month to be fully processed, there is a one-month delay in reporting workers’ compensation claims to the Board. The table below includes workers’ compensation claims reported in October 2020.

The District received five workers’ compensation claims in October. As of October 31, 2020, there were 18 open claims; 11 were for medical costs only, and seven included time loss. There were no employees on modified work plans during October.

Workers’ Compensation Reports			
	2018-19	2019-20	2020-21
July	1	3	0
August	2	2	3
September	11	15	6
October	14	15	5
November	5	10	
December	13	18	
January	7	14	
February	8	17	
March	13	3	
April	11	0	
May	15	2	
June	11	0	
Yearly Total:	111	99	14

Student Incident Report

There is a one-month delay in reporting student incidents to the Board, in order to allow adequate time to ensure that these reports are complete and accurate. There were no student incidents reported in October.

Student Incident Reports						
	2019-20 Total Incidents	Average Incidents Per School Day	Serious Injuries With 911 Transport	2020-21 Total Incidents	Average Incidents Per School Day	Serious Injuries With 911 Transport
July	2	N/A	0	0	N/A	0
August	6	N/A	0	0	N/A	0
September	149	7.5	1	0	N/A	0
October	131	6.2	3		N/A	
November	77	4.8	1			
December	91	6.1	4			
January	95	5.4	0			
February	74	4.1	3			
March	43	4.3	0			
April	0	N/A	0			
May	0	N/A	0			
June	0	N/A	0			
Yearly Total:	668		12	0		0

Vehicle Accidents. There is a one-month delay in reporting vehicle accidents to the Board, in order to allow adequate time to ensure that monthly reports are accurate and complete. There were three bus accidents in October.

Hillsboro School District 1J
MONTHLY FINANCIAL REPORT - as of November 30, 2020

	July	August	September	1st Quarter	October	November	2nd Quarter	Fiscal YTD	Budget		Fiscal YTD	
Revenues	Actual	Actual	Actual	Actual	Actual	Actual	Actual	2020-21	2020-21	% of Budget	2019-20	% of Budget
Taxes	\$0.00	\$0.00	\$140,003.08	\$140,003.08	\$64,475.95	\$61,398,176.36	\$61,462,652.31	\$61,602,655.39	\$82,507,072.02	74.66%	\$57,557,960.00	75.93%
Interest	\$22,078.38	\$25,122.96	\$23,986.95	\$71,188.29	\$17,308.43	\$0.00	\$17,308.43	\$88,496.72	\$1,200,000.00	7.37%	\$248,437.00	18.99%
Local Sources	\$9,273.63	\$7,837.83	\$20,096.29	\$37,207.75	\$41,584.08	\$170,524.35	\$212,108.43	\$249,316.18	\$2,765,323.98	9.02%	\$338,378.00	17.39%
Total Local	\$31,352.01	\$32,960.79	\$184,086.32	\$248,399.12	\$123,368.46	\$61,568,700.71	\$61,692,069.17	\$61,940,468.29	\$86,472,396.00	71.63%	\$58,144,775.00	73.54%
County/ESD	\$0.00	\$898,202.00	\$299,401.00	\$1,197,603.00	\$299,401.00	\$435,800.55	\$735,201.55	\$1,932,804.55	\$3,790,112.00	51.00%	\$1,646,139.14	44.74%
State Sources	\$23,243,752.14	\$11,614,828.57	\$11,614,828.57	\$46,473,409.28	\$11,614,828.57	\$11,852,920.36	\$23,467,748.93	\$69,941,158.21	\$143,160,594.00	48.86%	\$68,702,252.00	49.02%
Federal Sources	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Other Sources	\$0.00	\$44,025.66	\$0.00	\$44,025.66	\$0.00	\$0.00	\$0.00	\$44,025.66	\$42,833.00	0.00%	\$41.25	0.00%
Beginning Balance*	\$11,973,234.59	\$0.00	\$0.00	\$11,973,234.59	\$0.00	\$0.00	\$0.00	\$11,973,234.59	\$9,409,091.00	127.25%	\$10,090,542.29	112.13%
Total Revenue	\$35,248,338.74	\$12,590,017.02	\$12,098,315.89	\$59,936,671.65	\$12,037,598.03	\$73,857,421.62	\$85,895,019.65	\$145,831,691.30	\$242,875,026.00	60.04%	\$138,583,749.68	59.76%
Expenditures												
Instruction												
Salaries	\$37,712.04	\$109,106.80	\$6,768,739.36	\$6,915,558.20	\$6,820,063.87	\$6,849,026.56	\$13,669,090.43	\$20,584,648.63	\$79,447,168.00	25.91%	\$21,148,407.38	27.15%
Benefits	\$60,165.43	\$74,840.38	\$3,747,045.06	\$3,882,050.87	\$3,823,831.44	\$3,845,570.50	\$7,669,401.94	\$11,551,452.81	\$45,544,715.00	25.36%	\$11,970,251.22	27.09%
Purchased Service	\$279,999.92	\$151,525.80	\$260,438.61	\$691,964.33	\$521,047.41	\$203,739.85	\$724,787.26	\$1,416,751.59	\$14,371,079.00	9.86%	\$2,539,961.73	21.81%
Supplies/Materials	\$164,125.10	\$110,452.98	\$253,275.62	\$527,853.70	\$133,643.82	\$245,099.52	\$378,743.34	\$906,597.04	\$4,720,747.00	19.20%	\$840,969.14	27.47%
Capital Purchases	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$5,837.00	0.00%
Other	\$141,839.74	\$0.00	\$6,465.00	\$148,304.74	\$3,589.20	\$0.00	\$3,589.20	\$151,893.94	\$975,637.00	15.57%	\$289,186.08	28.16%
Total Instruction	\$683,842.23	\$445,925.96	\$11,035,963.65	\$12,165,731.84	\$11,302,175.74	\$11,143,436.43	\$22,445,612.17	\$34,611,344.01	\$145,059,346.00	23.86%	\$36,794,612.55	26.70%
Support Services												
Salaries	\$1,684,722.41	\$1,591,262.70	\$3,424,771.22	\$6,700,756.33	\$3,173,017.05	\$3,108,560.92	\$6,281,577.97	\$12,982,334.30	\$47,237,641.00	27.48%	\$13,890,636.25	29.21%
Benefits	\$1,060,354.98	\$1,036,010.55	\$2,218,246.43	\$4,314,611.96	\$2,016,334.85	\$1,986,271.69	\$4,002,606.54	\$8,317,218.50	\$27,079,944.00	30.71%	\$8,529,398.70	31.63%
Purchased Service	\$1,551,887.04	\$977,368.80	\$690,636.33	\$3,219,892.17	\$805,319.40	\$816,046.98	\$1,621,366.38	\$4,841,258.55	\$8,544,746.00	56.66%	\$5,801,439.66	81.61%
Supplies/Materials	\$395,667.45	\$488,909.61	\$630,698.67	\$1,515,275.73	\$929,396.49	\$240,586.20	\$1,169,982.69	\$2,685,258.42	\$2,806,858.00	95.67%	\$2,629,249.37	140.69%
Capital Purchases	\$0.00	\$0.00	\$5,772.50	\$5,772.50	\$34,999.65	\$422.50	\$35,422.15	\$41,194.65	\$0.00	NA	\$28,911.63	0.00%
Other	\$1,271,992.90	\$49,768.20	\$90,619.44	\$1,412,380.54	\$24,764.62	\$31,076.17	\$55,840.79	\$1,468,221.33	\$580,094.00	253.10%	\$1,487,497.12	237.28%
Total Support	\$5,964,624.78	\$4,143,319.86	\$7,060,744.59	\$17,168,689.23	\$6,983,832.06	\$6,182,964.46	\$13,166,796.52	\$30,335,485.75	\$86,249,283.00	35.17%	\$32,367,132.73	38.48%
Community Services												
Salaries	\$15,613.00	\$12,765.72	\$27,324.15	\$55,702.87	\$31,926.31	\$34,602.16	\$66,528.47	\$122,231.34	\$313,488.00	38.99%	\$117,893.06	30.26%
Benefits	\$8,304.81	\$7,240.02	\$17,128.20	\$32,673.03	\$17,809.73	\$20,027.30	\$37,837.03	\$70,510.06	\$179,714.00	39.23%	\$71,909.64	32.55%
Purchased Service	\$0.00	\$0.00	\$745.00	\$745.00	\$0.00	\$0.00	\$0.00	\$745.00	\$56,706.00	1.31%	\$17,579.11	30.19%
Supplies/Materials	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$18,627.00	0.00%	\$2,547.51	16.64%
Capital Purchases	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,850.00	0.00%	\$0.00	0.00%
Total Community Services	\$23,917.81	\$20,005.74	\$45,197.35	\$89,120.90	\$49,736.04	\$54,629.46	\$104,365.50	\$193,486.40	\$572,385.00	33.80%	\$209,929.32	30.46%
Capital Projects												
Purchased Service	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Capital Purchases	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Total Capital Projects	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Debt Service Payment	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$45.81	-\$45.81	-\$45.81	\$0.00	0.00%	\$0.00	0.00%
Transfers	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	0.00%	\$0.00	0.00%
Contingency/Ending Balance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,994,012.00	0.00%	-\$2,673.85	-0.03%
Total Expenditures	\$6,672,384.82	\$4,609,251.56	\$18,141,905.59	\$29,423,541.97	\$18,335,743.84	\$17,380,984.54	\$35,716,728.38	\$65,140,270.35	\$242,875,026.00	26.82%	\$69,369,000.75	29.91%

HILLSBORO SCHOOL DISTRICT 1J
December 8, 2020
CONSTRUCTION TIMELINE FOR ES #29 (SOUTH HILLSBORO ES)

SITUATION

As part of our 2017 Construction Bond, the District will be constructing a new elementary school in the Reeds Crossing portion of the South Hillsboro development. This school is currently scheduled to open in September 2022, with construction to begin in the spring of 2021. Until this new school is open, the entire South Hillsboro development is in the Rosedale Elementary/South Meadows Middle School/Hillsboro High School attendance area. We currently have approximately 350 students enrolled at Rosedale Elementary School. Because we still have capacity at Rosedale for up to 250 additional students, the District has contracted with Davis Demographics to help us determine if we need to construct this school on the current timeline or if we should delay construction and open the school in September 2023.

