

**PARKROSE SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2014**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**FINANCIAL REPORT**  
**For the Year Ended June 30, 2014**

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**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**BOARD OF DIRECTORS AS OF JUNE 30, 2014**

<u>NAME</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Mary Lu Baetkey	Board Member, Position #1	June 30, 2017
James Trujillo	Board Member, Position #2	June 30, 2015
Thuy Tran, Vice Chair	Board Member, Position #3	June 30, 2015
Ed Grassel Jr., Chair	Board Member, Position #4	June 30, 2017
Eric Flores	Board Member, Position #5	June 30, 2017

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

ADMINISTRATION

Dr. Karen Fischer Gray, Superintendent  
Mary Larson, Executive Director of Business Services and Operations

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

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**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

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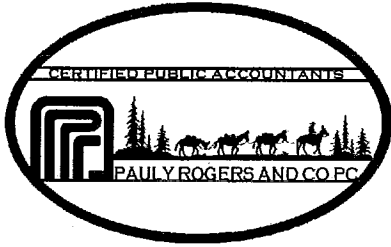
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**MULTNOMAH COUNTY, OREGON**

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PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcpcpas.com

November 18, 2014

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

### **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah County School District No. 3, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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

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

#### **Auditors' Responsibility**

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

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

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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah County School District No. 3, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Emphasis of Matter**

The District adopted the provision of GASB 65 – *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal expenditures 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 also not a required part of the basic financial statements.

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

*Other Information*

The listing of board members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Reports on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 18, 2014 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 18, 2014, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Tara M. Kamp, CPA  
PAULY, ROGERS AND CO., P.C.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014

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, 2014.

**FINANCIAL HIGHLIGHTS**

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2014 by \$40,005,906. Of this amount, \$38,304,224 represents the District's net investment in capital assets. The District has \$1,403,537 of net position restricted and expendable for debt service. The District's unrestricted net position is (\$11,259,496).
- The District's governmental funds report combined ending fund balance of \$14,515,646, a decrease of \$36,130,241 in comparison with the prior year. Of this total, \$972,948 is committed for future payments for services, \$12,961,179 is restricted by board resolution for various purposes, and \$581,518 is unassigned and available to spend at the discretion of the board of directors.
- The District's long-term debt decreased by \$1,211,165 (1.87 percent) during the 2013-14 fiscal year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal 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 5 and 6 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 Position and Activities.

The District maintains twenty-three 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 G.O. Bond Fund.

The basic governmental fund financial statements can be found on pages 7 and 9 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 12 through 31 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

	<b><u>Condensed Statement of Net Position</u></b>				
	<u>June 30, 2014</u>	<u>Percentage of Total</u>	<u>June 30, 2013</u>	<u>Percentage of Total</u>	<u>Percentage Change</u>
<b>Assets</b>					
Current and Other Assets	\$ 20,289,060	18.62%	\$ 55,398,903	49.56%	-63.38%
Net Capital Assets	88,660,830	81.38%	56,382,774	50.44%	57.25%
<b>Total Assets</b>	<u>108,949,890</u>	<u>100.00%</u>	<u>111,781,677</u>	<u>100.00%</u>	<u>-2.53%</u>
<b>Liabilities</b>					
Long-term Debt Outstanding	63,716,900	92.42%	64,928,065	94.47%	-1.87%
Other Liabilities	5,227,084	7.58%	3,799,850	5.53%	37.56%
<b>Total Liabilities</b>	<u>68,943,984</u>	<u>100.00%</u>	<u>68,727,915</u>	<u>100.00%</u>	<u>0.31%</u>
<b>Net Position</b>					
Net Investment in Capital Assets	38,304,224	95.75%	9,789,917	22.74%	291.26%
Restricted	12,961,179	32.40%	49,225,446	114.33%	-73.67%
Unrestricted	(11,259,497)	-28.14%	(15,961,601)	-37.07%	-29.46%
<b>Total Net Position</b>	<u>\$ 40,005,906</u>	<u>100.00%</u>	<u>\$ 43,053,762</u>	<u>100.00%</u>	<u>-7.08%</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$40,005,906 at June 30, 2014, 7 percent decrease from prior year.

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, and equipment, represent about 81 percent of total assets. The remaining assets consist mainly of investments, cash, and property taxes receivable.

The District's largest liability (92 percent) is for the repayment of general obligation bonds. Current liabilities, representing about 8 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 position is 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 position decreased by \$3,047,855. The revenues and expenses shown below explain changes in net assets for the fiscal year 2014.

