

PARKROSE SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009



12700 SW 72nd Ave.
Tigard, OR 97223

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT
For the Year Ended June 30, 2009

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

BOARD OF DIRECTORS AS OF JUNE 30, 2009

<u>NAME</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Alesia Reese	Board Member, Position #1	June 30, 2009
Katie Larsell	Board Member, Position #2	June 30, 2011
Guy Crawford	Board Member, Position #3	June 30, 2011
Ed Grassel Jr.	Board Member, Position #4	June 30, 2009
James Woods	Board Chair, Position #5	June 30, 2009

Board Members receive mail at the District office address listed below.

ADMINISTRATION

Dr. Karen Gray, Superintendent
Mary Larson, Director of Business Services

10636 N.E. Prescott Street
Portland, Oregon 97220-2699

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MULTNOMAH COUNTY, OREGON

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

• 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
• (503) 620-2632 • FAX (503) 684-7523

November 25, 2009

**To the Board of Directors
Multnomah County School District No. 3
Multnomah County, Oregon**

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Multnomah County School District No. 3, as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements as listed in the table of contents.

These financial statements are the responsibility of the management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Multnomah County School District No. 3, at June 30, 2009 and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 25, 2009, on our consideration of Multnomah County School District 3's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, as listed in the Table of Contents, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

November 25, 2009
Board of Directors
Multnomah County School District No. 3

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The Supplementary Information, including budgetary comparison schedules as listed in the Table of Contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Supplementary Information and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole, except as noted below.

The Other Financial schedules on pages 70-75, are presented as supplemental schedules for the Oregon Department of Education, and are not a required part of the basic financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management about this supplementary information. However, we did not audit the information and do not express an opinion on it.


PAULY, ROGERS AND CO., P.C.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
(PARKROSE SCHOOL DISTRICT NO. 3)

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

As management of Multnomah County School District No. 3 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2009 by \$45,329,190. Of this amount, \$32,644,609 represents the District's investment in capital assets, net of related debt. The District has \$2,648,597 of net assets restricted and expendable for debt service. The District's unreserved net assets are \$10,035,984.
- The District's governmental funds report combined ending fund balance of \$12,979,051, a decrease of (\$4,007,308) in comparison with the prior year. Approximately 80 percent of this total amount, \$10,311,639 is available for the ensuing fiscal year at the discretion of the Board of Directors. At the end of the fiscal year, unreserved fund balance for the general fund was \$5,636,995, or about 19 percent of total general fund expenditures.
- The District's long-term debt decreased by \$465,000, (4.25 percent) during the 2008-09 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are 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:

The Statement of Net Assets. The statement of net assets presents information on all of the assets and liabilities of the District at year end. Net assets are what remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities. The statement of activities presents information showing how the net assets of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net assets.

All changes in net assets 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 period (e.g., uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the District's activities are shown in one category:

Governmental Activities. Most 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, proceeds from the sale of long term general obligation bonds and other intergovernmental revenues.

The government-wide financial statements can be found on pages 4 - 5 of this report.

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 Multnomah County School District No. 3, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 decision. Both the governmental fund Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Assets and Activities.

The District maintains twenty nine individual governmental funds, three of which have been reported as major funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Debt Service Fund, and Capital Projects Fund.

The basic governmental fund financial statements can be found on pages 6 and 8 of this report.

Notes to the 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 11-28 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Assets

	Total School District Governmental Activities 2009	Total School District Governmental Activities 2008
Assets		
Current and other assets	\$ 16,539,589	\$ 20,181,658
Net capital assets	<u>43,114,609</u>	<u>41,546,740</u>
Total Assets	<u>59,654,198</u>	<u>61,728,398</u>
Liabilities		
Long-term debt outstanding	\$ 10,470,000	\$ 10,935,000
Other liabilities	<u>3,855,008</u>	<u>2,763,140</u>
Total Liabilities	<u>14,325,008</u>	<u>13,698,140</u>
Net Assets		
Invested in capital assets, net of related debt	32,644,609	30,611,740
Restricted	2,648,597	2,857,599
Unrestricted	<u>10,035,984</u>	<u>14,560,919</u>
Total net assets	\$ <u>45,329,190</u>	\$ <u>48,030,258</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$45,329,190 at June 30, 2009.

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, and equipment, represent about 72 percent of total assets. The remaining assets consist mainly of investments, cash, inventories, and property taxes receivable.

The District's largest liability (59 percent) is for the repayment of general obligation bonds. Current liabilities, representing about 39 percent of the District's total liabilities, consist of payables on accounts, salaries, and benefits, and current portions of bonds and leases payable.

The District's net assets are largely invested in capital assets (e.g., land, buildings, vehicles and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities: A comparative analysis from the previous year's activity is provided below. During the current fiscal year, the District's net assets decreased by \$2,884,648. The revenues and expenses shown below explain changes in net assets for the fiscal year 2009.

	Total School District Governmental Activities 2009	Percentage of Total	Total School District Governmental Activities 2008	Percentage of Total
Revenues				
Program Revenues				
Charges for service	\$ 944,787	2.73%	\$ 981,236	2.96%
Operating Grants & Contribution	<u>4,367,934</u>	<u>12.61%</u>	<u>3,334,673</u>	<u>7.81%</u>
Total Program Revenues	<u>5,312,721</u>	<u>15.33%</u>	<u>4,315,909</u>	<u>10.77%</u>
General Revenues				
Property taxes	15,468,202	44.64%	15,476,550	40.12%
State school fund	11,292,456	32.59%	13,466,017	31.93%
Common school fund	146,425	0.42%	381,135	0.87%
Unrestricted Other Sources	1,074,071	2.67%	411,373	11.86%
Investment earnings	467,644	1.35%	971,544	2.02%
Other	<u>887,529</u>	<u>3.00%</u>	<u>916,917</u>	<u>2.43%</u>
Total General Revenues	<u>29,336,327</u>	<u>84.67%</u>	<u>31,623,536</u>	<u>89.23%</u>
Total Revenues	<u>34,649,048</u>	<u>100.00%</u>	<u>35,939,445</u>	<u>100.00%</u>
Expenses				
Instruction	23,024,540	61.39%	20,775,950	58.37%
Supporting services	12,013,992	31.94%	12,104,845	33.80%
Community services	1,995,580	5.29%	2,012,143	5.10%
Facilities Acquisition & Construction	0	0%	639,561	0.02%
Interest on long-term debt	<u>499,584</u>	<u>1.38%</u>	<u>619,926</u>	<u>2.71%</u>
Total Expenses	<u>37,533,696</u>	<u>100.00%</u>	<u>36,152,425</u>	<u>100.00%</u>
Change in Net Assets	(2,884,648)		(212,980)	
Restatement – Change in Accounting Principle	183,580		0	
Net assets – beginning	<u>48,030,258</u>		<u>48,243,238</u>	
Net assets – ending	<u>\$ 45,329,190</u>		<u>\$ 48,030,258</u>	

Revenues: Since the District's mission is to provide a free and appropriate public education for K-12 students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 85 percent of the funding required for governmental programs. Property taxes and State School Fund combined account for 91 percent of general revenues and 77 percent of total revenues.

Operating grants and contributions account for 13 percent of total revenues. Included in this category is \$1,207,316 for federal reimbursement under the national school lunch program. Other Federal and state grants for designated programs totaled \$2,847,038.

Expenses: Expenses related to governmental activities are presented in five broad functional categories. Costs of direct classroom instruction activities account for approximately 56 percent of the total expenses of \$37,533,696. In addition, approximately half of the costs in supporting services relate to students, instructional staff and school administration.

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, unreserved 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, 2009, the District's governmental funds reported combined ending fund balances of \$12,960,236 (exclusive of inventory), a decrease of \$4,007,308 in comparison with the prior year. About \$10,311,639 (80 percent) of the ending fund balance constitutes unreserved ending fund balance, which is available for spending at the direction of the Board of Directors. Additionally, \$2,648,597 is designated for debt service obligations.

General Fund: The General Fund is the chief operating fund of the District. As of June 30, 2009, unreserved fund balance was \$5,636,995. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 19 percent of total General Fund's expenditures.

The fund balance decreased by 3,345,253 during the current fiscal year. This decrease can be mainly attributed to decreased funding from State School Support.

During the year all General Fund expenditures were within budget.

Debt Service Fund: The Debt Service Fund has a total fund balance of \$2,648,597, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year was about \$209,002. This decrease due to lower property taxes collected and earnings on investments.

Capital Projects Fund: The Capital Projects Fund has a total fund balance of \$978,664. The net decrease in fund balance during the year was about \$111,182 due to a large increase in facilities acquisition and construction partially offset by proceeds from a lease purchase agreement entered into during the fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was \$33,678,887 for the fiscal year ended June 30, 2009. The Board of Directors made several additional appropriations during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2009, the District had invested \$43,114,609 in capital assets, net of depreciation.

During the year, the District's investment in capital assets increased by \$1,567,869 (including depreciation). The major capital asset events for the year consisted of building improvements at various schools.

Additional information of the District's capital assets can be found in note 5 on page 19 of this report.

Long-term Debt: At the end of the current fiscal year, the District had total long term debt outstanding of \$10,470,000 consisting of general obligation debt net of unamortized premium/discount and a Qualified Zone Academy Bond.

During the current fiscal year, the District's total debt decreased by \$465,000 (4.25 percent).

On May 27th 2009, the District entered into a Qualified Zone Academy Bond agreement for \$2,000,000.

The District has an "AA-" rating from Standard & Poor's.

Additional information on the District's long-term debt can be found in note 7 on page 21 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

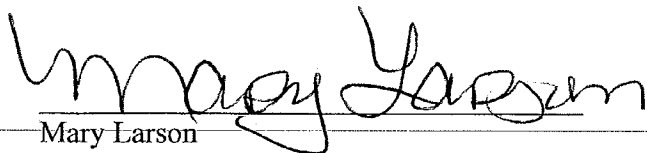
The most significant economic factor for the District is the State of Oregon's State School Fund. For the year ended June 30, 2009, the State School Fund - General Support provided 32.59 percent of the District's program resources. Factors for next years budget will be the estimate of State School Fund based on a March 2009 estimate and also the anticipation of the School Improvement Grant.

This year is the final year for the combined temporary funding from Multnomah County for the Personal Income Tax and City of Portland tax support. With this support Parkrose School District has been able to maintain current service level budgets for the past few years and into 2008-09.

Salaries and benefits costs are expected to increase in 2009-10, based on current contractual obligations.

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 Director of Business Services and Operations at 10636 NE Prescott Street, Portland, OR 97220.

A handwritten signature in black ink, appearing to read "Mary Larson", is written over a horizontal line.

Mary Larson
Director of Business Services and Operations

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GOVERNMENT WIDE FINANCIAL STATEMENTS

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities
ASSETS	
Cash and Investments	\$ 14,477,536
Receivables:	
Accounts and Grants	1,113,383
Property Taxes	929,855
Supply Inventory	18,815
Non-Depreciable Capital Assets	5,637,085
Capital Assets, Net of Depreciation	<u>37,477,524</u>
Total Assets	<u>59,654,198</u>
 LIABILITIES:	
Accounts Payable	868,421
Accrued Salaries and Benefits	1,858,742
Bond Interest Payable	14,921
Accrued Vacation Payable	41,168
OPEB Liability	1,071,756
Lease Payable:	
Due Within One Year	142,857
Due in More Than One Year	1,857,143
Bonds Payable:	
Due Within One Year	2,695,000
Due in More Than One Year	<u>5,775,000</u>
Total Liabilities	<u>14,325,008</u>
 NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	32,644,609
Restricted for:	
Debt Service	2,648,597
Unrestricted	<u>10,035,984</u>
Total Net Assets	<u>\$ 45,329,190</u>

See accompanying notes to basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions/Programs	Expense	PROGRAM REVENUES		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 23,024,540	\$ 113,011	\$ 2,082,454	\$ (20,829,075)
Support Services	12,013,992	238,803	344,967	(11,430,222)
Community Services	1,995,580	592,973	1,940,513	537,906
Interest on Long-Term Debt	499,584	-	-	(499,584)
Total Governmental Activities	<u>\$ 37,533,696</u>	<u>\$ 944,787</u>	<u>\$ 4,367,934</u>	<u>(32,220,975)</u>
GENERAL REVENUES:				
Property Taxes, Levied for Operations				15,468,202
Unrestricted Other Sources				1,074,071
State School Fund - General Support				11,292,456
Common School Fund				146,425
Investment Earnings				467,644
Other				887,529
Total General Revenues				<u>29,336,327</u>
Change in Net Assets				(2,884,648)
Restatement - Change in Accounting Principle				183,580
Net Assets - Beginning				<u>48,030,258</u>
Net Assets - Ending				<u>\$ 45,329,190</u>

See accompanying notes to basic financial statements.

FUND FINANCIAL STATEMENTS

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2009

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and Investments	\$ 7,519,555	\$ 2,630,255	\$ 1,473,376	\$ 2,854,350	\$ 14,477,536
Inventory	-	-	-	18,815	18,815
Receivables:					
Interfund	-	-	-	77,275	77,275
Taxes	756,518	173,337	-	-	929,855
Accounts and Grants	237,486	-	13,088	862,809	1,113,383
Total Assets	\$ 8,513,559	\$ 2,803,592	\$ 1,486,464	\$ 3,813,249	\$ 16,616,864
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 267,697	\$ -	\$ 507,800	\$ 92,924	\$ 868,421
Accrued Salaries and Benefits	1,853,212	-	-	5,530	1,858,742
Interfund Payable	77,275	-	-	-	77,275
Deferred Revenue	678,380	154,995	-	-	833,375
Total Liabilities	2,876,564	154,995	507,800	98,454	3,637,813
OPEB Liability					
Fund Balances:					
Reserved for Debt Service	-	2,648,597	-	-	2,648,597
Reserved for Inventory	-	-	-	18,815	18,815
Unreserved	5,636,995	-	978,664	3,695,980	10,311,639
Total Fund Balances	5,636,995	2,648,597	978,664	3,714,795	12,979,051
Total Liabilities and Fund Balances	\$ 8,513,559	\$ 2,803,592	\$ 1,486,464	\$ 3,813,249	\$ 16,616,864

See accompanying notes to basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.3
MULTNOMAH COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2009

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS	\$	12,979,051
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Capital assets are not financial resources and therefore are not reported in the governmental funds.