If the demographers report shows it is feasible, it is recommended that the District wait to construct the building. Reasons include: 1) there will be a better understanding of where the boundaries should be for the new schools; and 2) operational costs for the new school will not be incurred. These benefits should outweigh the potential increase in construction costs. In recent months there has been a significant slowdown in school construction region-wide which has resulted in a very significant increase in the numbers of contractors and sub-contractors bidding projects. This has resulted in a flattening of cost increases that were experienced earlier in the bond cycle. If construction is delayed of the school building, it is recommended that we move forward with site work during the summer of 2021. This new timeline will allow us to take advantage of dry summer weather while preparing the site, which will minimize costs and potential delays.

The demographers report from Davis Demographics is expected to arrive the week of December 7 and will be forwarded to the Board.

RECOMMENDATION

The Superintendent recommends that the Board of Directors listen to the report and respond to staff recommendation regarding District the construction of ES #29.

HILLSBORO SCHOOL DISTRICT
December 8, 2020
LOCAL CONTRACT REVIEW BOARD HEARING:
REVIEW FINDINGS OF FACT FOR USE OF DESIGN-BUILD
FOR CONSTRUCTION OF A NEW BUILDING ON AN EXSITING SITE

SITUATION

Pre-design work on the Pathways Center building is proceeding. At this time, the management team working on the project has evaluated a method to construct the Pathway Center utilizing the Design-Build process.

Historically, public construction projects are competitively bid and awarded to the responsible low bidder. During recent project coordination meetings, the Design-Build contracting method has been discussed. This process involves the selection of a Design-Build firm during the pre-design phase to involve a contractor's expertise to purchase/coordinate the completion of the design process and hire contractors required to complete the construction phase of the projects. The Design-Build method has been successfully implemented by the following public agencies:

- Beaverton School District
- Salem-Keizer School District
- Hillsboro School District
- Marcola School District
- Multnomah County
- Oregon Health Sciences University
- Port of Portland
- Portland Development Commission
- The Oregon State Department of Administrative Services

ORS 279C.335 permits the Local Contract Review Board, which for Hillsboro School District is the Board of Directors, to exempt specific projects from the requirements of ORS 279C. In doing so, the statute specifically says that the Local Contract Review Board shall: "where appropriate, direct the use of alternative contracting and purchasing methods that take account of market realities and modern or innovative contracting and purchasing methods, which are also consistent with the public policy of encouraging competition."

Oregon law and duly adopted resolution of the Hillsboro School District permits the Hillsboro School District Board of Directors, acting as the Local Contract Review Board, to consider and approve specific findings that lead to the exemption of certain contracts/projects from traditional competitive public bidding. Selection of the Design-Build firm for this project will utilize a Request for Proposal. The Request for Proposal will identify specific criteria to be utilized for the selection.

ORS 279C.335(4) requires Hillsboro School District to hold a public hearing of the Local Contract Review Board to allow comments on the Hillsboro School District draft findings. Notice of this public hearing must be advertised in at least one trade newspaper of general statewide circulation not less than 14 days prior to the hearing.

Notice of public hearing was advertised in the Daily Journal of Commerce on November 23, 2020.

FINDINGS OF FACT

1. Project Description

The Hillsboro School District is currently in the design phase for the construction of the Pathways Center. The Project will require tight schedule adherence to resolve issues that could impact timely completion. The time required to complete the design, obtain bids from qualified subcontractors, and order the equipment/materials required will compress the time available for construction. The management team, which includes district staff and project management, believe the design / bidding and construction should be the responsibility of the Design-Build firm.

Scope of work considerations for use of Design-Build method will include site work, a new building and the required off – site work

2. Responsibilities of the Design-Build Firm

a) Design Phase

The Design-Build firm will provide the design and construction documents for certain portions of the design required to obtain permits and competitive bids, development of construction schedules, bid packaging, cost estimating, and the review of design documents from the standpoint of value, long lead procurements, design feasibility, constructability and establishing a negotiated cost or bid for the work prior to the start of the construction phase.

b) Bid Process

The Design-Build firm will coordinate the competitive bid process and material procurement process for all work with full oversight and participation by Hillsboro School District. The Design-Build firm will provide a written recommendation to Hillsboro School District for each subcontract. Upon approval from Hillsboro District the Design-Build firms will execute a contract with the approved subcontractors.

c) Construction Phase

The Design-Build firm will be responsible for the construction of the Project, including scheduling of materials procurement, delivery and all the work completed by their employees and by subcontractors. The Design-Build firm is responsible to complete the project on schedule, within budget and at, or above, the quality defined in the specifications prepared by the District.

3. Potential Benefits of Design-Build Process

a) Reduced Design Effort and Cost for Owner

Instead of retaining an architect or engineer to prepare 100% complete plans and specifications, the District prepares performance-type specifications for some portions of the project establishing the scope of the project including information that adequately describes the District's needs.

b) Innovative Solutions to Construction Challenges

Construction documents suitable for competitive bidding under Design-Bid-Build need to address all construction issues in detail. This method and results may not always be the most advantageous to the District. Using the Design-Build process, in the course of completing the construction documents, the Design-Build firm may arrive at a better solution. This flexibility also means the District must define its expectations clearly and monitor the design development closely to ensure that it meets the project requirements.

c) Improve Project Delivery Schedule

The initial design phase may be reduced because the District does not prepare construction documents required for Design-Bid-Build projects. Using the Design-Build process, the Design-Build firm may be able to complete the design more quickly. Subject to permitting procedures, a Design-Build firm may be able to begin construction before final plans for entire project are complete. For example grading and site work, that does not require a building permit can be underway before design for interior finishes, mechanical systems, and special systems is finalized.

d) Define Cost Early in the Process

The price of a fully designed project is not known until the owner opens bids. At that time, the District may discover that it cannot afford to build the project as designed. The rapid cost escalation of some construction materials has made cost forecasting even more difficult. Cost-reduction changes delay construction and increase design costs. Price escalation during the delay makes the budget a moving target. With Design-Build, the District knows what the building will cost when it awards the contract provided there are no material changes to the project or unforeseen conditions.

e) Allows the District to consider factors other than price in selecting the Design-Build Firm.

The ORS allows districts to award projects based upon "best value and other criteria" such as technical design, construction expertise and life cycle costs.

4. Rationale to Utilize Design-Build Method

a) Competition

It is unlikely that such exemption will encourage favoritism in the awarding of public contracts or substantially diminish competition for public contracts as the Design-Build firms will be selected through an open, competitive process among qualified contractors. Hillsboro School District will receive written proposals from Design-Build firms with the experience and staff required to complete the project. The process will include Request for Proposals that will be publicly advertised and Hillsboro School District may interview the firms before recommending a firm to the Board.

b) Multiple Construction Packages

The construction may be completed in phases and may require early bid or procurement packages. Completing the project in phases should result in cost savings.

c) Procurement of Long Lead Items

The Design-Build method will allow the early procurement of long lead material/equipment. Examples include mechanical equipment, electrical equipment, windows and doors. Early procurement should result in cost savings.

d) Schedule Complexity

The Project will face tight construction schedule to achieve timely occupancy. By phasing the completion of construction documents, bid, award and construction, the schedule efficiency required can be achieved. The Design-Build process allows the phasing that will be required.

e) Change Order Cost Control

Change orders cost should be controlled in two ways:

i) By utilizing a Design-Build firm to provide cost analysis, construction feasibility reviews and long lead procurement, the final number of change orders should be reduced. Reduction of change orders should result in cost savings.

ii) By proposing a fixed fee for overhead and profit, the Design-Build firm's fixed fee is added to the actual cost of the change. It is expected this will be less than the standard fee added to change orders on projects awarded to a bondable, low bidder. Reduction of overhead and profit on change order should result in cost savings.

f) Acceleration

Utilizing the Design-Build approach will reduce the risk of acceleration expense to complete the Project on time. Reduction or elimination of the cost to accelerate construction to complete the Projects on time should result in cost savings.

g) Improved Cost Management

The financial track record of Design-Build projects is impressive. The Gresham Barlow School District and Beaverton School District have used the Design-Build method to complete many construction projects with significant success considering timeliness of the project completions, cost savings and adherence to budget limitations.

h) Subcontractor Bidding and Selection

The Design-Build firm will have adequate time to prepare bid packages and review/analyze bids received from subcontractors. The work subcontracted will be awarded to the lowest responsive bidder. This bid process will not result in favoritism. Utilizing qualified subcontractors should result in better quality and cost savings.

i) Market Conditions

Many general contractors and subcontractors are being impacted by the quantity of bids scheduled in the next 7 months. Currently the cost of materials and labor is adjusting to the market conditions. Ordering materials and equipment may take longer now as the manufacturers and distributors are not keeping large amounts of inventory in stock. The Design-Build firm will order the materials and equipment in a timely manner from manufactures and distributors that can deliver the material and equipment on-time and avoid delays caused by late shipments.

j) Awareness and involvement by local Contractors and Suppliers

The Design-Build firm selected will be required to identify local contractors and suppliers prior to starting the Bid Process. The project management team and the Design-Build firm will schedule meetings with local contractors and suppliers to review the scopes of work and bid dates. This process allows for local contractor and supplier participation in the projects.

k) Qualified Management

The project management team working on this project is well equipped to manage the complexities of a Design-Build construction process, with experienced and qualified district staff and external project managers with successful Design-Build experience.

