



Parkrose  
School District  
Portland, Oregon

# *Business Office General Discussion*

*2/14/22*

*Board Meeting*

# ESSER Grant Funding (Spent to Date & Balances)

**ESSER GRANTS (Award Amount, Spending & Balance as of 2/8/22)**

	<u>Award Amount</u>	<u>Grant Ends</u>	<u>Spent 19/20</u>	<u>Spent 20/21</u>	<u>Spent 21/22</u>	<u>Known Encumbrances</u>	<u>Total Spent &amp; Encumbered to Date</u>	<u>Balance 2/8/2022</u>	<u>Percentage Remaining</u>
<b>ESSER I</b>	\$833,724	<b>9/30/2022</b>	\$93,507	\$696,800	\$34,913	\$0	\$825,220	\$8,504	1.0%
	<i>(the remaining balances is allocated to Private Schools per federal guidelines)</i>								
<b>ESSER II</b>	\$3,081,931	<b>9/30/2023</b>	\$0	\$1,023,638	\$1,362,249	\$707,131	\$3,093,017	\$696,045	22.6%
<b>ESSER III</b>	\$6,921,580	<b>9/30/2024</b>	\$0	\$0	\$99,033	\$89,331	\$188,364	\$6,822,547	98.6%
<b>TOTAL</b>	<u>\$10,837,236</u>		<u>\$93,507</u>	<u>\$1,720,438</u>	<u>\$1,496,194</u>	<u>\$796,462</u>	<u>\$4,106,601</u>	<u>\$7,527,097</u>	<u>69.5%</u>

**WHAT DID THE DISTRICT SPEND ESSER FUNDS ON DURING PERIOD**

	Salaries	Benefits	Total Salary & Benefits	Purchased Services	Material & Supplies	Dues and Fees	Total Spent or Encumbered by Category
<b>ESSER I</b>	\$0	\$0	<b>\$0</b>	\$185,716	\$639,504	\$0	<b>\$825,220</b>
<b>Percentage of Total</b>	0.0%	0.0%	<b>0.0%</b>	22.5%	77.5%	0.0%	<b>100.0%</b>
<b>ESSER II</b>	\$774,792	\$428,893	<b>\$1,203,685</b>	\$935,395	\$923,934	\$26,236	<b>\$3,089,250</b>
<b>Percentage of Total</b>	25.1%	13.9%	<b>39.0%</b>	30.3%	29.9%	0.8%	<b>100.0%</b>
<b>ESSER III</b>	42,407.37	\$0.00	<b>\$42,407</b>	97,540.00	48,416.75	-	<b>\$188,364</b>
<b>Percentage of Total</b>	22.5%	0.0%	<b>22.5%</b>	51.8%	25.7%	0.0%	<b>100.0%</b>
<b>TOTAL ESSER GRANTS</b>	<b>\$817,199.42</b>	<b>\$428,893.35</b>	<b>\$1,246,092.77</b>	<b>\$1,218,650.58</b>	<b>\$1,611,854.84</b>	<b>\$26,235.78</b>	<b>\$4,102,834</b>
<b>Percentage of Total</b>	<b>19.9%</b>	<b>10.5%</b>	<b>30.4%</b>	<b>29.7%</b>	<b>39.3%</b>	<b>0.6%</b>	<b>100.0%</b>

**NOTE) The district will have to move some of the ESSER II & ESSER III priorities around if the Federal government extends ESSER III for capital related expenses**