Cost	\$	59,725,412	
Accumulated Depreciation		<u>(16,610,803)</u>	
			43,114,609

A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.

833,375

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.

Long term Liabilities:			
Accrued Vacation Payable		(41,168)	
Bond Interest Payable		(14,921)	
OPEB Liability		(1,071,756)	
Lease Payable		(2,000,000)	
General obligation bonds payable		<u>(8,470,000)</u>	
			<u>(11,597,845)</u>

TOTAL NET ASSETS	\$	<u><u>45,329,190</u></u>
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See accompanying notes to basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property Taxes	\$ 12,609,389	\$ 2,701,596	\$ -	\$ -	\$ 15,310,985
Intergovernmental-Federal	707,724	-	-	3,346,630	4,054,354
Intergovernmental-State and Local	12,653,813	-	67,788	-	12,721,601
Charges for Services	88,725	-	-	831,776	920,501
Earnings on Investments	409,242	57,190	-	1,212	467,644
Miscellaneous	132,149	-	41,661	842,936	1,016,746
Total Revenues	26,601,042	2,758,786	109,449	5,022,554	34,491,831
EXPENDITURES:					
Current:					
Instruction	19,320,596	-	-	1,903,248	21,223,844
Support Services	10,513,669	-	103,409	1,555,504	12,172,582
Enterprise and Community Services	72,030	-	-	1,945,673	2,017,703
Facilities Acquisition and Construction	-	-	1,973,966	-	1,973,966
Capital Outlay	-	-	103,256	-	103,256
Debt Service:					
Principal	-	2,465,000	-	-	2,465,000
Interest	-	502,788	-	-	502,788
Total Expenditures	29,906,295	2,967,788	2,180,631	5,404,425	40,459,139
Excess of Revenues Over, -Under Expenditures	(3,305,253)	(209,002)	(2,071,182)	(381,871)	(5,967,308)
Other Financing Sources, (Uses):					
Transfers In	-	-	-	40,000	40,000
Transfers Out	(40,000)	-	-	-	(40,000)
Loan Receipts	-	-	1,960,000	-	1,960,000
Total Other Financing Sources, -Uses	(40,000)	-	1,960,000	40,000	1,960,000
Net Change in Fund Balance	(3,345,253)	(209,002)	(111,182)	(341,871)	(4,007,308)
Beginning Fund Balance	8,982,248	2,857,599	1,089,846	4,037,851	16,967,544
Ending Fund Balance	\$ 5,636,995	\$ 2,648,597	\$ 978,664	\$ 3,695,980	\$ 12,960,236

See accompanying notes to basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2009

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS	\$	(4,007,308)
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:

Expenditures for capital assets	\$ 2,654,889	
Less current year depreciation	<u>(1,087,020)</u>	
		1,567,869

Repayment of bond and principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets. Debt principal repaid.		2,465,000
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In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an expense when due.		3,204
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Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Assets, however, issuing long-term debt increases liabilities.		(2,000,000)
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Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue whe OPEB Liability		157,217
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Inventory in the Statement of Activities differs from the amount reported in the governmental funds because inventory is recognized as an expenditure in the funds when it is purchased, and thus requires the use of current financial resources. In the Statement of Activities, however, inventory is recognized when actually used.		(4,167)
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Compensated absences and early retirement are recognized as expenditure in the governmental funds when they are paid. In the Statement of Activities these liabilities are recognized as an expenditure when earned.		
Accrued Vacation Payable	5,293	
OPEB Liability	<u>(1,071,756)</u>	
		(1,066,463)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>(2,884,648)</u>
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See accompanying notes to basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
June 30, 2009

	AGENCY FUNDS STUDENT ACTIVITY FUNDS
ASSETS:	
Cash and Investments	\$ 184,925
Total Assets	184,925
LIABILITIES:	
Due to Student Organizations	184,925
NET ASSETS:	
Total Net Assets	
Unrestricted	\$ -

See accompanying notes to basic financial statements

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

Reporting Entity

Multnomah County School District No. 3 (the District) is a municipal corporation governed by an elected five member Board of Directors. Administration officials are approved by the Board. The daily functioning is under the supervision of the Superintendent. As required by generally accepted accounting principles in the United States of America, all activities except fiduciary activities have been included in the government-wide 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 which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities, in accordance with GASB 39 and therefore, none of them are considered component units and are not included in these basic financial statements.

Basis of Presentation

The government-wide financial statements, (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities. The effect of interfund activity has been removed from these statements. Fiduciary funds are not included in the government-wide financial statements because the resources of fiduciary funds are not available to support programs. Fiduciary funds are reported in the Financial Statements as part of the Basic Financial Statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase or use goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the fiduciary fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

Net assets comprise the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net assets are classified in the following three categories.

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – consists of all other net assets that are not included in the other categories previously mentioned.

The government-wide financial statements and the fiduciary fund financial statements are both reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available (“susceptible to accrual”). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due. Property taxes associated with the current fiscal period, are considered to be susceptible to accrual, if received in cash or by a County collecting such taxes within 60 days after year-end. All other revenue items are recognized in the accounting period when they become both measurable and available.

There are the following major governmental funds:

General Fund

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon School Support Fund.

Debt Service Fund

The Debt Service Fund accounts for the payment of principal and interest on bonds used for major construction projects. The principal source of revenue is property taxes.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects Fund

The Capital Projects Fund accounts for the construction costs of capital improvements .

There is also a column for combined nonmajor funds. These funds are not considered major due to the volume of their activities. They are for specific educational projects and programs.

Additionally, the following other fund type is reported:

Fiduciary Fund

This fund type is comprised of an Agency Fund, which accounts for the transactions of the student body activity accounts. Students and faculty of the various schools manage the student body activity funds.

Cash and Investments

For the purpose of the statement of net assets and the balance sheets, monies in the Oregon State Local Government Investment Pool, savings deposits, demand deposits and cash with the county treasurer are considered to be cash and investments.

Investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. Other investments are stated at amortized cost, which approximates fair value.

Property Taxes

Uncollected real and personal property taxes are reflected on the statement of net assets and the balance sheet as receivables. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

Supplies Inventories

School operating supplies, maintenance supplies, and food and other cafeteria supplies are stated at average invoice cost. Commodities purchased from the United States Department of Agriculture in the Food Service Fund are included in the inventories at USDA wholesale value. The inventory is accounted for based on the consumption method. Under the consumption method, inventory is recorded when purchased and expenditures/expenses are recorded when inventory items are used. Donated commodities consumed during the year are reported as revenues and expenditures. The Food Service Fund reports inventory and a corresponding reserve for inventory in the fund financial statement. The reserve for inventory is reported in addition to the fund's equity on the balance sheet.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of claims for reimbursement of costs under various federal, state and local grants. All are considered collectible by management, and therefore, there is no allowance for uncollectible accounts.

Grant Accounting

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. Cash received from grantor agencies in excess of related grant expenditures are recorded as unearned revenue on the statement of net assets and the balance sheet.

Capital Assets

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10 to 50 years
Vehicles and Equipment	5 to 30 years

Compensated Absences

It is policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since there is no policy to pay any amounts when an employee separates from service. All vacation pay is accrued when incurred in the government-wide financial statements.

Long Term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount. As permitted by GASB Statement No. 34, the cost of prior bond issuance is amortized prospectively from the date of adoption of GASB Statement No. 34.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTES TO BASIC FINANCIAL STATEMENTS

Retirement Plans

Use of Estimates

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Board approves them due to a need which was not determined at the time the budget was adopted.

Budget amounts shown in the budgetary financial statements reflect the original adopted budget and the final amended budget. Amendments to the original budget amounts included supplemental appropriations.

Excess of Expenditures Over Appropriations

Expenditures of the various funds were within authorized appropriations.

3. BUDGETARY BASIS OF ACCOUNTING

While the financial position, results of operations, and changes in fund balance/net assets is reported 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 supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary differences between the budgetary basis and GAAP basis is the classification of capital outlay, which for budgetary purposes is reported within the functional categories at the level of appropriation control, and depreciation expense, which is not reported at the fund level. On a GAAP basis, capital outlay is separately reported after current expenditures.

In addition, on the budgetary basis of accounting, inventory is accounted for on the purchases method. Under this method, inventory is expended as purchased and is not recorded as an asset on the balance sheet. On the GAAP basis fund financial statements, inventory has been recorded on the consumption method. Also, proceeds of long-term borrowing are recognized as an "other financing source" and principal paid is considered an expenditure when paid. Bond issue costs are recognized as expenditures when bonds are issued (rather than amortizing over the life of the bonds). OPEB costs are expensed when paid instead of when the liability is incurred.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS

Cash and Investments (recorded at cost) consisted of:

Deposits with Financial Institutions:	
Demand Deposits	\$ 579,945
Petty Cash	104
Local Government Investment Pool	13,966,067
Cash with County	<u>116,345</u>
 Total Cash and Investments	 <u><u>\$ 14,662,461</u></u>
 Cash Reported in:	
Governmental Funds	\$ 14,477,536
Agency Fund	<u>184,925</u>
 Total Cash and Investments	 <u><u>\$ 14,662,461</u></u>

DEPOSITS - For the fiscal year ended June 30, 2009, the bank balance was \$681,386. Of the bank balance, \$681,386 was covered by federal depository insurance, and the remaining deposited at approved depositories as determined by the Oregon Treasurer.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure deposits will not be recovered. There is no formal deposit policy for custodial credit risk. As of June 30, 2009, all deposits are insured.

INVESTMENTS – State statutes authorize investment in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor's Corporation or P1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the state treasurer's investment pool. The investments during the year were invested in the state treasurer's 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 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 establish diversification percentages and specify 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 Pool is unrated.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3

MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS (CONTINUED)

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. At June 30, 2009 the fair value of the position in the LGIP is 99.11% of the value of the Pool shares as reported in Oregon Short Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

At year-end, the investment balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 13,966,067	\$ 13,966,067	\$ -
Total	<u>\$ 13,966,067</u>	<u>\$ 13,966,067</u>	<u>\$ -</u>

Interest Rate Risk – 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. There are no investments that have a maturity date beyond 3 months.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the value of the deposit will not be recovered. There is no formal investment policy for custodial credit risk. All of the investments are with the LGIP. Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentration Risk

Concentration risk is the risk of loss due to a large portion of investments with a single issuer. To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the LGIP is invested in, which is not required to have a risk rating. State statutes do not limit the percentage of investments in this instrument. As of June 30, 2009 100% of the investments were in the State Treasurer's Investment Pool.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,637,085	\$ -	\$ -	\$ 5,637,085
Total Capital Assets Not Being Depreciated	<u>5,637,085</u>	<u>-</u>	<u>-</u>	<u>5,637,085</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	48,865,156	2,342,628	-	51,207,784
Vehicles and Equipment	<u>2,572,968</u>	<u>312,261</u>	<u>(4,686)</u>	<u>2,880,543</u>
Total Capital Assets Being Depreciated	<u>51,438,124</u>	<u>2,654,889</u>	<u>(4,686)</u>	<u>54,088,327</u>
Accumulated Depreciation:				
Buildings and Improvements	(14,281,957)	(983,397)	-	(15,265,354)
Vehicles and Equipment	<u>(1,246,512)</u>	<u>(103,623)</u>	<u>4,686</u>	<u>(1,345,449)</u>
Total Accumulated Depreciation	<u>(15,528,469)</u>	<u>(1,087,020)</u>	<u>4,686</u>	<u>(16,610,803)</u>
Total Capital Assets Being Depreciated, Net	<u>35,909,655</u>	<u>1,567,869</u>	<u>-</u>	<u>37,477,524</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 41,546,740</u>	<u>\$ 1,567,869</u>	<u>\$ -</u>	<u>\$ 43,114,609</u>

Depreciation expense was charged to functions/programs as follows:

Instruction	\$ 651,549
Support Services	373,583
Community Services	<u>61,888</u>
Total Depreciation Expense-	
Governmental Activities	<u>\$ 1,087,020</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

6. INTERFUND TRANSACTIONS

Operating transfers between funds were made to fund the various programs and activities as follows:

	Operating Transfers In	Operating Transfers Out
General Fund	\$ -	\$ 40,000
Before/After Child Care	40,000	-
	<u>\$ 40,000</u>	<u>\$ 40,000</u>

The internal transfers are budgeted and recorded to show legal and operational commitments between funds such as cost sharing.

The composition of interfund balances is as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 77,275
Non-Major Governmental Fund	77,275	-
Total	<u>\$ 77,275</u>	<u>\$ 77,275</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG TERM DEBT

There is one general obligation bond issue approved by voters in prior years to finance various capital projects. On May 27 2009, a Qualified Zone Academy Bond agreement was entered into at a zero percent interest rate for 15 years.