5. Operational, Budget and Financial Data:

The projects will result in efficient mechanical and electrical systems thus minimizing operational costs. Generally the method of construction will have little effect on the operational budget. However, the Design-Build process may further reduce operational cost through the use of life cycle analysis to assist in the selection of systems, finishes and equipment.

6. Public Benefits:

The primary public benefit is more expeditious and cost effective completion of the Projects. The Design-Build process provides for better collaboration to ensure the Projects will be completed on time, on budget and at, or above, the quality described in the construction documents. It provides better opportunities for reducing construction time by fast tracking construction where beneficial.

7. Value Engineering:

Because the Design-Build firm is responsible for portions of the design, the Design-Build firm will identify and implement design solutions and possible cost savings. This process allows the project team to evaluate quality materials, equipment and life cycle costs, thereby helping to reduce operating costs.

8. Specialized Expertise Required:

Completing a complicated project on time, on budget and at or above the quality expected requires the Design-Build firm to dedicate a qualified team with the experience and expertise to work with Hillsboro School District and the project manager. With such experience, mistakes are likely fewer and disruptions are likely to be minimized. The request for proposals process used to select the Design-Build firm will enable Hillsboro School District to select the best contractor for the Projects.

9. Public Safety:

The Design-Build firms will prepare a construction safety plan for the project. The construction safety plan will help ensure projects are built safely and will minimize risks to neighborhoods and projects.

10. Technical Complexity:

Completing a fast track construction project on an occupied site is complex. The process Hillsboro School District has elected to use will address the technical complexity and should save time and reduce the final cost.

11. Funding Sources:

These projects will be paid for as part of 2017 Capital Improvement Bond and other funds. The Design-Build process will better enable Hillsboro School District to manage resources available to complete projects.

The Design-Build process will provide Hillsboro School District the following advantages:

- Cost savings, as described above.
- Reduction of schedule risk typically associated with a complex construction Project.
- Opportunity to select a qualified Design-Build firm versus award project to any bondable low bidder.
- Accurate cost data for project decisions.
- Greatest assurance of on time project completion.
- Higher confidence in completing quality construction.

RECOMMENDATION

The Superintendent recommends the Board of Directors, acting in the capacity of the Local Contract Review Board, review and approve the Findings of Fact supporting the use of the Design-Build method for the Pathways Center.

I move that the Board of Directors, acting in the capacity of the Local Contract Review Board, review and approve the Findings of Fact supporting the use of the Design-Build method for the Pathways Center.



Code: **GBN/JBA**
Adopted: 12/16/14
Revised/Readopted: 5/28/19
Orig. Code: GBN/JBA

Sexual Harassment

(Version 1)

(Delete and replace with new proposed; see version 2)

The Board is committed to the elimination of sexual harassment in District facilities and activities. Sexual harassment is strictly prohibited and shall not be tolerated. This includes sexual harassment of students, staff members, or third parties who are on or immediately adjacent to school grounds, at any District-sponsored activity, on any District-provided transportation, or at any official District bus stop, by other students, staff members, Board members, or third parties.

“Third parties” include, but are not limited to, school volunteers, parents, school visitors, service contractors, or others engaged in District business, such as employees of businesses or organizations participating in cooperative work programs with the District, and others not directly subject to District control at interdistrict and intradistrict athletic competitions or other school events.

“District” includes District facilities, District premises and nondistrict property if the student or staff member is at any District-sponsored, District-approved, or District-related activity or function, such as field trips or athletic events, where students are under the jurisdiction of the District, or where the staff member is engaged in District business.

The prohibition also includes off-duty conduct that has the effect of interfering with a staff member’s or third party’s ability to perform District business.

Sexual harassment of students, staff members, or third parties shall include, but is not limited to, unwelcome sexual advances, requests for sexual favors, and other verbal, nonverbal, or physical conduct of a sexual nature when:

1. The conduct or communication has the purpose or effect of demanding sexual favors in exchange for benefits;
2. Submission to or rejection of the conduct or communication is used as the basis for educational decisions affecting a student, or employment or assignment of staff members;
3. The conduct or communication is so severe, persistent, or pervasive that it has the purpose or effect of unreasonably interfering with a student’s educational performance or with a staff member’s ability to perform job responsibilities; or creates an intimidating, offensive, or hostile educational or working environment. Relevant factors to be considered will include, but not be limited to, did the individual view the environment as hostile, was it reasonable to view the environment as hostile, the

nature of the conduct, how often the conduct occurred and how long it continued, age and sex of the complainant, whether the alleged harasser was in a position of power

Over the student or staff member subjected to the harassment, number of individuals involved, age of the alleged harasser, where the harassment occurred, and other incidents of sexual harassment at the school involving the same or other students, staff members, or third parties.

Examples of sexual harassment may include, but not be limited to, physical touching of a sexual nature; displaying or distributing sexually explicit drawings, pictures, graffiti, or written materials; sexual gestures or obscene jokes; touching oneself sexually or talking about one's sexuality in front of others; or spreading rumors about or rating other students or others as to appearance, sexual activity, or performance.

All complaints about behavior that may violate this policy shall be promptly investigated. Any students, staff members, or third parties who have knowledge of conduct in violation of this policy or feels they are a victim of sexual harassment must immediately report their concerns to the building principal, compliance officer, or Superintendent or designee, who has overall responsibility for all investigations. Students may also report concerns to a teacher, counselor, or school nurse, who will promptly notify the appropriate District official.

Upon receipt of a complaint by a student, student's parents, a staff member, or a third party alleging behavior that may violate this policy, the District shall provide written notice as required by Oregon Revised Statute (ORS) 342.704(4) to the complainant.

The student and/or the student's parents, staff member, or third party who initiated the complaint shall be notified that the investigation has been concluded and as to whether a violation of this policy was found to have occurred to the extent allowable under state and federal confidentiality laws.

The initiation of a complaint in good faith about behavior that may violate this policy may not adversely affect the educational assignments or educational environment of a student complainant, any terms or conditions of employment or work environment of the staff member complainant or any terms or conditions of employment or of work or educational environment of a third-party complainant. There shall be no retaliation by the District against any person who, in good faith, reports, files a complaint, or otherwise participates in an investigation or inquiry of sexual harassment.

It is the intent of the Board that appropriate corrective action will be taken by the District to stop the sexual harassment, prevent its recurrence, and address negative consequences. Students in violation of this policy shall be subject to discipline, up to and including, expulsion and/or counseling or sexual harassment awareness training, as appropriate. The age and maturity of the student(s) involved and other relevant factors will be considered in determining appropriate action. Staff members in violation of this policy shall be subject to discipline, up to and including, dismissal and/or additional sexual harassment awareness training, as appropriate. Other individuals whose behavior is found to be in violation of this policy shall be subject to appropriate sanctions as determined and imposed by the Superintendent or designee or the Board.

Additionally, the District may report individuals in violation of this policy to law enforcement officials. Licensed staff, staff registered with the Teacher Standards and Practices Commission (TSPC) and those participating in practicum programs, as specified by Oregon Administrative Rules, shall be reported to TSPC.

The Superintendent or designee shall ensure appropriate periodic sexual harassment awareness training or information is provided to all supervisors, staff members, and students, and that annually, the name and position of District officials responsible for accepting and managing sexual harassment complaints, business phone numbers, addresses, or other necessary contact information is readily available. This policy as well as the complaint procedure will be made available upon request to all students, parents of students, staff members, and third parties, posted on the District's website, and published in student/parent and staff handbooks. The District's policy shall be posted on a sign in all schools. Posted signs shall be at least 8-1/2 inches by 11 inches.

The Superintendent or designee will establish a process of reporting incidents of sexual harassment.