# Enrollment Changes & Estimated Fiscal Impacts

ENROLLMENT & ADM EVALUATION FROM ODE 21-22 & Estimates for 22/23				Estimated Fiscal Impact								
<b>SSF District Membership &amp; Revenue Estimates</b>												
	<b>2022/23</b>	<b>Weight</b>	<b>ADM w Value</b>		<b>ADMw</b>	<b>Change</b>						
Enrollment - ADMr	2,762.00	1.00	2,762.00	22/23	3,523.72	(93.58)						
ELL	445.89	0.50	222.95	21/22	3,617.30							
Teen Preg	2.00	1.00	2.00	20/21	3,814.71	(197.41)						
11% Students on IEP	434	303.82	1.00	303.82								
IEP above 11%	119.40	1.00	119.40	Loss 20/21 to 22/23	(290.99)	(290.99)						
Poverty	433.21	0.25	108.30	<i>(get to keep higher of two years)</i>								
Foster	21.00	0.25	5.25									
	<b>4,087.32</b>		<b>3,523.72</b>									
<b>ODE Rpt 11/2/21 (highest of two yrs)</b>				<b>Change from 21/22 vs 22/23</b>								
	<b>21/22</b>	<b>Weight</b>	<b>ADM w Value</b>	<b>SSF</b>	<b>Change</b>	<b>Weight</b>						
Enrollment - ADMr	2,846.30	1.00	2,846.30		<b>District vs ODE</b>	<b>ADM w Value</b>						
ELL	445.90	0.50	222.95	Enrollment - ADMr	(84.30)	1.00						
Teen Preg	2.00	1.00	2.00	ELL	(0.01)	0.50						
11% Students on IEP	482.3	313.09	1.00	Teen Preg	-	1.00						
IEP above 11%	119.40	1.00	119.40	Students on IEP	-48.3	1.00						
Poverty	433.21	0.25	108.30	IEP above 11%	(9.27)	1.00						
Foster	21.00	0.25	5.25	Poverty	-	0.25						
	<b>4,180.90</b>		<b>3,617.30</b>	Foster	-	0.25						
					<b>(93.58)</b>	<b>(93.58)</b>						
<b>ODE Rpt 11/2/21</b>				<b>Changes within the Higher of 2 Years</b>								
	<b>20/21</b>	<b>Weight</b>	<b>ADM w Value</b>	<b>SSF</b>	<b>Change</b>	<b>Weight</b>						
Enrollment - ADMr	3,008.62	1.00	3,008.62		<b>District vs ODE</b>	<b>ADM w Value</b>						
ELL	468.15	0.50	234.08	Enrollment - ADMr	(162.32)	1.00						
Teen Preg	6.56	1.00	6.56	ELL	(22.25)	0.50						
11% Students on IEP	494	330.95	1.00	Teen Preg	(4.56)	1.00						
IEP above 11%	119.40	1.00	119.40	Students on IEP	-11.7	1.00						
Poverty	439.42	0.25	109.86	IEP above 11%	-	1.00						
Foster	21.00	0.25	5.25	Poverty	(6.21)	0.25						
	<b>4,394.10</b>		<b>3,814.71</b>	Foster	-	0.25						
					<b>(213.20)</b>	<b>(197.41)</b>						
				<table border="1"> <tr> <td>ADM Loss CY vs PY</td> <td><b>(197.41)</b></td> </tr> <tr> <td>SSF ADMw Rate</td> <td>\$ 9,033.00</td> </tr> <tr> <td>Est Loss in \$'s</td> <td><b>(1,783,228.92)</b></td> </tr> </table>			ADM Loss CY vs PY	<b>(197.41)</b>	SSF ADMw Rate	\$ 9,033.00	Est Loss in \$'s	<b>(1,783,228.92)</b>
ADM Loss CY vs PY	<b>(197.41)</b>											
SSF ADMw Rate	\$ 9,033.00											
Est Loss in \$'s	<b>(1,783,228.92)</b>											

# Enrollment Changes in Multnomah County & State

County	Attending District Institution ID	District Name	2020-21 Total Enrollment	2021-22 Total Enrollment	Change	Percentage of Change
Multnomah	2185	Centennial SD 28J	5,710	5,520	-190	-3%
Multnomah	2186	Corbett SD 39	1,083	1,037	-46	-4%
Multnomah	2187	David Douglas SD 40	9,209	8,720	-489	-5%
Multnomah	2183	Gresham-Barlow SD 10J	11,694	11,471	-223	-2%
Multnomah	2148	Multnomah ESD	429	377	-52	-12%
Multnomah	2181	Parkrose SD 3	2,977	2,772	-205	-7%
Multnomah	2180	Portland SD 1J	46,924	45,123	-1,801	-4%
Multnomah	2182	Reynolds SD 7	10,443	9,940	-503	-5%
Multnomah	2188	Riverdale SD 51J	601	563	-38	-6%
			<b>89,070</b>	<b>85,523</b>	<b>-3,547</b>	<b>-4%</b>

	20/21 Enroll	21/22 Enroll	Change
Total Enrollment per State Report	559,798	551,977	(7,821)
Mult. Co School Districts Enrollment	89,070	85,523	(3,547)
Mult. Co Schools Enrollment Loss as % of State Loss	15.9%	15.5%	<b>45.4%</b>

**The 9 districts in Multnomah Co. represents 45.4% of the States overall enrollment loss, but we only represent 15.5% of the overall enrollment**

# *Local Option Discussion Status*

- The business office signed a contract with Piper Sandler (Carol Samuels) to complete a property by property analysis capacity for the imposition of a local option tax levy.
- Total cost of initial contract is \$7,500 – being paid out of Business office budget.
- Estimated date to complete this analysis is late February 2022.
- Carol Samuels will be put on the March 7, 2022 board agenda to discuss the outcome of the property analysis.
- Currently the District has not signed another agreement to perform a 2<sup>nd</sup> formal survey of residents.
- Once the district knows if they want to proceed then a formal plan and timeline will be established. The overall objective is to have it on November 2022 ballot.

