

Annual Comprehensive Financial Report

For the fiscal year ended June 30, 2025



Hillsboro School District 1J
3083 NE 49th Place
Hillsboro, OR 97124
www.hsd.k12.or.us





HILLSBORO SCHOOL DISTRICT

Engage and challenge all learners to ensure academic excellence

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

for the Fiscal Year Ended June 30, 2025

*Prepared by the
Business Office staff*

J. Scott Harrison, 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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January 16, 2026

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

In accordance with the provisions of Oregon Revised Statutes, Sections 297.405 to 297.555 and 297.990, known as the Municipal Audit Law, there is submitted herewith the Annual Comprehensive Financial Report of Hillsboro School District 1J, Washington County, Oregon, for the fiscal year ended June 30, 2025.

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, 2025, and for the year then ended.

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

THE DISTRICT

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

The District, a fiscally independent entity, is organized with a seven-member elected Board of Directors and a Board-appointed budget committee. In 2024-25, management staff consisted of 1 superintendent, 2 assistant superintendents, 8 executive directors, 11 directors, 3 coordinators, 1 financial officer, 1 human resources officer, 1 communications officer, 1 operations officer, 1 information and technology officer, 1 equity, access, and engagement officer, 36 principals, 18 assistant principals, and support staff supervisors. The Board of Directors approves the hires of all management staff members.

The District also employs 1,248 teachers and 1,364 support staff, including instructional assistants, secretaries, clerks, bus drivers, cooks, custodians, maintenance workers, and various other professional and technical staff. The District operates 27 elementary schools, 4 middle schools, 4 high schools, 1 alternative schools, and 1 online school. The District also sponsors City View Charter School, but it is not required to be reported as a component unit under GASB 61.

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

The District is located approximately 18 miles west of Portland, Oregon. It includes most of the City of Hillsboro, all of the City of North Plains, a portion of the City of Cornelius, and surrounding unincorporated areas. The current estimated population is 151,222. The District encompasses more than 200 square miles, most of which are located in Washington County. Small portions of the District are located in Multnomah and Yamhill Counties.

The District has experienced a slight enrollment decline over the past ten years. The table below shows that the number of students in the District has decreased by 15 compared to the prior year. To project future growth, District leadership uses historical trends, Davis Demographics, and regional partnership feedback.

School Year	Average Daily Membership
24-25	18,587
23-24	18,602
22-23	18,748
21-22	18,732
20-21	19,119
19-20	20,013
18-19	20,213
17-18	20,204
16-17	20,400
15-16	20,566

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

ECONOMIC STATUS AND OUTLOOK

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

The area’s current economic base includes electronics, manufacturing, construction, food processing, agriculture, and timber. These employers include Intel, Epson, and Genentech. Intel is currently the largest employer in the Portland-Vancouver Primary Metropolitan Statistical Area (PMSA) with over 20,000 employees in Hillsboro.

The Oregon Employment Department report for August 2025 shows the PMSA unemployment rate at 4.7 percent. In August 2024, the State received its September Revenue Forecast for the remainder of the 2023-25 biennium. The unexpected revenue growth created unprecedented state balances this biennium, which is projected to be followed by a personal and corporate income tax kicker in 2023-25. The projected personal kicker is \$987 million, which will be credited to taxpayers when they file their individual income tax returns in quarter 2 of 2026. The projected corporate kicker of \$883 million will be retained for educational spending, but will not result in an increase to the overall State School Fund appropriation of \$10.2 billion without legislative action.

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

LONG-TERM FINANCIAL PLANNING

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

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

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

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

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

MISSION STATEMENT AND PRIORITIES

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

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

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

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

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

FINANCIAL INFORMATION

Accounting Policies:

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

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

Internal Accounting Controls:

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

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

Budgetary Control:

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

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

Risk Management:

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

replacement value with a \$25,000 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 \$15,000,000.

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 REDW, LLC, which was selected by the Board of Directors, completed its examination of the District’s financial statements, and its opinion is included in the financial section of this report.

Awards:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Hillsboro School District 1J for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the thirtieth consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a school district must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our 2025 Annual Comprehensive Financial Report continues to meet award requirements for the Certificate of Achievement for Excellence in Financial Reporting. We are submitting the report to the GFOA award program for review and determination of the report’s eligibility for another certificate.

The Association of School Business Officials (ASBO) International has recognized HSD with the Meritorious Budget Award (MBA) for the 2025-26 budget year. This award reflects the District’s transparency and accountability efforts that support the Strategic Plan and community engagement.

ACKNOWLEDGMENTS

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

Respectfully submitted,



Travis Reiman
Superintendent of Schools



J. Scott Harrison
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Hillsboro School District 1J
Oregon**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

HILLSBORO SCHOOL DISTRICT 1J

Washington County, Oregon

OFFICIALS OF THE DISTRICT

JUNE 30, 2025

BOARD OF DIRECTORS

<p><u>Position 1</u> Erika Lopez July 2021 - June 2025</p> 	<p><u>Position 2</u> Mark Watson July 2021 - June 2025</p> 	<p><u>Position 3</u> Nancy Thomas July 2021 - June 2025</p> 	<p><u>Position 4</u> See Eun Kim July 2023 - June 2027</p> 
<p><u>Position 5</u> Ivette Pantoja July 2023 - June 2027</p> 	<p><u>Position 6</u> Monique Ward July 2021 - June 2025</p> 	<p><u>Position 7</u> Patrick Maguire July 2023 - June 2027</p> 	<p><u>Student Representatives</u> V Godoy Cailey McGuire Ivette Alonso Garcia</p> 

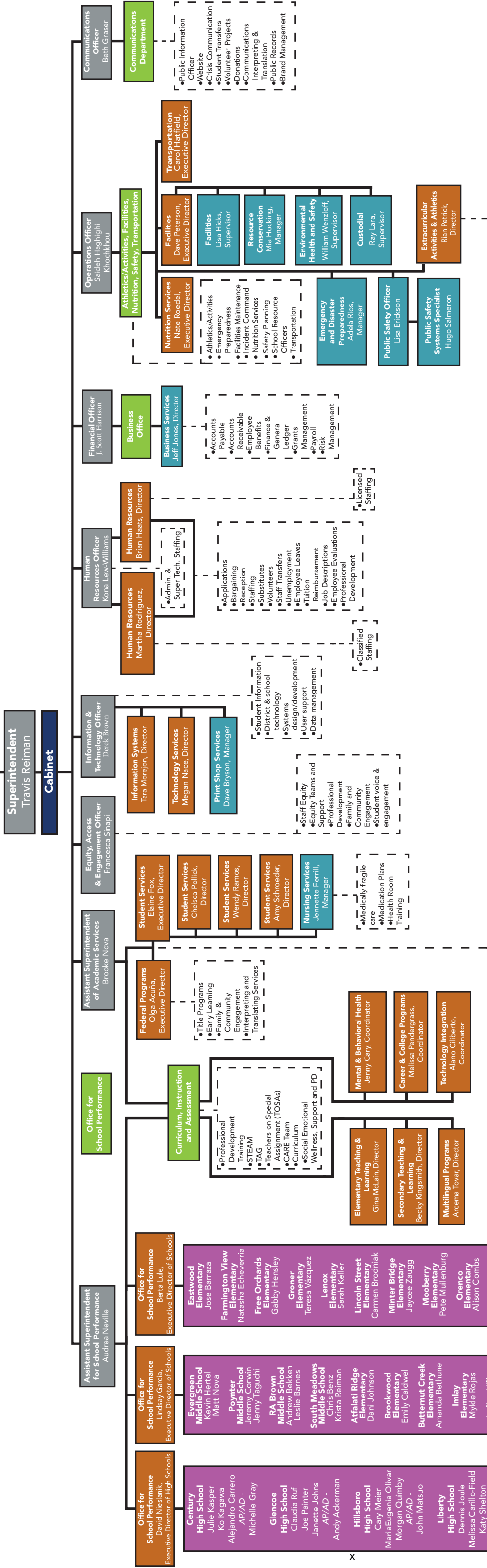
All Board members receive mail at 3083 NE 49th Place, #200 Hillsboro, Oregon 97124

DISTRICT ADMINISTRATION

Travis Reiman, Superintendent—Clerk
J. Scott Harrison, Chief Financial Officer—Deputy Clerk

Hillsboro School District Organizational Chart 2024-25

Community/School Board
 Ivette Pantoja, Chair * Mark Watson, Vice Chair * See Eun Kim * Erika Lopez * Patrick Maguire * Nancy Thomas * Monique Ward
Student Representatives to the Board
 Gwen Kondor * Kal Sibbel * Abraham Staffa



Key:

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

Independent Auditor's Report

School Board
Hillsboro School District 1J
Hillsboro, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Hillsboro School District 1J, Washington County, Oregon (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information (except as mentioned in the

following paragraph) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, and the schedule of expenditures of federal awards 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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 January 16, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and

grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 January 16, 2026, on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink, appearing to read "Larry E. Grant". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Larry E. Grant, Principal
For REDW LLC
Salem, Oregon
January 16, 2026

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025. 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 \$82.4 million (net position). Of this amount, \$140.5 million represents the District's net investment in capital assets, \$15.1 million is restricted for special programs, debt service, internal service and OPEB asset, and the remaining (\$238.0) million is unrestricted. The District's overall net position has decreased during the current year by \$4.8 million.
- For the fiscal year ended June 30, 2025, the District's total current and other assets decreased by \$24.2 million. This was due to the spending of bond proceeds from the \$408 million capital project levy passed by voters in November 2017 and due to the general salary increase of 3.5 percent for all employees.
- The District's governmental funds show a combined ending fund balance of \$30.4 million, a decrease of \$22.0 million from the prior year balance. The decrease is primarily attributable to the use of bond proceeds for remodeling of existing buildings, the spending of the ESSER/ARP federal program funds and the spending of internal service fund dollars of \$8.5 million. At the end of the fiscal year, the Nonspendable, Assigned and Unassigned fund balance for the General Fund was \$11.9 million, or about 4.3 percent of total General Fund expenditures. The Unassigned fund balance is \$11,310,555 or 4.0 percent.
- The District's total long-term obligations increased by \$38.0 million during the 2024-25 fiscal year, due to the increase in the PERS net pension liability and the District maintaining debt service payments on outstanding bonds.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements include:

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

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

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

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

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

Governmental Funds

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

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

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

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

2. OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 27-70 of this report.

Supplementary Information

Schedules presenting detailed budgetary information for individual funds and other supplementary information can be found on pages 71-98 of this report.

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets and deferred outflows by \$82.4 million at June 30, 2025.

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, equipment, and right of use lease assets represent about 91.3 percent and cash and investments represent about 4.4 percent of total assets. The remaining assets consist mainly of grants and property taxes receivable.

The District's largest liability (98.1 percent) is for the repayment of long-term obligations. Other liabilities, representing 1.9 percent of the District's total liabilities, consist of payables on accounts, salaries and benefits, and other accrued liabilities.

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

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

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	Governmental Activities		Increase
	2025	2024	(Decrease)
Current and other assets	\$ 48,500	\$ 72,703	\$ (24,203)
Capital and lease assets	550,863	568,217	(17,354)
Total assets	599,363	640,920	(41,557)
Deferred outflows of resources	106,667	57,116	49,551
Total assets and deferred outflows	706,030	698,036	7,994
Current and other liabilities	14,636	18,631	(3,995)
Long-term obligations outstanding	738,813	700,778	38,035
Total liabilities	753,449	719,409	34,040
Deferred inflows of resources	35,029	45,870	(10,841)
Total liabilities and deferred inflows	788,478	765,279	23,199
Net position:			
Net investment in capital assets	140,486	135,133	5,353
Restricted	15,053	20,742	(5,689)
Unrestricted	(237,987)	(223,118)	(14,869)
Total net position	\$ (82,448)	\$ (67,243)	\$ (15,205)

During the current fiscal year, the District's net position decreased by \$4.8 million, as more fully described in the following section.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025, are as follows:

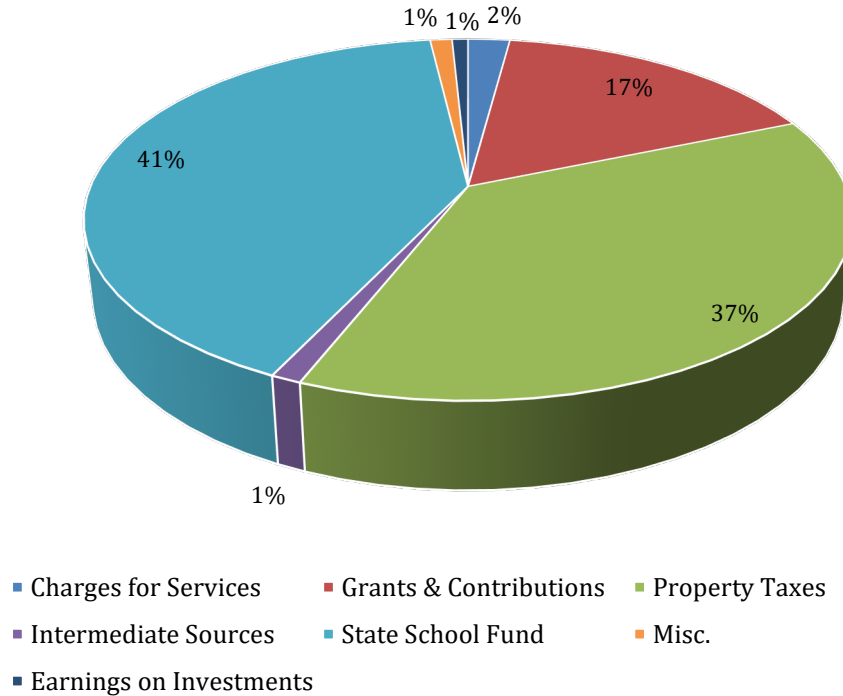
Hillsboro School District 1J Changes in Net Position (in thousands)			
	Governmental Activities 2025	2024	Increase (Decrease)
Revenues:			
Program revenues:			
Charges for services	\$ 7,912	\$ 7,775	\$ 137
Operating grants and contributions	63,703	77,437	(13,734)
General revenues:			
Property taxes	143,415	138,018	5,397
State school fund – general support	157,634	148,465	9,169
Unrestricted intermediate sources	4,061	5,061	(1,000)
Earnings on investments	3,251	4,066	(815)
Miscellaneous	4,379	2,586	1,793
Total Revenues	384,355	383,408	947
Expenses:			
Instruction	209,755	191,863	17,892
Support services	146,328	137,048	9,280
Enterprise and community services	16,984	13,878	3,106
Interest on long-term debt	16,113	18,035	(1,922)
Total Expenses	389,180	360,824	28,356
Increase (decrease) in net position	(4,825)	22,584	(27,409)
Net position – July 1 (2025 restated)	(77,623)	(89,827)	12,204
Net position – June 30	\$ (82,448)	\$ (67,243)	\$ (15,205)

In accordance with GASB Statement No. 100, the 2024 column has not been updated to reflect the retrospective effect of the implementation of GASB Statement No. 101, *Compensated Absences*. Only the 2025 beginning net position has been restated as described in Note 14 to the financial statements.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

3. GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

REVENUE BY SOURCE - GOVERNMENTAL ACTIVITIES



- State School Fund¹ revenue increased \$9.2 million or 6.2 percent from 2023-24. This increase was due to a decrease in state-wide student enrollment, resulting in an increase of the per-student allocation of state school fund.
- Property Taxes increased by \$5.4 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 \$13.7 million from 2023-24. This decrease was due to the ending of the Federal Elementary and Secondary School Emergency Relief Funds in 2023-24.
- Earnings on Investments decreased by \$0.8 million from 2023-24. This decrease was primarily due to the decrease in interest earnings of the Local Government Investment Pool, and the depletion of bond funds.

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

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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, 2025, the District's governmental funds reported combined ending fund balances of \$30.4 million, a decrease of \$22.0 million in comparison with the prior year. About \$11.3 million (37.2 percent) of the ending fund balance constitutes an unassigned ending fund balance.

About \$15.3 million (50.5 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, 2025, the total fund balance was \$11.9 million. The fund balance consists of both assigned and unassigned resources. The unassigned fund balance is \$11.3 million or 4.0 percent of expenditures, which is a target of the Budget Committee.

As a measure of the fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. The total fund balance represents 4.3 percent of total General Fund expenditures.

The total fund balance decreased by \$9.4 million during the current fiscal year. This decrease was due primarily to the increase costs for personnel, increase in wages and PERS costs and the overall increase in costs for supplies and services.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

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

Special Revenue Fund

At June 30, 2025, the fund balance was \$10.4 million, which is a decrease of \$7.5 million from the prior year. This decrease is due to the spending of one-time funds from the ESSER/ARP federal program.

Debt Service Fund

The Debt Service Fund has a total fund balance of \$2.3 million, all of which is restricted for the payment of debt service. This represents a net increase in the fund balance from the prior year of \$0.2 million. The \$2.3 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 \$5.8 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 \$5.3 million. The decrease is attributable to new construction and remodeling of existing buildings per the 2017 voter authorization of the ballot title.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund adopted budget for the fiscal year ended June 30, 2025, was adjusted during the fiscal year by one supplemental budget. During the year, expenditures were \$6.5 million less than budgeted.

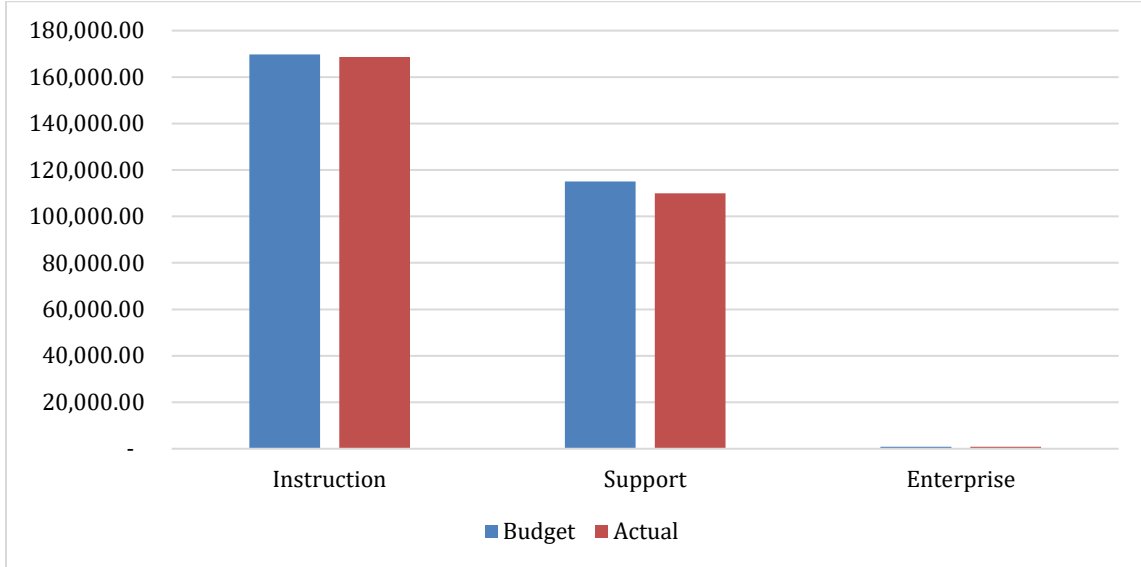
Major factors for General Fund revenue included stability of the State School Fund and property tax collections. The expenditure analysis for the year indicates both prudent operational management and leveraging federal support via other agencies.