END OF POLICY

Legal Reference(s):

[ORS 243.706](#)
[ORS 332.107](#)
[ORS 342.700](#)
[ORS 342.704](#)
[ORS 342.708](#)

[ORS 342.850](#)
[ORS 342.865](#)
[ORS 659.850](#)
[ORS 659A.006](#)
[ORS 659A.029](#)

[ORS 659A.030](#)
[OAR 581-021-0038](#)
[OAR 584-020-0040](#)
[OAR 584-020-0041](#)

Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d (2018).

Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e (2018).

Title IX of the Education Amendments of 1972, 20 U.S.C. §§ 1681-1683 (2018); Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance, 34 C.F.R. Part 106 (2020).

Bartsch v. Elkton School District, FDA-13-011 (March 27, 2014).

Sexual Harassment

(Version 2)

(New proposed)

The district is committed to eliminating sexual harassment. Sexual harassment will not be tolerated in the district. All students, staff members and other persons are entitled to learn and work in an environment that is free of harassment. All staff members, students and third parties¹ are subject to this policy. Any person may report sexual harassment.

The district processes complaints or reports of sexual harassment under Oregon Revised Statute (ORS) 342.700 et. al. and federal Title IX laws found in Title 34 C.F.R. Part 106. Individual complaints may require both of these procedures, and may involve additional complaint procedures.

General Procedures

When information, a report or complaint regarding sexual harassment is received by the district, the district will review such information, report or complaint to determine which law applies and will follow the appropriate procedures. When the alleged conduct could meet both of the definitions in ORS Chapter 342 and Title IX, both complaint procedures should be processed simultaneously (*see* GBN/JBA-AR(1) - Sexual Harassment Complaint Procedure and GBN/JBA-AR(2) - Federal Law (Title IX) Sexual Harassment Complaint Procedure). The district may also need to use other complaint procedures when the alleged conduct could meet the definitions for other complaint procedures².

OREGON DEFINITION AND PROCEDURES

Oregon Definition

Sexual harassment of students, staff members or third parties shall include:

A demand or request for sexual favors in exchange for benefits;

Unwelcome conduct of a sexual nature that is physical, verbal, or nonverbal and that:

- a. Interferes with a student's educational activity or program;
- b. Interferes with a school or district staff member's ability to perform their job; or
- c. Creates an intimidating, offensive or hostile environment.

¹ "Third party" means a person who is not a student or a school or district staff member and who is: 1) on or immediately adjacent to school grounds or district property; 2) At a school-sponsored activity or program; or 3) Off school grounds or district property if a student or a school or district staff member acts toward the person in a manner that creates a hostile environment for the person while on school or district property, or at a school- or district-sponsored activity.

² Common complaint procedures that may also be involved include: Nondiscrimination (Board policy AC), Workplace Harassment (Board policy GBEA), [Hazing,]Harassment, Intimidation, Bullying, [Menacing,]Cyberbullying, Teen Dating Violence and Domestic Violence – Student (Board policy JFCF), and Reporting Requirements for Suspected Sexual Conduct with Students (Board policy GBNA/JHFF)

Assault when sexual contact occurs without the student's, staff member's or third party's consent because the student, staff member or third party is under the influence of drugs or alcohol, is unconscious or is pressured through physical force, coercion or explicit or implied threats.³

Sexual harassment does not include conduct that is necessary because of a job duty of a school or district staff member or because of a service required to be provided by a contractor, agent, or volunteer, if the conduct is not the product of sexual intent or a person finding another person, or another person's action, offensive because of that other person's sexual orientation or gender identity.

Examples of sexual harassment may include, but not be limited to, physical touching or graffiti of a sexual nature; displaying or distributing of sexually explicit drawings; pictures and written materials; sexual gestures or obscene jokes; touching oneself sexually or talking about one's sexual behaviors in front of others; or spreading rumors about or rating other students or others as to appearance, sexual activity or performance.

Oregon Procedures

Reports and complaints of sexual harassment should be made to the following individuals:

Position	Phone
Operations Officer (Athletics and Activities)	(503)844-1500
Executive Director of Schools (Student to Student)	(503)844-1500
Human Resources Officer (All other Complaints)	(503)844-1500

These individuals are responsible for accepting and managing complaints of sexual harassment. Persons wishing to report should contact them using the above information. These individuals are also designated as the Title IX Coordinator. *See GBN/JBA-AR(1) - Sexual Harassment Complaint Procedure.*

Response

Any staff member who becomes aware of behavior that may violate this policy shall [immediately] report to a district official. The district official (with coordination involving the reporting staff member when appropriate) will take any action necessary to ensure the:

1. Student is protected and to promote a nonhostile learning environment;
2. Staff member is protected and to promote a nonhostile work environment; or
3. Third party who is subjected to the behavior is protected and to promote a nonhostile environment.

This includes providing resources for support measures to the student, staff member or third party who was subjected to the behavior and taking any actions necessary to remove potential future impact on the student, staff member or third party, but are not retaliatory against the student, staff member or third party being harassed or the person who reported to the district official.

Any student or staff member who feels they are a victim of sexual harassment are encouraged to immediately report their concerns to district officials, this includes officials such as the principal, compliance officer or superintendent. Students may also report concerns to a teacher, counselor or school nurse, who will promptly notify the appropriate district official.

³ The statutory definition (ORS 342.704) for sexual harassment includes separate definitions with slightly different language for students, staff members and third parties. The language used in this policy comes from OAR 581-021-0038(1)(b). If the district would like to include the full statutory definition, it can do so.

Investigation

All reports and complaints about behavior that may violate this policy shall be investigated. The district may use, but is not limited to, the following means for investigating incidents of possible harassment:

1. Interviews with those involved;
2. Interviews with witnesses;
3. Review of video surveillance;
4. Review of written communications, including electronic communications;
5. Review of any physical evidence; and
6. Use of third-party investigator.

The district will use a “reasonable person” standard when determining whether a hostile environment exists. A hostile environment exists if a reasonable person with similar characteristics and under similar circumstances would consider the conduct to be so severe as to create a hostile environment.

The district may take, but is not limited to, the following procedures and remedial action to address and stop sexual harassment:

1. Discipline of staff and students engaging in sexual harassment;
2. Removal of third parties engaged in sexual harassment;
3. Additional supervision in activities;
4. Additional controls for district electronic systems;
5. Trainings and education for staff and students; and
6. Increased notifications regarding district procedures and resources.

When a student or staff member is harassed by a third party, the district will consider the following:

1. Removing that third party’s ability to contract or volunteer with the district, or be present on district property;
2. If the third party works for an entity that contracts with the district, communicating with the third party’s employer;
3. If the third party is a student of another district or school, communicate information related to the incident to the other district or school;
4. Limiting attendance at district events; and/or
5. Providing for additional supervision, including law enforcement if necessary, at district events.

No Retaliation

Retaliation against persons who initiate complaint or otherwise report sexual harassment or who participate in an investigation or other related activities is prohibited. The initiation of a complaint,

reporting of behavior, or participation in an investigation, in good faith about behavior that may violate this policy may not adversely affect the:

1. Educational assignments or educational environment of a student or other person initiating the complaint, reporting the behavior, or participating in the investigation; or
2. Any terms or conditions of employment or of work or educational environment of a school or district staff member or other person initiating the complaint, reporting the behavior, or participating in the investigation.

Students who initiate a complaint or otherwise report harassment covered by the policy or who participate in an investigation may not be disciplined for violations of the district's drug and alcohol policies that occurred in connection with the reported prohibited conduct and that were discovered because of the report or investigation, unless the student gave another person alcohol or drugs without the person's knowledge and with the intent of causing the person to become incapacitated and vulnerable to the prohibited conduct.

Notice

When a person⁴ who may have been affected by this policy files a complaint or otherwise reports behavior that may violate the policy, the district shall provide written notification to the following:

1. Each reporting person;
2. If appropriate, any impacted person who is not a reporting person;
3. Each reported person; and
4. Where applicable, a parent or legal guardian of a reporting person, impacted person, or reported person.

The written notification must include⁵:

1. Name and contact information for all person(s) designated by the district to receive complaints;
2. The rights of the person that the notification is going to;
3. Information about the internal complaint processes available through the school or district that the person or person's parent who filed the complaint may pursue, including the person designated for the school or district for receiving complaints and any timelines.
4. Notice that civil and criminal remedies that are not provided by the school or district may be available to the person through the legal system and that those remedies may be subject to statutes of limitation;
5. Information about services available to the student or staff member through the school or district, including any counseling services, nursing services or peer advising;
6. Information about the privacy rights of the person and legally recognized exceptions to those rights for internal complaint processes and services available through the school or district;

⁴ Student, staff member, or third party, or if applicable, the student or third party's parent. If the person is a minor, the district should consider when to contact the person's parent.

⁵ Remember confidentiality laws when providing any information.

7. Information about, and contact information for, services and resources that are available to the person, including but not limited to:

- a. For the reporting person, state and community-based resources for persons who have experienced sexual harassment; or
 - b. For the reported persons, information about and contact information for state and community-based mental health services.

8. Notice that students who report about possible prohibited conduct and students who participate in an investigation under this policy may not be disciplined for violations of the district's drug and alcohol policies that occurred in connection with the reported prohibited conduct and that were discovered as a result of a prohibited conduct report or investigation unless the student gave another person alcohol or drugs without the person's knowledge and/or with the intent of causing the person to become incapacitated and vulnerable to the prohibited conduct; and

9. Prohibition of retaliation.

Notification, to the extent allowable under state and federal student confidentiality laws, must be provided when the investigation is initiated and concluded. The notification at the conclusion must include whether a violation of the policy was found to have occurred.