# *Pension Obligation Bond (POB) Proposal*

- ❑ ECONorthwest recently conducted an analysis to evaluate the risks and rewards of issuance of Pension Obligation Bonds (POBs) by public employers that are part of the Oregon Public Employee Retirement System (OPERS).
- ❑ Proceeds from the POBs would be added to, or used to create, side account balances to be managed in the same way as other PERS assets, by the Investment Division of the Oregon Treasury under the guidance of the Oregon Investment Council (OIC).
- ❑ The primary determinants of the risk to POB issuers are (1) uncertainty in the performance of the asset classes that comprise the side account, (2) asset allocation choices made by the trustees of that account, and (3) the interactions of these factors with the POB strategy of the public employer(s).
- ❑ To quantify these risks, our analysis models side account performance over time under various market conditions and bond issuance scenarios. The results quantify the potential risks and rewards of POBs under the assumed conditions.

# *Pension Obligation Bond (POB) Proposal (Cont.)*

## ❑ **ECONorthwest identifies two measures of Risk and Reward for the Districts:**

1. **The net present value (NPV) of POB issuance.** This measure identifies the current value to employers of future benefits of POB issuance (the extent to which rate relief obtained exceeds bond repayments).
2. **The District's probability that NPV is greater than zero.** This measure of risk identifies the likelihood, given the assumptions in the model, that the current value of POB issuance would prove beneficial to the employer (if NPV falls below zero, POB issuance is more costly to the employer than not issuing bonds).

❑ Our analysis **assumes a maturity date for the bonds in fiscal year 2042**. The projected **annualized geometric mean return over the term of the bonds is 6.7 percent**,<sup>2</sup> with a 5<sup>th</sup> percentile annualized return of 2.9 percent and a 95<sup>th</sup> percentile annualized return of 10.6 percent.