	For the Year Ended June 30, 2014	Percentage of Total	For the Year Ended June 30, 2013	Percentage of Total	Percentage Change
<b>Revenues</b>					
Program Revenues					
Charges for Services	\$ 861,488	2.32%	\$ 739,073	2.04%	16.56%
Operating Grants & Contributions	4,096,441	11.05%	3,799,358	10.48%	7.82%
Total Program Revenues	4,957,929	13.37%	4,538,431	12.52%	9.24%
General Revenues					
Property Taxes	17,349,310	46.79%	17,284,285	47.68%	0.38%
State School Fund	13,050,145	35.20%	12,178,539	33.59%	7.16%
Common School Fund	327,058	0.88%	344,965	0.95%	-5.19%
Unrestricted Other Sources	536,198	1.45%	618,592	1.71%	-13.32%
Investment Earnings	113,124	0.31%	501,540	1.38%	-77.44%
Other	744,420	2.01%	785,593	2.17%	-5.24%
Total General Revenues	32,120,255	86.63%	31,713,514	87.48%	1.28%
<b>Total Revenues</b>	<b>37,078,184</b>	<b>100.00%</b>	<b>36,251,945</b>	<b>100.00%</b>	<b>2.28%</b>
<b>Expenses</b>					
Instruction	20,515,093	51.13%	19,559,983	53.99%	4.88%
Supporting Services	15,355,704	38.27%	12,286,220	33.91%	24.98%
Community Services	2,156,751	5.37%	2,212,455	6.11%	-2.52%
Interest on Long-Term Debt	2,098,492	5.23%	2,171,338	5.99%	-3.35%
<b>Total Expenses</b>	<b>40,126,040</b>	<b>100.00%</b>	<b>36,229,996</b>	<b>100.00%</b>	<b>10.75%</b>
<b>Change in Net Position</b>	<b>(3,047,856)</b>		<b>21,949</b>		<b>-13986.08%</b>
<b>Beginning Net Position</b>	<b>43,053,762</b>		<b>41,889,761</b>		<b>2.78%</b>
<b>Prior Period Adjustment</b>	<b>-</b>		<b>1,142,052</b>		<b>-100.00%</b>
<b>Ending Net Position</b>	<b>\$ 40,005,906</b>		<b>\$ 43,053,762</b>		<b>-7.08%</b>

**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 87 percent of the funding required for governmental programs. Property taxes and State School Fund combined account for 96 percent of general fund revenues and 82 percent of total revenues.

Operating grants and contributions account for 11 percent of total revenues. Included in this category is \$1,563,578 for federal reimbursement under the national school lunch program. Other federal and state grants for designated programs totaled \$2,190,693.

**Expenses:** Expenses related to governmental activities are presented in five broad functional categories. Costs of direct classroom instruction activities account for approximately 51 percent of the total expenses of \$40,126,040. 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2014, the District's governmental funds reported combined ending fund balances of \$14,515,645 (exclusive of inventory), a decrease of \$36,130,242 in comparison with the prior year. About \$581,518 (4 percent) of the ending fund balance constitutes unassigned ending fund balance, which is available for spending at the direction of management. Additionally, \$1,403,537 is designated for debt service obligations.

**General Fund:** The General Fund is the chief operating fund of the District. As of June 30, 2014, ending fund balance was \$581,518. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents .02 percent of total General Fund's expenditures.

The fund balance increased by \$50,321 during the current fiscal year. This increase can be mainly attributed to increased transfers in from the Thompson Special Fund.

During the year, General Fund Instruction Expenditures were over-expended. All other General Fund expenditures were within the budgeted amounts.

**Debt Service Fund:** The Debt Service Fund has a total fund balance of \$1,341,968 all of which is reserved for the payment of debt service. The net increase in fund balance during the current year was \$295,676. This is due to an increase in property tax revenues.

**Capital Projects G.O. Bond Fund:** The Capital Projects G.O. Bond Fund has a total fund balance of \$11,194,109. The net decrease in fund balance during the current year was \$36,780,390. This fund has been developed because of the successful May 17, 2011 bond election. With the passing of Measure 26-123, a new middle school has been constructed on the existing site. The final completion of the new middle school will be the play fields, parking lot areas, driveways with landscaping finalized by November 2015. Additionally, district wide safety, security, and technology upgrades have been made. The four elementary buildings have had or will have renovation projects that include roofing, windows, multi-purpose instructional space and better monitoring of students for safety purposes. Any funds not spent from these projects will be prioritized for other school projects that meet the requirements of the bond election language.



## GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was \$28,458,045 for the fiscal year ended June 30, 2014. The Board of Directors made several additional appropriations during the year. The budget approximated that of the prior year, but the district continues to face challenges of maintaining programs in the face of decreased funding over the last several years.

## 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, 2014, the District had invested \$88,660,830 in net investment in capital assets.

During the year, the District's investment in capital assets increased by \$32,278,056 (including depreciation). The major capital asset events for the year consisted of building improvements at various schools and building of the new middle school.

Additional information of the District's capital assets can be found in note 5 on page 21 of this report.

**Long-term Debt:** At the end of the current fiscal year, the District had total long term debt outstanding of \$63,716,900 consisting of general obligation debt net of unamortized premium/discount, a Qualified Zone Academy Bond (QZAB), and the district's liability for Other Post-Employment Benefits (OPEB).

During the current fiscal year, the District's total debt decreased by \$1,211,165 (1.87 percent).

Moody's Investors Services assigned an underlying rating of Aa3 to Multnomah County School District 3 (Parkrose), OR's General Obligation Bonds, Series 2011A (Tax-Exempt) and Series 2011B (Qualified Zone Academy Bonds). They have also assigned an enhanced rating of Aa1 to the bonds based on the Oregon School Bond Guaranty Program.

Additional information on the District's long-term debt can be found in note 7 on page 23 of this report.

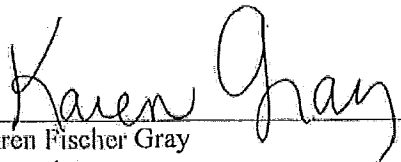
## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the District is the State of Oregon's State School Fund. For the year ended June 30, 2014, the State School Fund - General Support provided 35.2 percent of the District's program resources. Factors for next year's budget will be the estimate of State School Fund based on the March estimate. The legislature will be in session in early 2015. Funding for schools will be a topic of discussion at what level.