The notice must:

1. Be written in plain language that is easy to understand;
2. Use print that is of a color, size and font that allows the notification to be easily read; and
3. Be made available to students, students' parents, staff members and member of the public at each office, at the district office and on the website of the school or district.

Oregon Department of Education (ODE) Support

The ODE will provide technical assistance and training upon request.

FEDERAL DEFINITION AND PROCEDURES

Federal Definition

Sexual harassment means conduct on the basis of sex that satisfies one or more of the following:

1. An employee of the district conditioning the provision of an aid, benefit, or service of the district on an individual's participation in unwelcome sexual conduct;
2. Unwelcome conduct determined by a reasonable person to be so severe, pervasive, and objectively offensive that it effectively denies a person equal access to the district's education program or activity⁶;
3. "Sexual assault": an offense classified as a forcible or nonforcible sex offense under the uniform crime reporting system of the Federal Bureau of Investigation;
4. "Dating violence": violence committed by a person who is or has been in a social relationship of a romantic or intimate nature with the victim and where the existence of such a relationship shall be determined based on a consideration of the length of the relationship, the type of relationship and the frequency of interaction between the persons involved in the relationship;
5. "Domestic Violence": felony or misdemeanor crimes of violence committed by a current or former spouse or intimate partner of the victim, by a person with whom the victim shares a child in common, by a person who is cohabitating with or has cohabitated with the victim as a spouse or intimate partner, by a person similarly situated to a spouse of the victim under the domestic or family violence laws of the jurisdiction receiving grant monies, or by any other person against an adult or youth victim who is protected from that person's acts under the domestic or family violence laws of the jurisdiction; or
6. "Stalking": engaging in a course of conduct directed at a specific person that would cause a reasonable person fear for the person's own safety or the safety of others, or suffer substantial emotional distress.

This definition only applies to sex discrimination occurring against a person who is a subject of this policy in the United States. A district's treatment of a complainant or a respondent in response to a formal complaint of sexual harassment may constitute discrimination on the basis of sex under Title IX.

Federal Procedures

The district will adopt and publish grievance procedures that provide for the prompt and equitable resolution of the student and employee complaints alleging any action that would be prohibited by this policy. *See* GBN/JBA-AR(2) - Federal Law (Title IX) Sexual Harassment Complaint Procedure.

Reporting

Any person may report sexual harassment. This report may be made in person, by mail, by telephone, or by electronic mail, or by any other means that results in the Title IX Coordinator receiving the person's verbal or written report. The report can be made at any time.

The Operations Officer (Athletics and Activities), Executive Director of Schools (Student to Student), Human Resources Officer (All other Complaints) are designated as the Title IX Coordinators and can be contacted at (503) 844-1500. The Title IX Coordinators will coordinate the district's efforts to comply

⁶ "Education program or activity" includes locations, events, or circumstances over which the recipient exercised substantial control over both the respondent and the context in which the sexual harassment occurs." (Title 34 C.F.R. § 106.44(a))

with its responsibilities related to this AR. The district prominently will display the contact information for the Title IX Coordinators on the district website and in each handbook. {⁷}

Response

The district will promptly respond to information, allegations or reports of sexual harassment when there is actual knowledge of such harassment, even if a formal complaint has not been filed.⁸ The district shall treat complainants and respondents equitably by providing supportive measures⁹ to the complainant and by following a grievance procedure¹⁰ prior to imposing any disciplinary sanctions or other actions that are not supportive measures against a respondent. The Title IX Coordinator is responsible for coordinating the effective implementation of supportive measures.

The Title IX Coordinator must promptly contact the complainant to discuss the availability of supportive measures, consider the complainant's wishes, with respect to supportive measures, inform the complainant of the availability of supportive measures with or without the filing of a formal complaint, and explain to the complainant the process for filing a formal complaint.¹¹

If after an individualized safety and risk analysis, it is determined that there is an immediate threat to the physical health or safety of any person, an emergency removal of the respondent can take place.¹² The district must provide the respondent with notice and an opportunity to challenge the decision immediately following the removal. A non-student employee may also be placed on non-disciplinary administrative leave pending the grievance process.

Notice

The district shall provide notice to all applicants for admission and employment, students, parents or legal guardians, employees, and all unions or professional organizations holding collective bargaining or professional agreements with the district of the following:

1. The name or title, office address, electronic mail address, and telephone number of the Title IX Coordinator(s);
2. That the district does not discriminate on the basis of sex in the education program or activity that it operates, as required by Title IX. This includes admissions and employment; and

{⁷ Note the difference in requirements for Title IX and Oregon law. It makes sense to align these requirements.}

⁸ (Title 34 C.F.R. §106.44(a)) Response cannot be deliberately indifferent. A recipient is deliberately indifferent only if its response to sexual harassment is clearly unreasonable in light of the known circumstances.

⁹ (Title 34 C.F.R. § 106.44(a)) Supportive measures means non-disciplinary, non-punitive individualized services offered as appropriate, as reasonably available, and without fee or charge to the complainant or the respondent before or after the filing of a formal complaint or where no formal complaint has been filed. Such measures are designed to restore or preserve equal access to the recipient's education program or activity without unreasonably burdening the other party, including measures designed to protect the safety of all parties or the district's educational environment, or deter sexual harassment.⁹ The district must maintain as confidential any supportive measures provided to the complainant or respondent, to the extent that maintaining such confidentiality would not impair the ability of the recipient to provide supportive measures. (Title 34 C.F.R. § 99.30(a))

¹⁰ This grievance procedure must meet the requirements of Title 34 C.F.R. § 106.45 (included in accompanying administrative regulation, *see* GBN/JBA-AR(2) - Federal Law (Title IX) Sexual Harassment Complaint Procedure).

¹¹ The Title IX Coordinator may also discuss that the Title IX Coordinator has the ability to file a formal complaint.

¹² The district may still have obligations under Individuals with Disabilities Education Act (IDEA), Section 504 of the Rehabilitation Act of 1973 or the American with Disabilities Act (ADA). (Title 34 C.F.R. § 106.44(c))

3. The grievance procedure and process, how to file a formal complaint of sex discrimination or sexual harassment, and how the district will respond.

[Inquiries about the application to Title IX and its requirements may be referred to the Title IX Coordinator or the Assistant Secretary¹³, or both.]

No Retaliation

Neither the district or any person may retaliate¹⁴ against an individual for reporting, testifying, providing evidence, being a complainant, otherwise participating or refusing to participate in any investigation or process in accordance with this procedure. The district must keep confidential the identity of parties and participating persons, except as disclosure is allowed under Family Educational Rights and Privacy Act (FERPA), as required by law, or to carry out the proceedings herein. Complaints of retaliation may be filed using these procedures.

Charging an individual with a code of conduct violation for making a materially false statement in bad faith in the course of a grievance proceeding does not constitute retaliation.

Publication

This policy shall be made available to students, parents of students and staff members. This policy and contact information for the Title IX Coordinators shall be prominently published in the district student handbook and on the district website. This policy shall also be made available at each school office and at the district office. The district shall post this policy on a sign in all grade 6 through 12 schools, on a sign that is at least 8.5 inches by 11 inches in size. A copy of the policy will be made available to any person upon request.

END OF POLICY

Legal Reference(s):

¹³ Of the United States Department of Education.

¹⁴ Retaliation includes, but is not limited to, intimidation, threats, coercion, and discrimination.

[ORS 243.706](#)
[ORS 332.107](#)
[ORS 342.700](#)
[ORS 342.704](#)
[ORS 342.708](#)

[ORS 342.850](#)
[ORS 342.865](#)
[ORS 659.850](#)
[ORS 659A.006](#)
[ORS 659A.029](#)

[ORS 659A.030](#)
[OAR 581-021-0038](#)
[OAR 584-020-0040](#)
[OAR 584-020-0041](#)

Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d (2018).

Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e (2018).

Title IX of the Education Amendments of 1972, 20 U.S.C. §§ 1681-1683 (2018); Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance, 34 C.F.R. Part 106 (2020).

Bartsch v. Elkton School District, FDA-13-011 (March 27, 2014).

PROPOSED



Code: **GBN/JBA-AR**
Revised/Reviewed: 2/24/15; 6/11/19
Orig. Code: GBN/JBA-AR

Sexual Harassment Complaint Procedure

(Version 1)

(Delete and replace with new proposed; see version 2)

Building principals, the compliance officer, and the Superintendent are responsible for complaints and investigations concerning sexual harassment. The investigator(s) shall be a neutral party having had no involvement in the complaint presented.