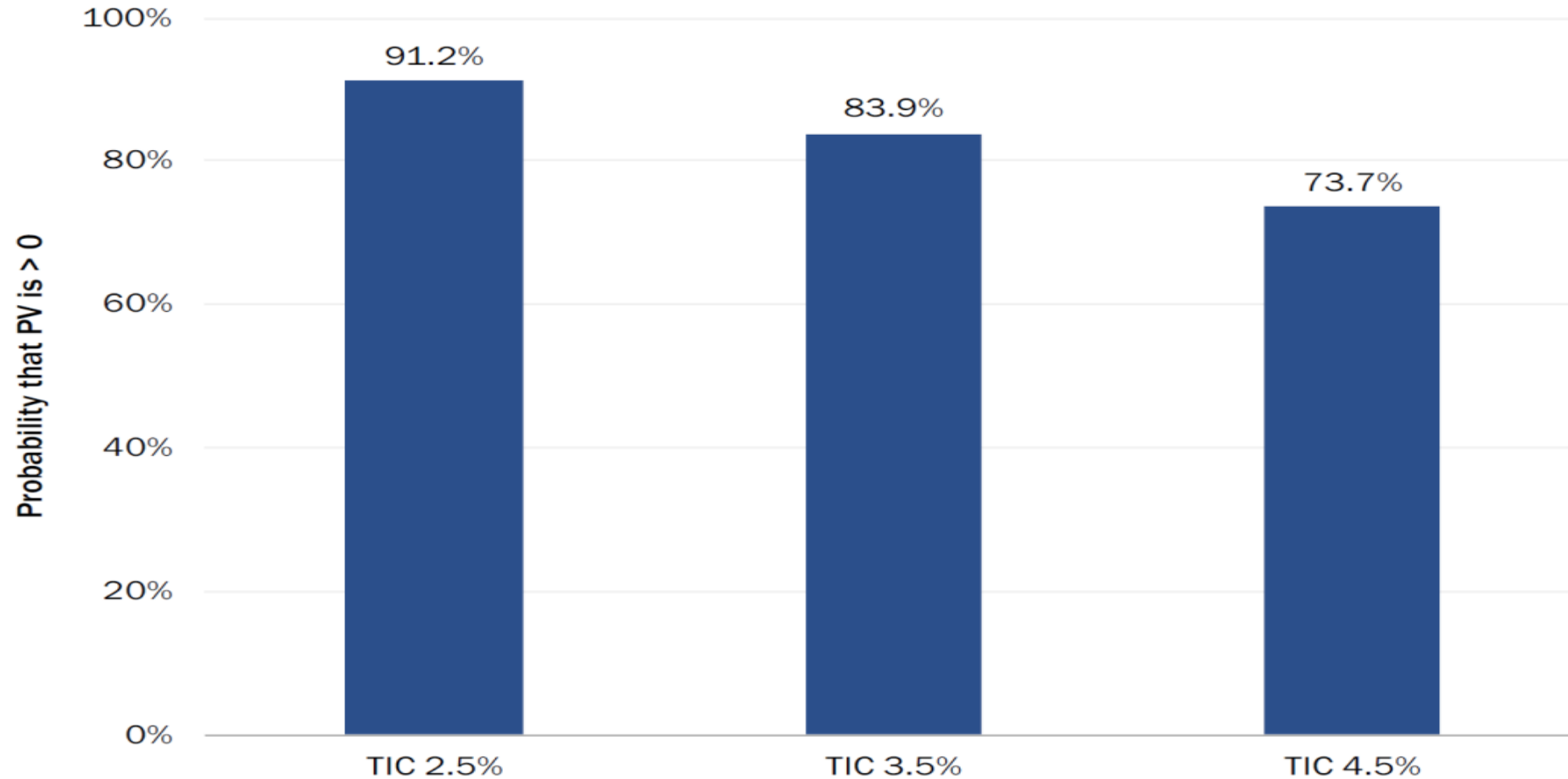


# *Pension Obligation Bond (POB) Proposal (Cont.)*

- ❑ **To characterize the distribution of potential benefits to employers of POB issuance, we conduct 20,000 simulations of side account performance over the life of the account for each of four assumed POB TICs (2.5 percent, 3.5 percent, and 4.5 percent).**
  
- ❑ In determining whether to pursue a POB issue, **employers should also assess the potential effect of several additional considerations on the anticipated benefits:**
  - Actual issuance TIC may differ from those in the scenarios
  - The TIC does not capture some issuance costs
  - The employer's payroll growth rate may differ significantly from that assumed by the PERS actuary (current assumed payroll growth was 3.4%)

# *Pension Obligation Bond (POB) Proposal (Cont.)*

**Figure 1: Probability that the net present value of POB issuance is greater than zero, various TICs**



Source: ECONorthwest.

TIC – True Interest Cost

# Pension Obligation Bond (POB) Proposal (Cont.)

	2007 Valuation		2018 Valuation		2019 Valuation		2020 Valuation	
<b>System</b>								
Combined Valuation Payroll	\$	7,721,819,358	\$	10,852,000,000	\$	11,533,700,000	\$	12,042,700,000
OPSRP UAL (\$ in millions)		(72.1)		1,955.0		1,891.8		2,459.3
<b>School District Pool</b>								
Combined Valuation Payroll	\$	2,693,307,473	\$	3,543,500,000	\$	3,740,700,000	\$	3,821,900,000
Total T1/T2 UAL (\$ in millions)		1,142.8		9,051.6		7,880.4		8,612.3
<b>Parkrose School District</b>								
Combined Valuation Payroll			\$	18,053,125	\$	18,460,297	\$	19,342,106
Payroll Increase						2.26%		4.78%
Allocated UAL/(surplus)								
T1/T2				46,115,062		38,889,305		43,585,486
OPSRP				3,259,743		3,034,790		3,959,279
Total Allocated Pooled UAL				49,374,805		41,924,095		47,544,765
Less Side Account				20,015,362		21,315,806		21,217,504
Net UAL			\$	29,359,443	\$	20,608,289	\$	26,327,261

	2007 Valuation		2018 Valuation		2019 Valuation		2020 Valuation	
	T1/T2	OPSRP	T1/T2	OPSRP	T1/T2	OPSRP	T1/T2	OPSRP
<b>Rates Effective</b>	7/1/09 - 6/30/11		Advisory Only		7/1/2021 - 6/30/23		Advisory Only	
<b>Pension</b>								
Normal cost rate	5.19%	5.81%	13.63%	8.70%	13.45%	8.64%	15.01%	9.99%
Tier 1/Tier 2 UAL rate	8.82%	8.82%	17.05%	17.05%	14.09%	14.09%	15.31%	15.31%
OPSRP UAL rate	<u>(0.08%)</u>	<u>(0.08%)</u>	<u>1.76%</u>	<u>1.76%</u>	<u>1.69%</u>	<u>1.69%</u>	<u>2.09%</u>	<u>2.09%</u>
Total Pension Rate	13.93%	14.55%	32.44%	27.51%	29.23%	24.42%	32.41%	27.39%
Side account rate relief	0.00%	0.00%	0.00%	0.00%	(8.78%)	(8.78%)	(8.57%)	(8.57%)
Member redirect offset	<u>0.00%</u>	<u>0.00%</u>	<u>(2.45%)</u>	<u>(0.70%)</u>	<u>(2.45%)</u>	<u>(0.70%)</u>	<u>(2.40%)</u>	<u>(0.65%)</u>
Net Pension Rate	13.93%	14.55%	29.99%	26.81%	18.00%	14.94%	21.44%	18.17%
<b>Retiree Healthcare</b>								
Normal cost rate	0.10%	0.00%	0.05%	0.00%	0.05%	0.00%	0.05%	0.00%
UAL rate	<u>0.19%</u>	<u>0.19%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>(0.05%)</u>	<u>0.00%</u>
Total Retiree Healthcare Rate	0.29%	0.19%	0.05%	0.00%	0.05%	0.00%	0.00%	0.00%
<b>Total Net Employer Rate</b>	<b>14.22%</b>	<b>14.74%</b>	<b>30.04%</b>	<b>26.81%</b>	<b>18.05%</b>	<b>14.94%</b>	<b>21.44%</b>	<b>18.17%</b>