Salaries and benefits costs are expected to increase in 2014-15, based upon future negotiations with groups.

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

A handwritten signature in cursive script that reads "Karen Gray". The signature is written in black ink and is positioned above a horizontal line.

Dr. Karen Fischer Gray  
Superintendent

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**GOVERNMENT WIDE FINANCIAL STATEMENTS**

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3  
MULTNOMAH COUNTY, OREGON

STATEMENT OF NET POSITION  
June 30, 2014

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 18,321,173
Receivables:	
Accounts and Grants	1,235,221
Property Taxes	732,666
Non-Depreciable Capital Assets	31,621,695
Capital Assets, Net of Depreciation	<u>57,039,135</u>
<b>Total Assets</b>	<b><u>108,949,890</u></b>
<b>LIABILITIES:</b>	
Accounts Payable	3,168,012
Accrued Salaries and Benefits	1,940,918
Bond Interest Payable	82,666
Accrued Vacation Payable	35,488
Long Term Debt:	
Due Within One Year	1,442,857
Due in More Than One Year	<u>62,274,043</u>
<b>Total Liabilities</b>	<b><u>68,943,984</u></b>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	38,304,224
Restricted for:	
Debt Service	1,403,537
Food Service	24,599
Contributions	11,424
Capital Projects	11,521,619
Unrestricted	<u>(11,259,497)</u>
<b>Total Net Position</b>	<b><u>\$ 40,005,906</u></b>

See accompanying notes to the basic financial statements.

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2014**

<u>Functions/Programs</u>	<u>Expense</u>	<u>PROGRAM REVENUES</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating Grants</u>	<u>Revenue and</u>
		<u>Services</u>	<u>and</u>	<u>Changes in Net</u>
			<u>Contributions</u>	<u>Position</u>
				<u>Governmental</u>
				<u>Activities</u>
<b>Governmental Activities:</b>				
Instruction	\$ 20,515,093	\$ 107,238	\$ 1,712,543	\$ (18,695,311)
Support Services	15,355,704	568,831	816,146	(13,970,727)
Community Services	2,156,751	185,419	1,567,752	(403,580)
Interest on Long-Term Debt	2,098,493	-	-	(2,098,493)
<b>Total Governmental Activities</b>	<b><u>\$ 40,126,040</u></b>	<b><u>\$ 861,488</u></b>	<b><u>\$ 4,096,441</u></b>	<b><u>(35,168,111)</u></b>
 <b>GENERAL REVENUES:</b>				
				17,349,310
Property Taxes				536,198
Unrestricted Other Sources				13,050,145
State School Fund - General Support				327,058
Common School Fund				113,124
Investment Earnings				744,420
Other				<u>32,120,255</u>
<b>Total General Revenues</b>				<u>32,120,255</u>
Change in Net Position				(3,047,856)
<b>Net Position - Beginning</b>				<u>43,053,762</u>
<b>Net Position - Ending</b>				<b><u>\$ 40,005,906</u></b>

See accompanying notes to the 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, 2014**

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL GO BOND FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>					
Cash and Investments	\$ 1,691,389	\$ 1,306,151	\$ 13,950,818	\$ 1,372,815	\$ 18,321,173
Receivables:					
Taxes	587,310	145,356	-	-	732,666
Accounts and Grants	299,469	22,462	-	913,290	1,235,221
Due From Other Funds	702,737	-	-	-	702,737
<b>Total Assets</b>	<b>\$ 3,280,905</b>	<b>\$ 1,473,969</b>	<b>\$ 13,950,818</b>	<b>\$ 2,286,105</b>	<b>\$ 20,991,797</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:</b>					
Liabilities:					
Accounts Payable	\$ 225,985	\$ -	\$ 2,756,709	\$ 185,318	\$ 3,168,012
Accrued Salaries and Benefits	1,940,918	-	-	-	1,940,918
Due To Other Funds	-	-	-	702,737	702,737
<b>Total Liabilities</b>	<b>2,166,903</b>	<b>-</b>	<b>2,756,709</b>	<b>888,055</b>	<b>5,811,667</b>
Deferred Inflows:					
Unavailable Revenue	532,484	132,001	-	-	664,485
<b>Total Deferred Inflows</b>	<b>532,484</b>	<b>132,001</b>	<b>-</b>	<b>-</b>	<b>664,485</b>
Fund Balances:					
Restricted for:					
Debt Service	-	1,341,968	-	61,569	1,403,537
Food Service	-	-	-	24,599	24,599
Contributions	-	-	-	11,424	11,424
Capital Projects	-	-	11,194,109	327,510	11,521,619
Committed	-	-	-	972,948	972,948
Unassigned	581,518	-	-	-	581,518
<b>Total Fund Balances</b>	<b>581,518</b>	<b>1,341,968</b>	<b>11,194,109</b>	<b>1,398,050</b>	<b>14,515,645</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 3,280,905</b>	<b>\$ 1,473,969</b>	<b>\$ 13,950,818</b>	<b>\$ 2,286,105</b>	<b>\$ 20,991,797</b>

See accompanying notes to the basic financial statements.

**MULTNOMAH COUNTY SCHOOL DISTRICT NO.3**  
**MULTNOMAH COUNTY, OREGON**

**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**June 30, 2014**

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**TOTAL FUND BALANCE-GOVERNMENTAL FUNDS** \$ 14,515,645

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

Cost	\$ 108,997,974	
Accumulated Depreciation	<u>(20,337,144)</u>	
		88,660,830

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 considered unavailable in the funds.