Sexual harassment of students, staff members, or third parties shall include, but is not limited to, unwelcome sexual advances, requests for sexual favors, and other verbal, nonverbal, or physical conduct of a sexual nature when:

1. The conduct or communication has the purpose or effect of demanding sexual favors in exchange for benefits;
2. Submission to or rejection of the conduct or communication is used as the basis for educational decisions affecting a student, or employment or assignment of staff members;
3. The conduct or communication is so severe, persistent, or pervasive that it has the purpose or effect of unreasonably interfering with a student's educational performance or with a staff member's ability to perform job responsibilities; or creates an intimidating, offensive, or hostile educational or working environment. Relevant factors to be considered will include, but not be limited to, did the individual view the environment as hostile, was it reasonable to view the environment as hostile, the nature of the conduct, how often the conduct occurred and how long it continued, age and sex of the complainant, whether the alleged harasser was in a position of power over the student or staff member subjected to the harassment, number of individuals involved, age of the alleged harasser, where the harassment occurred, and other incidents of sexual harassment at the school involving the same or other students, staff members, or third parties.

Examples of sexual harassment may include, but not be limited to, physical touching of a sexual nature; displaying or distributing sexually explicit drawings, pictures, graffiti, or written materials; sexual gestures or obscene jokes; touching oneself sexually or talking about one's sexuality in front of others; or spreading rumors about or rating other students or others as to appearance, sexual activity, or performance.

- Step 1 Any sexual harassment information (i.e., complaints, rumors, etc.) shall be presented to the building principal, compliance officer, or Superintendent. All such information shall be documented in writing and will include the specific nature of the sexual harassment and corresponding dates.

The District official receiving the complaint shall cause the District to provide written notice from the District to the complainant that includes:

1. Their rights;

2. Information about the internal complaint processes available through the school or district that the complainant may pursue;
3. Notice that civil and criminal remedies that are not provided by the school or District may be available to the complainant through the legal system and that those remedies may be subject to statutes of limitation;
4. Information about services available to the student or staff member complainant through the school or District including any counseling services or nursing services;
5. Information about the privacy rights of the complainants and legally recognized exceptions to those rights for internal complaint processes and services available through the school or District; and
6. Information about, and contact information for, state and community-based services and resources that are available to persons who have experienced sexual harassment.

This written notification must:

1. Be written in plain language that is easy to understand;
2. Use print that is of the color, size, and font that allow the notification to be easily read; and
3. Include that this information is made available to students, students' parents, staff members, and members of the public on the school or District website.

Step 2 The District official receiving the information or complaint shall promptly initiate an investigation. The official will arrange meetings to discuss the issue with all concerned parties within 10 working days after receipt of the information or complaint. All findings of the investigation, including the response of the alleged harasser, shall be documented in writing. The official conducting the investigation shall notify the complainant, within 10 working days of the meeting, in writing that the investigation is concluded and if a violation of the policy was found to have occurred to the extent allowable by law. The parties will have an opportunity to submit evidence and a list of witnesses.

A copy of the notification letter provided in step 1 and the date and details of notification to the complainant of the results of the investigation, together with any other documentation related to the sexual harassment incident, including disciplinary action taken or recommended, shall be forwarded to the Superintendent.

Step 3 If a complainant is not satisfied with the decision at Step 2, the complainant may submit a written appeal to the Superintendent or designee. Such appeal must be filed within 10 working days after receipt of the Step 2 decision. The Superintendent or designee will arrange meetings with the complainant and other affected parties as deemed necessary to discuss the appeal. The Superintendent or designee shall provide a written decision to the complainant within 10 working days.

Step 4 If a complainant is not satisfied with the decision at Step 2, the complainant may submit a written appeal to the Board. Such appeal must be filed within 10 working days after receipt of the Step 3 decision. The Board shall, within 20 working days, conduct a hearing at which time the complainant shall be given an opportunity to present the appeal. The Board shall provide a written decision to the complainant within 10 working days following completion of the hearing.

Complaints against a principal will be referred to the chief human resources officer. Complaints against the chief human resources officer shall be referred to an assistant superintendent of the office for school performance. Complaints against a principal or the chief human resources officer may start at step 2.

Complaints against an assistant superintendent of the office of school performance shall be referred to the Superintendent. Complaints against an assistant superintendent of the office of school performance may start at step 3.

The District designated investigator will cause the notice requirements identified in step 1 to be completed. The District designated investigator will investigate the complaint and will notify the complainant in writing that the investigation is concluded and if a violation of the policy was found to have occurred to the extent allowable by law. If the complaint remains unresolved within 10 working days of receipt by the investigator, the complainant may appeal to the Superintendent in step 3.

Complaints against the Superintendent may start at step 4 and should be referred to the Board chair on behalf of the Board. The Board chair will cause the notice requirements identified in step 1 to be completed. The Board chair shall present the complaint to the Board. If the Board decides an investigation is warranted, the Board may refer the investigation to a third party. When the investigation is complete, the results will be presented to the Board. The Board chair shall notify the complainant in writing that the investigation is concluded and if a violation of the policy was found to have occurred to the extent allowable by law. After receiving the results of the investigation, the Board shall decide, within 20 days, in open session what action, if any, is warranted.

Direct complaints related to employment may be filed with the U.S. Department of Labor, Equal Employment Opportunity Commission or Oregon Bureau of Labor and Industries.

Direct complaints related to educational programs and services may be made to the Regional Civil Rights Director, U.S. Department of Education, Office for Civil Rights, Region X, 915 2nd Ave., Room 3310, Seattle, WA 98174-1099.

Additional information regarding filing of a complaint may be obtained through the building principal, compliance officer, or Superintendent.

All documentation related to sexual harassment complaints may become part of the student's education record or employee's personnel file, as appropriate. Additionally, a copy of all sexual harassment complaints and documentation will be maintained as a confidential file and stored in the District office.

The Superintendent shall report the name of any person holding a teaching license or registered with Teacher Standards and Practices Commission (TSPC) or participating in a practicum under Oregon Administrative Rule (OAR) Chapter 584, Division 17, when, after appropriate investigation, there is reasonable cause to believe the person may have committed an act of sexual harassment. Reports shall be made to TSPC within 30 days of such a finding. Reports of sexual contact with a student shall be given to a representative from law enforcement or Oregon Department of Human Services as possible child abuse.

**Hillsboro School District 1J
Complaint Form**

Complainant Information	
Name of complainant:	
Position/Role of complainant:	
Phone:	Email:
Complaint Information	
Name of alleged offender:	
Date and place of incident(s):	
Description of incident(s):	

Name of witness(es) (if any):

DE

Evidence to corroborate complaint, e.g., letters, photos, etc. (attach evidence if possible):

DE

What steps have you taken to resolve the issue(s) (if applicable)?

LE

What steps would you have the District take to resolve the complaint?

DE

TE

All of the information on this form is accurate and true to the best of my knowledge.

Signature:

Date:

DE

Attach additional pages as needed.



Code: GBN/JBA-AR(1)
Revised/Reviewed:

Sexual Harassment Complaint Procedure (Version 2)

(New proposed)

Reports and complaints of sexual harassment should be made to the following individual(s):

Name	Phone
Operations Officer (Athletics and Activities)	(503)844-1500
Executive Director of Schools (Student to Student)	(503)844-1500
Human Resources Officer (All other Complaints)	(503)844-1500

The district official receiving the complaint shall issue the required written notice as outlined under Oregon Procedures in Board policy GBN/JBA - Sexual Harassment.

Step 1 The district official receiving the report or complaint shall promptly initiate an investigation using procedures and standards, including but not limited to, those identified in Board policy GBN/JBA - Sexual Harassment and will notify the complainant or reporting person, any impacted person who is not a reporting person (if appropriate), each reported person, and where applicable, the parents of a reporting person, impacted person, or reported person, when such investigation is initiated. The official will arrange such meetings as may be necessary to discuss the issue with all concerned parties within five working days after receipt of the report or complaint. The parties will have an opportunity to submit evidence and a list of witnesses. All findings of the investigation shall be reduced to writing. The official conducting the investigation shall notify the parties in writing that the investigation is concluded and if a violation of the policy was found to have occurred to the extent allowable by law within [30] days of receipt of the report or complaint.

A copy of the required written notice(s) and the date and details of notification of the notice of investigation and results of the investigation, together with any other documentation related to the sexual harassment incident, including disciplinary action taken or recommended, shall be forwarded to the superintendent.

Step 2 If a complainant is not satisfied with the decision at Step 1, the complainant may submit a written appeal to the Superintendent or designee. Such appeal must be filed within 10 working days after receipt of the Step 1 decision. The Superintendent or designee will arrange such meetings with the complainant and other affected parties as deemed necessary to discuss the appeal within five working days of receipt of the appeal. The Superintendent or designee shall provide a written decision to the complainant within 10 working days.

Step 3 If a complainant is not satisfied with the decision at Step 2, the complainant may submit a written appeal to the Board. Such appeal must be filed within 10 working days after receipt of

the Step 2 decision. The Board will review the decision of the Superintendent or designee in a public meeting to determine what action is appropriate. The Board may use executive session if the subject matter qualifies under Oregon law. Appropriate action may include, but is not limited to, holding a hearing, requesting additional information, and/or adopting the Superintendent's or designee's decision. All parties involved, including the school administration, may be asked to attend a hearing for the purposes of making further explanations and clarifying the issues. The Board shall provide a written decision to the complainant within 30 working days following receipt of the appeal.

If the Board chooses not to hear the complaint, the Superintendent's or designee's decision in Step 2 is final¹.