# Pension Obligation Bond (POB) Proposal (Cont.)

Scenario:	1	2	3
	Base Case: 6.9% Earnings	Assume actual earnings from 2002- 2019, then 6.90% for remainder	Assume actual earnings from 2007- 2019, then 6.90% for remainder
T1/T2 UAL Payoff	\$ 43,518,736	\$ 43,518,736	\$ 43,518,736
OPSRP UAL Payoff	3,841,789	3,841,789	3,841,789
Less: Existing Side Account	(20,773,849)	(20,773,849)	(20,773,849)
Total Payoff (projected as of 6/1/2022)	\$ 26,586,676	\$ 26,586,676	\$ 26,586,676
Years where Net Rate Credit is negative	0	0	4
Years where Net Rate Credit is positive	20	20	16
T1/T2/OPSRP Average Rate Credit	8.77%	10.43%	7.38%
Debt Cost (%)	6.70%	6.70%	6.70%
Net Savings (%)	2.07%	3.73%	0.68%
T1/T2/OPSRP UAL Payoff Savings (in millions)	\$12.0	\$23.6	\$4.5
PV Savings (in millions)	\$8.0	\$15.3	\$2.9
PV Savings %	30.16%	57.47%	11.02%

*Notes:*

1. Scenarios 1-3 assumed borrowing rate of 3.50%.
2. "Average" Net Rate Credit may include years of both positives and negatives and does not take the time value of money into account.
3. "Net Rate Credit" is effective payroll rate credit after payment of debt.
4. Assumes District payroll grows at 3.40% annually. To the extent higher or lower growth is experienced, results will differ.

# Pension Obligation Bond (POB) Proposal (Cont.)

Investment Earnings Scenario: 1

Parkrose School District - Projected Rate Credits and Pension Bond Savings											
(New Payoff Date: 06/01/22, Payoff Amount: \$26,586,676)											
Fiscal Year	Side Account		Rate		Earnings <sup>(1)</sup>		Side Account	Bond Debt Service		Savings	
	Balance July 1	Deposit 6/1/22	Rate Credit	Rate Credit (\$)	Investment Earnings (\$)	Investment Returns (%)	Balance June 30	Debt Service (\$) <sup>(2)</sup>	Debt Cost (%)	Savings (\$)	Savings (%)
2022	\$ -	\$ 26,586,676	0.78%	\$ 153,777	\$ 147,384	6.90%	\$ 26,580,283	\$ -	-	\$ 153,777	0.78%
2023	26,580,283	-	9.24%	1,879,131	1,764,883	6.90%	26,466,035	1,443,442	7.10%	435,689	2.14%
2024	26,466,035	-	9.24%	1,943,021	1,754,648	6.90%	26,277,662	1,490,225	7.09%	452,796	2.15%
2025	26,277,662	-	9.24%	2,009,084	1,739,219	6.90%	26,007,797	1,545,450	7.11%	463,634	2.13%
2026	26,007,797	-	9.24%	2,077,393	1,718,084	6.90%	25,648,488	1,593,050	7.09%	484,343	2.15%
2027	25,648,488	-	9.24%	2,148,024	1,690,693	6.90%	25,191,156	1,648,200	7.09%	499,824	2.15%
2028	25,191,156	-	9.24%	2,221,057	1,656,449	6.90%	24,626,548	1,705,550	7.10%	515,507	2.14%
2029	24,626,548	-	9.24%	2,296,573	1,614,712	6.90%	23,944,687	1,764,925	7.10%	531,648	2.14%
2030	23,944,687	-	9.24%	2,374,657	1,564,790	6.90%	23,134,820	1,821,150	7.09%	553,507	2.15%
2031	23,134,820	-	9.24%	2,455,395	1,505,938	6.90%	22,185,363	1,884,225	7.09%	571,170	2.15%
2032	22,185,363	-	9.24%	2,538,878	1,437,353	6.90%	21,083,837	1,948,800	7.09%	590,078	2.15%
2033	21,083,837	-	9.24%	2,625,200	1,358,171	6.90%	19,816,807	2,014,700	7.09%	610,500	2.15%
2034	19,816,807	-	9.24%	2,714,457	1,267,461	6.90%	18,369,811	2,086,750	7.10%	627,707	2.14%
2035	18,369,811	-	9.24%	2,806,749	1,164,221	6.90%	16,727,284	2,154,600	7.09%	652,149	2.15%
2036	16,727,284	-	9.24%	2,902,178	1,047,375	6.90%	14,872,480	2,228,250	7.09%	673,928	2.15%
2037	14,872,480	-	9.24%	3,000,852	915,762	6.90%	12,787,390	2,302,350	7.09%	698,502	2.15%
2038	12,787,390	-	9.24%	3,102,881	768,136	6.90%	10,452,645	2,381,725	7.09%	721,156	2.15%
2039	10,452,645	-	9.24%	3,208,379	603,156	6.90%	7,847,422	2,466,025	7.10%	742,354	2.14%
2040	7,847,422	-	9.24%	3,317,464	419,381	6.90%	4,949,339	2,549,900	7.10%	767,564	2.14%
2041	4,949,339	-	9.24%	3,430,258	215,262	6.90%	1,734,343	2,633,175	7.09%	797,083	2.15%
2042	1,734,343	-	4.58%	1,758,620	24,277	6.90%	-	1,350,675	3.52%	407,945	1.06%
<b>TOTAL</b>		<b>\$ 26,586,676</b>		<b>\$ 50,964,029</b>	<b>\$ 24,377,353</b>			<b>\$ 39,013,167</b>		<b>\$ 11,950,862</b>	
<b>PRESENT VALUE SAVINGS <sup>(3)</sup>:</b>										<b>\$8,019,034</b>	<b>30.16%</b>