664,485

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	\$ (35,488)	
Bond Interest Payable	(82,666)	
OPEB Liability	(2,166,185)	
General Obligation Bonds Payable	<u>(61,550,715)</u>	
		<u>(63,835,054)</u>

**TOTAL NET POSITION** **\$ 40,005,906**

See accompanying notes to the 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, 2014**

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL GO BOND FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>					
Property Taxes	\$ 14,193,345	\$ 3,568,395	\$ -	\$ -	\$ 17,761,740
Intergovernmental-Federal	2,069	-	-	3,752,202	3,754,271
Intergovernmental-State and Local	13,377,741	-	-	551,125	13,928,866
Charges for Services	107,238	-	-	700,588	807,826
Earnings on Investments	37,713	12,235	62,849	327	113,124
Miscellaneous	546,984	-	31,050	546,753	1,124,787
<b>Total Revenues</b>	<b>28,265,090</b>	<b>3,580,630</b>	<b>93,899</b>	<b>5,550,995</b>	<b>37,490,614</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction	17,579,330	-	-	2,011,499	19,590,829
Support Services	10,727,427	-	-	940,172	11,667,599
Enterprise and Community Services	91,955	-	-	1,967,620	2,059,575
Facilities Acquisition and Construction	-	-	2,864,699	2,553	2,867,252
Capital Outlay	-	-	34,009,590	-	34,009,590
Debt Service:					
Principal	142,857	1,185,000	-	-	1,327,857
Interest	-	2,099,954	-	-	2,099,954
<b>Total Expenditures</b>	<b>28,541,569</b>	<b>3,284,954</b>	<b>36,874,289</b>	<b>4,921,844</b>	<b>73,622,656</b>
Excess of Revenues Over (Under) Expenditures	(276,479)	295,676	(36,780,390)	629,151	(36,132,042)
<b>Other Financing Sources, (Uses):</b>					
Sale of Capital Assets	1,800	-	-	-	1,800
Transfers In	325,000	-	-	50,000	375,000
Transfers Out	-	-	-	(375,000)	(375,000)
<b>Total Other Financing Sources, -Uses</b>	<b>326,800</b>	<b>-</b>	<b>-</b>	<b>(325,000)</b>	<b>1,800</b>
<b>Net Change in Fund Balance</b>	<b>50,321</b>	<b>295,676</b>	<b>(36,780,390)</b>	<b>304,151</b>	<b>(36,130,242)</b>
<b>Beginning Fund Balance</b>	<b>531,197</b>	<b>1,046,292</b>	<b>47,974,499</b>	<b>1,093,899</b>	<b>50,645,887</b>
<b>Ending Fund Balance</b>	<b>\$ 581,518</b>	<b>\$ 1,341,968</b>	<b>\$ 11,194,109</b>	<b>\$ 1,398,050</b>	<b>\$ 14,515,645</b>

See accompanying notes to the 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, 2014**

<b>TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>(36,130,242)</b>
<p>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:</p>		
Additions to Capital Assets	\$ 35,808,793	
Deletions to Capital Assets	(2,071,273)	
Less Current Year Depreciation	<u>(1,459,464)</u>	
		32,278,056
<p>Repayment of bond and principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. Debt principal repaid.</p>		
		1,327,857
<p>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.</p>		
		1,461
<p>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.</p>		
		(412,430)
<p>Compensated absences and OPEB liability 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.</p>		
Accrued Vacation Payable		4,134
OPEB Liability		<u>(116,692)</u>
<b>CHANGE IN NET POSITION</b>	<b>\$</b>	<b><u>(3,047,856)</u></b>

See accompanying notes to the basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3  
MULTNOMAH COUNTY, OREGON

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS  
June 30, 2014

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	<u>AGENCY FUNDS STUDENT ACTIVITY FUNDS</u>
ASSETS:	
Cash and Investments	\$ <u>230,328</u>
Total Assets	<u>230,328</u>
LIABILITIES:	
Due to Student Organizations	<u>230,328</u>
NET POSITION:	
Total Net Position Unrestricted	<u>\$ <u>230,328</u></u>

See accompanying notes to the basic financial statements.

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**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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, there is not a financial benefit/burden and the District is not financially accountable for any of these entities, in accordance with GASB 61 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 Position 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 position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net position is classified in the following three categories.

Net investment in capital assets – 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, net of accumulated depreciation.



**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 position – consists of all other net position 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 GO Bond Fund

The Capital GO Bond Fund accounts for the bond issuance and related construction.

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 position 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 position and the balance sheet as receivables. Uncollected taxes are deemed by management 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. At June 30, 2014 management reported no material inventories on hand.

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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 position 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 one year. 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 Position. Bond premiums and discounts are amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

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

**Retirement Plans**

Substantially all of the employees are participants in Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

Certified employees who meet the requirements for PERS benefits and have 15 years of qualifying employment, are eligible for early retirement benefits which are funded and charged to expenditures as payments become due to early retirees.

**Use of Estimates**

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

**Fund Equity**

In March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The uses of committed funds are approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. Authority has been granted to the Superintendent and the Business Manager.

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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

**Fund Equity (Continued)**

- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There are no nonspendable or assigned fund balances.