The Superintendent is authorized to amend these procedures (including timelines) when the Superintendent feels it is necessary for the efficient handling of the complaint. Notice of any amendments will be promptly provided to the parties.

Complaints against the principal may start at Step 2 and may be filed with the Superintendent or designee. The Superintendent or designee will cause the required notices to be provided. The Superintendent or designee will investigate the complaint and will notify the parties in writing that the investigation is concluded and if a violation of the policy was found to have occurred to the extent allowable by law. If the complaint remains unresolved within 10 working days of receipt by the Superintendent or designee, the complainant may appeal to the Board in Step 3.

Complaints against the Superintendent or a Board member (other than the Board chair) may start at Step 3 and should be referred to the Board chair on behalf of the Board. The Board chair will cause required notices to be provided. The Board chair shall present the complaint to the Board. The Board may use executive session if the subject matter qualifies under Oregon law. If the Board decides an investigation is warranted, the Board may refer the investigation to a third party. When the investigation is complete, the results will be presented to the Board. After receiving the results of the investigation, the Board shall decide, within 20 days, in open session, what action, if any, is warranted. The Board chair shall notify the parties in writing that the investigation is concluded and if a violation of the policy was found to have occurred to the extent allowable by law.

Complaints against the Board chair may start at Step 3 and should be referred to the Board vice chair on behalf of the Board. The Board vice chair will cause required notices to be provided. The Board vice chair shall present the complaint to the Board. The Board may use executive session if the subject matter qualifies under Oregon law. If the Board decides an investigation is warranted, the Board may refer the investigation to a third party. When the investigation is complete, the results will be presented to the Board. After receiving the results of the investigation, the Board shall decide, within 20 days, in open session what action, if any, is warranted. The Board vice chair shall notify the parties in writing that the investigation is concluded and if a violation of the policy was found to have occurred to the extent allowable by law.

¹ If the Board chooses to accept the superintendent's decision as the district's final decision on the complaint, the superintendent's written decision must meet the requirements of OAR 581-022-2370(4)(b).

Direct complaints related to employment may be filed with the U.S. Department of Labor, Equal Employment Opportunity Commission or Oregon Bureau of Labor and Industries.

Direct complaints related to educational programs and services may be made to the Regional Civil Rights Director, U.S. Department of Education, Office for Civil Rights, Region X, 915 2nd Ave., Room 3310, Seattle, WA 98174-1099.

Additional information regarding filing of a complaint or report may be obtained through the principal, compliance officer or superintendent.

All documentation related to sexual harassment complaints may become part of the student's education record or employee's personnel file, as appropriate. Additionally, a copy of all sexual harassment complaints or reports and documentation will be maintained as a confidential file and stored in the district office.

The superintendent shall report the name of any person holding a teaching license or registered with Teacher Standards and Practices Commission (TSPC) or participating in a practicum under Oregon Administrative Rule (OAR) Chapter 584, Division 17, when, after appropriate investigation, there is reasonable cause to believe the person may have committed an act of sexual harassment. Reports shall be made to TSPC within 30 days of such a finding. Reports of sexual contact with a student shall be given to a representative from law enforcement or Oregon Department of Human Services, as possible child abuse.



Sexual Harassment Reporting or Complaint Form	
Name of person making report/complaint:	
Position / Role of person making report/complaint:	
Phone:	Email:
Date of report:	Name of alleged harasser:
Date and place of incident or incidents:	
Description of alleged misconduct:	
Name of witnesses (if any):	
Evidence of sexual harassment, i.e., letters, photos, etc. (attach evidence, if possible):	
Any other information:	
I agree that all of the information on this form is accurate and true to the best of my knowledge.	
Signature:	Date:



Description of instance witnessed: (Write only what was observed - include description of who, where, when)

I agree that all of the information on this form is accurate and true to the best of my knowledge.

Date:

R7/31/20 | LF



Code: GBN/JBA-AR(2)
Adopted:

Federal Law (Title IX) Sexual Harassment Complaint Procedure

(New proposed)

Additional Definitions

“Actual knowledge” means notice of sexual harassment or allegations of sexual harassment to the district’s Title IX Coordinators or any official of the district who has authority to institute corrective measures on behalf of the district, or to any employee of an elementary or secondary school.¹

“Complainant” means an individual who is alleged to be the victim of conduct that could constitute sexual harassment.

“Formal complaint” means a document filed by a complainant or signed by the Title IX Coordinators alleging sexual harassment against a respondent² and requesting that the district investigate the allegation of sexual harassment.³

“Supportive measures” means non-disciplinary, non-punitive individualized services offered as appropriate, as reasonably available, and without fee or charge to the complainant or the respondent before or after the filing of a formal complaint or where no formal complaint has been filed. Such measures are designed to restore or preserve equal access to the recipient’s education program or activity without unreasonably burdening the other party, including measures designed to protect the safety of all parties or the district’s educational environment, or deter sexual harassment.⁴ The district must maintain as confidential any supportive measures provided to the complainant or respondent, to the extent that maintaining such confidentiality would not impair the ability of the recipient to provide supportive measures.

Formal Complaint Procedures

Upon receipt of a formal complaint, the district will provide the parties⁵ written notice of the following:

¹ This standard is not met when the only official with knowledge is the respondent.

² “Respondent” means an individual who has been reported to be the perpetrator of conduct that could constitute sexual harassment.

³ A complainant must be participating in or attempting to participate in the education program or activity of the district with which the formal complaint is filed.

⁴ Supportive measures may include counseling, extensions of deadlines or other course-related adjustments, modifications of work or class schedules, campus escort services, mutual restrictions on contact between parties, changes in work or housing locations, leaves of absence, increased security and monitoring of certain areas of the campus, and other similar measures.

⁵ Parties include the complainant and the respondent, if known.

1. Notice of the district's grievance process, including any informal resolution process.
2. Notice of the allegations of sexual harassment potentially constituting sexual harassment, including sufficient details⁶ known at the time and with sufficient time to prepare a response before any initial interview.
3. That the respondent is presumed not responsible for the alleged conduct and that a determination regarding responsibility be made at the conclusion of the grievance process.
4. That the parties may have an advisor of their choice, who may be, but is not required to be, an attorney.
5. The parties may inspect and review evidence.
6. A reference to any provision in the district's code of conduct that prohibits knowingly making false statements or knowingly submitting false information during the grievance process.

The Title IX Coordinators will contact the complainant and the respondent to discuss supportive measures. If necessary, the Title IX Coordinators will arrange for an individualized safety and risk analysis. If necessary, a student or non-student employee may be removed or placed on leave.

Investigation

The Title IX Coordinators will coordinate the district's investigation. The investigation must:

1. Include objective evaluation of all relevant evidence, including inculpatory and exculpatory evidence.
2. Ensure that the burden of proof and the burden of gathering evidence sufficient to reach a determination regarding responsibility rest on the district and not on the parties.⁷
3. Provide an equal opportunity for the parties to present witnesses, and other inculpatory and exculpatory evidence.
4. Not restrict the ability of either party to discuss the allegations under investigation or to gather and present relevant evidence.
5. Provide the parties with the same opportunities to have others present during any grievance proceeding, including the opportunity to be accompanied to any related meeting or proceeding by the advisor of their choice.⁸ The district may establish restrictions regarding the extent to which the advisor may participate in the proceedings, as long as the restrictions apply equally to both parties.

⁶ Sufficient details include the identities of the parties involved in the incident, if known, the conduct allegedly constituting sexual harassment, and the date and location of the alleged incident, if known.

⁷ The district cannot access, consider, disclose, or otherwise use a party's records that are made of or maintained by a physician, psychiatrist, psychologist, or other recognized professional or paraprofessional acting in the professional's capacity, and which are maintained in connection with the provision of treatment to the party, unless the district obtains the party's (or eligible student's parent's) voluntary, written consent to do so.

⁸ In addition to an advisor, complainants and respondents may also be entitled to other accompaniment as required by law or as necessary for conducting of grievance procedures, including but not limited to translators, services for students with disabilities and parents of minor students.

6. Provide, to a party whose participation is invited or expected, written notice of the date, time, location, participants, and purpose of all hearings, investigative interviews, or other meetings, with sufficient time for the party to prepare to participate.
7. Provide both parties an equal opportunity to inspect and review any evidence obtained as part of the investigation that is directly related to the allegations raised in a formal complaint.⁹ Prior to completion of the investigative report, the district must send to each party and party's advisor, if any, the evidence subject to inspection and review in an electronic format or a hard copy, and the parties must have at least 10 days to submit a written response, which the investigator will consider prior to completion of the investigative report;
8. Create an investigative report that fairly summarizes relevant evidence and is sent to each party and party's advisor in electronic format or hard copy at least 10 days prior to any hearing (if required or provided) or other time of determination of responsibility. The party and advisor will be allowed to review and provide a written response.

After the district has sent the investigative report to the parties and before reaching a determination regarding responsibility, the decision maker(s) must afford each party the opportunity to submit written, relevant questions¹⁰ that a party wants asked of any party or witness, provide each party with the answers, and allow for additional, limited follow-up questions from each party. The decision-maker(s) must explain to the party proposing the questions any decision to exclude a question as not relevant.

Credibility determinations are not based on the person's status as a complainant, respondent or witness.