As of June 30, 2025, the assigned and unassigned fund balance decreased by \$9.4 million during the current fiscal year for a total fund balance of \$11.9 million. The assigned and unassigned fund balance combined represents 4.3 percent of total General Fund expenditures. The unassigned fund balance is \$11.3 million or 4.0 percent of expenditures, which is a target of the Budget Committee.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

5. GENERAL FUND BUDGETARY HIGHLIGHTS (Continued)

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



6. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District’s investment in capital assets includes land, buildings and improvements, vehicles and equipment, right of use lease and SBITA assets and construction in progress. As of June 30, 2025, the District had invested approximately \$551 million in capital assets, net of depreciation and amortization, as shown in the following table.

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

	Governmental Activities		Increase (Decrease)
	2025	2024	
Land	\$ 42,625	\$ 42,625	\$ -
Buildings and improvements	489,316	507,743	(18,427)
Vehicles and equipment	15,091	14,091	1,000
Lease and SBITA assets	3,830	3,758	72
Total	<u>\$ 550,863</u>	<u>\$ 568,217</u>	<u>\$ (17,354)</u>

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

6. CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

During the year, the District's investment in capital assets decreased by \$17.4 million. This decrease is due to depreciation and amortization expense exceeding the additions from the completion of investments for facility improvements, vehicles, and equipment from the 2017 Bond.

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

Long-Term Debt

At the end of the current fiscal year, the District had total long-term debt outstanding of \$469.7 million, consisting of general obligation bonds, qualified energy conservation bonds, and PERS pension bonds, net of unamortized premium/discount.

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

	Governmental Activities		Increase/ (Decrease)
	2025	2024	
General obligation bonds and related premium	\$ 413,395	\$ 442,745	\$ (29,350)
Pension obligation bonds	55,150	67,190	(12,040)
Qualified energy conservation bond	1,159	1,299	(140)
	\$ 469,704	\$ 511,234	\$ (41,530)

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

State statutes limit the amount of general obligation debt a school district may issue up to 7.95 percent of its real market valuation of \$38.601 billion or \$3.069 billion for the district. At 1.22 percent of real market value, \$469.7 million, is well below the statutory debt limit. Additional information on the District's long-term debt can be found in Note 6 on page 42-44 of this report.

**HILLSBORO SCHOOL DISTRICT 1J
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025**

7. ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The most significant economic factor for the District is the stability of the funding level from the State of Oregon’s State School Fund and student enrollment. For the year ended June 30, 2025, the State School Fund – General Support provided 41.0 percent of the District’s program resources. The state is funded almost entirely by income tax revenue, and therefore, the volatility of the economy directly impacts funding for K-12 education. In Hillsboro, the inability for the State School Fund to meet current service level directly impacts the use of other major state grants (High School Success, Student Investment Account) and federal programs.

The defined benefit structure and imbalance of resources of the Public Employees Retirement System (PERS) resulted in a large unfunded liability, which was transferred to districts in the form of higher employer rates. In an effort to curtail the escalating cost, the District participated in the purchase of pension bonds that spread the liability through 2028 and increased the long-term debt of the District in 2005 and again in 2015. The debt service for the Pension Obligation Bonds (POBs) are expensed as a percentage of payroll at a rate of 7.85 percent. The 2023-25 PERS employer rates² show an increase Tier One/Two rates from 17.08 percent to 27.87 percent, and an increase in OPSRP rates from 13.97 percent to 25.03 percent from 2021-23.

Current agreements with Hillsboro Classified Union (HCU) and Hillsboro Education Associations (HEA) have been finalized for the 2024-27 period. Both HCU and HEA ratified their agreements and have been approved by the board. Partners are continuously providing feedback through interim bargaining for hard-to-fill positions and Labor Management Meetings and have scheduled time to address the school board at regular board meetings.

8. REQUESTS FOR INFORMATION

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

² [2023-25 PERS Employer Rates](#)

HILLSBORO SCHOOL DISTRICT 1J
Washington County, Oregon

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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HILLSBORO SCHOOL DISTRICT 1J
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS:	
Cash and investments	\$ 26,218,053
Receivables	16,304,799
Lease receivables	88,264
Supply inventory	514,048
Prepaid items	620,528
Capital assets:	
Not being depreciated	42,624,965
Being depreciated, net of accumulated depreciation	504,407,664
Being amortized, net of accumulated amortization	3,830,086
Net OPEB asset	4,753,924
Total assets	599,362,331
DEFERRED OUTFLOWS OF RESOURCES:	
PERS deferred outflows	105,463,603
OPEB deferred outflows	1,203,609
Total deferred outflows of resources	106,667,212
Total assets and deferred outflows of resources	706,029,543
LIABILITIES:	
Accounts payable	3,502,931
Accrued payroll, payroll taxes and employee withholdings	9,863,100
Accrued interest payable	705,442
Construction retainage	743
Unearned revenue	563,958
Noncurrent liabilities:	
Due within one year:	
Lease payables	242,915
SBITA payables	59,927
Accrued compensated absences	4,810,715
Long-term debt	41,731,300
OPEB liability	1,864,278
Due in more than one year:	
Lease payables	910,371
SBITA payables	62,995
Accrued compensated absences	4,672,263
Long-term debt	427,972,648
PERS pension liability	245,921,618
OPEB liability	10,564,240
Total liabilities	753,449,444
DEFERRED INFLOWS OF RESOURCES:	
PERS deferred inflows	29,712,744
OPEB deferred inflows	5,227,640
Lease deferred inflows	88,264
Total deferred inflows of resources	35,028,648
Total liabilities and deferred inflows of resources	788,478,092
NET POSITION:	
Net investment in capital assets	140,485,463
Restricted for:	
Special programs	8,147,455
Debt service	2,151,251
OPEB RHIA	4,753,924
Unrestricted	(237,986,643)
Total net position	\$ (82,448,550)

The accompanying notes are an integral part of this statement.

HILLSBORO SCHOOL DISTRICT 1J
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

FUNCTION	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Instruction	\$ 209,754,609	\$ 6,942,802	\$ 18,496,701	\$ (184,315,106)
Support services	146,328,365	526,216	30,852,305	(114,949,844)
Enterprise and community services	16,984,170	443,318	14,202,610	(2,338,242)
Facilities acquisition and construction	-	-	150,856	150,856
Interest on long-term debt	16,113,095	-	-	(16,113,095)
Total Governmental Activities	<u>\$ 389,180,239</u>	<u>\$ 7,912,336</u>	<u>\$ 63,702,472</u>	<u>(317,565,431)</u>
GENERAL REVENUES:				
				100,984,099
				42,431,271
				157,634,170
				4,060,755
				3,251,260
				4,378,884
				<u>312,740,439</u>
				(4,824,992)
				(67,242,555)
				(10,381,003)
				<u>(77,623,558)</u>
				<u>\$ (82,448,550)</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, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS					
Cash and investments	\$ 18,441,083	\$ 54,969	\$ 2,040,877	\$ 5,681,124	\$ 26,218,053
Receivables	6,587,980	8,901,003	815,816	-	16,304,799
Lease receivables	88,264	-	-	-	88,264
Inventory	3,841	510,207	-	-	514,048
Prepaid items	604,979	2,475,124	-	122,470	3,202,573
TOTAL ASSETS	<u>\$ 25,726,147</u>	<u>\$ 11,941,303</u>	<u>\$ 2,856,693</u>	<u>\$ 5,803,594</u>	<u>\$ 46,327,737</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ 2,491,443	\$ 976,828	\$ -	\$ 34,660	\$ 3,502,931
Accrued payroll, payroll taxes and employee withholdings	9,863,100	-	-	-	9,863,100
Construction retainage	743	-	-	-	743
Unearned revenue	-	563,958	-	-	563,958
TOTAL LIABILITIES	<u>12,355,286</u>	<u>1,540,786</u>	<u>-</u>	<u>34,660</u>	<u>13,930,732</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	1,363,222	-	578,642	-	1,941,864
Unavailable revenue - lease receivables	88,264	-	-	-	88,264
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,451,486</u>	<u>-</u>	<u>578,642</u>	<u>-</u>	<u>2,030,128</u>
FUND BALANCES:					
Nonspendable:					
Inventory	3,841	510,207	-	-	514,048
Prepaid items	604,979	2,475,124	-	122,470	3,202,573
Restricted for:					
Special programs	-	7,415,186	-	-	7,415,186
Debt service	-	-	2,278,051	-	2,278,051
Capital projects	-	-	-	5,646,464	5,646,464
Unassigned	11,310,555	-	-	-	11,310,555
TOTAL FUND BALANCES	<u>11,919,375</u>	<u>10,400,517</u>	<u>2,278,051</u>	<u>5,768,934</u>	<u>30,366,877</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 25,726,147</u>	<u>\$ 11,941,303</u>	<u>\$ 2,856,693</u>	<u>\$ 5,803,594</u>	<u>\$ 46,327,737</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, 2025

TOTAL FUND BALANCES		\$ 30,366,877
<p>Capital assets and intangible right to use lease and subscription assets are not financial resources and therefore are not reported in the governmental funds. Additionally, payments for future year subscriptions are presented as prepaid items in the governmental funds, and are presented as part of the SBITA assets in the statement of net position:</p>		
Capital assets	\$ 841,645,257	
Accumulated depreciation	(294,612,628)	
Lease assets	1,315,263	
Accumulated amortization	(210,434)	
SBITA assets	5,091,474	
Accumulated amortization	(2,366,217)	
Reduction of prepaid expenditure	(2,582,045)	
		548,280,670
<p>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.</p>		
		1,941,864
<p>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.</p>		
		(9,482,978)
<p>Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.</p>		
		(705,442)
<p>Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Rather, they are recognized as an expenditure when due. These liabilities consist of:</p>		
Bonds payable (including premium)	(413,394,922)	
Lease payables	(1,153,286)	
SBITA payables	(122,923)	
Qualified Energy Conservation Bond	(1,159,026)	
PERS pension bonds payable	(55,150,000)	
		(470,980,157)
<p>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:</p>		
PERS pension liability	(245,921,618)	
PERS deferred outflow of resources	105,463,603	
PERS deferred inflow of resources	(29,712,744)	
		(170,170,759)
<p>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</p>		
OPEB asset	4,753,924	
OPEB liability	(12,428,518)	
OPEB deferred outflow of resources	1,203,609	
OPEB deferred inflow of resources	(5,227,640)	
		(11,698,625)
TOTAL NET POSITION		\$ (82,448,550)

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, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES:					
Local sources:					
Property taxes	\$ 100,869,366	\$ -	\$ 42,382,571	\$ -	\$ 143,251,937
Construction excise tax	-	2,257,954	-	-	2,257,954
Charges for services	827,566	7,084,795	-	-	7,912,361
Interest on investments	1,925,651	9,342	1,047,815	268,452	3,251,260
Contributions and donations	6,156	954,760	-	-	960,916
Services provided to other funds	-	-	15,112,611	-	15,112,611
Other	4,723,365	1,107,962	-	12,162	5,843,489
Intermediate sources	4,060,755	2,241,355	34,350	-	6,336,460
State sources	157,634,170	37,942,001	-	-	195,576,171
Federal sources	9,238	20,164,362	-	-	20,173,600
Total Revenues	<u>270,056,267</u>	<u>71,762,531</u>	<u>58,577,347</u>	<u>280,614</u>	<u>400,676,759</u>
EXPENDITURES:					
Current:					
Instruction	168,573,154	29,478,422	-	-	198,051,576
Support services	109,659,947	28,154,792	-	558,529	138,373,268
Enterprise and community services	790,654	15,390,019	-	-	16,180,673
Facilities acquisition and construction	-	166,805	-	4,864,997	5,031,802
Debt service:					
Principal	326,591	140,409	37,425,000	-	37,892,000
Interest	103,804	43,749	20,923,400	-	21,070,953
Capital outlay	1,285,127	5,928,578	-	147,230	7,360,935
Total Expenditures	<u>280,739,277</u>	<u>79,302,774</u>	<u>58,348,400</u>	<u>5,570,756</u>	<u>423,961,207</u>
Excess (deficiency) of revenues over expenditures	(10,683,010)	(7,540,243)	228,947	(5,290,142)	(23,284,448)
OTHER FINANCING SOURCES (USES):					
Issuance of lease	1,277,712	-	-	-	1,277,712
NET CHANGE IN FUND BALANCES	(9,405,298)	(7,540,243)	228,947	(5,290,142)	(22,006,736)
FUND BALANCES as of July 1, 2024	<u>21,324,673</u>	<u>17,940,760</u>	<u>2,049,104</u>	<u>11,059,076</u>	<u>52,373,613</u>
FUND BALANCES as of June 30, 2025	<u>\$ 11,919,375</u>	<u>\$ 10,400,517</u>	<u>\$ 2,278,051</u>	<u>\$ 5,768,934</u>	<u>\$ 30,366,877</u>

The accompanying notes are an integral part of this statement.

HILLSBORO SCHOOL DISTRICT 1J
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

NET CHANGES IN FUND BALANCES \$ (22,006,736)

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

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

Expenditures for capital assets, lease assets and SBITA assets	\$ 6,373,526	
Less current year depreciation expense	(23,799,814)	
Less current year lease asset amortization expense	(197,916)	
Less current year SBITA asset amortization expense	<u>(1,107,342)</u>	
		(18,731,546)

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

Amortization	(577,797)
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Interest payable is not accrued in the governmental funds, but is accrued in the government-wide statements.

41,620

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.

1,772,561

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

Debt principal repaid	37,565,409	
Lease principal repaid	151,221	
SBITA principal repaid	1,108,392	
Amortization expense	<u>3,965,117</u>	
		42,790,139

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.

163,433

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

(8,850,874)

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

574,208

CHANGE IN NET POSITION **\$ (4,824,992)**

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, 2025

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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government-wide financial statements (continued).

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

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

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

The District reports the following major funds:

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

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

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

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

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

Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred outflows and inflows, and disclosure of contingent assets, liabilities, and deferred outflows and inflows at the date of the basic financial statements, and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Supply Inventory

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

Prepaid Items

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

Capital Assets

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

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

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

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences, vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide financial statements, is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements and includes salary-related benefits.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Continued)

Vacation – The District’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment.

Sick Leave – The District’s policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the District and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Lease Receivables

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods, and so will not be recognized as an inflow of resources (revenue) until that time.

Long-term Debt

In the government-wide financial statements, long-term debt is reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, bond premiums and discounts are recognized when incurred, not deferred. The face amount of the debt issued is reported as other financing

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Debt (Continued)

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.

Governmental fund type fund balances are classified as follows:

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

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

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stewardship, Compliance, and Accountability

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

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

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10 percent of the fund's original budget may be adopted by the Board of Directors at a regular meeting. A supplemental budget greater than 10 percent of the fund's original budget requires hearings before the public, publication in newspapers, and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels). Such transfers require approval by the Board. There was one transfer of appropriations by resolution. Budget amounts shown in the basic financial statements include the original and final budget amounts. Appropriations lapse at the end of each fiscal year.

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

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

Expenditures of the various funds were within authorized appropriations.

**HILLSBORO SCHOOL DISTRICT 1J
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stewardship, Compliance, and Accountability (Continued)

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

2. CASH AND INVESTMENTS

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

Cash and investments are comprised of the following at June 30, 2025:

Deposits with financial institutions:	
Demand Deposits	\$ 10,022,699
Money Market	303,770
Certificates of Deposit	1,114,863
Investments	14,776,721
Total	\$ 26,218,053

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

2. CASH AND INVESTMENTS (Continued)

Deposits

The District's deposits with various financial institutions at year end had a bank value of \$12,557,223, and a book value of \$11,441,332. 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, 2025, \$11,522,470 of the District's bank balances were covered by the PFCP, and \$217,313 of the credit union balances were covered by the OPFCP 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, 2025

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, 2025.

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, 2025. 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, 2025, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>		
		<u>Less than 3</u>	<u>3-17</u>	<u>18-59</u>
State Treasurer’s Investment Pool	\$ 14,776,721	\$ 14,776,721	\$ -	\$ -
Total	\$ 14,776,721	\$ 14,776,721	\$ -	\$ -

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

2. CASH AND INVESTMENTS (Continued)

Investments (Continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments in U.S. Treasury securities, U.S. Agency securities, state and local government obligations, and corporate securities are valued using quoted market prices and are fair value Level 1.

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

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

The District limits investment maturities as follows:

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

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

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

Concentration of Credit Risk – To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the District’s investment policy sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. At June 30, 2025, the District was in compliance with all percentage restrictions.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

3. RECEIVABLES

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

Receivables are comprised of the following:

Property taxes	\$	2,730,841
Grants		8,901,003
Interest and other		4,672,955
Lease receivables		88,264
Total	\$	16,393,063

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

Changes in lease receivables outstanding are as follows:

Governmental Activities Description	Outstanding July 1, 2024	Increases	Decreases	Outstanding June 30, 2025
Tower leases	\$ 55,837	\$ -	\$ 36,786	\$ 19,051
Field leases	51,130	-	51,130	-
Land leases	91,385	-	22,172	69,213
Total lease receivables	\$ 198,352	\$ -	\$ 110,088	\$ 88,264

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

The District entered into a long-term agreement as the lessor to lease a school field for \$60,000 per year for 10 years with 2.0 percent annual interest, expiring December 31, 2023. The District added on one additional year to the agreement which ended June 30, 2025.