	2002 Bond	QZAB Purchase Agreement	Total
Balance 7/1/08	\$ 10,935,000	\$ -	\$ 10,935,000
Additions	-	2,000,000	2,000,000
Payments & Deletions	(2,465,000)	-	(2,465,000)
Balance 6/30/09	<u>\$ 8,470,000</u>	<u>\$ 2,000,000</u>	<u>\$ 10,470,000</u>

Amounts Payable
in Fiscal Year:

2009-10	2,695,000	142,857	2,837,857
2010-11	2,890,000	142,857	3,032,857
2011-12	2,885,000	142,857	3,027,857
2012-13	-	142,857	142,857
2013-14	-	142,857	142,857
2014-19	-	714,286	714,286
2020-23	-	571,429	571,429
Total	<u>\$ 8,470,000</u>	<u>\$ 2,000,000</u>	<u>\$ 10,470,000</u>

Changes in bonds outstanding are as follows:

Issue Date	Interest Rates	Original Issue	Outstanding July 1, 2008	Issued	Matured And Redeemed	Outstanding June 30, 2009	Due Within One Year
January 14, 2002	3.0-5.5%	\$ 17,055,000	\$ 10,935,000	\$ -	\$ 2,465,000	\$ 8,470,000	\$ 2,695,000
May 29, 2009	0%	\$ 2,000,000	-	2,000,000	-	2,000,000	142,857
Total Bonds Payable			<u>\$ 10,935,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,465,000</u>	<u>\$ 10,470,000</u>	<u>\$ 2,837,857</u>

In February 2002, \$16,725,000 of general obligation bonds were defeased by issuing \$17,055,000 in Series 2002 Refunding Bonds, placing \$17,887,209 of the proceeds in an irrevocable trust to provide for the future debt payments on the 1995 Series Bonds. The advanced refunding saved approximately \$609,083 in debt service costs. There are \$8,550,000 in defeased bonds outstanding at June 30, 2009.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. RETIREMENT PLAN

Contributions are made to the Oregon Public Employees Retirement Fund (OPERF), a cost-sharing multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, post employment health care benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who return to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the "Pension Program") and a defined contribution portion (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of serviced and a factor that varies based on type of service (general versus police or fire).

Beginning January 1, 2004, all PERS member contributions go into the IAP portion of OPSRP. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account. Those employees who had established a PERS membership prior to creation of OPSRP will be members of both the PERS and OPSRP system as long as they remain in covered employment.

PERS is administered under Oregon Revised Statute (ORS) Chapter 238. ORS 238.620 establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained by writing to PERS, P.O. Box 23700, Tigard, OR 97281-3700 or by calling 1-503-598-7377.

Members of PERS are required to contribute 6% of their salary covered under the plan. 6% is paid on behalf of the members for the administrative, certified, and classified employees. The District is required by ORS 238.225 to contribute at an actuarially determined rate. The rate effective July 1, 2008 is 14.22% of salary covered under the plan for Tier 1 and Tier 2 employees (PERS) and 14.74% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The contributions to PERS for the years ended June 30, 2009, 2008, and 2007 were \$4,263,451, \$3,925,744, and \$3,491,841, respectively, equal to the required contributions for each year.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Early Retirement Liability

An early retirement plan is authorized by a collective bargaining agreement. The plan is, in substance, a single employer defined benefit pension plan. To qualify, an employee must be an administrative or certificated employee, be 55 years old at retirement date, retire under PERS, and have 15 years of service if retiring as a licensed employee, 3 years if retiring as an administrator.

Currently, the plan provides the retirees a stipend which the retiree can choose to receive in four annual payments, or the retiree can use the stipend to pay the premiums for the retiree and his or her family under the medical and dental insurance programs. Under the medical insurance option, payments continue until the stipend amount is depleted or until the retirees reached age 65. Currently, nineteen retirees meet the eligibility requirements. The amount of health insurance paid on behalf of retirees was \$59,498 and \$88,512 for the 2008-2009 and 2007-2008 fiscal years respectively. Such costs are recorded as expenditures and funded on a budgetary basis. Total retirement stipend expenditures for the fiscal years 2009 and 2008 were \$27,268 and \$22,826 respectively. Future obligations will be funded through annual appropriations.

The District implemented GASB Statement #50, Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27, for the fiscal year ended June 30, 2009. This implementation allows the district to report its liability for other post employment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements. The District maintains single employer post-employment benefit programs (commonly referred to as early retirement). These programs cover licensed and administrative personnel of the District, individual employees, and certain retired employees.

Contributions and Funding Policy – The benefits from this program are fully paid and, consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance. The only obligation is to make current benefit payments due each fiscal year. Consequently, it has not been found necessary to establish a pension trust fund, and payments are made on a pay-as-you-go basis each year out of the General Fund. An estimate of this liability for current retirees is done annually. There is no separately issued financial report for the plan. The total annual expenditures recognized on a budgetary basis were approximately \$86,766 and \$111,338 for the years ended June 30, 2009 and 2008 respectively.

Annual OPEB Cost and Net OPEB Obligation – The annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Liability

The following table shows the components of the annual OPEB cost for the year ending June 30, 2009, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	<u>2009</u>
Annual required contribution	\$ 439,167
Interest on net pension obligation	37,188
Adjustment to annual required contribution	<u>492,930</u>
Annual pension cost (APC)	(16,575)
Contributions made	<u>68,753</u>
Increase in net pension obligation	(85,328)
Net Pension Obligation (Asset) at beginning of year	<u>929,695</u>
Net Pension Obligation (Asset) at end of year	<u><u>\$ 844,367</u></u>
Percentage of APC contributed	-414.80%

Actuarial Methods and Assumptions - The annual required contribution (ARC) for the current year was determined as part of the October 1, 2008 actuarial valuation using the Projected Unit Credit Cost Method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of present and future assets of 4% compounded annually; (b) no future increase in benefit payable from this program; and (c) no post-retirement benefit increases and a payroll increase of 3.75%. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year. The present value of benefits accrued in as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized over an initial period of four years as a level percentage of payroll for stipend benefits.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Early Retirement Liability (Continued)

Funding Status and Funding Progress

The schedule of funding progress is as follows:

Schedule of Funding Progress						
Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/1/2008	\$ -	\$ 738,876	\$ 738,876	0.00%	N/A	N/A

Program membership consisted on the following at June 30, 2009:

Active Program Members:

Vested	383
Non-vested	59
	<u>442</u>

Post Employment Health Insurance Subsidy

Plan Description - A single-employer retiree benefit plan is operated that provides postemployment health, dental and vision insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements.

The post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution.

The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

Funding Policy – The benefits from this program are paid and the required contribution is based on projected pay-as-you go financing requirements. The retiree is to receive the same health care coverage as active employees. Administrative employees may receive \$1,000 for each full year of District service up to \$12,000. Employees may choose from multiple insurance plans and has the option to add a spouse. The retiree is responsible for any portion of the premiums not paid by the District.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Post Employment Health Insurance Subsidy (Continued)

Annual Pension Cost and Net Pension Obligation - The annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance within the parameter of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the OPEB obligation at the end of the year:

The following table shows the components of the OPEB obligation at the end of the year:

	<u>2009</u>
Annual required contribution	\$ 565,083
Interest on net pension obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB Cost	565,083
Contributions made	<u>337,694</u>
Increase in net pension obligation	227,389
Net Pension Obligation (Asset) at beginning of year	<u>-</u>
Net Pension Obligation (Asset) at end of year	<u><u>\$ 227,389</u></u>
Percentage of APC contributed	59.76%

Actuarial Methods and Assumptions - The annual required contribution (ARC) for the current year was determined as part of the October 1, 2008 actuarial valuation using the Projected Unit Credit Cost Method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of present and future assets of 4% compounded annually; (b) no future increase in benefit payable from this program; and (c) no post-retirement benefit increases and a payroll increase of 3.75%. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Post Employment Health Insurance Subsidy (Continued)

Funding Status and Funding Progress

The schedule of funding progress is as follows:

Schedule of Funding Progress						
Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/1/2008	\$ -	\$ 3,972,354	\$3,972,354	0.00%	N/A	N/A

Program membership consisted on the following at June 30, 2009:

Active Program Members:

Vested	383
Non-vested	59
	<u>442</u>

10. PROPERTY TAX LIMITATION

The voters of the State of Oregon approved ballot measure 5, a constitutional limit on property taxes for schools and nonschool government operations, in November, 1990. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue. The voters of the State of Oregon passed ballot measure 50 in May, 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit.

Measure 50 reduced the amount of operating property tax revenues available for its 1997-98 fiscal year, and thereafter. This reduction is accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the property tax limitations. The measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to the school districts. The ultimate impact as a result of this measure is not determinable at this time.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

11. COMMITMENTS AND CONTINGENCIES

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

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through statewide revenue projections that are 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 increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

12. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which commercial insurance is purchased. There were no significant reductions in insurance coverage from coverage in prior years in any of the major categories of risk. Also, the amounts of any settlements have not exceeded insurance coverage for any of the past three fiscal years.

13. RESTATEMENT – CHANGE IN ACCOUNTING PRINCIPLE

GASB 45, effective June 30, 2009 requires an actuarial valuation to correctly report Other Post Employment Benefits (OPEB). In addition, the District was also required to implement GASB 50, which requires an actuarial valuation for the early retirement program. As a result of the change in accounting principles, there is a restatement of beginning net assets in the Statement of Activities for \$183,580 to remove the Early Retirement liability balance as of June 30, 2008. The actuarial valuation amortizes these other post employment benefit liabilities over multiple future years.

REQUIRED SUPPLEMENTAL INFORMATION

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MULTNOMAH COUNTY SCHOOL DISTRICT # 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

	<u>GENERAL FUND</u>			
	BUDGET			VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	POSITIVE (NEGATIVE)
REVENUES:				
From Local Sources:				
Taxes-Current Levy	\$ 12,448,850	\$ 12,448,850	\$ 12,374,884	\$ (73,966)
Taxes-Prior Levies	347,650	347,650	234,505	(113,145)
Tuition	75,000	75,000	2,006	(72,994)
Transportation	60,000	60,000	39,205	(20,795)
Earnings on Investments	1,200,000	1,200,000	409,242	(790,758)
Extra Curricular	55,000	55,000	47,514	(7,486)
Other Local Revenue	180,000	180,000	132,149	(47,851)
Total From Local Sources	14,366,500	14,366,500	13,239,504	(1,126,995)
From Intermediate Sources:				
County School Funds	10,000	10,000	8,809	(1,191)
MESD Reimbursement	135,000	135,000	129,217	(5,783)
County Revenue on Behalf of District	70,000	70,000	-	(70,000)
Total From Intermediate Sources	215,000	215,000	138,026	(76,974)
From State Sources:				
School Support Fund	12,729,325	12,729,325	11,292,456	(1,436,869)
Common School Fund	255,850	255,850	146,425	(109,425)
School Improvement Fund	762,675	762,675	759,819	(2,856)
Other State Revenue	-	-	317,087	317,087
Total From State Sources	13,747,850	13,747,850	12,515,787	(1,232,063)
From Federal Sources:				
State Fiscal Stabilization Funds	-	-	707,724	707,724
From Other Sources:				
Sale of or Compensation for Loss of Capital Assets	1,000	1,000	-	(1,000)
Total From Other Sources	1,000	1,000	-	(1,000)
Total Revenues	\$ 28,330,350	\$ 28,330,350	\$ 26,601,042	\$ (1,729,308)

MULTNOMAH COUNTY SCHOOL DISTRICT # 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

GENERAL FUND

	BUDGET		SALARIES
	ORIGINAL	FINAL	
EXPENDITURES:			
Instruction:			
Primary, K-3	\$ 5,164,509	\$ 5,164,509	\$ 2,846,072
Intermediate Programs	1,799,429	1,799,429	1,170,001
Elementary Extra-Curricular	14,386	14,386	7,349
Technology	22,775	22,775	4,812
Middle School Programs	3,351,806	3,351,806	1,939,180
Middle School Extra-Curricular	132,075	132,075	80,206
High School Programs	4,530,887	4,530,887	2,890,188
High School Extra-Curricular	613,404	613,404	256,452
Special Education Tutoring	17,971	17,971	23,838
District Wide Tutoring	6,419	6,419	10,585
Talented and Gifted/Tutoring	17,652	17,652	8,171
Restrict Programs for Students w/Disabilities	3,570,400	3,572,900	1,524,138
Learning Disabled	433,417	433,417	197,694
Spec Programs Summer School	5,000	5,000	6,051
District Alternative Programs	300,276	300,276	177,712
English as a Second Language	844,841	844,841	519,184
Teen Parent Programs	67,084	67,084	22,794
Other Pograms	31,832	31,832	-
Total Instruction	20,924,163	20,926,663 (1)	11,684,427
Support Services:			
Counseling/Social Work Services	10,000	10,000	-
Student Safety	140,483	140,483	74,969
Counseling Services	1,164,330	1,164,330	682,769
Health Services	10,000	10,000	-
Medical Services	10,000	10,000	-
Psychological Services	220,005	220,005	171,321
Speech Pathology and Audiology Services	259,378	259,378	115,997
Other Student Treatment Services	2,000	2,000	-
Director - Student Support Services	482,878	480,378	357,012
Staff/Curriculum Development	352,416	352,416	171,894
Educational Media Services	360,363	360,363	185,557
Instructional Staff Development	127,123	127,123	997
Board of Education Services	120,000	120,000	-
Graduation	9,000	9,000	-
Office of the Superintendent	334,631	334,631	182,580
Office of the Principal	1,854,636	1,854,636	1,151,021
Personal Administration	266,601	266,601	153,297
Fiscal Services	698,788	698,788	272,936
Care and Upkeep of Buildings	2,878,241	2,878,241	797,440
Operation & Maintenance of Plant Services	134,887	134,887	34,362
Security	-	-	3,615
Vehicle Operation Services	1,070,270	1,070,270	340,493
Instructional Field Trip	19,161	19,161	13,315
Special Ed Transportation	426,547	426,547	133,204
Transportation/Extracurricular	37,634	37,634	23,873
Printing, Publish, Duplication	103,630	103,630	12,884
Technology Services	581,722	581,722	258,710
Total Support Services	11,674,724	11,672,224 (1)	5,138,246
Community Services	80,000	80,000	-
Contingency	1,000,000	1,000,000 (1)	-
Total Expenditures	33,678,887	33,678,887	\$ 16,822,673
Excess of Revenues Over, -Under Expenditures	(5,348,537)	(5,348,537)	
Other Financing Sources, (Uses):			
Transfers Out	(955,170)	(955,170) (1)	
Total Other Financing Sources, (Uses)	(955,170)	(955,170)	
Net Change in Fund Balance	(6,303,707)	(6,303,707)	
Beginning Fund Balance	9,308,755	9,308,755	
Ending Fund Balance	\$ 3,005,048	\$ 3,005,048	
(1) Appropriation Level			