No person designated as a Title IX Coordinators, investigator, decision-maker, or any person designated by the district to facilitate an informal resolution process may have a conflict of interest or bias for or against complainants or respondents generally or an individual complainant or respondent.

If, in the course of an investigation, the district decides to investigate allegations about the complainant or respondent that are not included in the notice previously provided, the district must provide notice of the additional allegations to the parties whose identities are known.

At no point in the process will the district, or anyone participating on behalf of the district, require, allow, rely upon, or otherwise use questions or evidence that constitutes, or seeks disclosure of, information protected under a legally recognized privilege, unless the person holding such privilege has waived the privilege.

Determination of Responsibility

The respondent must be deemed to be not responsible for the alleged conduct until a determination regarding responsibility is made at the conclusion of the grievance process.

⁹ This includes the evidence upon which the district does not intent to rely in reaching a determination regarding responsibility and inculpatory or exculpatory evidence whether obtained from a party or other source, so that each party can meaningfully respond to the evidence prior to the investigation. The district must make all such evidence subject to the parties' inspection and review available at any hearing to give each party equal opportunity to refer to such evidence during the hearing, including for purposes of cross-examination.

¹⁰ Questions and evidence about the complainant's sexual predisposition or prior sexual behavior are not relevant, unless such questions and evidence about the complainant's prior sexual behavior are offered to prove that someone other than the respondent committed the conduct alleged by the complainant, or if the question and evidence concern specific incidents of the complainants prior sexual behavior with respect to the respondent and are offered to prove consent.

The standard to be used for formal complaints in determining whether a violation has occurred is the [preponderance of the evidence¹¹] [clear and convincing evidence¹²] standard.

The person deciding the question of responsibility (the “decision-maker”) must be someone other than the Title IX Coordinators or the investigator(s). The decision-maker must issue a written determination which must include:

1. Identification of the allegations potentially constituting sexual harassment;
2. A description of the procedural steps taken from the receipt of the formal complaint through the determination, including any notifications to the parties, interviews with parties and witnesses, site visits, methods used to gather evidence, and hearings held;
3. Findings of fact supporting the determination;
4. Conclusions regarding the application of the district’s code of conduct to the facts;
5. A statement of, and rationale for, the result as to each allegation, including:
 - a. A determination regarding responsibility;
 - b. Any disciplinary sanctions the district imposes on the respondent; and
 - c. Whether remedies designed to restore or preserve equal access to the district’s education program or activity will be provided by the district to the complainant; and
6. The district’s procedures and permissible bases for the complainant and respondent to appeal.

The district must provide the written determination to the parties simultaneously.

The determination regarding responsibility becomes final either on the date that the recipient provides the parties with the written determination of the result of the appeal, if an appeal is filed, or if an appeal is not filed, the date on which an appeal would no longer be considered timely.

Remedies

The Title IX Coordinators is responsible for effective implementation of any remedies.

The disciplinary sanctions¹³ may include:

1. Discipline up to and including suspension and expulsion;
2. Removal from various activities, committees, extra-curricular, positions, etc.
3. Disqualification for awards and honors;

¹¹ A preponderance of the evidence standard is understood to mean concluding that a fact is more likely than not to be true. U.S. Department of Education, Title IX Regulations commentary, p. 1268, FN 1409.

¹² A clear and convincing evidence standard of evidence is understood to mean concluding that a fact is highly probable to be true. U.S. Department of Education, Title IX Regulations commentary, p. 1268, FN 1409.

¹³ Districts should review any other disciplinary procedures and requirements prior to imposing any discipline, and should contact legal counsel with questions.

4. Discipline up to and including termination, in accordance with laws, agreements, contracts, handbooks, etc.¹⁴

Other remedies may be explored, including educational programming.

Dismissal of a Formal Complaint

The district must dismiss a formal complaint with regard to Title IX sexual harassment if the alleged conduct:

1. Would not constitute sexual harassment, even if proved;
2. Did not occur in the district's education program or activity¹⁵; or
3. Did not occur against a person in the United States.

The district may dismiss a formal complaint with regard to Title IX sexual harassment if at any time during the investigation or hearing, if provided:

1. A complainant notifies the Title IX Coordinators in writing that the complaint would like to withdraw the formal complaint or any allegations therein;
2. The respondent is no longer enrolled or employed by the district; or
3. Specific circumstances prevent the recipient from gathering evidence sufficient to reach a determination as to the formal complaint or allegations therein.

Upon dismissal of a formal complaint, the district must promptly send written notice of the dismissal and the reason(s) therefor simultaneously to the parties.

The dismissal of a formal complaint under Title IX does not preclude the district from continuing any investigation and taking action under a different process. The district may have an obligation to continue an investigation and process under a different process.

Consolidation of Complaints

The district may consolidate formal complaints as to allegations of sexual harassment against more than one respondent, or by one or more complainant against one or more respondents, or by one party against another party, where the allegations of sexual harassment arise out of the same facts or circumstances.

Informal Resolution

If the district receives a formal complaint, at any time prior to reaching a determination regarding responsibility, the district may offer an optional informal resolution process, provided that the district:

1. Provides written notice to the parties disclosing:

¹⁴ It is important to keep supportive measures separate from disciplinary sanctions. Supportive measures must be "non-disciplinary" and "non-punitive."

¹⁵ Includes locations, events, or circumstances over which the district exercised substantial control over both the respondent the respondent and the context in which the sexual harassment occurs[, and also includes any building owned or controlled by a student organization that is officially recognized by a postsecondary institution]. (Title 34 C.F.R. §106.44(a))

- a. The allegations;
 - b. The requirements of the informal resolution process including the circumstances under which it precludes the parties from resuming a formal complaint arising from the same allegations, provided, however, that at any time prior to agreeing to a resolution, any party has the right to withdraw from the informal resolution process and resume the grievance process with respect to the formal complaint; and
 - c. Any consequences resulting from participating in the informal resolution process, including the records that will be maintained or could be shared.
2. Obtains the parties' voluntary written consent to the informal resolution process; and
3. Does not offer or facilitate an informal resolution process to resolve allegations that an employee sexually harassed a student.

Appeals

Either party may file an appeal from a determination regarding responsibility or from a dismissal of a formal complaint, within 15 days of the decision, on the following bases:

1. Procedural irregularity that affected the outcome of the matter;
2. New evidence that was not reasonably available at the time the determination regarding responsibility or dismissal was made, that could affect the outcome of the matter; or
3. The Title IX Coordinators, investigator(s), or decision-maker(s) had a conflict of interest or bias for or against complainants or respondents generally or the individual complainant or respondent that affected the outcome of the matter.
4. Additional bases may be allowed, if made available equally to both parties.

When an appeal is filed, the district must:

1. Notify the other party in writing;
2. Implement appeal procedures equally for both parties;
3. Ensure the decision-maker(s) for the appeal is not the same person as the decision-maker(s) who reached the determination regarding responsibility or dismissal, the investigator(s), or the Title IX Coordinators;
4. Ensure the decision-maker for the appeal is free from conflicts of interest and bias;
5. Give both parties a reasonable equal opportunity to submit a written statement in support of, or challenging the outcome;
6. Issue a written decision describing the result of the appeal and the rationale for the result; and
7. Provide the written decision simultaneously to both parties.

Timelines

The district will complete the following portions of the grievance process within the specified timelines:

1. General grievance process (from receipt of formal complaint to determination of responsibility): 90 days;

2. Appeals (from receipt of appeal): 60 days;

3. Informal resolution process: 60 days.

Temporary delays of the grievance process, or limited extensions of time will be allowed for good cause¹⁶ with written notice to the parties.

Records

Records will be created and maintained in accordance with the requirements in Title 34 C.F.R. §106.45(a)(10).¹⁷

Training

Title IX Coordinators, investigators, decision-makers, and any person who facilitates an informal resolution process must receive training on the definition of sexual harassment, the scope of the district's education program or activity, how to conduct an investigation and grievance process including hearings, appeals, and information resolution processes. The training must also include avoiding prejudgment of the facts at issue, conflicts of interest and bias.

Decision-makers must receive training on any technology to be used at a live hearing and on issues of relevance of questions and evidence, including when questions about evidence about the complainant's sexual predisposition or prior sexual behavior are not relevant.

Investigators must receive training on issues of relevance to create an investigative report that fairly summarizes relevant evidence.

Materials used to train Title IX Coordinators, investigators, decision-makers, and any person who facilitates an informal resolution process, must not rely on sex stereotypes, must promote impartial investigations and adjudications of formal complaints of sexual harassment and must be made publicly available on the district's website.

¹⁶ Good cause may include considerations such as the absence of a party, a party's advisor or a witness; concurrent law enforcement activity; or the need for language assistance or accommodation of disabilities. (Title 34 C.F.R. § 106.45(b)(1)(v))

¹⁷ This includes creating a record for each investigation. This record must include:

- Supportive measures, or reasons why the response was not clearly unreasonable under the circumstances;
- Basis for the conclusion that the district's response was not deliberately indifferent; and
- What measures were taken to restore or preserve equal access to the district's educational program or activity. (Title 34 C.F.R. § 106.45(a)(10)(ii))

Most records (including training) must be retained for at least seven years.