(1) Assumed earnings from the Payoff Date through December 31, 2041.

(2) Preliminary, based on current market conditions. Reflects a True Interest Cost (TIC) of 3.50%.

(3) Estimated present value savings discounted at the TIC on a monthly discounting of side account payments and semiannual discounting of bond payments. Percent savings shown at far right are Net PV Savings as a percentage of the payoff amount.

# Pension Obligation Bond (POB) Proposal (Cont.)

Investment Earnings Scenario: 2

<b>Parkrose School District - Projected Rate Credits and Pension Bond Savings</b>											
(New Payoff Date: 06/01/22, Payoff Amount: \$26,586,676)											
Fiscal Year	Side Account		Earnings <sup>(1)</sup>				Side Account	Bond Debt Service		Savings	
	Balance July 1	Deposit 6/1/22	Rate Credit	Rate Credit (\$)	Investment Earnings (\$)	Investment Returns (%)	Balance June 30	Debt Service (\$) <sup>(2)</sup>	Debt Cost (%)	Savings (\$)	Savings (%)
2022	\$ -	\$ 26,586,676	0.78%	\$ 153,777	\$ 147,384	6.90%	\$ 26,580,283	\$ -		\$ 153,777	0.78%
2023	26,580,283	-	9.24%	1,879,131	5,631,683	22.00%	30,332,836	1,443,442	7.10%	435,689	2.14%
2024	30,332,836	-	9.24%	1,943,021	3,888,879	13.27%	32,278,694	1,490,225	7.09%	452,796	2.15%
2025	32,278,694	-	9.88%	2,148,361	4,279,166	13.74%	34,409,499	1,545,450	7.11%	602,911	2.77%
2026	34,409,499	-	9.88%	2,221,405	5,135,398	15.45%	37,323,492	1,593,050	7.09%	628,355	2.79%
2027	37,323,492	-	11.77%	2,736,535	3,396,822	9.47%	37,983,779	1,648,200	7.09%	1,088,335	4.68%
2028	37,983,779	-	11.77%	2,829,577	(9,889,350)	(27.18%)	25,264,851	1,705,550	7.10%	1,124,027	4.68%
2029	25,264,851	-	13.68%	3,400,494	4,489,682	19.12%	26,354,039	1,764,925	7.10%	1,635,569	6.58%
2030	26,354,039	-	13.68%	3,516,111	3,046,974	12.44%	25,884,901	1,821,150	7.09%	1,694,961	6.60%
2031	25,884,901	-	9.81%	2,606,857	541,114	2.21%	23,819,158	1,884,225	7.09%	722,632	2.72%
2032	23,819,158	-	9.81%	2,695,491	3,287,901	14.68%	24,411,568	1,948,800	7.09%	746,691	2.72%
2033	24,411,568	-	10.13%	2,878,743	3,571,586	15.60%	25,104,411	2,014,700	7.09%	864,043	3.04%
2034	25,104,411	-	10.13%	2,976,621	1,693,257	7.20%	23,821,047	2,086,750	7.10%	889,871	3.03%
2035	23,821,047	-	11.17%	3,394,322	417,946	1.90%	20,844,671	2,154,600	7.09%	1,239,722	4.08%
2036	20,844,671	-	11.17%	3,509,729	1,309,115	6.90%	18,644,057	2,228,250	7.09%	1,281,479	4.08%
2037	18,644,057	-	11.75%	3,817,071	2,544,704	15.30%	17,371,690	2,302,350	7.09%	1,514,721	4.66%
2038	17,371,690	-	11.75%	3,946,851	64,034	0.42%	13,488,873	2,381,725	7.09%	1,565,126	4.66%
2039	13,488,873	-	12.03%	4,177,531	1,529,786	13.56%	10,841,128	2,466,025	7.10%	1,711,506	4.93%
2040	10,841,128	-	12.03%	4,319,567	589,066	6.90%	7,110,627	2,549,900	7.10%	1,769,667	4.93%
2041	7,110,627	-	13.27%	4,928,191	309,263	6.90%	2,491,700	2,633,175	7.09%	2,295,016	6.18%
2042	2,491,700	-	6.58%	2,526,578	34,879	6.90%	0	1,350,675	3.52%	1,175,903	3.06%
<b>TOTAL</b>		<b>\$ 26,586,676</b>		<b>\$ 62,605,963</b>	<b>\$ 36,019,287</b>			<b>\$ 39,013,167</b>		<b>\$ 23,592,796</b>	
<b>PRESENT VALUE SAVINGS <sup>(3)</sup>:</b>										<b>\$ 15,279,946</b>	<b>57.47%</b>