EMPLOYEE BENEFITS	PURCHASED SERVICES	SUPPLIES AND MATERIALS	CAPITAL OUTLAY	OTHER OBJECTS	TOTAL	VARIANCE TO FINAL BUDGET
\$ 1,485,496	\$ 5,476	\$ 71,498	\$ 255	\$ 2,021	\$ 4,410,818	\$ 753,691
654,354	786	24,111	255	15	1,849,522	(50,093)
3,976	-	298	-	-	11,623	2,763
2,697	150	8,716	270	-	16,645	6,130
1,038,217	5,657	45,326	-	-	3,028,380	323,426
41,407	-	4,952	-	-	126,565	5,510
1,461,761	80,180	68,758	-	7,300	4,508,187	22,700
90,730	40,790	23,433	-	11,180	422,585	190,819
2,227	198	-	-	-	26,263	(8,292)
1,796	543	-	-	-	12,924	(6,505)
4,111	-	643	-	25	12,950	4,702
1,025,629	815,604	5,569	-	1,080	3,372,020	200,880
156,297	-	589	-	-	354,580	78,837
2,025	40	34	-	-	8,150	(3,150)
91,542	1,500	25,870	-	-	296,624	3,652
289,495	10,691	10,233	-	-	829,603	15,238
10,363	-	-	-	-	33,157	33,927
-	-	-	-	-	-	31,832
6,362,123	961,615	290,030	780	21,621	19,320,596	1,606,067
-	-	-	-	-	-	10,000
50,126	-	-	-	-	125,095	15,388
352,890	-	6,152	-	340	1,042,151	122,179
-	-	-	-	-	-	10,000
-	48,000	-	-	-	48,000	(38,000)
90,257	3,919	1,275	-	-	266,772	(46,767)
49,878	117,563	30	-	-	283,468	(24,090)
-	-	1,415	-	-	1,415	585
172,241	9,360	6,320	-	3,259	548,192	(67,814)
90,584	5,354	15,467	-	8,990	292,289	60,127
127,206	-	30,305	-	1,274	344,342	16,021
115,645	298	335	-	3,323	120,598	6,525
-	58,227	4,847	-	11,022	74,096	45,904
-	5,041	2,798	-	-	7,839	1,161
89,079	12,581	9,898	-	8,177	302,315	32,316
627,614	3,294	9,270	-	2,601	1,793,800	60,836
77,082	2,830	3,245	-	9,841	246,295	20,306
161,164	3,745	6,097	-	150,115	594,057	104,731
488,580	1,165,388	137,877	822	15,095	2,605,202	273,039
24,291	1,337	13,062	-	328	73,380	61,507
898	-	-	-	-	4,513	(4,513)
217,616	163,504	13,841	36	75,364	810,854	259,416
4,610	-	-	-	-	17,925	1,236
112,255	67,905	-	-	176	313,540	113,007
8,028	279	-	-	-	32,180	5,454
12,904	(24,308)	65,186	-	1,121	67,787	35,843
145,516	9,716	72,641	-	10,981	497,564	84,158
3,018,464	1,654,033	400,061	858	302,007	10,513,669	1,158,555
-	72,030	-	-	-	72,030	7,970
-	-	-	-	-	-	1,000,000
\$ 9,380,587	\$ 2,687,678	\$ 690,091	\$ 1,638	\$ 323,628	29,906,295	3,772,592
					(3,305,253)	2,043,284
					(40,000)	915,170
					(40,000)	915,170
					(3,345,253)	2,958,454
					8,982,248	(326,507)
					\$ 5,636,995	\$ 2,631,947

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SUPPLEMENTARY INFORMATION

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET -BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

DEBT SERVICE FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources				
Current Year's Taxes	\$ 2,659,471	\$ 2,659,471	\$ 2,629,441	\$ (30,030)
Prior Year's Taxes	89,662	89,662	72,155	(17,507)
Interest on Taxes	200,000	200,000	57,190	(142,810)
	<u>2,949,133</u>	<u>2,949,133</u>	<u>2,758,786</u>	<u>(190,347)</u>
Revenues From Local Sources				
	<u>2,949,133</u>	<u>2,949,133</u>	<u>2,758,786</u>	<u>(190,347)</u>
EXPENDITURES:				
Debt Service-Principal	2,465,000	2,465,000	2,465,000	-
Debt Service-Interest	502,788	502,788	502,788	-
	<u>2,967,788</u>	<u>2,967,788</u>	<u>2,967,788</u>	<u>-</u>
Total Expenditures				
	<u>2,967,788</u>	<u>2,967,788</u> (1)	<u>2,967,788</u>	<u>-</u>
Net Change in Fund Balance	(18,655)	(18,655)	(209,002)	(190,347)
Beginning Fund Balance	<u>2,931,155</u>	<u>2,931,155</u>	<u>2,857,599</u>	<u>(73,556)</u>
Ending Fund Balance	<u>\$ 2,912,500</u>	<u>\$ 2,912,500</u>	<u>\$ 2,648,597</u>	<u>\$ (263,903)</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET -BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

CAPITAL PROJECTS FUND

	BUDGET			VARIANCE TO
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
REVENUES:				
Local Revenue:				
Earnings on Investments	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Construction Excise Tax	-	-	67,788	67,788
Miscellaneous Local Revenue	-	-	41,661	41,661
Total Revenues	10,000	10,000	109,449	99,449
EXPENDITURES:				
Support:				
Purchased Services	-	-	153	(153)
Capital Outlay	70,000	220,000	103,256	116,744
Total Support	70,000	220,000 (1)	103,409	116,591
Facility Acquisition and Construction:				
Purchased Services	3,120,000	2,970,000	2,016,782	953,218
Capital Outlay	162,608	162,608	-	162,608
Other Objects	-	-	60,440	(60,440)
Total Facility Acquisition	3,282,608	3,132,608 (1)	2,077,222	1,055,386
Debt Service	145,000	145,000 (1)	-	145,000
Total Expenditures	3,497,608	3,497,608	2,180,631	1,316,977
Excess of Revenues Over. -Under Expenditures	(3,487,608)	(3,487,608)	(2,071,182)	1,416,426
Other Financing Sources, (Uses):				
Transfer In	59,000	59,000	-	(59,000)
Loan Receipts	1,000,000	1,000,000	1,960,000	960,000
Total Other Financing Sources, (Uses)	1,059,000	1,059,000	1,960,000	901,000
Net Change in Fund Balance	(2,428,608)	(2,428,608)	(111,182)	2,317,426
Beginning Fund Balance	2,428,608	2,428,608	1,089,846	(1,338,762)
Ending Fund Balance	\$ -	\$ -	\$ 978,664	\$ 978,664

(1) Appropriation Level

NONMAJOR FUND BUDGETARY COMPARISON SCHEDULES

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

SPECIAL REVENUE FUNDS

ASSETS:

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	THOMPSON SPECIAL FUND	PRIVATE GRANTS FUND
Cash and Cash Equivalents	\$ 59,866	\$ 278,055	\$ 645,420	\$ 19,991
Inventory	-	18,815	-	-
Due From	-	-	-	-
Accounts and Grants Receivable	-	51,992	1,329	21,729
Total Assets	<u>\$ 59,866</u>	<u>\$ 348,862</u>	<u>\$ 646,749</u>	<u>\$ 41,720</u>

LIABILITIES AND FUND BALANCES:

Liabilities:

Accounts Payable	\$ -	\$ 34,759	\$ 17,939	\$ 17,135
Payroll Liabilities	-	-	-	-
Total Liabilities	<u>-</u>	<u>34,759</u>	<u>17,939</u>	<u>17,135</u>

Fund Balances:

Reserve for Inventory	-	18,815	-	-
Unreserved	59,866	295,288	628,810	24,585
Total Fund Balances	<u>59,866</u>	<u>314,103</u>	<u>628,810</u>	<u>24,585</u>
Total Liabilities and Fund Balances	<u>\$ 59,866</u>	<u>\$ 348,862</u>	<u>\$ 646,749</u>	<u>\$ 41,720</u>

EARLY RETIRE- MENT FUND	CERTIFIED WORKSHOP FUND	TRANS- PORTATION FUND	TECHNOLOGY REPLACEMENT FUND	COMMUNITY CENTER FUND	BEFORE/ AFTER SCHOOL CHILD CARE FUND
\$ 737,668	\$ 14,085	\$ 8,578	\$ 558,591	\$ 22,610	\$ 23,231
-	-	-	-	-	-
77,275	-	-	-	-	-
-	-	-	-	36,657	562
<u>\$ 814,943</u>	<u>\$ 14,085</u>	<u>\$ 8,578</u>	<u>\$ 558,591</u>	<u>\$ 59,267</u>	<u>\$ 23,793</u>
\$ -	\$ 90	\$ -	\$ -	\$ -	\$ -
5,530	-	-	-	-	-
<u>5,530</u>	<u>90</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
809,413	13,995	8,578	558,591	59,267	23,793
<u>809,413</u>	<u>13,995</u>	<u>8,578</u>	<u>558,591</u>	<u>59,267</u>	<u>23,793</u>
\$ 814,943	\$ 14,085	\$ 8,578	\$ 558,591	\$ 59,267	\$ 23,793

Continued on page 34

TEXTBOOK FUND	RISK MANAGEMENT FUND	CAPITAL EQUIPMENT FUND	SACRAMENTO READ GRANT FUND	NONMAJOR FEDERAL SPECIAL REVENUE FUNDS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ 618,456	\$ 455,709	\$ 140,955	\$ 4,262	\$ (733,127)	\$ 2,854,350
-	-	-	-	-	18,815
-	-	-	-	-	77,275
-	125	-	-	750,415	862,809
<u>\$ 618,456</u>	<u>\$ 455,834</u>	<u>\$ 140,955</u>	<u>\$ 4,262</u>	<u>\$ 17,288</u>	<u>\$ 3,813,249</u>
\$ -	\$ 1,620	\$ 4,093	\$ -	\$ 17,288	\$ 92,924
-	-	-	-	-	5,530
-	1,620	4,093	-	17,288	98,454
-	-	-	-	-	18,815
618,456	454,214	136,862	4,262	-	3,695,980
618,456	454,214	136,862	4,262	-	3,714,795
<u>\$ 618,456</u>	<u>\$ 455,834</u>	<u>\$ 140,955</u>	<u>\$ 4,262</u>	<u>\$ 17,288</u>	<u>\$ 3,813,249</u>

Continued from page 33 and 33A

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

SPECIAL REVENUE FUNDS

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	THOMPSON SPECIAL FUND	PRIVATE GRANTS FUND
REVENUES:				
Intergovernmental-Federal	\$ -	\$ 1,207,317	\$ -	\$ -
Charges for Services	-	302,223	238,803	-
Earnings on Investments	1,212	-	-	-
Miscellaneous	-	2,447	51,530	184,363
	<u>1,212</u>	<u>1,511,987</u>	<u>290,333</u>	<u>184,363</u>
Total Revenues	1,212	1,511,987	290,333	184,363
EXPENDITURES:				
Current:				
Instruction	-	-	-	78,449
Support Services	-	-	432,181	124,267
Enterprise and Community Services	-	1,473,521	-	379
	<u>-</u>	<u>1,473,521</u>	<u>432,181</u>	<u>203,095</u>
Total Expenditures	-	1,473,521	432,181	203,095
Excess of Revenues Over, - Under Expenditures	1,212	38,466	(141,848)	(18,732)
Other Financing Sources, (Uses):				
Transfers In	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources, (Uses)	-	-	-	-
Net Change in Fund Balance	1,212	38,466	(141,848)	(18,732)
Beginning Fund Balance	<u>58,654</u>	<u>256,822</u>	<u>770,658</u>	<u>43,317</u>
Ending Fund Balance	<u>\$ 59,866</u>	<u>\$ 295,288</u>	<u>\$ 628,810</u>	<u>\$ 24,585</u>

EARLY RETIRE- MENT FUND	CERTIFIED WORKSHOP FUND	TRANS- PORTATION FUND	TECHNOLOGY REPLACE. FUND	COMMUNITY CENTER FUND	BEFORE/ AFTER SCHOOL CHILD CARE FUND
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	98,317	192,433
-	-	-	-	-	-
-	4,084	-	9,386	49,365	-
-	4,084	-	9,386	147,682	192,433
-	-	-	-	-	-
89,800	30,610	8,870	7,820	-	-
-	-	-	-	210,258	234,289
89,800	30,610	8,870	7,820	210,258	234,289
(89,800)	(26,526)	(8,870)	1,566	(62,576)	(41,856)
-	-	-	-	-	40,000
-	-	-	-	-	40,000
(89,800)	(26,526)	(8,870)	1,566	(62,576)	(1,856)
899,213	40,521	17,448	557,025	121,843	25,649
\$ 809,413	\$ 13,995	\$ 8,578	\$ 558,591	\$ 59,267	\$ 23,793

Continued on Page 36

TEXTBOOK FUND	RISK MANAGEMENT FUND	CAPITAL EQUIPMENT FUND	SACRAMENTO READ GRANT FUND	NONMAJOR FEDERAL SPECIAL REVENUE FUNDS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ -	\$ 2,139,313	\$ 3,346,630
-	-	-	-	-	831,776
-	-	-	-	-	1,212
-	539,293	2,468	-	-	842,936
-	539,293	2,468	-	2,139,313	5,022,554
-	-	56,344	-	1,768,455	1,903,248
-	503,672	7,328	7,324	343,632	1,555,504
-	-	-	-	27,226	1,945,673
-	503,672	63,672	7,324	2,139,313	5,404,425
-	35,621	(61,204)	(7,324)	-	(381,871)
-	-	-	-	-	40,000
-	-	-	-	-	40,000
-	35,621	(61,204)	(7,324)	-	(341,871)
618,456	418,593	198,066	11,586	-	4,037,851
\$ 618,456	\$ 454,214	\$ 136,862	\$ 4,262	\$ -	\$ 3,695,980