The District entered into a long-term agreement as the lessor to lease land for \$24,000 per year for 5 years with 2.0 percent annual interest, expiring June 30, 2028.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

Future lease receivable maturities are as follows:

For the Year Ending June 30,2025	Tower Lease		Land Lease	
	Principal	Interest	Principal	Interest
2026	\$ 19,051	\$ 464	\$ 22,616	\$ 1,384
2027	-	-	23,068	932
2028	-	-	23,529	471
Total	\$ 19,051	\$ 464	\$ 69,213	\$ 2,787

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

Capital assets activity for the year was as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
Capital assets not being depreciated/amortized:				
Land	\$ 42,624,965	\$ -	\$ -	\$ 42,624,965
Total capital assets not being depreciated/amortized	42,624,965	-	-	42,624,965
Capital assets being depreciated/amortized:				
Building and improvements	732,204,081	2,801,756	-	735,005,837
Furniture and fixtures	23,450,405	-	-	23,450,405
Equipment	7,160,354	1,992,515	-	9,152,869
Motor vehicles	26,070,500	1,579,255	(346,411)	27,303,344
Information technology equipment	4,107,837	-	-	4,107,837
Right-to-use leased equipment	1,599,851	1,277,712	(1,562,300)	1,315,263
Right-to-use subscription asset	5,990,260	99,917	(998,703)	5,091,474
Total capital assets being depreciated/amortized	800,583,288	7,751,155	(2,907,414)	805,427,029
Less accumulated depreciation/amortization for:				
Building and improvements	(224,460,629)	(21,228,875)	-	(245,689,504)
Furniture and fixtures	(22,335,273)	(185,954)	-	(22,521,227)
Equipment	(3,923,431)	(577,301)	-	(4,500,732)
Motor vehicles	(16,692,276)	(1,734,145)	346,411	(18,080,010)
Information technology equipment	(3,747,616)	(73,538)	-	(3,821,154)
Right-to-use leased equipment	(1,574,818)	(197,916)	1,562,300	(210,434)
Right-to-use subscription asset	(2,257,579)	(1,107,342)	998,703	(2,366,218)
Total accumulated depreciation/amortization	(274,991,622)	(25,105,071)	2,907,414	(297,189,279)
Total capital assets being depreciated/amortized, net	525,591,666	(17,353,916)	-	508,237,750
Total capital assets, net	\$ 568,216,631	\$ (17,353,916)	\$ -	\$ 550,862,715

**HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

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

<u>Program</u>	
Instruction	\$ 13,367,887
Support Services	9,339,780
Enterprise and Community Services	<u>1,092,147</u>
Total Depreciation	<u>\$ 23,799,814</u>

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

<u>Program</u>	
Support Services	<u>\$ 1,305,258</u>
Total Amortization	<u>\$ 1,305,258</u>

5. COMPENSATED ABSENCES

Activity for compensated absences, including sick and vacation time per GASB Statement No. 101, for the year ended June 30, 2025 is as follows:

Balance July 1, 2024*	\$ 11,255,539
Net change	<u>(1,772,561)</u>
Balance June 30, 2025	<u>\$ 9,482,978</u>
Due within one year	<u>4,810,715</u>
Due in more than one year	<u>\$ 4,672,263</u>

*Restated due to implementation of GASB Statement No. 101. See Notes to Basic Financial Statements 14.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

6. LONG-TERM DEBT

Long-term debt is comprised of:

	Total	Due Within One Year
General Obligation Bonds	\$ 413,394,922	\$ 28,305,000
Pension Obligation Bonds	55,150,000	13,280,000
Qualified Energy Conservation Bond	1,159,026	146,300
Balance June 30, 2025	469,703,948	\$ 41,731,300
Due within one year	41,731,300	
Due in more than one year	\$ 427,972,648	

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

Governmental Activities Description	Outstanding July 1, 2024	Increases	Decreases	Outstanding June 30, 2025	Due Within One Year
General obligation bonds	\$ 386,275,000	\$ -	\$ 25,385,000	\$ 360,890,000	\$ 28,305,000
Unamortized Premium	56,470,039	-	3,965,117	52,504,922	-
Total General obligation bonds, net	442,745,039	-	29,350,117	413,394,922	28,305,000
Pension obligation bonds	67,190,000	-	12,040,000	55,150,000	13,280,000
Notes from direct placements and borrowings:					
Qualified energy conservation bond	1,299,435	-	140,409	1,159,026	146,300
Total	\$ 511,234,474	\$ -	\$ 41,530,526	\$ 469,703,948	\$ 41,731,300

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

6. LONG-TERM DEBT (Continued)

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

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

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

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

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

6. LONG-TERM DEBT (Continued)

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

For the Year Ending June 30,	General Obligation Bonds		Pension Obligation Bonds		Notes from Direct Placements	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 28,305,000	\$ 16,879,700	\$ 13,280,000	\$ 2,517,508	\$ 146,300	\$ 38,840
2027	31,300,000	15,464,450	14,625,000	1,894,300	152,385	33,725
2028	13,810,000	14,006,950	7,935,000	1,207,972	158,667	28,398
2029	15,465,000	13,326,450	2,875,000	840,951	165,152	22,853
2030	17,175,000	12,623,200	3,140,000	715,744	171,851	17,081
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	\$ 360,890,000	\$ 137,832,850	\$ 55,150,000	\$ 8,545,905	\$ 1,159,026	\$ 156,799

7. LEASE AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENT PAYABLES

Lease Payables, per GASB 87, are recognized at the net present value of payments expected to be made during the lease term at a borrowing rate either explicitly described in the agreement or implicitly determined by the District. The District leases building space and copiers under lease agreements with various entities.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

7. LEASE AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENT PAYABLES (Continued)

Changes in lease payables are as follows:

Governmental Activities Description	Outstanding July 1, 2024	Increases	Decreases	Outstanding June 30, 2025	Due within One year
Copier lease	\$ -	\$ 1,277,712	\$ 145,231	\$ 1,132,481	\$ 236,475
Equipment lease	26,795	-	5,990	20,805	6,440
Total lease payables	<u>\$ 26,795</u>	<u>\$ 1,277,712</u>	<u>\$ 151,221</u>	<u>\$ 1,153,286</u>	<u>\$ 242,915</u>

The District leased copiers for \$26,784 per month for 60 months with a discount rate of 7.50 percent. The lease expires on September 30, 2029. The copier lease obligations are paid by the General Fund.

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

Future lease payments are as follows:

For the Year Ending June 30,	Equipment Lease		Copiers Lease	
	Principal	Interest	Principal	Interest
2026	\$ 6,440	\$ 1,560	\$ 236,475	\$ 84,936
2027	6,923	1,077	254,211	67,200
2028	7,442	558	273,276	48,135
2029	-	-	293,772	27,639
2030	-	-	74,747	5,606
Total	<u>\$ 20,805</u>	<u>\$ 3,195</u>	<u>\$ 1,132,481</u>	<u>\$ 233,516</u>

Subscription Based Information Technology Agreement (SBITA) Payables, per GASB 96, are recognized at the net present value of payments expected to be made during the agreement term at a borrowing rate either explicitly described in the agreement or implicitly determined by the District. The District has multiple agreements with various entities.

Changes in SBITA payables are as follows:

Governmental Activities Description	Outstanding July 1, 2024	Increases	Decreases	Outstanding June 30, 2025	Due within One year
Total SBITA payables	<u>\$ 298,292</u>	<u>\$ -</u>	<u>\$ 175,370</u>	<u>\$ 122,922</u>	<u>\$ 59,927</u>

**HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

7. LEASE AND SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENT PAYABLES (Continued)

The District has previously entered into multiple subscription-based information technology arrangements (SBITA) for software licenses that extend over a year. All SBITAs either had an initial payment for the entire period or have a schedule of payments over the contract period. The SBITA payables have an interest rate of 2.0 percent. As of June 30, 2025, the combined value of the right-to-use subscription assets is \$5,091,474, with accumulated amortization of \$2,366,218, and the total combined subscription liability is \$122,923.

Future subscription payments are as follows:

For the Year	SBITA	
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 59,927	\$ 2,458
2027	62,995	1,261
Total	<u>\$ 122,922</u>	<u>\$ 3,719</u>

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

GASB Statement 75

Employers participating in the Plan are required to report OPEB information in their financial statements for fiscal periods on or after June 15 2017, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)*.

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

The Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer, along with PERS audited financial statements and the Schedule of OPEB Amounts under GASB 75 report prepared by PERS' third-party actuaries provide employers with the required information for financial reporting related to PERS OPEB provided through the Plan as of and for the year ended June 30, 2024 (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, 2025

8. 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	\$ -	\$ 4,753,924	\$ 4,753,924
Deferred Outflows of Resources:			
Contributions After the Measurement Date	-	136	136
Net difference between projected and actual earnings on investments	-	134,227	134,227
Difference between expected and actual experience	718,191	-	718,191
Changes of assumptions or other input	351,055	-	351,055
Total Deferred Outflows	1,069,246	134,363	1,203,609
Total OPEB Liability	(12,428,518)	-	(12,428,518)
Deferred Inflows of Resources:			
Difference between expected and actual experience	(1,619,751)	(92,979)	(1,712,730)
Changes of assumptions or other input	(3,179,187)	(60,132)	(3,239,319)
Changes in proportionate share	-	(275,591)	(275,591)
Total Deferred Inflows	(4,798,938)	(428,702)	(5,227,640)
OPEB Expense (Revenue) (Included in program expenses on Statement of Activities)	860,265	(965,840)	(107,196)

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, 2023, the most recent valuation date, program participants included 2,691 active employees and 56 retired employees or beneficiaries currently receiving benefits.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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

Implicit Rate Subsidy (Medical) (Continued)

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

The District's total OPEB liability of \$12,428,518 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2023. For the fiscal year ended June 30, 2025 the District recognized OPEB expense from this plan of \$860,265.

Actuarial Assumptions and Other Inputs

Valuation date	Data was collected as of November 3, 2023, and benefits were valued as if the data was representative of data on July 1, 2023.
Measurement date	June 30, 2025
Actuarial cost method	Entry Age Normal, level percent of salary. Under this cost method, each participant's normal cost is determined as a level percentage of salary by amortizing the present value of future benefits an entry age (i.e., hire age) over expected future service to retirement. The normal cost for the Plan is the sum of each participant's individual normal cost. The accrued liability is equal to the accumulated value of the prior normal costs (i.e., the excess of the present value of future benefits over the present value of future normal costs).
Actuarial assumptions:	
Interest Rate for Discounting Future Liabilities	4.00% per year, based on all years discounted at municipal bond rate (based on Bond Buyer 20-Bond General Obligation Index as of the date of this report).
General Inflation	2.50% per year. This assumption reflects the actuary's best estimate of future general inflation.
Payroll Growth	3.50% per year. This assumption reflects the actuary's best estimate of future payroll growth experience.

**HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Salary Merit Scale	<p>Total payroll increase is overall payroll growth plus merit table below. Sample rates are as follows:</p> <table style="margin-left: 40px;"> <thead> <tr> <th style="text-align: center;"><u>Duration</u></th> <th style="text-align: center;"><u>Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">5.54%</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">4.02%</td> </tr> <tr> <td style="text-align: center;">10</td> <td style="text-align: center;">2.66%</td> </tr> <tr> <td style="text-align: center;">15</td> <td style="text-align: center;">1.53%</td> </tr> <tr> <td style="text-align: center;">20</td> <td style="text-align: center;">0.68%</td> </tr> <tr> <td style="text-align: center;">25</td> <td style="text-align: center;">0.17%</td> </tr> <tr> <td style="text-align: center;">30+</td> <td style="text-align: center;">0.06%</td> </tr> </tbody> </table> <p>In addition to the above increases, an additional 2.00% increase is applied during the 2-year select period beginning July 1, 2023 and ending June 30, 2025. The assumption reflects the Oregon PERS 2022 Experience Study conducted by Milliman, Inc.</p>	<u>Duration</u>	<u>Rate</u>	0	5.54%	5	4.02%	10	2.66%	15	1.53%	20	0.68%	25	0.17%	30+	0.06%
<u>Duration</u>	<u>Rate</u>																
0	5.54%																
5	4.02%																
10	2.66%																
15	1.53%																
20	0.68%																
25	0.17%																
30+	0.06%																
Annual Premium Increase Rate	4.00% for 2024-25. Rates will range from 4.00%-5.80% over the next 20+ years																
Mortality Rates	<p>Active employees: PUB 2010 Employee Tables for Teachers, sex distinct, projected generationally.</p> <p>Active employee adjustments: 125% of a blend of 80% of published rates and 20% of PUB 2010 Retiree Tables for General Employees for males, 100% of published rates for females.</p> <p>Retirees: PUB 2010 Retiree Tables for Teachers, sex distinct, projected generationally.</p> <p>Retiree adjustment: A blend of 80% of published rates and 20% of PUB 2010 Retiree Tables for General Employees for males, 100% of published rates for females.</p> <p>Beneficiaries: PUB 2010 Employee and Retiree Tables for General Employees, sex distinct, projected generationally.</p> <p>Beneficiary adjustments: Set back 12 months for males, no set back for females; 115% of published rates for non-annuitant males, 125% of published rates for non-annuitant females.</p> <p>Improvement Scale: Unisex Social Security Data Scale (60 year average), with data through 2019.</p> <p>This assumption reflects the Oregon PERS 2022 Experience Study conducted by Milliman, Inc.</p>																

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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

Implicit Rate Subsidy (Medical) (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of July 1, 2024	\$ 11,587,955
Changes for the year:	
Service cost	822,164
Interest on Total OPEB Liability	487,032
Benefit payments	(468,633)
Balance as of June 30, 2025	\$ 12,428,518

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	\$ 718,191	\$ (1,619,751)	\$ (901,560)
Changes of assumptions or other inputs	351,055	(3,179,187)	(2,828,132)
Net deferred outflow(inflow) of resources	\$ 1,069,246	\$ (4,798,938)	\$ (3,729,692)

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
2026	\$ (448,933)
2027	(799,988)
2028	(735,997)
2029	(735,997)
2030	(735,991)
Thereafter	(272,786)
Total	\$ (3,729,692)

**HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

**8. OTHER POST-EMPLOYMENT BENEFITS (OPEB)/ TERMINATION BENEFITS
(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 (3.00 percent) or 1 percentage point higher (5.00 percentage) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Total OPEB Liability	\$ 13,373,117	\$ 12,428,518	\$ 11,537,658

Healthcare Cost Trend	1% Decrease (2.50%, Graded Up to 4.80%, then Back Down to 3.50%)	Current Trend Rate (3.50%, Graded Up to 5.80%, then Back Down to 4.50%)	1% Increase (4.50%, Graded Up to 6.80%, then Back Down to 5.50%)
Total OPEB Liability	\$ 10,855,231	\$ 12,428,518	\$ 14,312,341

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, 2025**

**8. 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, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023. The District's total contributions for the year ended June 30, 2025, was \$136.

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

At June 30, 2025, the District reported an asset of \$4,753,924 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022 rolled forward to June 30, 2024. 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, 2024, the District's proportionate share was 1.18%, increased from 1.07% as of June 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB revenue from this plan of \$965,840. At June 30, 2025, the District reported deferred outflows and deferred inflows of resources related to the OPEB plan from the following sources:

Schedule of OPEB Amounts under GASB 75 for RHIA
June 30, 2025

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ -	\$ (92,979)	\$ (92,979)
Changes of assumptions	-	(60,132)	(60,132)
Net difference between projected and actual earnings on investments	134,227	-	134,227
Changes in proportionate share	-	(275,591)	(275,591)
Subtotal-Amortized Deferrals	<u>134,227</u>	<u>(428,702)</u>	<u>\$ (294,475)</u>
District contributions subsequent to measurement date	136	-	
Net deferred outflow(inflow) of Resources	<u>\$ 134,363</u>	<u>\$ (428,702)</u>	

**HILLSBORO SCHOOL DISTRICT 1J
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025**

**8. 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)**

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

<u>Year ending June 30</u>	<u>Amount</u>
2026	\$ (526,455)
2027	143,867
2028	72,618
2029	15,495
Total	<u>\$ (294,475)</u>

All assumptions, methods and plan provisions used in these calculation are described in the Oregon PERS system-wide GASB 75 reporting summary dated January 31, 2025.

Actuarial Methods and Assumptions

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 2022 Experience Study, which reviewed experience for the four year period ended on December 31, 2022.

**HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

PERS Retirement Health Insurance Account (Continued)

Actuarial Methods and Assumptions (Continued)

Valuation date	December 31, 2022
Measurement date	June 30, 2024
Experience Study	2022, published July 24, 2023
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Retiree healthcare participation	Healthy retirees: 25%; Disabled retirees: 15%
Healthcare cost trend rate	Not Applicable
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale with job category adjustments and set-back as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

(Source: June 30, 2024 PERS Audit Report; page 37)

**HILLSBORO SCHOOL DISTRICT 1J
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2025**

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

PERS Retirement Health Insurance Account (Continued)

Actuarial Methods and Assumptions (Continued)

- **Discount Rate.** The discount rate used to measure the total OPEB liability at June 30, 2024 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA Plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of Net OPEB Liability/(Asset) in the Discount Rate as of June 30, 2024

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
OPEB – RHIA	\$ (4,400,688)	\$ (4,753,924)	\$ (5,058,068)

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

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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

PERS Retirement Health Insurance Account (Continued)

Actuarial Methods and Assumptions (Continued)

TABLE 31

<u>Long-Term Expected Rate of Return</u> ¹				
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u> ²	<u>20-Year Annualized Geometric Mean</u>	<u>Annual Standard Deviation</u>
Global Equity	27.50 %	8.57 %	7.07 %	17.99 %
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			2.35 %	1.41 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.
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, 2024 PERS Annual Comprehensive Financial Report; page 88; Table 31)

- Depletion Date Projection.** GASB 75 generally requires that a blended discount rate be used to measure the total OPEB liability (the actuarial accrued liability calculated using the individual entry age normal cost method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s fiduciary net position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments 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.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

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

PERS Retirement Health Insurance Account (Continued)

Actuarial Methods and Assumptions (Continued)

• **Depletion Date Projection (Continued).**

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions of actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience that might impact the plan's funded position.

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

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

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

9. PENSION PLAN

Plan Description

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

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

PERS Pension (Chapter 238)

- **Pension Benefits.** The PERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit.

These options include survivorship benefits and lump-sum refunds. The basic benefit is most commonly based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which they are entitled.

Under Senate Bill (SB) 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary is limited for all members beginning in 2021. The limit was equal to \$232,976 as of January 1, 2024 and it is indexed with inflation every year.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they have contributions in each of five calendar years of have reached at least 50 years of age before ceasing employment with a participating employer. General Service employees may retire after reaching age 55. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The plans are closed to new members hired on or after August 29, 2003.

- **Death Benefits.** Upon the death of a nonretired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary receives a lump-sum payment from employer

**HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

9. PENSION PLAN (Continued)

PERS Pension (Chapter 238) (Continued)

• **Death Benefits (Continued)**

funds equal to the account balance, provided one or more of the following conditions are met:

- The member was employed by a PERS employer at the time of death.
- The member died within 120 days after termination of PERS-covered employment.
- The member died as a result of an injury sustained while employed in a PERS-covered job.
- The member was on an official leave of absence from a PERS-covered job at the time of death.