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

**Deferred outflows/inflows of resources**

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

**Deferred outflows/inflows of resources (Continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles.

The budget process begins early in each fiscal year with the establishment of the budget committee. In the fall, public input is invited as the Board decides the budget priorities for the next year. Recommendations are developed through late winter with the budget committee approving the budget in the spring. Public notices of the budget hearing are published generally in the spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund:

LEVEL OF CONTROL

Instruction  
Support Services  
Enterprise and Community Services  
Facilities Acquisition and Construction  
Other Uses of Funds: Interfund Transactions  
Debt Service  
Operating Contingency

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, except for General Fund – Instruction by \$213,328, Private Grant – Instruction by \$14,383, Capital Equipment Fund – Support Services by \$43, IDEA – Support Services by \$98, Priority Focus Grant Fund – Instruction by \$67,877, Priority Focus Grant Fund – Community Services by \$9,348, and Title IIA Quality Teacher Grant Fund – Support Services by \$6,944.

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**3. BUDGETARY BASIS OF ACCOUNTING**

While the financial position, results of operations, and changes in fund balance/net position 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 required supplementary information and 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 "other financing source" revenue and principal paid is considered an expenditure when paid. OPEB costs are expensed when paid instead of when the liability is incurred.

**4. CASH AND INVESTMENTS**

Cash and Investments (recorded at cost) consisted of:

Demand Deposits	\$ 801,964
Petty Cash	388
Local Government Investment Pool	14,741,049
Investments	3,008,100
	<u>\$ 18,551,501</u>
Allocated:	
Governmental Funds	\$ 18,321,173
Agency Fund	230,328
	<u>\$ 18,551,501</u>

**DEPOSITS** - Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. For the fiscal year ended June 30, 2014, the bank balance was \$1,289,498, all of which was insured by Federal Depository Insurance or deposited in an approved depository for public funds and thus is collateralized under ORS 295.

**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, 2014, all deposits are insured.

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CASH AND INVESTMENTS (CONTINUED)**

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.

Amounts in the State Treasurer’s Local Government Investment Pool are not required to be collateralized. At June 30, 2014, the value of the Pool shares as reported in Oregon Short Term Fund audited financial statements represent the full value of LGIP. 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	\$ 14,741,049	\$ 14,741,049	\$ -
Corporate Securities and US Agencies	3,008,100	3,008,100	-
Total	<u>\$ 17,749,149</u>	<u>\$ 17,749,149</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.



**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**4. CASH AND INVESTMENTS (CONTINUED)**

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, 2014 83% of the investments were in the State Treasurer's Investment Pool and the remaining with corporate securities and US Agencies.

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Beginning Balance July 1, 2013	Additions	Deletions and Adjustments	Ending Balance June 30, 2014
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,877,001	\$ 3,940	\$ -	\$ 5,880,941
Construction in Progress	3,172,683	26,983,191	(1,318,071)	28,837,803
Total Capital Assets Not Being Depreciated	<u>9,049,684</u>	<u>26,987,131</u>	<u>(1,318,071)</u>	<u>34,718,744</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	65,687,601	10,134,394	(4,284,213)	\$ 71,537,782
Vehicles and Equipment	3,040,411	5,339	(304,302)	2,741,448
Total Capital Assets Being Depreciated	<u>68,728,012</u>	<u>10,139,733</u>	<u>(4,588,515)</u>	<u>74,279,230</u>
Accumulated Depreciation:				
Buildings and Improvements	(19,444,134)	(1,343,488)	2,174,511	\$ (18,613,111)
Vehicles and Equipment	<u>(1,950,788)</u>	<u>(115,976)</u>	<u>342,731</u>	<u>(1,724,033)</u>
Total Accumulated Depreciation	<u>(21,394,922)</u>	<u>(1,459,464)</u>	<u>2,517,242</u>	<u>(20,337,144)</u>
Total Capital Assets Being Depreciated, Net	<u>47,333,090</u>	<u>8,680,269</u>	<u>(2,071,273)</u>	<u>53,942,086</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 56,382,774</u>	<u>\$ 35,667,400</u>	<u>\$ (1,625,304)</u>	<u>\$ 88,660,830</u>

Adjustments were made to capital assets due to deletions which occurred in the prior year which were not recorded. The District disposed of a large amount of assets in the current year which resulted in a loss on disposal of capital assets in the amount of \$2,069,473.

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Instruction	\$ 858,568
Support Services	511,088
Community Services	<u>89,808</u>
Total Depreciation Expense-	
Governmental Activities	<u>\$ 1,459,464</u>

**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	\$ 325,000	\$ -
Non-Major Funds	<u>50,000</u>	<u>375,000</u>
	<u>\$ 375,000</u>	<u>\$ 375,000</u>

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

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**7. LONG TERM DEBT**

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

	QZAB Purchase Agreement	GO Bonds Series 2011A	GO Bonds Series 2011B	Total
Balance 7/1/13	\$ 1,428,572	\$ 46,450,000	\$ 15,000,000	\$ 62,878,572
Additions	-	-	-	-
Payments & Deletions	(142,857)	(1,185,000)	-	(1,327,857)
Balance 6/30/14	<u>\$ 1,285,715</u>	<u>\$ 45,265,000</u>	<u>\$ 15,000,000</u>	<u>\$ 61,550,715</u>

Amounts Payable  
in Fiscal Year:

2014-15	\$ 142,857	\$ 1,300,000	\$ -	\$ 1,442,857
2015-16	142,857	1,405,000	-	1,547,857
2016-17	142,857	1,515,000	-	1,657,857
2017-18	142,857	1,645,000	-	1,787,857
2018-19	142,857	1,770,000	-	1,912,857
2019-24	571,430	7,210,000	-	7,781,430
2025-29	-	2,910,000	15,000,000	17,910,000
2029-34	-	18,270,000	-	18,270,000
2034-39	-	9,240,000	-	9,240,000
Total	<u>\$ 1,285,715</u>	<u>\$ 45,265,000</u>	<u>\$ 15,000,000</u>	<u>\$ 61,550,715</u>