Continued from page 35 and 35A

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
ALL NONMAJOR FEDERAL SPECIAL REVENUE FUNDS
June 30, 2009

	<u>IDEA</u>	<u>TITLE IA</u>	<u>TITLE IV DRUG AND ALCOHOL</u>	<u>CARL PERKINS</u>	<u>TITLE IIA QUALITY TEACHER</u>	<u>TITLE IID</u>	<u>TITLE V INNOVATIVE EDUCATION</u>
ASSETS:							
Cash and Cash Equivalents	\$ (222,418)	\$ (401,941)	\$ (7,404)	\$ (8,529)	\$ (46,640)	\$ (2,355)	\$ -
Accounts and Grants Receivable	<u>225,818</u>	<u>402,182</u>	<u>8,245</u>	<u>9,099</u>	<u>47,090</u>	<u>2,355</u>	<u>-</u>
Total Assets	<u>\$ 3,400</u>	<u>\$ 241</u>	<u>\$ 841</u>	<u>\$ 570</u>	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES:							
Liabilities:							
Accounts Payable	<u>\$ 3,400</u>	<u>\$ 241</u>	<u>\$ 841</u>	<u>\$ 570</u>	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>3,400</u>	<u>241</u>	<u>841</u>	<u>570</u>	<u>450</u>	<u>-</u>	<u>-</u>
Fund BALANCES:							
Fund Balances:							
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 3,400</u>	<u>\$ 241</u>	<u>\$ 841</u>	<u>\$ 570</u>	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ -</u>

TITLE III LANGUAGE INSTRUCTION	TILE IV 21ST CENTURY	MCKINNEY VENTO- GRANT	OREGON ADVANCED PLACEMENT	SYSTEM PERFORMANCE REVIEW	TITLE IB K-3 STATE LITERACY	TOTAL NONMAJOR FEDERAL SPECIAL REVENUE FUNDS
\$ (43,348) 45,668	\$ 8,256 -	\$ (5,589) 5,589	\$ (1,196) 1,196	\$ (1,963) 3,173	\$ - -	\$ (733,127) 750,415
<u>\$ 2,320</u>	<u>\$ 8,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,210</u>	<u>\$ -</u>	<u>\$ 17,288</u>
<u>\$ 2,320</u>	<u>\$ 8,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,210</u>	<u>\$ -</u>	<u>\$ 17,288</u>
<u>2,320</u>	<u>8,256</u>	<u>-</u>	<u>-</u>	<u>1,210</u>	<u>-</u>	<u>17,288</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,320</u>	<u>\$ 8,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,210</u>	<u>\$ -</u>	<u>\$ 17,288</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL NONMAJOR FEDERAL SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2009

	IDEA	TITLE IA	TITLE IV DRUG/ ALCOHOL GRANT	CARL PERKINS GRANT	TITLE IIA TEACHER QUALITY	TITLE IID EDUCATION THROUGH TECHNOLOGY	TITLE V INNOVATIVE EDUCATION
REVENUES:							
Federal Sources	\$ 627,253	\$ 1,155,043	\$ 17,920	\$ 52,326	\$ 128,943	\$ 9,355	\$ 5,910
Total Revenues	627,253	1,155,043	17,920	52,326	128,943	9,355	5,910
EXPENDITURES:							
Current:							
Instruction	626,834	1,126,311	-	-	-	-	-
Support Services	419	24,631	16,166	52,326	113,897	8,940	-
Community Services	-	4,101	1,754	-	15,046	415	5,910
Total Expenditures	627,253	1,155,043	17,920	52,326	128,943	9,355	5,910
Net Change in Fund Balance	-	-	-	-	-	-	-
Beginning Fund Balance	-	-	-	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TITLE III LANGUAGE INSTRUCTION	TITLE IV 21ST CENTURY	MCKINNEY VENTO- GRANT	OREGON ADVANCED PLACEMENT	SYSTEMS PERFORMANCE GRANT	TITLE 1B K-3 STATE LITERACY	TOTAL
\$ 109,952	\$ -	\$ 15,310	\$ 9,189	\$ 4,112	\$ 4,000	\$ 2,139,313
109,952	-	15,310	9,189	4,112	4,000	2,139,313
-	-	15,310	-	-	-	1,768,455
109,952	-	-	9,189	4,112	4,000	343,632
-	-	-	-	-	-	27,226
109,952	-	15,310	9,189	4,112	4,000	2,139,313
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MULTNOMAH COUNTY SCHOOL DISTRICT #3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

TAX ANTICIPATION NOTE FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources				
Earnings on Investments	\$ 15,000	\$ 15,000	\$ 1,212	\$ (13,788)
Total Revenues	15,000	15,000	1,212	(13,788)
EXPENDITURES:				
Support Services-Fiscal Services				
Purchased Services	2,430	2,430 (1)	-	2,430
Total Expenditures	2,430	2,430	-	2,430
Excess of Revenues Over, -Under Expenditures	12,570	12,570	1,212	(11,358)
Other Financing Sources, (Uses):				
TAN Proceeds	4,035,000	4,035,000	-	(4,035,000)
Transfers Out	(4,110,000)	(4,110,000) (1)	-	4,110,000
Total Other Financing Sources, (Uses)	(75,000)	(75,000)	-	75,000
Net Change in Fund Balance	(62,430)	(62,430)	1,212	63,642
Beginning Fund Balance	62,430	62,430	58,654	(3,776)
Ending Fund Balance	\$ -	\$ -	\$ 59,866	\$ 59,866

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

FOOD SERVICE FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources:				
Sales of Meals	\$ 407,500	\$ 407,500	\$ 302,223	\$ (105,277)
Miscellaneous	-	-	2,447	2,447
Federal Sources:				
School Nutrition	1,175,000	1,175,000	1,141,004	(33,996)
Commodities	75,000	75,000	66,313	(8,687)
Total Revenues	<u>1,657,500</u>	<u>1,657,500</u>	<u>1,511,987</u>	<u>(145,513)</u>
EXPENDITURES:				
Enterprise and Community Services:				
Food Services:				
Salaries	382,603	382,603	362,787	19,816
Employee Benefits	252,105	252,105	233,993	18,112
Purchased Services	162,800	162,800	136,948	25,852
Supplies and Materials	724,200	724,200	738,253	(14,053)
Capital Outlay	39,500	39,500	-	39,500
Other Objects	2,500	2,500	1,540	960
Total Enterprise and Community Services	<u>1,563,708</u>	<u>1,563,708</u>	<u>(1) 1,473,521</u>	<u>90,187</u>
Contingency	<u>100,000</u>	<u>100,000</u>	<u>(1) -</u>	<u>100,000</u>
Total Expenditures	<u>1,663,708</u>	<u>1,663,708</u>	<u>1,473,521</u>	<u>190,187</u>
Excess of Revenues Over, -Under Expenditures	(6,208)	(6,208)	38,466	44,674
Other Financing Sources, (Uses):				
Transfers In	<u>16,000</u>	<u>16,000</u>	<u>-</u>	<u>(16,000)</u>
Net Change in Fund Balance	9,792	9,792	38,466	28,674
Beginning Fund Balance	<u>149,518</u>	<u>149,518</u>	<u>256,822</u>	<u>107,304</u>
Ending Fund Balance	<u>\$ 159,310</u>	<u>\$ 159,310</u>	<u>\$ 295,288</u>	<u>\$ 135,978</u>

(1) Appropriation Level

Note: Expenditures paid out of the General Fund for food service employees represents the District's required State School Support Match of \$24,750 for the Lunch Fund.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

THOMPSON SPECIAL FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources				
Rental/Lease	\$ 230,338	\$ 230,338	\$ 238,803	\$ 8,465
Contributions from Private Sources	40,519	40,519	42,553	2,034
Miscellaneous	17,500	17,500	8,977	(8,523)
Total Revenues	288,357	288,357	290,333	1,976
EXPENDITURES:				
Support Services:				
Operations and Maintenance of Plant:				
Salaries	102,909	102,909	96,075	6,834
Employee Benefits	51,025	51,025	34,601	16,424
Purchased Services	319,094	319,094	229,869	89,225
Supplies and Materials	1,000	1,000	34,356	(33,356)
Capital Outlay	-	-	22,428	(22,428)
Other Objects	24,000	24,000	14,852	9,148
Total Support Services	498,028	498,028 (1)	432,181	65,847
Facilities Acquisition and Construction:				
Capital Outlay	113,270	113,270	-	113,270
Total Facilities Acquisition and Construction	113,270	113,270 (1)	-	113,270
Contingency	45,000	45,000 (1)	-	45,000
Total Expenditures	656,298	656,298	432,181	224,117
Excess of Revenues Over, -Under Expenditures	(367,941)	(367,941)	(141,848)	226,093
Other Financing Sources, (Uses):				
Transfers In	15,000	15,000	-	(15,000)
Transfers Out	(45,000)	(45,000) (1)	-	45,000
Total Other Financing Sources, (Uses)	(30,000)	(30,000)	-	30,000
Net Change in Fund Balance	(397,941)	(397,941)	(141,848)	256,093
Beginning Fund Balance	784,726	784,726	770,658	(14,068)
Ending Fund Balance	<u>\$ 386,785</u>	<u>\$ 386,785</u>	<u>\$ 628,810</u>	<u>\$ 242,025</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

PRIVATE GRANTS FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources	\$ 155,000	\$ 201,200	\$ 184,363	\$ (16,837)
Total Revenues	155,000	201,200	184,363	(16,837)
EXPENDITURES:				
Instruction:				
Elementary Programs	4,130	4,130	560	3,570
Middle School Programs	22,140	22,140	16,787	5,353
High School Programs	-	3,400	2,400	1,000
Special Programs Summer School	-	2,500	3,418	(918)
District Wide	75,000	75,000	55,284	19,716
Total Instruction	101,270	107,170	(1) 78,449	28,721
Support Services:				
Salaries	5,549	37,849	9,441	28,408
Employee Benefits	1,751	1,751	1,476	275
Purchased Services	5,200	5,200	5,434	(234)
Supplies and Materials	119,367	121,367	83,110	38,257
Other objects	5,000	9,000	24,806	(15,806)
Total Support Services	136,867	175,167	(1) 124,267	50,900
Enterprise/Community Services:				
Salaries	-	1,201	-	1,201
Supplies and Materials	-	799	379	420
Total Enterprise/Community Services	-	2,000	(1) 379	1,621
Total Expenditures	238,137	284,337	203,095	81,242
Net Change in Fund Balance	(83,137)	(83,137)	(18,732)	64,405
Beginning Fund Balance	83,137	83,137	43,317	(39,820)
Ending Fund Balance	\$ -	\$ -	\$ 24,585	\$ 24,585

(1) Appropriation Level

MULTNOMAH SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

EARLY RETIREMENT FUND

	<u>BUDGET</u>			<u>VARIANCE TO</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u>
EXPENDITURES:				
Support Services:				
Supplemental Retirement Program:				
Salaries	\$ 156,000	\$ 156,000	\$ 33,980	\$ 122,020
Employee Benefits	172,950	172,950	55,820	117,130
Total Support Services	328,950	328,950	(1) 89,800	239,150
Contingency	115,000	115,000	(1) -	115,000
Total Expenditures	443,950	443,950	89,800	354,150
Excess of Revenues Over, -Under Expenditures	(443,950)	(443,950)	(89,800)	354,150
Other Financing Sources, (Uses):				
Transfers In	170,000	170,000	-	170,000
Net Change in Fund Balance	(273,950)	(273,950)	(89,800)	184,150
Beginning Fund Balance	911,899	911,899	899,213	(12,686)
Ending Fund Balance	<u>\$ 637,949</u>	<u>\$ 637,949</u>	<u>\$ 809,413</u>	<u>\$ 171,464</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

CERTIFIED WORKSHOP FUND

	<u>BUDGET</u>			POSITIVE
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO</u>
REVENUES:				FINAL BUDGET
Local Sources:				
Miscellaneous Local Revenue	\$ -	\$ -	\$ 4,084	\$ 4,084
Total Revenues	-	-	4,084	4,084
EXPENDITURES:				
Support Services:				
Instructional Staff Development:				
Salaries	\$ 23,371	\$ 18,925	\$ 11,592	\$ 7,333
Employee Benefits	38,059	23,826	18,241	5,585
Purchased Services	2,400	2,400	-	2,400
Other Objects	750	19,429	777	18,652
Total Expenditures	64,580	64,580 (1)	30,610	33,970
Excess of Revenues Over, -Under Expenditures	(64,580)	(64,580)	(26,526)	38,054
Other Financing Sources, (Uses):				
Transfers In	10,170	10,170	-	10,170
Total Other Financing Sources, (Uses)	10,170	10,170	-	10,170
Net Change in Fund Balance	(54,410)	(54,410)	(26,526)	27,884
Beginning Fund Balance	54,410	54,410	40,521	(13,889)
Ending Fund Balance	\$ -	\$ -	\$ 13,995	\$ 13,995

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

TRANSPORTATION FUND

	<u>BUDGET</u>			<u>VARIANCE TO</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u>
REVENUES:				
Local Sources:				
Interest on Investment	\$ 200	\$ 200	\$ -	\$ (200)
State Sources:				
SSSF-Transportation	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>(75,000)</u>
Total Revenues	<u>75,200</u>	<u>75,200</u>	<u>-</u>	<u>(75,200)</u>
EXPENDITURES:				
Support Services:				
Capital Outlay	<u>247,545</u>	<u>247,545 (1)</u>	<u>8,870</u>	<u>238,675</u>
Total Expenditures	<u>247,545</u>	<u>247,545</u>	<u>8,870</u>	<u>238,675</u>
Revenues Over (Under) Expenditures	(172,345)	(172,345)	(8,870)	163,475
Other Financing Sources, (Uses):				
Transfers In	<u>165,000</u>	<u>165,000</u>	<u>-</u>	<u>165,000</u>
Net Change in Fund Balance	(7,345)	(7,345)	(8,870)	(1,525)
Beginning Fund Balance	<u>12,345</u>	<u>12,345</u>	<u>17,448</u>	<u>5,103</u>
Ending Fund Balance	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 8,578</u>	<u>\$ 3,578</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