(1) Assumed earnings from the Payoff Date through December 31, 2041.

(2) Preliminary, based on current market conditions. Reflects a True Interest Cost (TIC) of 3.50%.

(3) Estimated present value savings discounted at the TIC on a monthly discounting of side account payments and semiannual discounting of bond payments. Percent savings shown at far right are Net PV Savings as a percentage of the payoff amount.

# Pension Obligation Bond (POB) Proposal (Cont.)

Investment Earnings Scenario: 3

Parkrose School District - Projected Rate Credits and Pension Bond Savings (New Payoff Date: 06/01/22, Payoff Amount: \$26,586,676)											
Fiscal Year	Side Account		Rate		Earnings <sup>(1)</sup>		Side Account	Bond Debt Service		Savings	
	Balance July 1	Deposit 6/1/22	Credit	Rate Credit (\$)	Investment Earnings (\$)	Investment Returns (%)	Balance June 30	Debt Service (\$) <sup>(2)</sup>	Debt Cost (%)	Savings (\$)	Savings (%)
2022	\$ -	\$ 26,586,676	0.78%	\$ 153,777	\$ 147,384	6.90%	\$ 26,580,283	\$ -	-	\$ 153,777	0.78%
2023	26,580,283	-	9.24%	1,879,131	(6,935,875)	(27.18%)	17,765,277	1,443,442	7.10%	435,689	2.14%
2024	17,765,277	-	9.24%	1,943,021	3,201,900	19.12%	19,024,156	1,490,225	7.09%	452,796	2.15%
2025	19,024,156	-	7.60%	1,653,168	2,257,776	12.44%	19,628,763	1,545,450	7.11%	107,718	0.50%
2026	19,628,763	-	7.60%	1,709,376	413,506	2.21%	18,332,894	1,593,050	7.09%	116,326	0.52%
2027	18,332,894	-	6.83%	1,587,158	2,568,352	14.68%	19,314,087	1,648,200	7.09%	(61,042)	(0.26%)
2028	19,314,087	-	6.83%	1,641,122	2,878,105	15.60%	20,551,070	1,705,550	7.10%	(64,428)	(0.27%)
2029	20,551,070	-	6.84%	1,698,851	1,414,465	7.20%	20,266,684	1,764,925	7.10%	(66,074)	(0.27%)
2030	20,266,684	-	6.84%	1,756,612	367,133	1.90%	18,877,205	1,821,150	7.09%	(64,538)	(0.25%)
2031	18,877,205	-	7.76%	2,063,107	1,226,599	6.90%	18,040,698	1,884,225	7.09%	178,882	0.67%
2032	18,040,698	-	7.76%	2,133,252	2,588,186	15.30%	18,495,631	1,948,800	7.09%	184,452	0.67%
2033	18,495,631	-	7.53%	2,138,584	72,844	0.42%	16,429,891	2,014,700	7.09%	123,884	0.44%
2034	16,429,891	-	7.53%	2,211,296	2,069,462	13.56%	16,288,057	2,086,750	7.10%	124,546	0.42%
2035	16,288,057	-	7.89%	2,395,563	1,035,713	6.90%	14,928,206	2,154,600	7.09%	240,963	0.79%
2036	14,928,206	-	7.89%	2,477,012	938,886	6.90%	13,390,079	2,228,250	7.09%	248,762	0.79%
2037	13,390,079	-	8.22%	2,668,819	825,696	6.90%	11,546,956	2,302,350	7.09%	366,469	1.13%
2038	11,546,956	-	8.22%	2,759,559	695,181	6.90%	9,482,578	2,381,725	7.09%	377,834	1.13%
2039	9,482,578	-	8.33%	2,892,440	547,849	6.90%	7,137,986	2,466,025	7.10%	426,415	1.23%
2040	7,137,986	-	8.33%	2,990,783	382,452	6.90%	4,529,656	2,549,900	7.10%	440,883	1.23%
2041	4,529,656	-	8.48%	3,146,496	196,747	6.90%	1,579,907	2,633,175	7.09%	513,321	1.38%
2042	1,579,907	-	4.17%	1,601,866	21,960	6.90%	-	1,350,675	3.52%	251,191	0.65%
<b>TOTAL</b>		<b>\$ 26,586,676</b>		<b>\$ 43,500,996</b>	<b>\$ 16,914,320</b>			<b>\$ 39,013,167</b>		<b>\$ 4,487,829</b>	
<b>PRESENT VALUE SAVINGS<sup>(3)</sup>:</b>										<b>\$2,930,515</b>	<b>11.02%</b>