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

In 2019 the Legislature introduced an Optional Spouse Death Benefit (OSDB) that may provide higher survivor benefit than the standard pre-retirement death benefit described above. To be eligible for the OSDB, the member must have died before retiring, named their spouse or other person who is constitutionally required to be treated in the same manner as the spouse as their pre-retirement beneficiary, and met the following conditions:

- Member's date of death must be on or after January 1, 2020.
- Member's account must be eligible for the employer-matching death benefit (as described above).
- Member must have a surviving spouse.
- Surviving spouse must be member's sole beneficiary as determined by a valid Tier One/Two Pre-retirement Beneficiary Designation form on file with PERS.

As of January 1, 2024, the Legislature modified the rules such that, in order to be eligible for the OSDB, a surviving spouse must make written election no later than 60 days after the date of the estimate that PERS provides to a member's spouse. For members who die before their earliest retirement date, the OSDB is the actuarial equivalent of 50 percent of the service retirement that would have been paid to the members, calculated as if the member became inactive on their date of death and retired at their earliest retirement date. For members who dies after their earliest retirement date but before

**HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

9. PENSION PLAN (Continued)

PERS Pension (Chapter 238) (Continued)

• **Death Benefits (Continued)**

normal retirement age, the OSDB is the actuarial equivalent of the service retirement that would have been paid to the member calculated as if they retired on the first day of the month following their death. For members who die after their normal retirement age, OSDB is the actuarial equivalent of the benefit that would have been paid to the member, calculated as if the member retired on the first day of the month following their date of death.

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 calendar year in which the member would have reached the age of their federally required minimum distribution.

- **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 for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time for General Service members is computed to age 58 when determining the monthly benefit.

- **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by 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), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0 percent.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

9. PENSION PLAN (Continued)

Oregon Public Service Retirement Plan Pension Program (OPSRP)

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

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

General Service: 1.5 percent multiplied by the number of years of service and the final average salary. Normal retirement age for General Service members is age 65, or age 58 with 30 years of retirement credit.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary is limited for all members beginning in 2020. The limit was equal to \$232,976 as of January 1, 2024, and is indexed with inflation every year.

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

- **Death Benefits.** Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached the age of their federally required minimum distribution.
- **Disability Benefits.** A member who has accrued ten or more years of retirement credits before the member becomes disabled or a member who becomes disabled from a job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred. Disability benefits continue until the member is no longer disabled or otherwise no longer qualified for benefits, reaches normal retirement age, or dies.
- **Benefit Changes After Retirement.**

Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living adjustments (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0 percent.

**HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

9. PENSION PLAN (Continued)

Oregon Public Service Retirement Plan Pension Program (OPSRP)

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Post-Employment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation, which became effective July 1, 2023. 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, 2025, were \$28,022,834, excluding amounts to fund employer specific liabilities. A total of \$15,109,102 was charged for the year ended June 30, 2025, as PERS benefits expenditures to be used for bond payments as they become due. A total of \$8,850,874 was recognized as employer pension expense during the reporting period.

At June 30, 2025, the District reported a net pension liability of \$245,921,618 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to a measurement date of June 30, 2024. 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, 2024, the District's proportion was 1.11 percent, an increase from 0.94 percent at June 30, 2023.

Employer contributions made after the measurement date of the net pension or collective net pension but before the end of the employer's or governmental non-employer contributing entity's reporting period will be recognized as a reduction of the net pension or collective net pension in the subsequent fiscal period rather than in the current fiscal period.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

9. PENSION PLAN (Continued)

PERS Schedule of Pension Amounts under GASB 68
June 30, 2025

	Deferred Outflow of Resources	Deferred (Inflow) of Resources	Net Outflow (Inflow) of Resources
Differences between expected and actual experience	\$ 14,568,581	\$ (586,934)	\$ 13,981,647
Changes of assumptions	24,725,039	(31,676)	24,693,363
Net difference between projected and actual earnings on investments	15,622,899	-	15,622,899
Changes in proportionate share	20,992,575	(16,660,643)	4,331,932
Differences between employer contributions and employer's proportionate share of system contributions	1,531,675	(12,433,491)	(10,901,816)
Subtotal-Amortized Deferrals	<u>77,440,769</u>	<u>(29,712,744)</u>	<u>\$ 47,728,025</u>
District contributions subsequent to measurement date	28,022,834	-	
Net deferred outflow(inflow) of Resources	<u>\$ 105,463,603</u>	<u>\$ (29,712,744)</u>	

Other 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
2026	\$ (3,583,191)
2027	24,860,481
2028	13,451,698
2029	10,199,522
2030	2,799,515
Total	<u>\$ 47,728,025</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB Statement 68 reporting summary dated January 31, 2025. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at:

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

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

9. PENSION PLAN (Continued)

Actuarial Methods and Assumptions

Valuation date	December 31, 2022
Measurement date	June 30, 2024
Experience Study	2022, published July 24, 2023
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost-of-living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale with job category adjustments and set-back as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

(Source: June 30, 2024 PERS Audit Report; page 33)

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 2022 Experience Study, which reviewed experience for the four year period ended December 31, 2022.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

9. PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

- **Discount Rate.** The discount rate used to measure the total pension liability of the Plan was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.
- **Long-Term Expected Rate of Return.** To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 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.

TABLE 31

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Global Equity	27.50 %	8.57 %	7.07 %	17.99 %
Private Equity	25.50	12.89	8.83	30.00
Core Fixed Income	25.00	4.59	4.50	4.22
Real Estate	12.25	6.90	5.83	15.13
Master Limited Partnerships	0.75	9.41	6.02	27.04
Infrastructure	1.50	7.88	6.51	17.11
Hedge Fund of Funds - Multistrategy	1.25	6.81	6.27	9.04
Hedge Fund Equity - Hedge	0.63	7.39	6.48	12.04
Hedge Fund - Macro	5.62	5.44	4.83	7.49
Assumed Inflation - Mean			2.35 %	1.41 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adopted at the OIC meeting on January 25, 2023.

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, 2024 PERS Annual Comprehensive Financial Report; page 88; Table 31)

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

9. PENSION PLAN (Continued)

Actuarial Methods and Assumptions (Continued)

Depletion Date Projection. GASB 68 generally requires that a blended discount rate be used to measure the total pension liability (the actuarial accrued liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair value of investment assets, all others at cost) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions 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, 2025**

9. 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 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90 percent) or one percentage point higher (7.90 percent) than the current rate.

Sensitivity of Net Pension Liability to Changes in the Discount Rate As of June 30, 2024

Employers’ Net Pension Liability/(Asset)	(Measurement Date)		
	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Defined Benefit Pension Plan	\$ 387,931,363	\$ 245,921,618	\$ 126,981,516

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>

10. RISK MANAGEMENT

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

Settlements have not exceeded insurance coverage for the each of the three years ended June 30, 2025, 2024, and 2023.

11. COMMITMENTS AND CONTINGENCIES

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

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

**HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

11. COMMITMENTS AND CONTINGENCIES (Continued)

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

The District is committed under various accepted bid agreements and contracts for approximately \$0.6 million for goods, services, and construction of facilities.

12. PREPAID ITEMS

The District has various prepaid items throughout the year that consist of worker’s compensation premiums, software licenses and utilities. Total prepaid expenses as of June 30, 2025, were as follows:

General Fund	\$ 604,979
Special Revenue Fund	2,475,124
Capital Projects Fund	122,470
Total	\$3,202,573

13. TAX ABATEMENTS

Property tax abatements result from agreements between Washington County and others, which impact the Districts levied property taxes. As of June 30, 2025, the District was affected by tax abatement agreements made by Washington County through five programs.

Exemption Type	Tax Abatement Amount
Enterprise Zone (ORS 285C.175)	\$20,501,000
Strategic Investment Program (ORS 285C.600)	\$136,951,000
Construction in Process in Enterprise Zone (ORS 285C.170)	\$8,659,000
Nonprofit Corporation Low Income Housing (ORS 307.541)	\$471,000
Vertical Housing (ORS 307.864)	\$492,000
Housing for Low Income Rental (ORS 307.517)	\$8,000

Estimate based on certified tax roll values (10/4/24)

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025

14. PRIOR YEAR RESTATEMENT

During the current year, the District implemented GASB Statement No. 101, Compensated Absences. In addition, the value of accrued unused vacation time, the District now recognizes an estimated amount of sick leave earned as of year-end that is more likely than not to be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle on the government wide financial statements are summarized below.

Net Position – July 1, 2024 as originally reported	\$ (67,242,555)
Due to implementation of GASB Statement No. 101	<u>(10,381,003)</u>
Net Position – July 1, 2024 as restated	<u>\$ (77,623,558)</u>

15. NEW ACCOUNTING STANDARDS IMPLEMENTED

For the fiscal year ended June 30, 2025, the District implemented the following new accounting standards:

- **GASB Statement 101**, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.
- **GASB Statement 102**, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.

16. NEW PRONOUNCEMENTS

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

- **GASB Statement 103**, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. For reporting periods beginning after June 15, 2025.
- **GASB Statement 104**, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. For reporting periods beginning after June 15, 2025.

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HILLSBORO SCHOOL DISTRICT 1J
Washington County, Oregon

REQUIRED SUPPLEMENTARY INFORMATION

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HILLSBORO SCHOOL DISTRICT IJ
SCHEDULE OF THE CHANGES IN THE TOTAL OPEB LIABILITY FOR MEDICAL SUBSIDY AND
SCHEDULE OF THE TOTAL OPEB LIABILITY AND RELATED RATIOS FOR MEDICAL SUBSIDY
FOR THE YEAR ENDED JUNE 30, 2025

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

Year Ended June 30,	Service Cost	Interest	Change of Benefit Terms	Difference Between Expected and Actual Experience	Changes of Assumptions or Other Input	Benefit Payments	Net Change in Total OPEB Liability
2025	\$ 822,164	\$ 487,032	\$ -	\$ -	\$ -	\$ (468,633)	\$ 840,563
2024	838,751	496,354	-	199,408	(2,149,556)	(388,690)	(1,003,733)
2023	846,630	440,902	-	-	(261,157)	(370,487)	655,888
2022 ³	1,084,030	435,558	-	(2,915,555)	(1,253,338)	(338,688)	(2,987,993)
2021	1,047,372	406,193	-	-	-	(506,132)	947,433
2020	952,483	496,396	-	2,274,543	(2,786,471)	(381,721)	555,230
2019 ²	920,273	446,083	-	-	2,808,454	(460,619)	3,714,191
2018	715,180	321,401	-	-	-	(309,852)	726,729

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

Year Ended 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
2025	\$ 11,587,955	\$ 840,563	\$ 12,428,518	\$ 177,662,556	7.0%	4.00%
2024	12,591,688	(1,003,733)	11,587,955	168,400,527	6.9%	4.00%
2023	11,935,800	655,888	12,591,688	136,586,433	9.2%	3.75%
2022	14,923,793	(2,987,993)	11,935,800	132,608,187	9.0%	3.50%
2021	13,976,360	947,433	14,923,793	132,407,882	11.3%	2.75%
2020	13,421,130	555,230	13,976,360	127,930,321	10.9%	2.75%
2019	9,706,939	3,714,191	13,421,130	99,821,417	13.4%	3.50%
2018	8,980,210	726,729	9,706,939	96,445,814	10.1%	3.50%

Notes:

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan. These schedules are required to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

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

HILLSBORO SCHOOL DISTRICT IJ
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY FOR RHIA AND
SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR RHIA
FOR THE YEAR ENDED JUNE 30, 2025

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

Year Ended June 30,	Employer's Portion of the Net OPEB Liability (NOL)	Employer's Proportionate Share of the Net OPEB Liability (NOL) ¹	Employer's Covered Payroll ²	NOL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
2025	1.18%	\$ (4,753,924)	\$ 162,276,007	-2.93%	220.6%
2024	1.07%	(3,905,542)	153,241,890	-2.55%	201.6%
2023	0.89%	(3,166,177)	145,160,653	-2.18%	194.7%
2022	0.93%	(3,195,837)	128,970,064	-2.48%	183.9%
2021	2.17%	(4,431,307)	125,018,722	-3.54%	150.1%
2020	1.22%	(2,352,904)	128,513,691	-1.83%	144.3%
2019	1.21%	(1,350,607)	122,808,685	-1.10%	124.0%
2018	1.18%	(491,786)	117,330,543	-0.42%	108.9%
2017	1.21%	327,825	112,642,257	0.29%	94.1%

Schedule of Employer Contributions for RHIA:

Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percent of Covered Payroll
2025	\$ 136	\$ 136	\$ -	\$ 171,532,062	0.00%
2024	4,348	4,348	-	162,276,007	0.00%
2023	21,019	21,019	-	153,241,890	0.01%
2022	21,961	21,961	-	145,160,653	0.02%
2021	24,901	24,901	-	128,970,064	0.02%
2020	155,305	155,305	-	125,018,722	0.12%
2019	603,483	603,483	-	128,513,691	0.47%
2018	585,850	585,850	-	122,808,685	0.48%
2017	591,455	591,455	-	117,330,543	0.50%

Notes:

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

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

HILLSBORO SCHOOL DISTRICT IJ
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS
FOR THE YEAR ENDED JUNE 30, 2025

Schedule of the Proportionate Share of the Net Pension Liability for PERS:

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	NPL as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	1.11%	\$ 245,921,618	\$ 162,276,007	151.5%	79.3%
2024	0.94%	176,756,276	153,241,890	115.3%	81.7%
2023	1.08%	164,695,238	145,160,653	113.5%	84.5%
2022 ⁵	1.09%	129,942,083	128,970,064	100.8%	87.6%
2021	1.16%	252,869,709	125,018,722	202.3%	75.8%
2020	1.18%	203,797,390	128,513,691	158.6%	80.2%
2019 ⁴	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 ³	1.11%	167,229,488	112,642,257	142.5%	80.5%
2016 ²	1.05%	60,293,919	100,728,284	59.9%	91.9%

Notes:

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

1. Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year.
2. The June 30, 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.
3. 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%.
4. The June 30, 2019 NPL reflects assumption changes reducing the long-term expected rate of return from 7.50% to 7.20% and the discount rate from 7.50% to 7.20%.
5. The June 30, 2022 NPL reflects assumption changes reducing the long-term expected rate of return from 7.20% to 6.90% and the discount rate from 7.20% to 6.90%.

**HILLSBORO SCHOOL DISTRICT IJ
SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR PERS
FOR THE YEAR ENDED JUNE 30, 2025**

Schedule of Employer Contributions for PERS:

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
2025	\$ 28,022,834	\$ 28,022,834	\$ -	\$ 171,532,062	16.3%
2024	25,227,313	25,227,313	-	162,276,007	15.5%
2023	24,613,526	24,613,526	-	153,241,890	16.1%
2022	22,298,594	22,298,594	-	145,160,653	15.4%
2021	23,360,881	23,360,881	-	128,970,064	18.1%
2020	22,827,458	22,827,458	-	125,018,722	18.3%
2019	15,731,715	15,731,715	-	128,513,691	12.2%
2018	15,193,032	15,193,032	-	122,808,685	12.4%
2017	9,360,920	9,360,920	-	117,330,543	8.0%
2016	9,876,528	9,876,528	-	112,642,257	8.8%

Notes:

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

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual		GAAP Basis	Variance with Final Budget
			Budget Basis	Adjustments		
REVENUES:						
Local sources						
Property taxes	\$ 105,299,788	\$ 105,299,788	\$ 100,869,366	\$ -	\$ 100,869,366	\$ (4,430,422)
Charges for services	910,209	910,209	827,566	-	827,566	(82,643)
Earnings on investments	1,912,304	1,912,304	1,925,651	-	1,925,651	13,347
Contributions & donations	2,491	2,491	6,156	-	6,156	3,665
Other	3,521,590	3,521,590	4,723,365	-	4,723,365	1,201,775
Intermediate sources	5,017,971	5,017,971	4,060,755	-	4,060,755	(957,216)
State sources	160,034,325	160,034,325	157,634,170	-	157,634,170	(2,400,155)
Federal sources	-	10,000	9,238	-	9,238	(762)
Total Revenues	276,698,678	276,708,678	270,056,267	-	270,056,267	(6,652,411)
EXPENDITURES:						
Current						
Instruction	169,786,237	169,786,237	168,701,337	(128,183)	168,573,154	1,084,900
Support services	110,015,535	115,015,535	109,969,574	(309,627)	109,659,947	5,045,961
Enterprise and community services	741,435	851,435	790,654	-	790,654	60,781
Debt service						
Principal	-	-	-	326,591	326,591	-
Interest	-	-	-	103,804	103,804	-
Capital outlay	344,297	344,297	-	1,285,127	1,285,127	344,297
Contingency	2,000,000	12,035,847	-	-	-	12,035,847
Total Expenditures	282,887,504	298,033,351	279,461,565	1,277,712	280,739,277	18,571,786
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,188,826)	(21,324,673)	(9,405,298)	(1,277,712)	(10,683,010)	11,919,375
OTHER FINANCING SOURCES (USES)						
Issuance of lease	-	-	-	1,277,712	1,277,712	-
Transfers in	-	8,500,000	8,500,000	(8,500,000)	-	-
Total Other Financing Sources (Uses)	-	8,500,000	8,500,000	(7,222,288)	1,277,712	-
NET CHANGE IN FUND BALANCE	(6,188,826)	(12,824,673)	(905,298)	(8,500,000)	(9,405,298)	11,919,375
FUND BALANCE, July 1, 2024	17,975,805	12,824,673	12,824,673	8,500,000	21,324,673	-
FUND BALANCE, June 30, 2025	\$ 11,786,979	\$ -	\$ 11,919,375	\$ -	\$ 11,919,375	\$ 11,919,375

See Notes to Required Supplementary Information

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, 2025

	Original Budget	Final Budget	Actual		GAAP Basis	Variance with Final Budget
			Budget Basis	Adjustments		
REVENUES:						
Local sources						
Construction excise tax	\$ 2,200,000	\$ 2,200,000	\$ 2,257,954	\$ -	\$ 2,257,954	\$ 57,954
Charges for services	3,648,256	3,648,256	7,084,795	-	7,084,795	3,436,539
Earnings on investments	-	-	9,342	-	9,342	9,342
Contributions & donations	1,350,000	1,350,000	954,760	-	954,760	(395,240)
Other	1,105,076	1,105,076	1,107,962	-	1,107,962	2,886
Intermediate sources	3,070,000	3,070,000	2,241,355	-	2,241,355	(828,645)
State sources	35,600,168	35,600,168	37,942,001	(1)	37,942,001	2,341,833
Federal sources	19,630,500	24,110,626	20,164,362	-	20,164,362	(3,946,264)
Total Revenues	66,604,000	71,084,126	71,762,531	-	71,762,531	678,405
EXPENDITURES:						
Current						
Instruction	28,640,374	29,640,374	29,565,189	(86,767)	29,478,422	75,185
Support services	27,857,896	33,857,896	33,695,923	(5,541,131)	28,154,792	161,973
Enterprise and community services	4,385,200	15,885,200	15,667,782	(277,763)	15,390,019	217,418
Facilities acquisition and construction	1,000,000	1,000,000	189,722	(22,917)	166,805	810,278
Debt service						
Principal	400,000	400,000	140,409	-	140,409	259,591
Interest	60,000	60,000	43,749	-	43,749	16,251
Capital outlay	-	-	-	5,928,578	5,928,578	-
Contingency	5,165,530	8,200,416	-	-	-	8,200,416
Total Expenditures	67,509,000	89,043,886	79,302,774	-	79,302,774	9,741,112
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(905,000)	(17,959,760)	(7,540,243)	-	(7,540,243)	10,419,517
OTHER FINANCING SOURCES (USES)						
Sale or compensation for loss of capital assets	19,000	19,000	-	-	-	(19,000)
Transfers in	400,000	400,000	-	-	-	(400,000)
Transfers out	(400,000)	(400,000)	-	-	-	400,000
Total Other Financing Sources (Uses)	19,000	19,000	-	-	-	(19,000)
NET CHANGE IN FUND BALANCE	(886,000)	(17,940,760)	(7,540,243)	-	(7,540,243)	10,400,517
FUND BALANCE, July 1, 2024	6,886,000	17,940,760	17,940,760	-	17,940,760	-
FUND BALANCE, June 30, 2025	\$ 6,000,000	\$ -	\$ 10,400,517	\$ -	\$ 10,400,517	\$ 10,400,517

(1) Includes \$81,937.88 State Revenue Lunch Program Match

See Notes to Required Supplementary Information

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025

Note 1: Budget Basis of Accounting:

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

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

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

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

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

Summary: Classification of expenditures by character.