Changes in long term debt outstanding are as follows:

Issue Date	Interest Rates	Original Issue	Outstanding July 1, 2013	Additions	Matured And Redeemed	Outstanding June 30, 2014	Due Within One Year
May 29, 2009	0%	2,000,000	\$ 1,428,572	\$ -	\$ 142,857	\$ 1,285,715	\$ 142,857
August 11, 2011	2.0-5.0%	48,000,000	46,450,000	-	1,185,000	45,265,000	1,300,000
August 11, 2011	4.9%	15,000,000	15,000,000	-	-	15,000,000	-
OPEB Liability	n/a	n/a	2,049,493	116,692	-	2,166,185	-
Total Long Term Debt			<u>\$ 64,928,065</u>	<u>\$ 116,692</u>	<u>\$ 1,327,857</u>	<u>\$ 63,716,900</u>	<u>\$ 1,442,857</u>

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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 service 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, 2013 is 22.29% of salary covered under the plan for Tier 1 and Tier 2 employees (PERS) and 20.29% 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, 2014, 2013, and 2012 were \$4,212,366, \$4,036,749, and \$4,114,022 respectively, equal to the required contributions for each year.

See financial statement note 9 for actuarial information related to Post Employment Health Insurance Subsidy.

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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 with the District.

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 \$48,641 and \$25,817 for the 2013-2014 and 2012-2013 fiscal years respectively. Such costs are recorded as expenditures and funded on a budgetary basis. Total retirement stipend expenditures for the fiscal years 2013-2014 and 2012-2013 were \$35,085 and \$43,617 respectively. Future obligations will be funded through annual appropriations.

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 \$83,726 and \$69,434 for the years ended June 30, 2014 and 2013 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, 2014, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual required contribution	\$ 317,621	\$ 317,621	\$ 489,883
Interest on net pension obligation	28,374	34,645	34,151
Adjustment to annual required contribution	<u>361,917</u>	<u>441,896</u>	<u>452,677</u>
Annual pension cost (APC)	(15,922)	(89,630)	71,357
Contributions made	<u>47,881</u>	<u>67,128</u>	<u>59,017</u>
Increase in net pension obligation	(63,803)	(156,758)	12,340
Net Pension Obligation (Asset) at beginning of year	<u>709,357</u>	<u>866,115</u>	<u>853,775</u>
Net Pension Obligation (Asset) at end of year	<u>\$ 645,554</u>	<u>\$ 709,357</u>	<u>\$ 866,115</u>
Percentage of APC contributed	-301%	-74.89%	-82.71%

Actuarial Methods and Assumptions - The annual required contribution (ARC) for the current year was determined as part of the July 1, 2012 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**

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

Early Retirement Liability (Continued)

Funding Status

Program membership consisted on the following at June 30, 2014:

Active Program Members:	
Vested	12
Non-vested	202
Spouses of Ineligible Retirees	0
	<u>214</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>2014</u>	<u>2013</u>	<u>2012</u>
Annual required contribution	\$ 450,112	\$ 433,843	\$ 685,121
Interest on net pension obligation	53,606	46,961	32,746
Adjustment to annual required contribution	<u>90,856</u>	<u>79,595</u>	<u>55,635</u>
Annual OPEB Cost	412,862	401,209	662,232
Contributions made	<u>232,367</u>	<u>235,104</u>	<u>306,855</u>
Increase in net pension obligation	180,495	166,105	355,377
Net OPEB Obligation (Asset) at beginning of year	<u>1,340,136</u>	<u>1,174,031</u>	<u>818,654</u>
Net OPEB Obligation (Asset) at end of year	<u>\$ 1,520,631</u>	<u>\$ 1,340,136</u>	<u>\$ 1,174,031</u>
Percentage of APC contributed	56%	58.60%	46.34%

Actuarial Methods and Assumptions - The annual required contribution (ARC) for the current year was determined as part of the July 1, 2012 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**

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

Post Employment Health Insurance Subsidy (Continued)

Actuarial Methods and Assumptions - The annual required contribution (ARC) for the current year was determined as part of the July 1, 2012 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.

Funding Status

Program membership consisted on the following at June 30, 2014:

Active Program Members:	
Vested	34
Non-vested	180
Spouses of Ineligible Retirees	3
	<u>217</u>

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**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.

**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.

The District, in the normal course of business, is named as a defendant in various lawsuits. There is one matter of pending or threatened litigation. The likely outcome of this lawsuit is not presently determinable and a liability has not been recorded in the financial statements.

**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.

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**13. SUBSEQUENT EVENT**

In October 2013, the District faced arbitration regarding the restoration of all wages and benefits lost by classified employees due to the imposition of furlough days for 2011-12 and 2012-13 school years. The District did not prevail in this arbitration resulting in payback of wages and benefits to classified employees. The District owes half of the claim to be paid by July 15, 2014 and the remaining portion to be paid by July 15, 2015. The July 15, 2015 payment will also include 3% add on as interest on the unpaid balance for the 12 month period from July 15, 2014 to July 15, 2015. The total settlement amount owed by the District is \$263,392.