TECHNOLOGY REPLACEMENT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources:				
Miscellaneous Revenue	\$ -	\$ -	\$ 9,386	\$ (9,386)
Total Revenues	-	-	9,386	(9,386)
EXPENDITURES:				
Support Services				
Supplies and Materials	250,000	250,000	7,820	242,180
Total Expenditures	250,000	250,000 (1)	7,820	242,180
Excess of Revenues Over, -Under Expenditures	(250,000)	(250,000)	1,566	251,566
Other Financing Sources, (Uses):				
Transfers In	100,000	100,000	-	100,000
Total Other Financing Sources, (Uses)	100,000	100,000	-	100,000
Net Change in Fund Balance	(150,000)	(150,000)	1,566	151,566
Beginning Fund Balance	509,578	509,578	557,025	47,447
Ending Fund Balance	\$ 359,578	\$ 359,578	\$ 558,591	\$ 199,013

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS

For the Year Ended June 30, 2009

COMMUNITY CENTER FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources:				
Swim Pool	\$ 42,043	\$ 42,043	\$ 53,117	\$ 11,074
Rentals	40,552	40,552	45,200	4,648
Miscellaneous	35,534	35,534	49,365	13,831
Total Revenues	118,129	118,129	147,682	29,553
EXPENDITURES:				
Enterprise and Community Services:				
Salaries	171,670	171,670	154,830	16,840
Employee Benefits	68,281	68,281	49,107	19,174
Purchased Services	3,780	3,780	1,175	2,605
Supplies and Materials	898	898	378	520
Other Objects	-	-	4,768	(4,768)
Total Expenditures	244,629	244,629 (1)	210,258	34,371
Excess of Revenues Over, -Under Expenditures	(126,500)	(126,500)	(62,576)	63,924
Other Financing Sources, (Uses):				
Transfers In	100,000	100,000	-	100,000
Total Other Financing Sources, (Uses)	100,000	100,000	-	100,000
Net Change in Fund Balance	(26,500)	(26,500)	(62,576)	(36,076)
Beginning Fund Balance	45,711	45,711	121,843	76,132
Ending Fund Balance	\$ 19,211	\$ 19,211	\$ 59,267	\$ 40,056

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

BEFORE AND AFTER SCHOOL CHILD CARE FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources:				
Child Care Revenue	\$ 315,660	\$ 315,660	\$ 192,433	\$ (123,227)
Total Revenues	315,660	315,660	192,433	(123,227)
EXPENDITURES:				
Enterprise and Community Services				
Salaries	153,577	153,577	83,362	70,215
Employee Benefits	92,740	92,740	57,915	34,825
Purchased Services	-	-	90,000	(90,000)
Supplies and Materials	18,500	18,500	732	17,768
Capital Outlay	48,968	48,968	-	48,968
Other Objects	-	-	2,280	(2,280)
Total Enterprise and Community Services	313,785	313,785 (1)	234,289	79,496
Contingency	20,000	20,000 (1)	-	20,000
Total Expenditures	333,785	333,785	234,289	99,496
Excess of Revenues Over, -Under Expenditures	(18,125)	(18,125)	(41,856)	(23,731)
Other Financing Sources, (Uses):				
Transfers In	90,000	90,000	40,000	(50,000)
Transfers Out	(15,000)	(15,000) (1)	-	15,000
Total Other Financing Sources, (Uses)	75,000	75,000	40,000	(35,000)
Net Change in Fund Balance	56,875	56,875	(1,856)	(58,731)
Beginning Fund Balance	10,011	10,011	25,649	15,638
Ending Fund Balance	\$ 66,886	\$ 66,886	\$ 23,793	\$ (43,093)

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS

For the Year Ended June 30, 2009

TEXTBOOK FUND

	<u>BUDGET</u>			<u>VARIANCE TO</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u>
EXPENDITURES:				
Instruction:				
Instructional Staff:				
High School Programs	\$ 416,516	\$ 416,516	\$ -	\$ 416,516
Total Expenditures	416,516	416,516 (1)	-	416,516
Other Financing Sources, (Uses):				
Transfers In	200,000	200,000	-	200,000
Net Change in Fund Balance	(216,516)	(216,516)	-	216,516
Beginning Fund Balance	616,516	616,516	618,456	1,940
Ending Fund Balance	<u>\$ 400,000</u>	<u>\$ 400,000</u>	<u>\$ 618,456</u>	<u>\$ 218,456</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

RISK MANAGEMENT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources:				
Cobra / Self Paid Insurance	\$ 436,000	\$ 436,000	\$ 391,898	\$ (44,102)
Unemployment Insurance	55,600	55,600	56,160	560
Other Income	25,000	25,000	91,235	66,235
Total Revenues	516,600	516,600	539,293	22,693
EXPENDITURES:				
Support Services:				
Reimbursed Replacement Insurance:				
Salaries	6,000	6,000	-	6,000
Employee Benefits	1,700	1,700	550	1,150
Purchased Services	25,000	25,000	962	24,038
Supplies and Materials	2,000	2,000	29,495	(27,495)
Capital Outlay	75,500	75,500	-	75,500
Other Objects	14,000	14,000	-	14,000
Staff Services:				
Employee Benefits	491,000	491,000	407,161	83,839
Care & Upkeep of Buildings:				
Purchased Services	-	-	65,504	(65,504)
Total Expenditures	615,200	615,200 (1)	503,672	111,528
Net Change in Fund Balance	(98,600)	(98,600)	35,621	134,221
Beginning Fund Balance	320,455	320,455	418,593	98,138
Ending Fund Balance	<u>\$ 221,855</u>	<u>\$ 221,855</u>	<u>\$ 454,214</u>	<u>\$ 232,359</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET -BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

CAPITAL EQUIPMENT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources	\$ -	\$ 2,468	\$ 2,468	\$ -
Total Revenues	-	2,468	2,468	-
EXPENDITURES:				
Instruction	282,335	276,944 (1)	56,344	220,600
Support Services	20,164	28,023 (1)	7,328	20,695
Total Expenditures	302,499	304,967	63,672	241,295
Excess of Revenues Over, -Under Expenditures	(302,499)	(302,499)	(61,204)	241,295
Other Financing Sources, (Uses):				
Transfers In	90,000	90,000	-	90,000
Net Change in Fund Balance	(212,499)	(212,499)	(61,204)	151,295
Beginning Fund Balance	212,499	212,499	198,066	(14,433)
Ending Fund Balance	\$ -	\$ -	\$ 136,862	\$ 136,862

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2008

SACRAMENTO READ GRANT FUND

	<u>BUDGET</u>			<u>VARIANCE TO</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 24,006	\$ 24,006	\$ -	\$ (24,006)
Total Revenues	24,006	24,006	-	(24,006)
EXPENDITURES:				
Support Services:				
Improvement of Instruction:				
Salaries	20,500	20,500	5,448	15,052
Employee Benefits	7,045	7,045	1,876	5,169
Total Expenditures	27,545	27,545 (1)	7,324	20,221
Net Change in Fund Balance	(3,539)	(3,539)	(7,324)	(3,785)
Beginning Fund Balance	3,539	3,539	11,586	8,047
Ending Fund Balance	\$ -	\$ -	\$ 4,262	\$ 4,262

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

IDEA (PL 101-476) GRANTS

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Federal Sources:				
Grants-in-aid	\$ 739,500	\$ 739,500	\$ 627,253	\$ (112,247)
Total Revenues	739,500	739,500	627,253	(112,247)
EXPENDITURES:				
Instruction:				
Special Programs:				
Salaries	459,973	459,973	343,628	116,345
Employee Benefits	267,261	246,570	222,448	24,122
Purchased Services	10,266	19,457	59,556	(40,099)
Supplies and Materials	2,000	6,000	1,002	4,998
Other Objects	-	-	200	(200)
Total Instruction	739,500	732,000 (1)	626,834	105,166
Support Services:				
Attendance and Social Services				
Salaries	-	-	75	(75)
Employee Benefits	-	-	21	(21)
Purchased Services	-	-	323	(323)
Supplies and Materials	-	7,500	-	7,500
Total Support Services	-	7,500 (1)	419	7,081
Total Expenditures	739,500	739,500	627,253	112,247
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

<u>TITLE IA GRANT FUND</u>				
	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 1,106,000	\$ 1,293,340	\$ 1,155,043	\$ (138,297)
EXPENDITURES:				
Instruction:				
Special Programs/Title IA:				
Salaries	570,349	713,353	618,970	94,383
Employee Benefits	313,007	313,007	320,285	(7,278)
Purchased Services	6,880	6,880	7,252	(372)
Supplies and Materials	94,564	94,564	171,619	(77,055)
Other Objects	-	-	8,185	(8,185)
Total Instruction	984,800	1,127,804 (1)	1,126,311	1,493
Support Services:				
Attendance and Social Services				
Salaries	42,960	42,960	17,927	25,033
Employee Benefits	12,336	12,336	4,373	7,963
Purchased Services	18,500	33,393	-	33,393
Supplies and Materials	40,674	40,674	1,798	38,876
Other Objects	-	-	533	(533)
Total Support Services	114,470	129,363 (1)	24,631	104,732
Community Service:				
Salaries	5,000	34,443	2,871	31,572
Employee Benefits	1,730	1,730	640	1,090
Purchased Services	-	-	25	(25)
Supplies & Materials	-	-	503	(503)
Other Objects	-	-	62	(62)
Total Community Services	6,730	36,173 (1)	4,101	32,072
Total Expenditures	1,106,000	1,293,340	1,155,043	138,297
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2008

TITLE IV DRUG/ALCOHOL GRANT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Federal Sources:				
Grants-in-aid	\$ 41,500	\$ 41,500	\$ 17,920	\$ (23,580)
EXPENDITURES:				
Support Services:				
Improvement of Instruction:				
Salaries	17,120	17,120	6,606	10,514
Employee Benefits	5,155	5,155	1,731	3,424
Purchased Services	14,150	10,225	4,214	6,011
Supplies and Materials	5,075	3,000	1,620	1,380
Other Objects	-	-	1,995	(1,995)
Total Support Services	41,500	35,500 (1)	16,166	19,334
Community Services:				
Nonpublic School Students:				
Purchased Services	-	3,925	300	3,625
Supplies and Materials	-	2,075	1,454	621
Total Community Services	-	6,000 (1)	1,754	4,246
Total Expenditures	41,500	41,500	17,920	23,580
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

CARL PERKINS GRANT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Federal Sources:				
Grants-in-aid	\$ 68,500	\$ 68,500	\$ 52,326	\$ (16,174)
EXPENDITURES:				
Support Services:				
Improvement of Instruction:				
Salaries	21,212	21,212	7,094	14,118
Employee Benefits	7,288	7,288	1,904	5,384
Purchased Services	5,000	5,000	1,843	3,157
Supplies and Materials	35,000	35,000	38,794	(3,794)
Other Objects	-	-	2,691	(2,691)
Total Expenditures	68,500	68,500 (1)	52,326	16,174
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

TITLE IIA QUALITY TEACHER GRANT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 245,000	\$ 245,000	\$ 128,943	\$ (116,057)
EXPENDITURES:				
Support Services:				
Salaries	135,802	135,802	48,242	87,560
Employee Benefits	42,356	42,356	11,613	30,743
Purchased Services	32,355	32,355	14,549	17,806
Supplies and Materials	10,272	10,272	11,365	(1,093)
Other Objects	-	-	28,128	(28,128)
Total Support Services	220,785	220,785 (1)	113,897	106,888
Community Services:				
Nonpublic School Students:				
Purchased Services	21,215	21,215	1,821	19,394
Supplies and Materials	3,000	3,000	-	3,000
Other Objects	-	-	13,225	(13,225)
Total Community Services	24,215	24,215 (1)	15,046	9,169
Total Expenditures	245,000	245,000	128,943	116,057
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET- BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

TITLE IID EDUCATION THROUGH TECHNOLOGY GRANT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 17,000	\$ 17,000	\$ 9,355	\$ (7,645)
EXPENDITURES:				
Support Services:				
Improvement of Instruction:				
Salaries	-	-	150	(150)
Employee Benefits	-	-	39	(39)
Purchased Services	10,000	10,000	4,912	5,088
Supplies and Materials	3,925	3,925	9	3,916
Other Objects	-	-	3,830	(3,830)
Total Support Services	13,925	13,925 (1)	8,940	4,985
Community Services				
Purchased Services	3,075	3,075	-	3,075
Supplies & Materials	-	-	415	(415)
Total Community Services	3,075	3,075 (1)	415	2,660
Total Expenditures	17,000	17,000	9,355	7,645
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

TITLE V INNOVATIVE EDUCATION GRANT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 17,000	\$ 17,000	\$ 5,910	\$ (11,090)
Total Revenues	17,000	17,000	5,910	(11,090)
EXPENDITURES:				
Community Services				
Salaries	6,642	6,642	4,430	2,212
Employee Benefits	2,282	2,282	963	1,319
Purchased Services	-	-	-	-
Supplies and Materials	8,076	8,076	517	7,559
Total Community Services	17,000	17,000 (1)	5,910	11,090
Total Expenditures	17,000	17,000	5,910	11,090
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