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

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

Summary: Presentation of budgeted special revenue fund per GASB Statement No. 54.

Budgetary Basis: The Internal Service Fund for Long-Term Planning is budgeted as a Special Revenue Fund.

GAAP Basis: Per GASB Statement No. 54, special revenue funds whose primary source of funding is a transfer from the General Fund should be presented as part of the General Fund.

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HILLSBORO SCHOOL DISTRICT 1J
Washington County, Oregon

OTHER SUPPLEMENTARY INFORMATION

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HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<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	\$ 42,152,300	\$ 42,152,300	\$ 42,382,571	\$ 230,271
Interest on investments	100,500	100,500	1,047,815	947,315
Services provided to other funds	15,105,600	15,105,600	15,112,611	7,011
Intermediate sources	-	-	34,350	34,350
Total Revenues	<u>57,358,400</u>	<u>57,358,400</u>	<u>58,577,347</u>	<u>1,218,947</u>
EXPENDITURES:				
Current				
Support services	10,000	10,000	-	10,000
Debt service				
Principal	37,425,000	37,425,000	37,425,000	-
Interest	20,923,400	20,923,400	20,923,400	-
Total Expenditures	<u>58,358,400</u>	<u>58,358,400</u>	<u>58,348,400</u>	<u>10,000</u>
NET CHANGE IN FUND BALANCE	(1,000,000)	(1,000,000)	228,947	1,228,947
FUND BALANCE, July 1, 2024	<u>1,000,000</u>	<u>1,000,000</u>	<u>2,049,104</u>	<u>1,049,104</u>
FUND BALANCE, June 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,278,051</u>	<u>\$ 2,278,051</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, 2025

	Original Budget	Final Budget	Actual		GAAP Basis	Variance with Final Budget
			Budget Basis	Adjustments		
REVENUES:						
Local sources						
Interest on investments	\$ 100,000	\$ 100,000	\$ 268,452	\$ -	\$ 268,452	\$ 168,452
Other	-	-	12,162	-	12,162	12,162
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>280,614</u>	<u>-</u>	<u>280,614</u>	<u>180,614</u>
EXPENDITURES:						
Current						
Support services	-	600,000	558,529	-	558,529	41,471
Facilities acquisition and construction	2,000,000	9,500,000	5,012,227	(147,230)	4,864,997	4,487,773
Capital outlay	-	-	-	147,230	147,230	-
Contingency	-	1,059,076	-	-	-	1,059,076
Total Expenditures	<u>2,000,000</u>	<u>11,159,076</u>	<u>5,570,756</u>	<u>-</u>	<u>5,570,756</u>	<u>5,588,320</u>
NET CHANGE IN FUND BALANCE	(1,900,000)	(11,059,076)	(5,290,142)	-	(5,290,142)	5,768,934
FUND BALANCE, July 1, 2024	<u>10,000,000</u>	<u>11,059,076</u>	<u>11,059,076</u>	<u>-</u>	<u>11,059,076</u>	<u>-</u>
FUND BALANCE, June 30, 2025	<u>\$ 8,100,000</u>	<u>\$ -</u>	<u>\$ 5,768,934</u>	<u>\$ -</u>	<u>\$ 5,768,934</u>	<u>\$ 5,768,934</u>

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budget Basis Actual</u>	<u>Variance with Final Budget</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	\$ -	\$ (8,500,000)	\$ (8,500,000)	\$ -
NET CHANGE IN FUND BALANCE	-	(8,500,000)	(8,500,000)	-
FUND BALANCE, July 1, 2024	8,500,000	8,500,000	8,500,000	-
FUND BALANCE, June 30, 2025	<u>\$ 8,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF REVENUES - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Fund 100	Fund 200	Fund 300
REVENUES:			
Revenue from local sources:			
1110 Ad valorem taxes paid by District	\$ 100,644,741	\$ -	\$ 42,288,315
1130 Construction excise tax	-	2,257,954	-
1190 Penalties and interest on taxes	224,625	-	94,256
1400 Transportation fees	42,112	25	-
1500 Earning on investments	1,925,651	9,342	1,047,815
1600 Food service	-	443,318	-
1700 Extracurricular activities	399,919	6,500,771	-
1800 Community services activities	-	72,091	-
1910 Rentals	385,535	140,681	-
1920 Contributions & donations	6,156	954,760	-
1960 Recovery of prior year	22,188	54,530	-
1970 Services provided other funds	-	-	15,112,611
1980 Fees charged to grants	1,486,917	-	-
1990 Miscellaneous	3,214,260	981,341	-
Total revenue from local sources	108,352,104	11,414,813	58,542,997
Revenue from intermediate sources:			
2101 County school funds	629,171	-	-
2102 ESD	3,350,000	-	-
2180 Strategic investment program - unrestricted	-	116,123	-
2199 Other intermediate sources	81,584	-	34,350
2200 Restricted revenue	-	2,125,232	-
Total revenue from intermediate sources	4,060,755	2,241,355	34,350
Revenue from state sources:			
3101 State school fund - general support	142,608,530	-	-
3102 State school fund - school lunch match	-	81,938	-
3103 Common school fund	2,756,618	-	-
3104 State managed county timber	626,743	-	-
3105 State school fund - transportation grant	11,642,279	-	-
3120 Supplemental breakfast	-	603,347	-
3121 Supplemental lunch	-	2,295,581	-
3199 Other unrestricted grants	-	1,596	-
3200 Restricted grants-in-aid	-	5,097,267	-
3222 State school fund transportation equipment	-	1,200,000	-
3299 Other restricted grants-in-aid	-	28,662,272	-
Total revenue from state sources	157,634,170	37,942,001	-
Revenue from federal sources:			
4100 Unrestricted direct from federal government	-	41,039	-
4200 Unrestricted federal revenue through state	-	96,701	-
4500 Restricted revenue from federal government	9,238	19,041,819	-
4700 Restricted revenue from federal government through intermediate sources	-	201,282	-
4900 Revenue for/on behalf of the District	-	783,521	-
Total revenue from federal sources	9,238	20,164,362	-
Revenue from other sources:			
5200 Transfers	8,500,000	-	-
5400 Resources - beginning fund balance	12,824,673	17,940,760	2,049,104
Total revenue from other sources	21,324,673	17,940,760	2,049,104
TOTAL REVENUES	\$ 291,380,940	\$ 89,703,291	\$ 60,626,451

Fund 400	Fund 600	Total
\$ -	\$ -	\$ 142,933,056
-	-	2,257,954
-	-	318,881
-	-	42,137
268,452	-	3,251,260
-	-	443,318
-	-	6,900,690
-	-	72,091
-	-	526,216
-	-	960,916
2,042	-	78,760
-	-	15,112,611
-	-	1,486,917
10,120	-	4,205,721
<u>280,614</u>	<u>-</u>	<u>178,590,528</u>
-	-	629,171
-	-	3,350,000
-	-	116,123
-	-	115,934
-	-	2,125,232
<u>-</u>	<u>-</u>	<u>6,336,460</u>
-	-	142,608,530
-	-	81,938
-	-	2,756,618
-	-	626,743
-	-	11,642,279
-	-	603,347
-	-	2,295,581
-	-	1,596
-	-	5,097,267
-	-	1,200,000
-	-	28,662,272
<u>-</u>	<u>-</u>	<u>195,576,171</u>
-	-	41,039
-	-	96,701
-	-	19,051,057
-	-	201,282
-	-	783,521
<u>-</u>	<u>-</u>	<u>20,173,600</u>
-	-	8,500,000
11,059,076	8,500,000	52,373,613
<u>11,059,076</u>	<u>8,500,000</u>	<u>60,873,613</u>
<u>\$ 11,339,690</u>	<u>\$ 8,500,000</u>	<u>\$ 461,550,372</u>

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

	Salaries Object 100	Associated Payroll Costs Object 200
EXPENDITURES:		
Instruction:		
1111 Primary programs	\$ 36,607,310	\$ 18,052,690
1113 Elementary extracurricular	74,140	23,103
1121 Middle school programs	9,087,899	4,343,352
1122 Middle school extracurricular	77,796	24,503
1131 High school programs	18,098,353	8,756,676
1132 High school extracurricular	1,946,155	635,098
1133 High school Saturday school	13,041	3,969
1140 Pre-Kindergarten programs	26	8
1210 Talented and gifted program	294,321	134,566
1220 Students with disabilities - restricted programs	9,780,150	5,877,083
1230 Physically Disabled	58,186	18,108
1250 Students with disabilities - less restricted programs	11,672,826	6,141,624
1260 Early Intervention	54,079	24,982
1272 Title 1	1,410	1,850
1280 Alternative education	98,075	45,819
1291 English second language programs	12,933,340	6,502,098
1292 Teen parent programs	297,696	148,929
1293 Migrant Education	5,862	1,820
1299 Other programs	199,187	84,299
1400 Summer school programs	19,650	5,901
Total instruction	101,319,502	50,826,478
Support services:		
2110 Attendance and social work services	2,104,212	1,207,635
2120 Guidance services	4,732,120	2,210,870
2130 Health services	1,612,356	773,653
2140 Psychological services	513,437	235,590
2150 Speech pathology services	3,528,844	1,595,516
2160 Other student treatment services	-	-
2190 Service direction, student special education	138,631	129,802
2210 Improvement of Instructional services	452,131	190,949
2220 Educational media services	584,371	396,960
2230 Assessment and testing	13,057	4,025
2240 Instructional staff development	1,410,111	627,348
2310 Board of Education services	97,186	33,262
2320 Executive administration services	391,498	224,888
2410 Office of the principal services	12,117,876	6,415,649
2490 Other support services school administration	2,162,341	1,111,557
2510 Direction of business support services	863,943	437,925
2520 Fiscal services	954,878	600,636
2540 Operation and maintenance of plant	8,957,264	4,744,906
2550 Student transportation services	11,034,729	6,622,394
2570 Internal services	263,745	142,779
2610 Direction of Central Support Services	-	-
2630 Information/production services	425,870	223,351
2640 Staff services	1,518,399	1,269,651
2660 Technology services	3,402,880	1,728,646
2670 Records management services	-	-
Total support services	57,279,879	30,927,992
Enterprise and community services:		
3100 Food Services	1,350	440
3300 Other community services	409,884	259,183
Total enterprise and community services	411,234	259,623
TOTAL EXPENDITURES	\$ 159,010,615	\$ 82,014,093

Purchased Services Object 300	Supplies and Materials Object 400	Capital Outlay Object 500	Other Objects Object 600	Total
\$ 3,557,464	\$ 655,678	\$ -	\$ 1,059	\$ 58,874,201
4,619	6,828	-	300	108,990
661,873	231,446	-	688	14,325,258
312	6,125	-	-	108,736
1,396,893	437,578	7,415	5,980	28,702,895
517,084	134,870	-	42,143	3,275,350
-	-	-	-	17,010
176	324	-	-	534
18,063	47,442	-	-	494,392
2,482,455	141,650	-	-	18,281,338
1,449	2,187	-	-	79,930
931,182	24,199	-	197	18,770,028
-	-	-	-	79,061
7,789	-	-	-	11,049
3,952,946	391,493	-	54,935	4,543,268
809,134	72,313	-	5,725	20,322,610
7,312	75	-	-	454,012
-	-	-	-	7,682
10,344	612	-	-	294,442
(75,000)	-	-	-	(49,449)
<u>14,284,095</u>	<u>2,152,820</u>	<u>7,415</u>	<u>111,027</u>	<u>168,701,337</u>
1,560,452	117,779	-	1,092	4,991,170
348,438	25,525	-	264	7,317,217
74,807	12,199	-	1,674	2,474,689
124,446	3,317	-	-	876,790
133,837	4,504	-	-	5,262,701
974	-	-	-	974
316,315	2,776	-	-	587,524
68,697	178,792	-	25,141	915,710
55,693	56,041	-	324	1,093,389
29,083	71,126	-	-	117,291
765,701	64,389	-	30,283	2,897,832
148,193	13,872	-	16,135	308,648
22,438	25,483	-	15,510	679,817
400,172	506,877	-	21,795	19,462,369
233,295	108,669	-	95	3,615,957
46,333	13,881	-	15,905	1,377,987
392,130	41,257	-	371,864	2,360,765
9,573,801	779,866	-	173,756	24,229,593
236,709	1,527,305	-	432,903	19,854,040
(467,021)	354,428	-	1,301	295,232
5,107	-	-	200	5,307
160,398	28,423	-	350	838,392
674,924	19,425	-	7,675	3,490,074
242,431	1,504,234	-	2,206	6,880,397
23,666	12,043	-	-	35,709
<u>15,171,019</u>	<u>5,472,211</u>	<u>-</u>	<u>1,118,473</u>	<u>109,969,574</u>
-	-	-	-	1,790
95,453	22,569	-	1,775	788,864
<u>95,453</u>	<u>22,569</u>	<u>-</u>	<u>1,775</u>	<u>790,654</u>
<u>\$ 29,550,567</u>	<u>\$ 7,647,600</u>	<u>\$ 7,415</u>	<u>\$ 1,231,275</u>	<u>\$ 279,461,565</u>

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF SPECIAL REVENUE FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

	Salaries Object 100	Associated Payroll Costs Object 200	Purchased Services Object 300	Supplies and Materials Object 400
EXPENDITURES:				
Instruction:				
1111	\$ 1,702,558	\$ 880,409	\$ 1,354,787	\$ 908,168
1113	160,120	47,769	322,536	68,982
1121	1,246,648	599,606	51,356	114,133
1122	47,247	13,845	11,394	22,684
1131	2,345,225	1,147,088	258,445	704,887
1132	25,784	7,373	50,773	6,554,704
1140	20,057	10,343	6,202	21,988
1221	1,089,860	549,360	194,223	89,042
1230	-	-	61,046	-
1250	91,964	56,772	5,458	-
1260	54,079	24,910	-	-
1272	1,695,305	971,507	192,470	147,769
1280	491,933	239,237	649,739	280,856
1291	117,411	68,076	33,986	84,750
1293	472,803	236,859	153,571	78,876
1295	23,521	11,462	807	12,041
1300	-	-	-	2,895
1400	1,279,408	335,417	95,238	376,108
Total instruction	<u>10,863,923</u>	<u>5,200,033</u>	<u>3,442,031</u>	<u>9,467,883</u>
Support services:				
2110	1,769,123	850,688	2,963,250	40,767
2120	2,225,939	1,065,372	44,798	948
2130	197,409	102,503	109,959	37,597
2140	768,295	328,118	403,511	39,687
2150	139,945	73,657	-	1,264
2160	283,567	149,955	5,323	-
2190	820,494	257,545	84,942	41,436
2210	449,886	153,877	301,528	349,131
2220	109,512	60,144	-	31,757
2230	-	-	14,252	101
2240	1,606,820	748,878	584,704	154,849
2300	-	-	-	-
2410	370,930	192,481	51,062	48,622
2490	602,313	269,100	1,887	19,419
2510	25,039	7,778	-	-
2520	27,262	24,290	-	-
2540	201,361	78,194	2,661,462	1,006,024
2550	-	-	111,851	4,150
2570	-	-	17,781	1,334
2610	564,018	257,619	3,186	-
2630	-	-	-	65
2640	106,884	50,246	2,691	14,817
2660	403,203	216,703	996	52,584
2680	598,412	181,816	-	-
2690	-	-	-	-
Total support services	<u>11,270,412</u>	<u>5,068,964</u>	<u>7,363,183</u>	<u>1,844,552</u>
Enterprise and community services:				
3100	3,951,781	2,192,590	277,636	5,846,031
3300	1,171,507	567,239	991,897	226,150
Total enterprise and community services	<u>5,123,288</u>	<u>2,759,829</u>	<u>1,269,533</u>	<u>6,072,181</u>
Facilities acquisition and construction:				
4150	-	-	166,805	-
Total facilities acquisition and construction	<u>-</u>	<u>-</u>	<u>166,805</u>	<u>-</u>
Debt service:				
5110	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 27,257,623</u>	<u>\$ 13,028,826</u>	<u>\$ 12,241,552</u>	<u>\$ 17,384,616</u>