**REQUIRED SUPPLEMENTAL INFORMATION**

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3  
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
 EARLY RETIREMENT PROGRAM

June 30, 2014

**PLAN I (STIPENDS):**

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL) Entry Age	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
10/1/2008	\$ -	\$ 738,876	\$ 738,876	0.00%	\$ N/A	N/A
10/1/2009	-	807,461	807,461	0.00%	N/A	N/A
7/1/2012	-	542,678	542,678	0.00%	N/A	N/A

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ (16,575)	(415.00) %
2010	46,867	143.00
2010	95,028	69.00
2012	71,357	83.00
2013	(89,630)	(75.00)
2014	(15,922)	(301.00)

The above table presents the most recent actuarial valuations for the District's post-retirement pension stipend and it provides information that approximates the funding progress of the plan.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3  
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
 POST EMPLOYMENT HEALTH CARE  
 June 30, 2014

**PLAN II (HEALTH INSURANCE)  
 SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b)-(a) AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
10/1/2008	\$ -	\$ 3,972,352	\$ 3,972,352	0.00%	\$ N/A	N/A
10/1/2009	-	4,162,481	4,162,481	0.00%	N/A	N/A
7/1/2012	-	3,341,799	3,341,799	0.00%	N/A	N/A

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2009	\$ 565,083	60.00 %
2010	594,134	56.00
2011	635,547	48.00
2012	662,232	46.00
2013	401,209	59.00
2014	412,862	56.00

The above table presents the most recent actuarial valuations for the District's post-retirement health insurance and it provides information that approximates the funding progress of the plan.

**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, 2014**

	<u>GENERAL FUND</u>		ACTUAL	VARIANCE TO FINAL BUDGET
	BUDGET			
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
From Local Sources:				
Taxes-Current Levy	\$ 13,400,000	\$ 13,400,000	\$ 13,835,432	\$ 435,432
Taxes-Prior Levies	375,000	375,000	357,913	(17,087)
Tuition	5,000	5,000	12,731	7,731
Transportation	25,000	25,000	49,301	24,301
Earnings on Investments	50,000	50,000	37,713	(12,287)
Extra Curricular	40,000	40,000	45,206	5,206
Other Local Revenue	152,441	152,441	531,976	379,535
Total From Local Sources	<u>14,047,441</u>	<u>14,047,441</u>	<u>14,870,272</u>	<u>822,831</u>
From Intermediate Sources:				
County School Funds	3,000	3,000	538	(2,462)
Other Intermediate Revenue	350,000	350,000	-	(350,000)
Total From Intermediate Sources	<u>353,000</u>	<u>353,000</u>	<u>538</u>	<u>(352,462)</u>
From State Sources:				
School Support Fund	13,608,271	13,608,271	13,050,145	(558,126)
Common School Fund	274,333	274,333	327,058	52,725
Total From State Sources	<u>13,882,604</u>	<u>13,882,604</u>	<u>13,377,203</u>	<u>(505,401)</u>
From Federal Sources:				
Federal Grants	-	-	2,069	2,069
Total From Federal Sources	<u>-</u>	<u>-</u>	<u>2,069</u>	<u>2,069</u>
Total Revenues	<u>\$ 28,283,045</u>	<u>\$ 28,283,045</u>	<u>\$ 28,250,082</u>	<u>\$ (32,963)</u>



**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, 2014**

EXPENDITURES:	GENERAL FUND			EMPLOYEE BENEFITS	PURCHASED SERVICES
	ORIGINAL	FINAL	SALARIES		
Instruction:					
Primary, K-3	\$ 5,975,486	\$ 5,980,486	\$ 3,634,243	\$ 2,162,522	\$ 6,148
Technology	18,469	18,469	4,124	1,360	-
Middle School Programs	3,047,971	3,047,971	1,780,094	1,050,108	5,400
Middle School Extra-Curricular	24,342	24,342	25,045	8,906	-
High School Programs	3,652,495	3,652,495	2,157,458	1,298,291	50,745
High School Extra-Curricular	425,731	425,731	248,617	63,192	18,587
Special Education Tutoring	23,255	23,255	8,959	2,098	14
District Wide Tutoring	8,305	8,305	4,460	1,045	-
Talented and Gifted/Tutoring	10,171	10,171	4,124	1,482	-
Education for Mentally Disabled	2,172,645	2,172,645	1,293,182	921,360	232
Education for Emotionally Disabled	985,080	985,080	133,175	91,770	1,389,490
Learning Disabled	-	-	13	5	-
Extended School Year	5,000	5,000	690	254	1,970
District Alternative Programs	322,317	322,317	144,941	90,922	-
English as a Second Language	685,300	685,300	420,030	266,387	25,966
Total Instruction	17,356,567	17,361,567 (1)	9,859,155	5,959,702	1,498,552
Support Services:					
Student Safety	179,161	229,161	94,314	86,711	-
Counseling Services	767,354	767,354	607,295	416,516	444
Medical Services - Medicaid	41,196	41,196	16,249	18,916	-
Psychological Services	307,966	307,966	195,212	106,870	-
Psychological Testing Services	3,500	3,500	-	-	1,173
Speech Pathology and Audiology Services	363,576	363,576	213,196	126,981	29
Director - Student Support Services	275,498	275,498	153,586	98,135	106,025
Staff/Curriculum Development	268,314	268,314	163,159	94,695	3,481
Educational Media Services	283,155	283,155	136,192	115,932	328
Instructional Staff Development	43,365	43,365	1,708	53,850	306
Board of Education Services	86,000	86,000	222	20	89,276
Graduation	9,000	9,000	342	29	7,580
Office of the Superintendent	294,055	294,055	173,013	108,758	10,891
Office of the Principal	2,133,430	2,133,430	1,227,691	795,219	354
Personal Administration	300,345	300,345	165,101	101,896	5,961
Fiscal Services	758,834	758,834	291,169	207,783	37,306
Care and Upkeep of Buildings	2,675,590	2,675,590	669,368	455,763	1,133,643
Operation & Maintenance of Plant Services	87,092	87,092	30,000	23,795	643
Vehicle Operation Services	703,573	703,573	242,277	175,688	123,793
Instructional Field Trip	23,494	23,494	15,003	5,604	-
Special Ed Transportation	473,494	473,494	189,029	169,624	237,840
Transportation/Extracurricular	23,028	23,028	13,988	5,210	-
Printing, Publish, Duplication	82,412	82,412	6,567	7,788	(10,915)
Technology Services	425,046	425,046	227,451	130,011	7,037
Total Support Services	10,608,478	10,658,478 (1)	4,832,132	3,305,794	1,755,195
Community Services	100,000	100,000 (1)	-	-	91,955
Contingency	250,000	195,000 (1)	-	-	-
Debt Services					
Principal	143,000	143,000	-	-	-
Total Debt Service	143,000	143,000 (1)	-	-	-
Total Expenditures	28,458,045	28,458,045	\$ 14,691,287	\$ 9,265,496	\$ 3,345,702
Excess of Revenues Over, -Under Expenditures	(175,000)	(175,000)			
Other Financing Sources, (Uses):					
Sale of Capital Assets	-	-			
Transfers In	325,000	325,000			
Total Other Financing Sources, (Uses)	325,000	325,000			
Net Change in Fund Balance	150,000	150,000			
Beginning Fund Balance	100,000	100,000			
Ending Fund Balance	\$ 250,000	\$ 250,000			