TITLE III LANGUAGE INSTRUCTION GRANT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 160,000	\$ 160,000	\$ 109,952	\$ (50,048)
Total Revenues	160,000	160,000	109,952	(50,048)
EXPENDITURES:				
Support Services:				
Improvement of Instruction:				
Salaries	79,461	79,461	50,755	28,706
Employee Benefits	28,539	28,539	17,316	11,223
Purchased Services	28,000	28,000	12,458	15,542
Supplies and Materials	24,000	24,000	27,248	(3,248)
Other Objects	-	-	2,175	(2,175)
Total Support Services	160,000	160,000 (1)	109,952	50,048
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

TITLE IV 21ST CENTURY GRANT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 550,000	\$ 550,000	\$ -	\$ (550,000)
Total Revenues	550,000	550,000	-	(550,000)
EXPENDITURES:				
Instruction:				
Special Programs:				
Purchased Services	400,000	400,000	-	400,000
Total Instruction	400,000	400,000 (1)	-	400,000
Support Services:				
Salaries	71,375	71,375	-	71,375
Employee Benefits	23,625	23,625	-	23,625
Purchased Services	50,000	50,000	-	50,000
Supplies and Materials	5,000	5,000	-	5,000
Total Support Services	150,000	150,000 (1)	-	150,000
Total Expenditures	550,000	550,000	-	550,000
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

MCKINNEY-VENTO GRANT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 20,000	\$ 20,000	\$ 15,310	\$ (4,690)
Total Revenues	20,000	20,000	15,310	(4,690)
EXPENDITURES:				
Instruction				
Salaries	12,550	12,550	8,087	4,463
Employee Benefits	7,450	7,450	7,223	227
Total Instruction	20,000	20,000 (1)	15,310	4,690
Total Expenditures	20,000	20,000	15,310	4,690
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

OREGON ADVANCED PLACEMENT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Federal Sources	\$ 15,000	\$ 15,000	\$ 9,189	\$ (5,811)
Total Revenues	15,000	15,000	9,189	(5,811)
EXPENDITURES:				
Support:				
Salaries	-	-	3,594	(3,594)
Employee Benefits	-	-	1,110	(1,110)
Purchased Services	8,000	8,000	4,373	3,627
Supplies and Materials	-	-	112	(112)
Other Objects	7,000	7,000	-	7,000
Total Expenditures	15,000	15,000 (1)	9,189	5,811
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

SYSTEM PERFORMANCE REVIEW GRANT

	<u>BUDGET</u>			<u>VARIANCE TO</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u>
REVENUES:				
Federal Sources:				
Restricted through State	\$ 15,000	\$ 15,000	\$ 4,112	\$ (10,888)
Total Revenues	15,000	15,000	4,112	(10,888)
EXPENDITURES:				
Support Services:				
Instructional Staff Development:				
Salaries	9,854	9,854	1,960	7,894
Employee Benefits	3,146	3,146	538	2,608
Purchased Services	2,000	2,000	-	2,000
Supplies and Materials	-	-	1,614	(1,614)
Total Support Services	15,000	15,000 (1)	4,112	10,888
Total Expenditures	15,000	15,000	4,112	10,888
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2009

TITLE 1B K-3 STATEWIDE LITERACY

	<u>BUDGET</u>			<u>VARIANCE TO</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>FINAL BUDGET</u>
REVENUES:				
Federal Sources:				
Restricted through State	\$ -	\$ 4,000	\$ 4,000	\$ -
Total Revenues	-	4,000	4,000	-
EXPENDITURES:				
Support Services:				
Instruction Improvement:				
Salaries	-	4,000	3,164	836
Employee Benefits	-	-	836	(836)
Total Support Services	-	4,000 (1)	4,000	-
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO.3
MULTNOMAH, OREGON

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
June 30, 2009

	<u>BALANCE</u> <u>7/1/08</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6/30/09</u>
<u>STUDENT ACTIVITY FUNDS</u>				
ASSETS:				
Cash	<u>\$ 189,833</u>	<u>\$ 534,230</u>	<u>\$ 539,138</u>	<u>\$ 184,925</u>
Total Assets	<u><u>\$ 189,833</u></u>	<u><u>\$ 534,230</u></u>	<u><u>\$ 539,138</u></u>	<u><u>\$ 184,925</u></u>
LIABILITIES:				
Due to Student Organizations	<u>\$ 189,833</u>	<u>\$ 534,230</u>	<u>\$ 539,138</u>	<u>\$ 184,925</u>
Total Liabilities	<u><u>\$ 189,833</u></u>	<u><u>\$ 534,230</u></u>	<u><u>\$ 539,138</u></u>	<u><u>\$ 184,925</u></u>

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OTHER FINANCIAL SCHEDULES

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF BOND PRINCIPAL AND INTEREST REQUIREMENTS

June 30, 2009

G.O. BONDS SERIES 2002 ISSUE OF 1/14/02			
YEAR	PRINCIPAL	RATE	INTEREST
	Due 12/15	%	Due 6/15 & 12/15
2009-10	2,695,000	5.50	363,075
2010-11	2,890,000	5.00	214,175
2011-12	2,885,000	5.00	68,600
Totals	<u>\$ 8,470,000</u>		<u>\$ 645,850</u>

2009 QZAB PURCHASE AGREEMENT ISSUE OF 5/27/09			
YEAR	PRINCIPAL	RATE	INTEREST
	Due 5/27	%	-
2009-10	142,857	0.00	-
2010-11	142,857	0.00	-
2011-12	142,857	0.00	-
2012-13	142,857	0.00	-
2013-14	142,857	0.00	-
2015-19	714,286	0.00	-
2020-23	571,429	0.00	-
Totals	<u>\$ 2,000,000</u>		<u>\$ -</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2009

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/08	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/09
<u>GENERAL FUND:</u>						
Current:						
2008-2009	\$ 13,198,419	\$ 322,236	\$ (52,335)	\$ 5,756	\$ 12,352,377	\$ 471,471
Prior Years:						
2007-2008	382,159	(867)	(30,865)	12,646	187,124	165,037
2006-2007	121,227	(99)	(20,962)	7,726	30,872	69,492
2005-2006	53,261	(68)	(14,273)	6,761	13,243	25,813
2004-2005	22,057	(37)	(11,815)	4,874	4,606	5,673
Prior	21,819	(2)	(204)	1,542	2,585	19,032
Total Prior	600,523	(1,073)	(78,119)	33,549	238,430	285,047
Total General Fund	<u>\$ 13,798,942</u>	<u>\$ 321,163</u>	<u>\$ (130,454)</u>	<u>\$ 39,305</u>	<u>\$ 12,590,807</u>	<u>\$ 756,518</u>

RECONCILIATION TO REVENUE:

	FUND
Cash Collections by County Treasurers Above	\$ 12,590,807
June 30, 2008	(59,557)
June 30, 2009	78,138
Taxes In Lieu	1
Total Revenue	<u>\$ 12,609,389</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2009

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/08	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/09
<u>DEBT SERVICE FUND:</u>						
Current:						
2008-2009	\$ 2,813,429	\$ 68,689	\$ (11,156)	\$ 1,227	\$ 2,633,083	\$ 100,501
Prior Years:						
2007-2008	84,277	(194)	(5,834)	2,824	41,784	36,852
2006-2007	35,650	(29)	(5,890)	2,293	9,163	20,626
2005-2006	16,381	(21)	(4,390)	2,079	4,073	7,939
2004-2005	8,523	(15)	(4,566)	1,883	1,780	2,192
Prior	5,992	(0)	(56)	423	710	5,227
Total Prior	150,823	(259)	(20,736)	9,503	57,510	72,837
Total Debt Service Fund	<u>\$ 2,964,251</u>	<u>\$ 68,430</u>	<u>\$ (31,892)</u>	<u>\$ 10,730</u>	<u>\$ 2,690,593</u>	<u>\$ 173,337</u>

RECONCILIATION TO REVENUE:	SERVICE FUND
Cash Collections by County Treasurers Above	\$ 2,690,593
Accrual of Receivables:	
June 30, 2007	(15,630)
June 30, 2008	18,343
Taxes In Lieu	8,291
Total Revenue	<u>\$ 2,701,596</u>

**2008 - 09 DISTRICT REVENUE SUMMARY
PARKROSE SCHOOL DISTRICT 3**

Revenue from Local Sources	General	Non-Major	Debt Service	Capital Projects	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	\$12,609,389		\$2,701,596				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax				\$67,788			
1190 Penalties and Interest on Taxes							
1200 Revenue from Local Governmental Units Other Than Districts							
1311 Regular Day School Tuition - From Individuals							
1312 Regular Day School Tuition - Other Dist Within State	\$2,006						
1313 Regular Day School Tuition - Other Districts Outside							
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1411 Transportation Fees - From Individuals							
1412 Transportation Fees - Other Dist Within State	\$39,205						
1413 Transportation Fees - Other Districts Outside							
1420 Summer School Transportation Fees							
1500 Earnings on Investments	\$409,242	\$1,212	\$57,190				
1600 Food Service		\$302,223					
1700 Extracurricular Activities	\$47,514						
1800 Community Services Activities		\$245,550					
1910 Rentals	\$24,286	\$284,003					
1920 Contributions and Donations From Private Sources							
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure							
1970 Services Provided Other Funds							
1980 Fees Charged to Grants							
1990 Miscellaneous	\$107,862	\$842,936		\$41,661			
Total Revenue from Local Sources	\$13,239,505	\$1,675,924	\$2,758,786	\$109,449	\$0	\$0	\$0
Revenue from Intermediate Sources	General	Non-Major	Debt Service	Capital Projects	Fund 500	Fund 600	Fund 700
2101 County School Funds	\$8,809						
2102 Education Service District Apportionment							
2105 Natural Gas, Oil, and Mineral Receipts							
2110 Intermediate "I" Tax							
2199 Other Intermediate Sources							
2200 Restricted Revenue	\$129,217						
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
Total Revenue from Intermediate Sources	\$138,026	\$0	\$0	\$0	\$0	\$0	\$0
Revenue from State Sources	General	Non-Major	Debt Service	Capital Projects	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	\$11,292,456						
3102 State School Fund - School Lunch Match							
3103 Common School Fund	\$146,425						
3104 State Managed County Timber							
3106 State School Fund - Accrual							
3199 Other Unrestricted Grants-in-Aid	\$317,087						
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid	\$759,819						
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	\$12,515,786	\$0	\$0	\$0	\$0	\$0	\$0
Revenue from Federal Sources	General	Non-Major	Debt Service	Capital Projects	Fund 500	Fund 600	Fund 700
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4300 Restricted Revenue From the Federal Government							
4500 Restricted Revenue From the Federal Government Through the State	\$707,724	\$3,280,317					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees							
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$66,313					
Total Revenue from Federal Sources	\$707,724	\$3,346,630	\$0	\$0	\$0	\$0	\$0
Revenue from Other Sources	General	Non-Major	Debt Service	Capital Projects	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources				\$1,960,000			
5200 Interfund Transfers		\$40,000					
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	\$8,982,248	\$4,037,851	\$2,857,599	\$1,089,846			
Total Revenue from Other Sources	\$8,982,248	\$4,077,851	\$2,857,599	\$3,049,846	\$0	\$0	\$0
Grand Totals	\$35,583,290	\$9,100,405	\$5,616,386	\$3,159,296	\$0	\$0	\$0

**2008 - 09 DISTRICT EXPENDITURE SUMMARY
PARKROSE SCHOOL DISTRICT 3**

Fund: GENERAL

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$4,410,819	\$2,846,072	\$1,485,496	\$5,476	\$71,498	\$255	\$2,021	
1112 Intermediate Programs	\$1,849,523	\$1,170,001	\$654,354	\$786	\$24,111	\$255	\$15	
1113 Elementary Extracurricular	\$28,268	\$12,161	\$6,674	\$150	\$9,014	\$270		
1121 Middle/Junior High Programs	\$3,028,380	\$1,939,180	\$1,038,217	\$5,657	\$45,326			
1122 Middle/Junior High School Extracurricular	\$126,565	\$80,206	\$41,407		\$4,952			
1131 High School Programs	\$4,508,188	\$2,890,188	\$1,461,761	\$80,180	\$68,758		\$7,300	
1132 High School Extracurricular	\$422,586	\$256,452	\$90,730	\$40,790	\$23,433		\$11,180	
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$12,950	\$8,171	\$4,111		\$643		\$25	
1220 Restrictive Programs for Students with Disabilities	\$3,372,019	\$1,524,138	\$1,025,628	\$815,604	\$5,569		\$1,080	
1250 Less Restrictive Programs for Students with Disabilities	\$393,767	\$232,117	\$160,320	\$741	\$589			
1260 Early Intervention	\$0							
1271 Remediation	\$8,150	\$6,051	\$2,025	\$40	\$34			
1272 Title I	\$0							
1280 Alternative Education	\$296,624	\$177,712	\$91,542	\$1,500	\$25,870			
1291 English Second Language Programs	\$829,602	\$519,184	\$289,494	\$10,691	\$10,233			
1292 Teen Parent Program	\$33,156	\$22,793	\$10,363					
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$19,320,596	\$11,684,427	\$6,362,121	\$961,617	\$290,030	\$780	\$21,621	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$125,095	\$74,969	\$50,126					
2120 Guidance Services	\$1,042,151	\$682,769	\$352,890		\$6,152		\$340	
2130 Health Services	\$48,000			\$48,000				
2140 Psychological Services	\$266,772	\$171,321	\$90,257	\$3,920	\$1,275			
2150 Speech Pathology and Audiology Services	\$283,467	\$115,997	\$49,878	\$117,563	\$30			
2160 Other Student Treatment Services	\$1,415				\$1,415			
2190 Service Direction, Student Support Services	\$548,192	\$357,012	\$172,241	\$9,360	\$6,320		\$3,259	
2210 Improvement of Instruction Services	\$292,288	\$171,894	\$90,584	\$5,354	\$15,467		\$8,990	
2220 Educational Media Services	\$344,342	\$185,557	\$127,206		\$30,305		\$1,274	
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$120,599	\$997	\$115,645	\$298	\$335		\$3,323	
2310 Board of Education Services	\$81,936			\$63,268	\$7,646		\$11,022	
2320 Executive Administration Services	\$302,314	\$182,580	\$89,079	\$12,581	\$9,898		\$8,177	
2410 Office of the Principal Services	\$2,040,095	\$1,304,319	\$704,696	\$6,124	\$12,515		\$12,442	
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$594,057	\$272,937	\$161,164	\$3,745	\$6,097		\$150,115	
2540 Operation and Maintenance of Plant Services	\$2,683,096	\$835,416	\$513,770	\$1,166,726	\$150,940	\$822	\$15,423	
2550 Student Transportation Services	\$1,174,501	\$510,886	\$342,509	\$231,689	\$13,841	\$36	\$75,540	
2570 Internal Services	\$67,786	\$12,884	\$12,904	-\$24,308	\$65,186		\$1,121	
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$497,564	\$258,710	\$145,516	\$9,716	\$72,641		\$10,981	
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$10,513,669	\$5,138,245	\$3,018,464	\$1,654,035	\$400,062	\$857	\$302,005	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$72,030			\$72,030				
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$72,030	\$0	\$0	\$72,030	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$40,000							\$40,000
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$40,000	\$0	\$0	\$0	\$0	\$0	\$0	\$40,000
Grand Total	\$29,946,295	\$16,822,672	\$9,380,585	\$2,687,682	\$690,092	\$1,637	\$323,626	\$40,000