Capital Outlay Object 500	Other Objects Object 600	Total
\$ -	\$ 128,731	\$ 4,974,653
-	6,250	605,657
-	1,476	2,013,219
-	19,592	114,762
65,934	19,858	4,541,437
-	1,738	6,640,372
-	601	59,191
-	24,611	1,947,096
-	-	61,046
-	-	154,194
-	-	78,989
-	167,690	3,174,741
20,833	11,875	1,694,473
-	518	304,741
-	48,255	990,364
-	2,347	50,178
-	-	2,895
-	71,010	2,157,181
<u>86,767</u>	<u>504,552</u>	<u>29,565,189</u>
8,600	3,947	5,636,375
-	-	3,337,057
13,747	99,020	560,235
-	-	1,539,611
-	-	214,866
-	-	438,845
-	183,538	1,387,955
-	8,175	1,262,597
-	16	201,429
-	-	14,353
-	5,694	3,100,945
-	933	933
-	550	663,645
-	3,738	896,457
-	-	32,817
-	2,424	53,976
2,582,228	1,486,123	8,015,392
1,348,914	-	1,464,915
1,587,642	500,000	2,106,757
-	67,969	892,792
-	-	65
-	3,950	178,588
-	-	673,486
-	-	780,228
-	241,604	241,604
<u>5,541,131</u>	<u>2,607,681</u>	<u>33,695,923</u>
277,763	79,230	12,625,031
-	85,958	3,042,751
<u>277,763</u>	<u>165,188</u>	<u>15,667,782</u>
22,917	-	189,722
<u>22,917</u>	<u>-</u>	<u>189,722</u>
-	184,158	184,158
-	184,158	184,158
<u>\$ 5,928,578</u>	<u>\$ 3,461,579</u>	<u>\$ 79,302,774</u>

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HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF DEBT SERVICE FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

	Salaries Object 100	Associated Payroll Costs Object 200	Purchased Services Object 300	Supplies and Materials Object 400	Capital Outlay Object 500	Other Objects Object 600	TOTAL
EXPENDITURES:							
Debt Service:							
5100 Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,348,400	\$ 58,348,400
TOTAL EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,348,400</u>	<u>\$ 58,348,400</u>

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF CAPITAL PROJECTS FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

	Salaries Object 100	Associated Payroll Costs Object 200	Purchased Services Object 300
EXPENDITURES:			
Support services			
2520 Fiscal services	\$ -	\$ -	\$ -
2660 Technology	-	-	-
Total support services	<u>-</u>	<u>-</u>	<u>-</u>
Facilities acquisition & construction:			
4150 Building acquisition, construction, & improvement services	28,926	20,560	503,502
4180 Other capital purchases	-	-	11,375
Total facilities acquisition & construction	<u>28,926</u>	<u>20,560</u>	<u>514,877</u>
TOTAL EXPENDITURES	<u><u>\$ 28,926</u></u>	<u><u>\$ 20,560</u></u>	<u><u>\$ 514,877</u></u>

Supplies and Materials Object 400	Capital Outlay Object 500	Other Objects Object 600	Total
\$ -	\$ -	\$ 551,402	\$ 551,402
7,127	-	-	7,127
<u>7,127</u>	<u>-</u>	<u>551,402</u>	<u>558,529</u>
5,497	124,595	-	683,080
4,295,137	22,635	-	4,329,147
<u>4,300,634</u>	<u>147,230</u>	<u>-</u>	<u>5,012,227</u>
<u>\$ 4,307,761</u>	<u>\$ 147,230</u>	<u>\$ 551,402</u>	<u>\$ 5,570,756</u>

**HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF INTERNAL SERVICE FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025**

	Object 100	Object 200	Object 300	Object 400	Object 500
EXPENDITURES:					
Other uses					
5200 Transfer of funds	\$ -	\$ -	\$ -	\$ -	\$ -
Total other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Object 600	Object 700	Total
\$ -	\$ 8,500,000	\$ 8,500,000
<u>-</u>	<u>8,500,000</u>	<u>8,500,000</u>
<u>\$ -</u>	<u>\$ 8,500,000</u>	<u>\$ 8,500,000</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, 2024-25

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	\$	7,599,575
Function 2550	\$	63,441

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

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

Exclude these functions:

\$	-
----	---

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

HILLSBORO SCHOOL DISTRICT 1J

STATISTICAL SECTION TABLE OF CONTENTS

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

<u>Contents</u>	<u>Page</u>
Financial Trends	100
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	108
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.	116
Demographic and Economic Information	122
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	124
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources:

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

HILLSBORO SCHOOL DISTRICT 1J
NET POSITION BY CATEGORY
Last Ten Fiscal Years
2016 Through 2025
(accrual basis of accounting)

	2025	2024	2023	2022
Governmental activities:				
Net investment in capital assets	\$ 140,485,463	\$ 135,133,524	\$ 121,381,055	\$ 114,624,306
Restricted for:				
Special programs	8,147,455	15,001,022	23,168,053	21,390,982
Debt service	2,151,251	1,835,685	1,400,522	2,339,519
OPEB RHIA	4,753,924	3,905,542	3,467,711	-
Unrestricted	(237,986,643)	(223,118,328)	(239,126,121)	(254,170,798)
Total primary government net position	<u>\$ (82,448,550)</u>	<u>\$ (67,242,555)</u>	<u>\$ (89,708,780)</u>	<u>\$ (115,815,991)</u>

2021	2020	2019	2018	2017	2016
\$ 100,801,173	\$ 120,863,366	\$ 119,425,365	\$ 132,523,519	\$ 114,594,309	\$ 93,370,283
13,223,960	9,467,040	7,098,095	7,932,428	7,582,360	8,634,227
2,488,915	-	2,027,936	-	3,148,710	6,070,721
-	-	-	-	-	-
(271,439,019)	(253,043,365)	(225,603,901)	(200,783,225)	(173,946,689)	(148,835,008)
<u>\$ (154,924,971)</u>	<u>\$ (122,712,959)</u>	<u>\$ (97,052,505)</u>	<u>\$ (60,327,278)</u>	<u>\$ (48,621,310)</u>	<u>\$ (40,759,777)</u>

HILLSBORO SCHOOL DISTRICT 1J
CHANGES IN NET POSITION
Last Ten Fiscal Years
2016 Through 2025

(accrual basis of accounting)

	2025	2024	2023	2022
Governmental Activities:				
Expenses				
Instruction	\$ 209,754,609	\$ 191,862,618	\$ 184,724,831	\$ 165,703,515
Support services	146,328,365	137,048,339	128,857,634	107,802,885
Enterprise & community services	16,984,170	13,877,692	13,133,132	11,992,089
Interest on long-term debt	16,113,095	18,034,620	19,121,338	19,926,581
Total expenses	<u>389,180,239</u>	<u>360,823,269</u>	<u>345,836,935</u>	<u>305,425,070</u>
Program Revenues:				
Charges for services:				
Instruction	6,942,802	6,232,556	5,997,057	3,323,714
Support services	526,216	470,682	382,793	276,803
Enterprise & community services	443,318	1,071,587	1,378,891	85,754
Operating grants & contributions:				
Instruction	18,496,701	34,446,390	16,765,009	34,964,286
Support services	30,680,504	32,066,828	43,766,739	18,462,130
Enterprise & community services	14,374,411	9,916,866	8,958,556	11,114,325
Facilities acquisition and construction	150,856	412,174	-	-
Interest on long-term debt	-	594,481	544,577	498,840
Capital grants & contributions:				
Support services	-	-	-	-
Facilities	-	-	451,351	-
Total program revenues	<u>71,614,808</u>	<u>85,211,564</u>	<u>78,244,973</u>	<u>68,725,852</u>
Net (Expenses)	(317,565,431)	(275,611,705)	(267,591,962)	(236,699,218)
General Revenues				
Property taxes, levied for general purposes	100,984,099	96,885,816	92,640,845	85,978,848
Property taxes, levied for debt service	42,431,271	41,132,370	38,647,134	38,559,001
State school fund - general support	157,634,170	148,465,523	148,854,408	145,150,323
Unrestricted intermediate sources	4,060,755	5,060,729	4,535,690	4,208,696
Earnings on investments	3,251,260	4,065,568	3,692,649	543,906
Gain on sale of capital assets	-	-	2,571,675	-
Miscellaneous	4,378,884	2,585,773	2,738,984	1,367,422
Total general revenues	<u>312,740,439</u>	<u>298,195,779</u>	<u>293,681,385</u>	<u>275,808,196</u>
CHANGE IN NET POSITION	<u>\$ (4,824,992)</u>	<u>\$ 22,584,074</u>	<u>\$ 26,089,423</u>	<u>\$ 39,108,978</u>

2021	2020	2019	2018	2017	2016
\$ 189,492,027	\$ 184,652,127	\$ 186,964,257	\$ 162,864,021	\$ 149,844,084	\$ 161,454,482
115,618,677	113,220,605	109,178,393	98,545,523	97,716,311	103,928,959
12,828,735	10,936,422	11,452,926	10,288,193	10,128,229	10,354,697
21,466,007	21,740,215	20,914,030	15,800,759	11,802,160	12,218,456
<u>339,405,446</u>	<u>330,549,369</u>	<u>328,509,606</u>	<u>287,498,496</u>	<u>269,490,784</u>	<u>287,956,594</u>
822,495	3,336,764	4,172,060	4,119,900	4,270,223	4,837,643
176,528	248,858	291,027	230,761	362,020	346,318
(20,147)	1,481,151	2,046,648	1,643,568	1,628,711	1,639,366
12,461,839	11,600,412	12,091,201	11,469,126	7,919,459	10,413,580
15,445,829	7,748,399	7,383,616	8,329,519	9,067,847	3,990,770
11,419,117	6,500,827	6,598,480	6,652,121	6,848,551	6,727,933
-	-	-	-	-	-
435,041	396,948	2,051,297	-	-	-
-	8,000,000	-	-	-	-
-	-	-	300,000	-	-
<u>40,740,702</u>	<u>39,313,359</u>	<u>34,634,329</u>	<u>32,744,995</u>	<u>30,096,811</u>	<u>27,955,610</u>
(298,664,744)	(291,236,010)	(293,875,277)	(254,753,501)	(239,393,973)	(260,000,984)
82,014,256	78,662,450	75,019,638	71,823,536	69,217,233	66,578,201
38,748,464	35,834,950	33,697,947	32,050,326	31,654,333	30,857,723
138,615,199	140,731,871	133,882,639	134,002,096	125,998,472	120,567,483
4,248,409	3,579,750	4,022,484	3,899,102	3,683,221	3,393,998
1,735,545	5,487,890	9,229,868	1,588,315	793,933	459,813
-	-	-	-	-	-
1,295,891	1,278,645	1,297,474	392,516	185,248	199,122
<u>266,657,764</u>	<u>265,575,556</u>	<u>257,150,050</u>	<u>243,755,891</u>	<u>231,532,440</u>	<u>222,056,340</u>
<u>\$ (32,006,980)</u>	<u>\$ (25,660,454)</u>	<u>\$ (36,725,227)</u>	<u>\$ (10,997,610)</u>	<u>\$ (7,861,533)</u>	<u>\$ (37,944,644)</u>

HILLSBORO SCHOOL DISTRICT 1J
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
2016 Through 2025
(modified accrual basis of accounting)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
FUND BALANCES:				
Nonspendable, reported in:				
General fund	\$ 608,820	\$ 2,214,737	\$ 1,349,764	\$ 1,839,445
Special revenue fund	2,985,331	3,371,753	197,867	379,477
Capital projects fund	122,470	244,940	376,068	502,769
Restricted, reported in:				
Special revenue fund	7,415,186	14,569,007	22,970,186	21,011,505
Debt service fund	2,278,051	2,049,104	1,687,033	2,574,335
Capital projects fund	5,646,464	10,814,136	17,161,310	52,484,838
Assigned, reported in:				
Supplies and carryover	-	-	3,234,544	10,666,883
Long term planning fund	-	8,500,000	8,500,000	-
Unassigned, reported in:				
General fund	11,310,555	10,609,936	10,045,294	9,491,915
TOTAL FUND BALANCES	<u>\$ 30,366,877</u>	<u>\$ 52,373,613</u>	<u>\$ 65,522,066</u>	<u>\$ 98,951,167</u>

	2021	2020	2019	2018	2017	2016
\$	1,085,113	\$ 1,212,815	\$ 1,460,812	\$ 591,385	\$ 403,952	\$ 280,224
	384,150	223,828	225,736	345,821	213,461	218,283
	401,141	59,045	-	-	-	-
	14,076,894	9,243,212	6,872,359	7,586,607	7,368,899	8,415,944
	2,868,600	2,018,562	2,400,290	2,537,190	2,122,466	1,661,262
	108,259,548	205,491,770	223,535,859	302,160,060	1,346,696	2,245,328
	11,245,779	630,000	743,421	-	1,332,092	1,175,000
	-	-	-	1,000,000	2,000,000	2,000,000
	8,863,139	10,130,419	7,886,309	12,204,414	10,975,030	13,103,229
\$	<u>147,184,364</u>	<u>\$ 229,009,651</u>	<u>\$ 243,124,786</u>	<u>\$ 326,425,477</u>	<u>\$ 25,762,596</u>	<u>\$ 29,099,270</u>

HILLSBORO SCHOOL DISTRICT 1J
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
2016 Through 2025
(modified accrual basis of accounting)

	2025	2024	2023
Revenues			
Property taxes	\$ 145,509,891	\$ 140,683,382	\$ 133,709,000
Charges for services	7,912,361	7,774,825	7,758,741
Earnings on investments	3,251,260	4,065,568	3,692,649
Contributions and donations	960,916	1,115,743	1,364,657
Services provided to other funds	15,112,611	14,366,227	13,723,431
Other	5,843,489	3,851,905	4,565,628
Intermediate sources	6,336,460	7,383,996	7,513,173
State school support	195,576,171	182,151,379	182,979,423
Federal	20,173,600	37,445,471	29,691,717
Total revenues	<u>400,676,759</u>	<u>398,838,496</u>	<u>384,998,419</u>
EXPENDITURES:			
Current operating			
Instruction	198,051,576	190,815,265	182,829,687
Support services	138,373,268	135,752,731	127,166,915
Enterprise & community services	16,180,673	13,686,223	12,864,582
Facilities acquisition & construction	5,031,802	2,306,787	6,772,002
Capital outlay	7,360,935	12,683,202	37,378,783
Debt service			
Principal	37,892,000	35,026,234	32,583,391
Other	-	-	-
Interest	21,070,953	21,950,985	22,798,927
Total expenditures	<u>423,961,207</u>	<u>412,221,427</u>	<u>422,394,287</u>
Excess (deficiency) of revenues over expenditures	(23,284,448)	(13,382,931)	(37,395,868)
Other financing sources (uses)			
Bond proceeds	-	-	-
Issuance of debt	-	-	-
Bond payments	-	-	-
Sale or compensation for loss of capital assets	-	-	3,643,818
Leases	1,277,712	234,478	322,949
Transfers in	-	-	8,500,000
Transfers out	-	-	(8,500,000)
Total other financing sources (uses)	<u>1,277,712</u>	<u>234,478</u>	<u>3,966,767</u>
NET CHANGE IN FUND BALANCES	<u>\$ (22,006,736)</u>	<u>\$ (13,148,453)</u>	<u>\$ (33,429,101)</u>
Expenditures for capital assets	\$ 6,373,526	\$ 13,333,506	\$ 39,097,439
Debt service as a percentage of noncapital expenditures	14.1%	14.3%	14.4%

2022	2021	2020	2019	2018	2017	2016
\$ 126,857,851	\$ 120,815,438	\$ 114,141,482	\$ 110,354,767	\$ 105,110,078	\$ 100,563,776	\$ 96,961,752
3,686,271	978,876	5,078,518	6,506,044	5,934,229	5,840,940	6,435,189
543,906	1,735,545	5,487,890	9,229,868	1,588,315	792,628	459,813
1,031,960	578,440	1,264,365	921,097	12,287,154	-	-
13,131,381	12,307,736	11,877,350	11,383,708	774,808	-	-
3,163,999	4,694,823	4,504,733	3,743,311	2,039,298	15,523,161	11,848,859
6,088,185	5,594,121	5,064,973	5,554,127	5,282,937	5,143,721	4,472,616
175,017,944	155,258,573	154,763,876	140,210,422	138,590,827	128,504,148	122,728,879
29,128,248	19,761,420	14,688,361	17,307,183	17,429,206	16,066,023	15,803,705
<u>358,649,745</u>	<u>321,724,972</u>	<u>316,871,548</u>	<u>305,210,527</u>	<u>289,036,852</u>	<u>272,434,397</u>	<u>258,710,813</u>
170,707,291	148,611,026	147,591,454	151,845,563	144,762,335	132,360,582	125,511,177
110,462,878	92,774,197	92,283,659	89,883,107	89,053,814	88,182,891	84,067,564
12,201,655	10,506,654	9,168,415	9,712,559	9,556,661	9,439,332	8,963,982
12,647,864	18,644,018	26,703,165	26,349,203	5,250,508	269,989	228,203
46,892,671	82,158,437	172,946,831	63,330,436	16,114,412	3,035,920	4,086,509
29,053,160	25,479,036	29,258,514	19,833,089	34,678,369	31,946,756	28,702,136
-	317,369	-	-	(28)	2,206	419
23,945,210	26,763,592	21,552,229	28,700,352	10,379,197	11,802,160	12,251,716
<u>405,910,729</u>	<u>405,254,329</u>	<u>499,504,267</u>	<u>389,654,309</u>	<u>309,795,268</u>	<u>277,039,836</u>	<u>263,811,706</u>
(47,260,984)	(83,529,357)	(182,632,719)	(84,443,782)	(20,758,416)	(4,605,439)	(5,100,893)
-	-	27,701,843	-	51,600,506	-	-
-	40,360,000	139,605,000	-	268,395,000	-	3,406,866
-	(40,023,984)	-	-	-	-	-
264,871	130,969	10,353	58,281	128,717	14,205	52,685
-	1,237,085	1,200,388	1,084,810	1,297,074	1,254,560	1,967,423
-	-	-	-	-	-	500,000
-	-	-	-	-	-	(500,000)
<u>264,871</u>	<u>1,704,070</u>	<u>168,517,584</u>	<u>1,143,091</u>	<u>321,421,297</u>	<u>1,268,765</u>	<u>5,426,974</u>
<u>\$ (46,996,113)</u>	<u>\$ (81,825,287)</u>	<u>\$ (14,115,135)</u>	<u>\$ (83,300,691)</u>	<u>\$ 300,662,881</u>	<u>\$ (3,336,674)</u>	<u>\$ 326,081</u>
\$ 67,838,650	\$ 89,068,573	\$ 176,967,913	\$ 60,984,598	\$ 16,114,412	\$ 3,043,901	\$ 4,086,508
15.7%	16.6%	15.8%	14.8%	15.3%	16.0%	15.8%

HILLSBORO SCHOOL DISTRICT 1J
ASSESSED VALUE OF TAXABLE PROPERTY WITHIN SCHOOL DISTRICT BOUNDARIES
Last Ten Fiscal Years
2016 Through 2025