(1) Assumed earnings from the Payoff Date through December 31, 2041.

(2) Preliminary, based on current market conditions. Reflects a True Interest Cost (TIC) of 3.50%.

(3) Estimated present value savings discounted at the TIC on a monthly discounting of side account payments and semiannual discounting of bond payments. Percent savings shown at far right are Net PV Savings as a percentage of the payoff amount.



# *Pension Obligation Bond (POB) Proposal (Cont.)*

## **Pro forma timeline – SD Pool (and others)**

- **By Feb 15: Notify Piper and bond counsel if want to proceed with Resolution.**
- **By Feb 28: Send payoff requests to PERS.**
- **By March 18: Adopt Resolution/Issue Public Report.**
- **March-April: Development of POS, Rating. Send assessment to Treasury.**
- **Week of April 11: Structuring/Due Diligence calls**
- **April 25: Final decision to proceed**
- **Week of May 9: Bond Sale**
- **May 31: Closing, funds sent to PERS**
- **June 1: Payroll rates reduced.**



## *Budget 22/23 - General Fund*

- ❑ Initial evaluation of the revenue and expenses for FY 22/23 shows **we will need to cut approximately \$3 million dollars from the budget in order to balance the proposed budget.** This \$3 million represents about 8% reduction in the overall budget needed.
  
- ❑ Our 1<sup>st</sup> Budget meeting date we are requesting it be **changed to May 11, 2022.**
  
- ❑ **Please remember this is the 1<sup>st</sup> draft of the budget so numbers may vary.**
  
- ❑ The cabinet and administrators will be working together to determine what path the district will go to handle this proposed shortfall.

# Components of General Fund Shortfall

Total changes associated with Revenues	
Property Tax Increases	(\$750,000)
Reduction to State School Fund	\$2,381,560
Reduction in Local revenue	\$84,540
Reduction in Transfers	\$647,475
Increase in Beginning Fund Balance	(\$1,257,090)
<b>Total Reduction in Revenue</b>	<b>\$1,106,485</b>
Total changes associated with Expenses	
Certified Salaries	\$700,943
Classified Salaries	\$213,962
Administrative Salaries	\$144,897
Managerial Salaries	\$44,729
Extra Duty	\$101,288
<b>Total Salaries Change</b>	<b>\$1,205,819</b>
<i>PERS Employer Contribution</i>	\$225,353
<i>PERS Employee Pickup</i>	\$76,332
<i>Social Security</i>	\$97,278
<i>Workers Compensation</i>	\$2,999
<i>Unemployment Compensation</i>	\$3,772
<i>Oregon Paid Family and Medical Leave</i>	\$3,772
<i>Contracted Insurances</i>	\$325,560
<i>TSA Employer Contribution</i>	\$3,899
<i>HRA Contribution</i>	\$1,241
<b>Total Benefits Change</b>	<b>\$740,206</b>
<b>Total Increase in Expenses</b>	<b>\$1,946,025</b>
<b>Sum of changes to FY 22/23 GF Budget</b>	
	<b>\$3,052,510</b>