**2008 - 09 DISTRICT EXPENDITURE SUMMARY
PARKROSE SCHOOL DISTRICT 3**

Fund: NON-MAJOR

Instruction Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
1111 Primary, K-3	\$5,065	\$213	\$73		\$4,778			
1112 Intermediate Programs	\$7,907				\$7,907			
1113 Elementary Extracurricular	\$39,364				\$39,364			
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$16,787			\$16,787				
1131 High School Programs	\$22,278	\$8,087	\$7,223	\$2,833	\$4,135			
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$224,878	\$147,951	\$68,063	\$7,862	\$1,002			
1250 Less Restrictive Programs for Students with Disabilities	\$401,955	\$195,677	\$154,385	\$51,694			\$200	
1260 Early Intervention	\$0							
1271 Remediation	\$3,419	\$3,153	\$266					
1272 Title I	\$1,126,310	\$618,970	\$320,285	\$7,253	\$171,618		\$8,185	
1280 Alternative Education	\$55,284	\$25,427	\$6,556	\$16,435	\$6,866			
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$1,903,248	\$999,478	\$556,850	\$102,864	\$235,671	\$0	\$8,385	\$0
Support Services Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
2110 Attendance and Social Work Services	\$9,812	\$5,676	\$1,804		\$1,798		\$534	
2120 Guidance Services	\$3,295	\$3,036	\$259					
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$216,440	\$79,893	\$22,314	\$18,851	\$82,166		\$13,215	
2220 Educational Media Services	\$7,328				\$7,328			
2230 Assessment & Testing	\$1,505	\$744	\$167	\$323	\$272			
2240 Instructional Staff Development	\$215,861	\$75,407	\$36,137	\$28,931	\$24,195		\$51,190	
2310 Board of Education Services	\$5,000				\$5,000			
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$31,007		\$550	\$962	\$29,495			
2540 Operation and Maintenance of Plant Services	\$498,262	\$96,167	\$34,601	\$295,372	\$34,841	\$22,428	\$14,852	
2550 Student Transportation Services	\$8,870					\$8,870		
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$3,026	\$1,291	\$393		\$1,342			
2630 Information Services	\$0							
2640 Staff Services	\$407,161		\$407,161					
2660 Technology Services	\$58,230				\$58,230			
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$89,708	\$33,981	\$55,727					
Total Support Services Expenditures	\$1,555,505	\$296,195	\$559,113	\$344,439	\$244,668	\$31,298	\$79,792	\$0
Enterprise and Community Services Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
3100 Food Services	\$1,473,521	\$362,787	\$233,993	\$136,948	\$738,253		\$1,540	
3200 Other Enterprise Services	\$0							
3300 Community Services	\$237,864	\$162,131	\$50,711	\$3,321	\$3,646		\$18,055	
3500 Custody and Care of Children Services	\$234,289	\$83,362	\$57,915	\$90,000	\$731		\$2,280	
Total Enterprise and Community Services Expenditures	\$1,945,674	\$608,280	\$342,619	\$230,269	\$742,630	\$0	\$21,875	\$0
Facilities Acquisition and Construction Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$5,404,428	\$1,903,953	\$1,458,583	\$677,572	\$1,222,970	\$31,298	\$110,052	\$0

**2008 - 09 DISTRICT EXPENDITURE SUMMARY
PARKROSE SCHOOL DISTRICT 3**

Fund: DEBT SERVICE

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$0							
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$2,967,788						\$2,967,788	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 PERS UAL Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$2,967,788	\$0	\$0	\$0	\$0	\$0	\$2,967,788	\$0
Grand Total	\$2,967,788	\$0	\$0	\$0	\$0	\$0	\$2,967,788	\$0

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SUPPLEMENTAL INFORMATION
As Required by The Oregon Department of Education
For The Year Ended June 30, 2009

A. Energy bills for heating - all funds:

	<u>Objects 325 and 326</u>
Function 2540	\$ 763,935
Function 2550	66,748

B. Replacement of equipment - General Fund:

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

Exclude these functions:

		<u>Amount</u>
1113, 1122 & 1132	Co-curricular activities	
1140	Pre-kindergarten	
1300	Continuing education	
1400	Summer school	
	Construction	\$ 780
	Pupil transportation	
	Food service	
	Community services	

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2008-09 AUDITORS' COMMENTS AND DISCLOSURES

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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November 25, 2009

2008-09 AUDITORS' COMMENTS AND DISCLOSURES

Oregon Administrative Rules 162-10-000 through 162-16-000 of the Minimum Standards for Audits of Oregon Municipal Corporations enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required statements and schedules are set forth in preceding pages of this report. Required comments and disclosures related to our audit of such statements and schedules are set forth as follows.

REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the basic financial statements of Multnomah County School District No. 3, Multnomah County, Oregon, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 25, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Management is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the basic financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the basic financial statements, for the year ended June 30, 2009, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

2008-09 AUDITORS' COMMENTS AND DISCLOSURES (CONTINUED)

REPORT ON INTERNAL ACCOUNTING CONTROL (CONTINUED)

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal controls.

Because of a limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

A material weakness is a significant deficiency in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of the Board, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

ACCOUNTING RECORDS

The accounting records were adequate to meet audit requirements.

2008-09 AND 2009-10 BUDGETS

Based on our testing, there appeared to be compliance with legal requirements related to the preparation and adoption of the annual budget for the year ended June 30, 2009 and June 30, 2010.

BUDGET TRANSACTIONS

Expenditures of the various funds were within authorized appropriations.

COLLATERAL SECURING BANK DEPOSITS

Deposits appeared to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury throughout the year based upon our testing. Deposits in the State Local Government Investment Pool are not required to be collateralized.

INVESTMENTS

Based on our testing, we found no instances of noncompliance with the legal requirements pertaining to the investment of public funds contained in ORS 294.035.

2008-09 AUDITORS' COMMENTS AND DISCLOSURES (CONTINUED)

PUBLIC CONTRACTS AND PURCHASING

Based on our testing, there appeared to be compliance with legal requirements of ORS. Chapter 279 relating to public contracts and purchasing.

INSURANCE AND FIDELITY BONDS

We are not aware of any failure to comply with legal requirements relating to insurance and fidelity bonds, however, we do not have the professional expertise to state whether the insurance coverage is adequate.

STATUTORY BONDED DEBT LIMITATION

The debt outstanding was within the legal limits as defined in the Oregon Revised Statutes.

STATE HIGHWAY FUNDS

No state highway funds were received during fiscal year 2008-09.

SCHEDULE OF ACCOUNTABILITY OF ELECTED OFFICIALS

No elected officials collected or received funds on behalf of the District.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

We reviewed and tested, to the extent we considered necessary in the circumstances, transactions and reports relative to federal and state grant programs. Our reports concerning grant compliance and a schedule of expenditures of federal awards are contained in this report in the grant compliance review section.

STATE SCHOOL FUND DISTRIBUTION INFORMATION

We have performed the procedures recommended by the Oregon Secretary of State, Audits Division, regarding compliance with the requirements of ORS 327.013 as further defined by the Oregon State Department of Education pertaining to the calculations and reporting of the factors used to compute the State School Fund distribution for the year ended June 30, 2009.

Based on the work described above, we found four instances where the District did not comply with the regulation that after ten days of absence a student be withdrawn from the enrollment records. This is required in the calculation and reporting of the factors used to compute the State School Fund distribution for the year ended June 30, 2009.

Pauly, Rogers and Co. P.C.

PAULY, ROGERS AND CO., P.C.

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2009

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S ID NUMBER	GRANT PERIOD	GRANT AWARD	EXPENDITURES
U.S. Department of Education:					
Passed Through Oregon Department of Education:					
ECIA Title IA					
Disadvantaged Programs	84.010	9987	7/1/07-9/30/08	781,673	56,029
Disadvantaged Programs	84.010	12844	7/1/08-9/30/09	1,237,308	1,099,014
Total ECIA Title IA					1,155,043
Public Law 101-477 I.D.E.A.	84.027	11465	7/1/08-12/31/09	1,272,095	627,253
Total Public Law 101-477 I.D.E.A.					627,253
Title IV - Drug & Alcohol	84.186	8625	7/1/07-6/30/08	16,555	2,906
	84.186	11144	7/1/08-6/30/09	17,665	15,014
Total Title IV - Drug & Alcohol					17,920
Vocational Education					
Perkins School/Work	84.048A	12345	7/1/07-9/30/09	40,244	10,725
Perkins School/Work	84.048A	12345	7/1/08-9/30/09	52,577	41,601
Total Vocational Education					52,326
Title III Language Instruction	84.365	9026	7/1/06-6/30/09	73,508	4,906
	84.365	11568	7/1/07-6/30/09	76,155	35,384
	84.365	13930	7/1/08-9/30/09	96,581	69,662
Total Title III Language Instruction					109,952
Title IIA Quality Teacher	84.367	10200	7/1/07-9/30/08	156,400	150
	84.367	13071	7/1/08-9/30/09	178,285	128,793
Total Title IIA Quality Teacher					128,943
Title IID Education Through Technology	84.318	13257	7/1/08-9/30/09	11,639	9,355
Total Title IID Education Through Technology					9,355
Title I-B Reading First	84.357	14303	8/1/08-6/30/09	4,000	4,000
Total K-3 Statewide Literacy					4,000
Title V Innovative Education	84.298	10578	7/1/01-9/30/08	7,610	5,910
Total Title V Innovative Education					5,910
Mckinney-Vento	85.196	13963	7/1/08-9/30/09	15,310	15,310
Total Mckinney-Vento					15,310
Advanced Placement Incentive	84.330	11647	12/1/07-9/30/08	10,000	4,272
Advanced Placement Incentive	84.330	14193	10/1/08-9/30/09	12,220	4,916
Total Advanced Placement Incentive					9,188
System Performance Review	84.027	13468	8/15/08-6/30/09	3,527	3,026
System Performance Review	84.027	13860	10/3/08-6/30/09	1,501	1,088
Total System Performance Review					4,114
Total U.S. Department of Education					2,139,314

Continued on page 80

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2009

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S ID NUMBER	GRANT PERIOD	GRANT AWARD	EXPENDITURES
U. S. Department of Agriculture					
Passed Through Oregon Department of Education:					
National School Breakfast	10.553	N/A	7/1/08-6/30/09	N/A	280,189 (1)
National School Lunch	10.555	N/A	7/1/08-6/30/09	N/A	745,904 (1)
Child Care - Food	10.558	N/A	7/1/08-6/30/09	N/A	80,832
Donated USDA Commodities	10.550	N/A	7/1/08-6/30/09	N/A	66,313
Summer Lunch	10.559	N/A	7/1/08-6/30/09	N/A	<u>34,078</u> (1)
Total U. S. Department of Agriculture					<u>1,207,316</u>
American Recovery and Reinvestment Act					
Passed Through Oregon Department of Education					
State Fiscal Stabilization Funds	84.394	N/A		N/A	<u>707,724</u> (1)
Total Federal Financial Assistance					<u>\$ 4,054,354</u>

(1) Indicates major program

GRANT COMPLIANCE REVIEW

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November 25, 2009

**To the Board of Directors
Multnomah County School District No. 3
Multnomah County, Oregon**

Independent Auditors' 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*

We have audited the basic financial statements of Multnomah County School District No. 3 as of and for the year ended June 30, 2009, and have issued our report thereon dated November 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered internal control over financial reporting as a basis for designing our auditing procedures 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 internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by the internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of 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 determination of financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Pauly, Rogers and Co. P.C.".

PAULY, ROGERS AND CO., P.C.



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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November 25, 2009

**To the Board of Directors
Multnomah County School District No. 3
Multnomah County, Oregon**

**Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Compliance

We have audited the compliance of Multnomah County School District No. 3 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Multnomah County School District No. 3's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of the major federal programs is the responsibility of management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of compliance with those requirements.

In our opinion, Multnomah County School District No. 3 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below.

A *control deficiency* in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the internal controls.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by internal controls. We noted no matters we would consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Pauly, Rogers and Co. P.C.

PAULY, ROGERS AND CO., P.C.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(s) identified that are not considered
to be material weaknesses?

☐ yes

☒ none reported

Noncompliance to financial statements noted?

☐ yes

☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(s) identified that are not considered
to be material weaknesses?

☐ yes

☒ none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance
with OMB Circular A-133, section 510(a)?

☐ yes

☒ no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER

NAME OF FEDERAL PROGRAM CLUSTER

10.553, 10.555 and 10.559
84.394

CHILD NUTRITION CLUSTER
ARRA

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?

☒ yes

☐ no

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS

NONE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Multnomah County School District No. 3 and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.