Measure 5 Real Market Value

Fiscal Year Ending June 30	Real Property	Manufactured Property	Personal Property	Public Utility
2025	\$ 35,198,581,206	\$ 112,693,470	\$ 1,902,924,141	\$ 1,386,976,735
2024	34,122,809,566	111,162,040	1,584,783,891	1,193,220,710
2023	32,444,352,877	87,088,530	1,105,462,766	1,060,790,512
2022	27,099,446,178	73,669,450	1,088,529,500	959,453,588
2021	24,897,457,210	71,467,160	1,016,962,793	825,165,827
2020	23,571,311,414	67,956,450	881,946,816	703,713,952
2019	22,462,321,901	57,291,960	818,419,521	660,469,231
2018	20,288,380,311	46,986,620	1,191,209,440	689,947,131
2017	18,412,341,722	43,872,310	901,787,645	618,365,578
2016	16,631,044,681	35,460,830	821,813,499	595,704,571

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		
\$ 38,601,175,552	\$ 22,763,968,753	\$ 6.90	\$ 103,839,744	\$ (181,785)	\$ 103,657,959
37,011,976,207	21,503,155,360	6.95	98,864,958	(176,670)	98,688,288
34,697,694,685	19,977,130,780	6.97	93,627,297	(267,949)	93,359,348
29,221,098,716	18,554,022,551	7.11	88,858,008	(874,546)	87,983,462
26,811,052,990	17,506,912,143	6.34	108,075,641	(969,052)	107,106,589
25,224,928,632	16,682,866,306	6.27	102,187,175	(1,067,314)	101,119,861
23,998,502,613	15,915,917,572	6.22	96,530,663	(1,260,026)	95,270,637
22,216,523,502	15,503,796,073	5.84	88,314,271	(1,460,254)	86,854,017
19,976,367,255	14,586,782,181	5.86	85,458,330	(1,474,312)	83,984,018
18,084,023,581	14,019,008,427	5.87	82,318,095	(1,557,153)	80,760,942

HILLSBORO SCHOOL DISTRICT 1J
DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years
2016 Through 2025

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

DIRECT:	2025	2024	2023	2022	2021
Hillsboro School District	\$ 6.9039	\$ 6.9456	\$ 6.9669	\$ 5.7642	\$ 6.3395
Hillsboro School District - after 10/6/01	-	-	-	1.3428	0.9109
OVERLAPPING GOVERNMENTS:					
Washington County	2.2484	2.2484	2.2484	2.2484	2.2484
Washington County - after 10/6/01	0.0643	0.0663	0.0665	0.0675	0.0674
Washington County - after 1/1/13	0.6900	0.6900	0.6900	0.6900	0.6400
Enhanced Sheriff Patrol	1.4665	1.4663	1.3165	1.3165	1.3165
Urban Road Maintenance	0.2456	0.2456	0.2456	0.2456	0.2456
Port of Portland	0.0701	0.0701	0.0701	0.0701	0.0701
City of Beaverton	4.6180	4.6180	8.8440	8.8440	8.8440
City of Beaverton after 01/01/13	0.1728	0.1863	0.1891	0.1906	0.1816
City of Hillsboro	3.6665	3.6665	3.6665	3.6665	3.6665
City of Hillsboro - after 10/6/01	1.7200	1.7200	1.7200	1.7200	1.7200
City of North Plains	2.1712	2.1712	2.1712	2.1712	2.1712
City of Cornelius	5.4446	4.4706	4.4706	4.4706	4.4706
Cornelius RFPD	2.0680	1.0537	1.0680	1.0882	0.8681
Washington County RFFD #2	-	-	-	-	-
Washington County RFFD #2 - after 10/6/01	-	-	-	-	-
Tualatin Valley Fire and Rescue	1.5252	1.5252	1.5252	1.5252	1.5252
Tualatin Valley Fire and Rescue - after 10/6/01	0.1314	0.1337	0.1375	0.1411	0.1415
Tualatin Valley Fire and Rescue - after 1/1/13	0.4500	0.4500	0.4500	0.4500	0.4500
Gaston RFPD	2.1021	1.7621	1.7621	1.7621	1.7621
Banks RFPD	2.4921	2.4891	2.4905	2.5024	2.5069
Forest Grove RFPD	1.2766	1.2766	1.2766	1.2766	1.2766
Metro Service District	0.0966	0.0966	0.0966	0.0966	0.0966
Metro Service District - after 10/6/01	0.3807	0.3820	0.3735	0.3774	0.3974
Metro Service District - after 1/1/13	0.0960	0.0960	0.0960	0.0960	0.0960
Tualatin Hills Park & Recreation	1.3073	1.3073	1.3073	1.3073	1.3073
Tualatin Hills Park & Recreation - after 10/6/01	0.2684	0.2684	0.2776	0.2905	0.2863
Tualatin Hills Park & Recreation (Local Option)	0.5000	-	-	-	-
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	0.3727	0.3560	0.3867	0.3803	0.3970
Rainbow Lanes Road	0.4888	0.4888	0.4888	0.4888	0.4888
Urban Renewal - Hillsboro	-	-	-	-	-
Urban Renewal - Beaverton	-	-	-	-	-

Source: The Washington County Department of Assessment and Taxation.

	2020	2019	2018	2017	2016
\$	6.2679	\$ 6.2166	\$ 5.8396	\$ 5.8605	\$ 5.8738
	0.9119	0.9222	1.3116	1.3357	1.3509
	2.2484	2.2484	2.2484	2.2484	2.2484
	0.0691	0.0699	0.0700	0.0709	0.5900
	0.6400	0.6400	0.6400	0.6400	-
	1.3165	1.3165	1.3165	1.3165	1.3165
	0.2456	0.2456	0.2456	0.2456	0.2456
	0.0701	0.0701	0.0701	0.0701	0.0701
	8.8440	8.9492	4.3454	8.8013	4.3279
	0.1927	0.0945	0.0304	-	-
	3.6665	3.6665	3.6665	6.5997	5.8664
	1.7200	1.7200	1.7200	3.0960	2.7520
	2.1712	2.1712	2.1712	2.1712	2.1712
	4.4706	4.4706	4.4706	4.4706	4.4706
	0.8681	0.7620	1.1642	1.2052	1.2237
	-	-	-	1.1219	1.1219
	-	-	-	0.5700	0.5700
	1.5252	1.5252	1.5252	1.5252	1.5252
	0.0973	0.1087	0.1023	0.1226	0.5826
	0.4500	0.4500	0.4500	0.4500	-
	1.7621	1.7621	1.7621	1.7621	1.7621
	2.1462	2.1689	2.0043	2.0562	2.0854
	1.2766	1.2766	1.2766	1.2766	1.2766
	0.0966	0.0966	0.0966	0.1118	0.1117
	0.4702	0.2801	0.2162	0.1892	0.2766
	0.0960	0.0960	0.0960	0.0960	-
	1.3073	1.3073	1.3073	1.3073	1.3973
	0.3068	0.3168	0.3038	0.3119	0.3173
	-	-	-	-	-
	0.1538	0.1538	0.1538	0.1538	0.1538
	0.2828	0.2828	0.2828	0.2828	0.2828
	0.4022	0.4046	0.3222	0.3957	0.3027
	0.4888	0.4888	0.4888	0.4888	0.4888
	-	-	-	-	0.0867
	-	-	-	-	0.0982

HILLSBORO SCHOOL DISTRICT 1J
PRINCIPAL PROPERTY TAXPAYERS FOR WASHINGTON COUNTY
Current Year (2025) and Nine Years Prior (2016)

		2025			
Taxpayer	Name	Measure 50 Assessed Value (AV)	Taxes Levied	Percentage of HSD AV	Percentage of Washington County AV
1	Intel Corporation	\$ 1,894,825,616	\$ 31,856,139	8.32%	2.20%
2	Nike Inc	1,545,143,322	27,862,821	6.79%	1.79%
3	Portland General Electric Co	1,425,868,030	23,956,339	6.26%	1.65%
4	Comcast Corporation	463,267,050	8,494,082	2.04%	0.54%
5	Northwest Natural Gas Co	501,531,550	8,269,665	2.20%	0.58%
6	Pacific Realty Associates	461,565,262	7,943,791	2.03%	0.53%
7	Maxim Integrated Products Inc	360,970,550	6,235,049	1.59%	0.42%
8	Genentech Inc	347,907,090	5,857,294	1.53%	0.40%
9	Li Cortez LLC	306,800,420	5,165,231	1.35%	0.36%
10	Verizon Communications Inc	282,941,000	4,783,536	1.24%	0.33%
-	Frontier Communications	-	-	-	-
-	PPR Washington Square LLC	-	-	-	-
	All other Washington County	78,714,977,111	1,429,044,993		
Total Washington County		<u>\$ 86,305,797,001</u>	<u>\$ 1,559,468,940</u>		
Hillsboro School District		<u>\$ 22,763,968,753</u>			

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

Source: Washington County Department of Assessment and Taxation.

2016

Rank	Measure 50 Assessed Value (AV)	Taxes Levied	Percentage of HSD AV	Percentage of Washington County AV
1	\$ 2,218,043,675	\$ 35,768,811	15.73%	3.90%
2	661,926,149	11,037,227	4.69%	1.16%
3	478,753,431	7,466,816	3.39%	0.84%
5	314,888,200	5,503,068	2.23%	0.55%
6	319,249,270	4,867,602	2.26%	0.56%
4	339,535,573	5,512,550	2.41%	0.60%
	-	-	-	-
9	165,225,810	2,689,446	1.17%	0.29%
	-	-	-	-
8	177,142,000	2,865,581	1.26%	0.31%
7	190,166,000	3,028,795	1.35%	0.33%
10	142,625,935	2,431,576	1.01%	0.25%
	<u>51,903,336,197</u>	<u>881,678,904</u>		
	<u>\$ 56,910,892,240</u>	<u>\$ 962,850,376</u>		
	<u>\$ 14,104,447,560</u>			

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HILLSBORO SCHOOL DISTRICT 1J
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
2016 Through 2025

Fiscal Year Ending June 30	Net Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collection in Subsequent Years	Tax Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2025	\$ 148,432,998	\$ 143,118,254	96.42%	\$ -	\$ 143,118,254	96.42%
2024	142,196,819	137,132,146	96.44%	730,148	137,862,294	96.95%
2023	135,260,994	130,985,456	96.84%	1,287,352	132,272,808	97.79%
2022	127,868,208	122,959,983	96.16%	1,106,807	124,066,790	97.03%
2021	124,164,238	119,259,552	96.05%	1,322,552	120,582,104	97.12%
2020	117,575,368	112,800,608	95.94%	1,311,410	114,112,018	97.05%
2019	111,269,635	106,810,743	95.99%	1,262,270	108,073,013	97.13%
2018	108,740,079	104,171,341	95.80%	1,409,545	105,580,886	97.09%
2017	103,666,996	99,478,687	95.96%	1,301,816	100,780,503	97.22%
2016	100,046,726	95,613,087	95.57%	1,395,518	97,008,605	96.96%

Taxes extended, less discounts allowed

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

Fiscal Year	General Obligation Bonds	Less Amount Available for Repayment	Net General Bonded Debt			Pension Obligation Bonds	Certificates of Participation
			General Bonded Debt	Per ADMw	Per Capita		
2025	\$ 413,394,922	\$ (2,151,251)	\$ 411,243,671	\$ 22,125	\$ 2,719	\$ 55,150,000	\$ -
2024	442,745,039	(1,835,685)	440,909,354	23,702	3,163	67,190,000	-
2023	470,165,156	(1,400,522)	468,764,634	25,003	3,267	78,070,000	-
2022	495,740,273	(2,339,519)	493,400,754	26,340	3,481	87,865,000	-
2021	519,070,390	(2,488,915)	516,581,475	27,019	3,664	96,655,000	-
2020	535,725,507	-	535,725,507	26,769	3,839	104,510,000	-
2019	391,470,386	(2,027,936)	389,442,450	19,267	2,793	111,495,000	510,000
2018	405,480,411	-	405,480,411	20,069	2,789	117,570,000	1,000,000
2017	114,662,851	(3,418,710)	111,244,141	5,453	758	122,985,000	1,455,141
2016	140,365,702	(6,070,721)	134,294,981	6,530	950	127,705,000	1,895,283

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

Notes Payable	Qualified Energy Conservation Bond	Lease Payable	SBITA Payable	Total Debt			Total Net Assessed Valuation	Average Daily Membership
				Total District	Per ADMw	Per Capita		
\$ -	\$ 1,159,026	\$1,153,286	\$122,922	\$ 470,980,156	\$ 25,339	\$ 3,378	\$ 22,763,968,753	18,587
-	1,299,435	26,795	298,292	511,559,561	27,500	3,669	21,503,155,360	18,602
246,362	1,434,139	117,355	283,422	550,316,434	29,332	3,832	19,977,130,780	18,748
655,391	1,563,318	441,518	208,494	586,473,994	31,274	4,133	18,554,022,551	18,732
-	1,735,125	796,176	-	618,256,691	32,416	4,396	17,506,912,143	19,119
-	2,164,679	-	-	642,400,186	32,099	4,621	16,682,866,306	20,013
-	2,586,363	-	-	506,061,749	25,036	3,647	15,915,917,572	20,213
-	3,000,365	-	-	527,050,776	26,086	3,644	15,503,796,073	20,204
335,102	3,406,866	-	-	242,844,960	11,904	1,675	14,586,782,181	20,400
721,014	3,406,866	-	-	274,093,865	13,328	1,936	14,019,008,427	20,566

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HILLSBORO SCHOOL DISTRICT 1J
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2025

Overlapping Issuer	Net Property Tax Backed Debt	Percent Overlapping	Net Overlapping Debt
Multnomah County	\$ 440,658,398	0.0008%	\$ 3,525
Metro	904,080,000	7.6753%	69,390,852
Northwest Regional ESD	12,395,000	19.7409%	2,446,885
Portland Community College	569,075,000	11.1932%	63,697,703
Washington County	112,639,172	25.0496%	28,215,662
Tualatin Hills Park & Recreation District	32,063,520	1.7690%	567,204
Banks Fire District 13	3,075,000	2.5076%	77,109
Tualatin Valley Fire & Rescue District	42,025,000	6.5151%	2,737,971
City of Hillsboro	66,770,000	89.8861%	60,016,949
Chehalem Park & Recreation District	17,885,000	0.0151%	2,701
City of Cornelius	1,726,835	36.5674%	631,459
Yamhill County	7,094,853	0.0185%	1,313
Subtotal, overlapping debt			<u>227,789,333</u>
Direct District net property tax backed debt			<u>470,980,156</u>
Total direct and overlapping debt			<u><u>\$ 698,769,489</u></u>

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

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

HILLSBORO SCHOOL DISTRICT 1J
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
2016 Through 2025

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Debt Limit	\$ 5,614,790,798	\$ 5,112,534,993	\$ 4,589,350,073	\$ 3,837,759,870
Total net debt applicable to the limit	<u>470,980,156</u>	<u>511,559,561</u>	<u>470,165,156</u>	<u>495,740,273</u>
Legal debt margin	<u>\$ 5,143,810,642</u>	<u>\$ 4,600,975,432</u>	<u>\$ 4,119,184,917</u>	<u>\$ 3,342,019,597</u>
Total net debt applicable to the limit as a percentage of debt limit	8.39%	10.01%	10.24%	12.92%

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

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

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

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

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 3,480,787,777	\$ 2,901,472,235	\$ 2,769,931,244	\$ 2,990,941,202	\$ 2,715,928,535	\$ 2,421,720,350
<u>450,705,000</u>	<u>463,395,000</u>	<u>343,800,000</u>	<u>355,230,000</u>	<u>114,395,000</u>	<u>139,830,000</u>
<u>\$ 3,030,082,777</u>	<u>\$ 2,438,077,235</u>	<u>\$ 2,426,131,244</u>	<u>\$ 2,635,711,202</u>	<u>\$ 2,601,533,535</u>	<u>\$ 2,281,890,350</u>
12.95%	15.97%	12.41%	11.88%	4.21%	5.77%

HILLSBORO SCHOOL DISTRICT 1J
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
2016 Through 2025

Year	Population	Personal Income (thousands of dollars) (estimated)	Personal Income	Unemployment Rate
2025	151,222	\$7,573,803	\$50,084	4.70%
2024	139,412	7,157,273	51,339	3.90%
2023	143,502	7,248,143	50,509	3.30%
2022	141,746	5,913,501	41,719	3.50%
2021	140,986	5,420,207	38,445	5.00%
2020	139,536	5,648,696	40,482	11.80%
2019	139,448	5,322,033	38,165	3.80%
2018	145,402	5,340,470	36,729	3.90%
2017	144,785	5,027,080	34,721	4.10%
2016	141,412	4,582,739	32,407	5.20%

HILLSBORO SCHOOL DISTRICT 1J
PRINCIPAL EMPLOYERS FOR THE PORTLAND, OREGON, METROPOLITAN AREA
Current Year (2025) and Nine Years Ago (2016)

<u>Employer</u>	2025			2016		
	<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	23,192	1	1.75%	18,600	1	1.47%
Oregon Health & Science University	20,917	2	1.58%	14,963	3	1.19%
Providence Health & Services	20,700	3	1.56%	16,139	2	1.28%
Kaiser Permanente	13,086	4	0.99%	11,898	4	0.94%
Nike, Inc.	10,700	5	0.81%	8,500	7	0.67%
Fred Meyer Stores	9,000	6	0.68%	10,813	5	0.86%
Portland Public Schools	7,638	7	0.58%	6,135	8	0.49%
City of Portland	6,631	8	0.50%	5,481	10	0.43%
Multnomah County	5,626	9	0.42%	5,995	9	0.47%
Beaverton School District	5,432	10	0.41%	-	-	-
Legacy Health	-	-	-	8,700	6	0.69%
Subtotal of ten largest employers	<u>122,922</u>		<u>9.28%</u>	<u>107,224</u>		<u>8.49%</u>
All Other Employers	1,201,871		90.72%	1,155,176		91.51%
Total Portland-Vancouver-Hillsboro MSA Employment	<u><u>1,324,793</u></u>		<u><u>100.00%</u></u>	<u><u>1,262,400</u></u>		<u><u>100.00%</u></u>

Source:

Book of Lists at the Library for top 10

HILLSBORO SCHOOL DISTRICT 1J
CERTIFIED, CLASSIFIED, AND ADMINISTRATIVE EMPLOYEES
Last Ten Fiscal Years
2016 Through 2025

<u>Fiscal Year</u>	<u>Certified</u>	<u>Classified</u>	<u>Administrative</u>	<u>Supervisory/ Technical</u>	<u>Total</u>
2025	1,226	1,143	85	49	2,503
2024	1,247	1,190	86	48	2,571
2023	1,257	1,119	82	44	2,502
2022	1,207	1,049	84	41	2,381
2021	1,091	986	72	36	2,185
2020	1,137	1,102	77	34	2,350
2019	1,156	1,167	77	34	2,434
2018	1,206	843	78	33	2,160
2017	1,106	859	75	30	2,070
2016	1,104	781	74	30	1,989

(1) Full-time equivalent (FTE) positions

Source:

Hillsboro School District 1J payroll records

HILLSBORO SCHOOL DISTRICT 1J
STUDENT ENROLLMENT STATISTICS
Last Ten Fiscal Years
2016 Through 2025

<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>
2025	18,587		66%	\$ 15,104	15
2024	18,602		53%	15,036	15
2023	18,748		45%	13,412	15
2022	18,732	(1)	38%	12,670	16
2021	19,119	(1)	38%	11,454	18
2020	20,013		46%	11,166	18
2019	20,213		44%	10,894	17
2018	20,204		49%	10,597	20
2017	20,400		50%	10,589	18
2016	20,566		50%	10,245	20

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

HILLSBORO SCHOOL DISTRICT 1J
STUDENT ENROLLMENT AND CAPITAL ASSET STATISTICS
Last Ten Fiscal Years
2016 Through 2025

School/(Year Opened)	Square Footage	Fiscal Year Enrollment		
		2025	2024	2023
Brookwood Elementary (1953)	73,600	337	340	338
Imlay Elementary (2002)	69,435	413	466	470
Butternut Creek Elementary (1977)	34,840	331	340	332
P.L. Patterson Elementary (2000)	69,435	351	376	405
Orenco Elementary (2000)	69,435	470	451	497
Indian Hills Elementary (1979)	40,219	356	387	392
Reedville Elementary (1922)	16,247	196	201	209
Eastwood Elementary (1978)	49,163	368	352	372
Farmington View Elementary (1950)	22,867	249	240	250
Free Orchards Elementary (2008)	73,500	385	397	394
Jackson Elementary (1990)	60,502	391	378	389
L.C. Tobias Elementary (1992)	53,964	373	394	411
Groner Elementary (1949)	32,402	106	132	158
Lenox Elementary (1949)	51,074	364	368	369
W.V. McKinney Elementary (1970)	49,163	390	412	412
Minter Bridge Elementary (1980)	49,163	337	320	354
Moobery Elementary (1963)	49,496	363	386	382
North Plains Elementary (1954)	56,648	230	229	187
Atfalati Ridge Elementary (2021)	73,600	211	198	184
Rosedale Elementary (2009)	73,700	302	299	443
Quatama Elementary (2008)	73,010	489	524	497
Ladd Acres Elementary (1968)	79,335	369	408	416
Lincoln Street Elementary (2008)	73,400	405	384	351
W.L. Henry Elementary (1968)	52,813	292	310	317
West Union Elementary (1948)	42,757	302	323	313
Witch Hazel Elementary (2003)	69,435	436	445	425
Tamarack Elementary (2023)	73,600	349	255	-
R.A. Brown Middle School (1963)	95,414	634	670	715
Evergreen Middle School (1981)	138,000	716	700	742
Hillsboro Online Academy (2012)	8,500	366	399	431
South Meadows Middle School (2009)	152,875	689	606	693
J.W. Poynter Middle School (1959)	83,200	705	699	646
Century High School (1997)	265,000	1,506	1,520	1,496
Glencoe High School (1980)	270,500	1,467	1,467	1,464
Liberty High School (2003)	293,436	1,424	1,414	1,432
Hillsboro High School (1969)	253,652	1,300	1,312	1,341
Oak Street Campus (2022)	7,800	71	82	75
Miller Ed High School (1958)	20,552	-	-	-
		18,043	18,184	18,302

Source:

From 3/14/25 K-12 Enrollment - HR Dept

2022	2021	2020	2019	2018	2017	2016
315	333	351	335	348	358	391
450	456	557	510	520	530	543
322	325	370	395	404	402	403
405	379	456	456	455	446	464
480	475	592	644	631	654	636
401	388	459	475	478	470	497
207	222	232	248	260	235	247
364	405	441	437	452	476	506
245	258	311	310	309	307	295
356	322	368	361	389	392	402
393	424	551	549	566	560	530
394	415	486	449	450	434	440
176	169	212	208	234	219	153
355	407	482	499	471	472	479
427	433	465	467	490	465	462
353	363	443	473	473	474	508
378	389	420	427	427	455	463
170	310	396	383	353	330	299
173	-	-	-	-	-	-
409	329	418	420	439	432	403
470	425	516	509	482	490	472
411	397	484	539	533	522	529
361	399	461	482	490	518	546
304	361	357	362	359	343	360
318	316	365	370	390	392	366
451	480	522	519	510	538	571
-	-	-	-	-	-	-
705	696	723	726	731	712	709
783	732	785	796	801	823	808
794	1,020	183	195	197	159	163
690	727	736	694	700	721	720
670	662	703	745	745	739	733
1,492	1,504	1,549	1,533	1,506	1,571	1,563
1,400	1,386	1,445	1,476	1,490	1,543	1,619
1,407	1,450	1,462	1,495	1,477	1,499	1,506
1,310	1,259	1,233	1,249	1,268	1,291	1,357
-	-	-	-	-	-	-
131	64	86	91	82	65	64
<u>18,470</u>	<u>18,680</u>	<u>19,620</u>	<u>19,827</u>	<u>19,910</u>	<u>20,037</u>	<u>20,207</u>

HILLSBORO SCHOOL DISTRICT 1J

TEACHER DATA

2024-25 SCHOOL YEAR

Education	Step	FTE	Salary
BA	A	12.40	\$ 52,448
BA	B	7.75	54,650
BA	C	13.60	56,946
BA	D	16.60	59,337
BA	E	14.97	61,830
BA	F	5.00	64,426
BA	G	8.60	67,132
BA	H	6.00	69,952
BA	I	5.80	72,890
BA	J	10.60	75,951
BA	K	38.68	79,141
BA+24	A	0.00	54,021
BA+24	B	0.00	56,290
BA+24	C	2.00	58,654
BA+24	D	6.00	61,118
BA+24	E	2.00	63,684
BA+24	F	2.00	66,359
BA+24	G	0.00	69,146
BA+24	H	1.00	72,050
BA+24	I	0.00	75,077
BA+24	J	1.00	78,230
BA+24	K	8.00	81,515
BA+45	A	0.00	55,642
BA+45	B	0.00	57,979
BA+45	C	0.90	60,414
BA+45	D	1.08	62,951
BA+45	E	2.00	65,595
BA+45	F	0.00	68,350
BA+45	G	0.00	71,221
BA+45	H	1.00	74,212
BA+45	I	0.00	77,329
BA+45	J	2.00	80,577
BA+45	K	1.00	83,961
BA+45	L	3.00	87,487
BA+45	M	1.67	91,162
BA+45	N	11.00	94,991
MA/BA+60	A	7.67	57,311
MA/BA+60	B	10.58	59,718
MA/BA+60	C	18.00	62,226
MA/BA+60	D	40.57	67,840
MA/BA+60	E	25.17	67,563

Education	Step	FTE	Salary
MA/BA+60	F	17.00	\$ 70,401
MA/BA+60	G	27.33	73,357
MA/BA+60	H	29.14	76,438
MA/BA+60	I	29.00	79,649
MA/BA+60	J	44.73	82,994
MA/BA+60	K	20.17	86,480
MA/BA+60	L	17.17	90,112
MA/BA+60	M	14.00	93,897
MA/BA+60	N	16.50	97,840
MA/BA+60	O	170.23	101,950
MA+24/BA+90	A	0.00	59,030
MA+24/BA+90	B	0.00	61,509
MA+24/BA+90	C	1.00	64,093
MA+24/BA+90	D	6.67	66,785
MA+24/BA+90	E	8.17	69,590
MA+24/BA+90	F	4.00	72,513
MA+24/BA+90	G	7.17	75,558
MA+24/BA+90	H	7.67	78,731
MA+24/BA+90	I	6.50	82,038
MA+24/BA+90	J	16.67	85,484
MA+24/BA+90	K	4.00	89,074
MA+24/BA+90	L	6.00	92,815
MA+24/BA+90	M	8.67	96,713
MA+24/BA+90	N	4.33	100,775
MA+24/BA+90	O	88.17	105,008
MA+45/BA+120	A	0.00	60,801
MA+45/BA+120	B	0.00	63,355
MA+45/BA+120	C	0.00	66,016
MA+45/BA+120	D	7.10	68,788
MA+45/BA+120	E	6.00	71,677
MA+45/BA+120	F	6.80	74,688
MA+45/BA+120	G	5.00	77,825
MA+45/BA+120	H	10.00	81,093
MA+45/BA+120	I	13.00	84,499
MA+45/BA+120	J	29.33	88,048
MA+45/BA+120	K	20.75	91,746
MA+45/BA+120	L	16.00	95,600
MA+45/BA+120	M	15.00	99,615
MA+45/BA+120	N	22.82	103,799
MA+45/BA+120	O	232.53	108,158

Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

School Board
Hillsboro School District 1J
Hillsboro, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 16, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

REDW LLC

Salem, Oregon
January 16, 2026

Independent Auditor's Report on Compliance for
Each Major Federal Program and Report on Internal Control
Over Compliance in Accordance With the Uniform Guidance

School Board
Hillsboro School District 1J
Hillsboro, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hillsboro School District 1J, Washington County, Oregon (the "District")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

REDW LLC

Salem, Oregon
January 16, 2026

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HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

July 1, 2024- June 30, 2025 Federal Grantor, Program Title	Assistance Listing Number	Agency or Pass-through Number	Program Period		Revenue and Expenditures
			Begin Date	End Date	
DEPARTMENT OF AGRICULTURE:					
Passed through Oregon Department of Education:					
Child Nutrition Cluster					
School Breakfast Program (SBP)	10.553	3408001	7/1/2024	6/30/2025	\$ 1,587,883
National School Lunch Program (NSLP)	10.555	3408001	7/1/2024	6/30/2025	6,686,106
Summer Food Service Program For Children (SFSPC)	10.559	3408001	7/1/2024	6/30/2025	163,540
					Child Nutrition Cluster
					<u>8,437,529</u>
Child and Adult Care Food Program (CACFP)	10.558	3408001	7/1/2024	6/30/2025	158,398
					Pass-Through
					<u>158,398</u>
					Total Pass-Through Programs from Department of Education
					<u>8,595,927</u>
DEPARTMENT OF AGRICULTURE TOTAL					
					<u>8,595,927</u>
ENVIRONMENTAL PROTECTION AGENCY:					
Passed through Oregon Department of Education:					
Lead Testing in School and Child Care Program Drinking Water	66.444	84950	7/1/2020	10/31/2025	34,733
ENVIRONMENTAL PROTECTION AGENCY TOTAL					
					<u>34,733</u>
DEPARTMENT OF EDUCATION:					
Indian Education Grants to Local Education Agencies	84.060	S060A222526	7/1/2024	6/30/2025	41,039
					Direct Program
					<u>41,039</u>
					Total Direct Programs
					<u>41,039</u>
Passed through the Office of Vocational Rehabilitation Services					
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	4694	7/1/2024	9/30/2025	137,142
					Total Pass-Through Programs from Office of Vocational Rehabilitation Services
					<u>137,142</u>
Passed through Oregon Department of Education:					
Title IA/D Grants to Local Educational Agencies (LEAs)					
Title IA	84.010	72528	7/1/2022	9/30/2024	345,128
Title IA	84.010	76493	7/1/2023	9/30/2025	208,651
Title IA	84.010	82177	7/1/2024	9/30/2025	3,227,574
Title ID	84.010	82079	7/1/2024	9/30/2025	23,471
Federal School Improvement Funds to CSI & TSI Schools 24-25	84.010	84418	7/1/2024	9/30/2025	341,566
					Pass-Through
					<u>4,146,390</u>
Migrant Education - State Grant Program					
Title IC - Migrant Education	84.011	68114	7/1/2021	9/30/2024	131,766
Title IC - Migrant Education	84.011	73275	7/1/2022	9/30/2024	138,328
Title IC - Migrant Education	84.011	77035	7/1/2023	9/30/2025	24,621
Title IC - Migrant Education	84.011	82760	7/1/2024	9/30/2025	620,695
Title IC - Migrant Education - Preschool	84.011	68143	7/1/2021	9/30/2024	716
Title IC - Migrant Education - Preschool	84.011	76952	7/1/2023	9/30/2025	17,710
Title IC - Migrant Education - Preschool	84.011	82779	7/1/2024	9/30/2025	51,317
Title IC - Migrant Education - Summer	84.011	80383	7/1/2023	9/30/2025	227,722
					Pass-Through
					<u>1,212,875</u>

See notes to the schedule of expenditures of federal awards

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

July 1, 2024- June 30, 2025 Federal Grantor, Program Title	Assistance Listing Number	Agency or Pass-through Number	Program Period		Revenue and Expenditures
			Begin Date	End Date	
DEPARTMENT OF EDUCATION (Continued):					
Passed through Oregon Department of Education (Continued):					
Office of Special Education and Rehabilitative Services					
Special Education Cluster (IDEA)					
Special Education Grants to States (IDEA, Part B)					
IDEA - Part B Section 611 FY23	84.027	77982	7/1/2023	9/30/2025	\$ 3,069,375
IDEA - Part B Section 611 Extended Assessment	84.027	74031	7/1/2022	9/30/2025	236,339
				Pass-Through	<u>3,305,714</u>
Special Education Preschool Grants (IDEA Preschool)					
IDEA - Part B Section 619	84.173	77796	7/1/2023	9/30/2025	17,162
				Pass-Through	<u>17,162</u>
				Special Education Cluster (IDEA)	<u>3,322,876</u>
Office of Career, Technical, and Adult Education					
Career and Technical Education - Basic Grants to States					
Perkins Comprehensive Basic	84.048	76385	7/1/2023	9/30/2024	9,955
Perkins Comprehensive Basic	84.048	81255	7/1/2024	9/30/2025	199,971
				Pass-Through	<u>209,926</u>
Office of Educational Improvement and Innovation					
Education for Homeless Children and Youth					
McKinney-Vento Homeless	84.196	79857	7/1/2023	9/30/2025	90,559
				Pass-Through	<u>90,559</u>
English Language Acquisition State Grants					
Title III - A Immigrant Grant 23-24	84.365	76983	7/1/2023	9/30/2024	5,660
Title III - A Immigrant Grant 24-25	84.365	83955	7/1/2024	9/30/2025	26,397
Title III - English Language Acquisition	84.365	82323	7/1/2024	9/30/2025	310,769
Title III - English Language Acquisition	84.365	67137	7/1/2021	9/30/2024	34,200
				Pass-Through	<u>377,026</u>
Supporting Effective Instruction State Grants					
Title IIA - Teacher Quality	84.367	76690	7/1/2023	9/30/2025	100,944
Title IIA - Teacher Quality	84.367	82440	7/1/2024	9/30/2025	360,652
				Pass-Through	<u>461,596</u>
Student Support and Academic Enrichment Program					
Title IV-A Student Support and Academic Enrichment	84.424	82637	7/1/2024	9/30/2025	309,594
				Pass-Through	<u>309,594</u>
COVID-19 - Education Stabilization Fund					
COVID-19 ESSER III Title VI Native Education Investment	84.425	80406	2/15/2024	9/30/2024	22,269
COVID-19 Homeless Children and Youth	84.425	69355	4/23/2021	9/30/2024	6,867
COVID-19 Jump Start Kinder	84.425	69355	7/1/2023	6/30/2025	312,041
COVID-19 Strengthening Mental Health	84.425	71780	1/1/2020	9/30/2027	148,713
COVID-19 ESSER CSASL	84.425	78533	7/1/2023	9/16/2024	123,970
				Pass-Through	<u>613,860</u>
				Total Pass-Through from Oregon Department of Education	<u>10,744,702</u>
DEPARTMENT OF EDUCATION TOTAL					<u>10,922,883</u>

See notes to the schedule of expenditures of federal awards

HILLSBORO SCHOOL DISTRICT 1J
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

July 1, 2024- June 30, 2025 Federal Grantor, Program Title	Assistance Listing Number	Agency or Pass-through Number	Program Period Begin Date	End Date	Revenue and Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:					
Passed through the Oregon Department of Health and Human Services:					
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program					
Office of Self Sufficiency Programs My Future-My Choice	93.235	157101	7/1/2024	6/30/2025	\$ 31,322
				Pass-Through	<u>31,322</u>
Medicaid Cluster					
Medical Assistance Program (Medicaid; Title XIX)	93.778	114731	7/1/2023	6/30/2025	91,944
				Pass-Through	<u>91,944</u>
Total Pass-Through Programs from Oregon Department of Health & Human Services					<u><u>123,266</u></u>
Passed through Northwest Regional Education Service District:					
Medicaid Cluster					
Medical Assistance Program, Title XIX	93.778		7/1/2023	6/30/2025	32,818
				Pass-Through	<u>32,818</u>
Total Pass-Through Programs from Northwest Regional Education Service District					<u><u>32,818</u></u>
Total Pass-Through Programs from the Medicaid Cluster					<u><u>124,762</u></u>
Passed through the Oregon Department of Education:					
Administration for Children and Families					
Foster Care Title IV-E	93.658	71662	7/2/2023	12/31/2024	4,757
				Pass-Through	<u>4,757</u>
Substance Abuse and Mental Health Services Project					
Strengthening Mental Health	93.243	83238	10/1/2024	6/30/2025	449,978
				Pass-Through	<u>449,978</u>
Total Pass-Through Programs from Oregon Department of Education					<u><u>454,735</u></u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL					<u><u>610,819</u></u>
Department of Homeland Security					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		7/2/2023	12/31/2024	9,238
				Pass-Through	<u>9,238</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY					<u><u>9,238</u></u>
TOTAL FEDERAL FINANCIAL ASSISTANCE					<u><u>\$ 20,173,600</u></u>

See notes to the schedule of expenditures of federal awards

Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards (“the Schedule”) is a supplementary schedule to the District’s financial statements and is presented for purposes of additional analysis. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the activities of the District, it is not intended to and does not present the financial position, changes in net position, or the operating funds’ revenues, expenditures and changes in fund balances of the District.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the Schedule is presented in accordance with the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance due to the District having a negotiated indirect cost rate with Oregon Department of Education and thus is not allowed to use the de minimis rate.

Federal Financial Assistance

Pursuant to Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. Additionally, the Schedule includes all federal programs administered by the District for the year ended June 30, 2025.

HILLSBORO SCHOOL DISTRICT 1J
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Revenue and Expenditure Recognition

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

Hillsboro School District 1J
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Education Agencies

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None.

Section III – Federal Awards Findings

None.

Hillsboro School District 1J
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

Prior Year Financial Statement Findings

None.

Prior Year Federal Awards Findings

None.

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, 2025, and have issued our report thereon dated January 16, 2026.

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.

A handwritten signature in black ink, appearing to read "Larry E. Grant", with a long horizontal flourish extending to the right.

Larry E. Grant, Principal
For REDW LLC
Salem, Oregon
January 16, 2026