(1) Appropriation Level

SUPPLIES AND MATERIALS	CAPITAL OUTLAY	OTHER OBJECTS	TOTAL	VARIANCE TO FINAL BUDGET
\$ 79,913	\$ -	\$ 63	\$ 5,882,889	\$ 97,597
9,026	-	-	14,510	3,959
50,557	-	1,006	2,887,165	160,806
-	-	-	33,951	(9,609)
36,026	-	1,809	3,544,329	108,166
44,919	-	20,584	395,899	29,832
-	-	-	11,071	12,184
-	-	-	5,505	2,800
-	-	-	5,606	4,565
9,937	-	-	2,224,711	(52,066)
-	-	-	1,614,435	(629,355)
1,816	-	-	1,834	(1,834)
-	-	-	2,914	2,086
352	-	-	236,215	86,102
1,478	-	-	713,861	(28,561)
<u>234,024</u>	<u>-</u>	<u>23,462</u>	<u>17,574,895</u>	<u>(213,328)</u>
-	-	-	181,025	48,136
2,050	-	-	1,026,305	(258,951)
-	-	-	35,165	6,031
-	-	-	302,082	5,884
238	-	-	1,411	2,089
1,766	-	-	341,972	21,604
24,133	-	2,234	384,113	(108,615)
8,103	-	1,477	270,915	(2,601)
17,446	-	47	269,945	13,210
-	-	-	55,864	(12,499)
7,059	-	15,643	112,220	(26,220)
452	-	-	8,403	597
6,795	-	5,114	304,571	(10,516)
16,564	-	1,358	2,041,186	92,244
3,995	-	1,665	278,618	21,727
3,460	-	166,253	705,971	52,863
129,128	-	12,066	2,399,968	275,622
9,978	-	80	64,496	22,596
94,618	-	124,027	760,403	(56,830)
-	-	-	20,607	2,887
-	-	-	596,493	(122,999)
802	-	-	20,000	3,028
40,882	-	2,193	46,515	35,897
14,678	-	40,764	419,941	5,105
<u>382,147</u>	<u>-</u>	<u>372,921</u>	<u>10,648,189</u>	<u>10,289</u>
-	-	-	91,955	8,045
-	-	-	-	195,000
-	-	142,857	142,857	143
-	-	142,857	142,857	143
<u>\$ 616,171</u>	<u>\$ -</u>	<u>\$ 396,383</u>	<u>28,457,896</u>	<u>149</u>
			(207,814)	(32,814)
			1,800	1,800
			325,000	-
			326,800	1,800
			118,986	(31,014)
			209,370	109,370
			328,356	\$ 78,356

**RECONCILIATION TO GAAP FUND BALANCE**

Early Retirement Fund Ending Fund Balance	173,939
Technology Replacement Fund Ending Fund Balance	15,036
Textbook Fund Ending Fund Balance	64,187
General Fund Ending Fund Balance	<u>\$ 581,518</u>

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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, 2014**

**DEBT SERVICE FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Local Sources				
Current Year's Taxes	\$ 3,462,784	\$ 3,462,784	\$ 3,480,474	\$ 17,690
Prior Year's Taxes	85,000	85,000	87,921	2,921
Interest on Taxes	20,000	20,000	12,235	(7,765)
	<u>3,567,784</u>	<u>3,567,784</u>	<u>3,580,630</u>	<u>12,846</u>
Revenues From Local Sources	<u>3,567,784</u>	<u>3,567,784</u>	<u>3,580,630</u>	<u>12,846</u>
<b>EXPENDITURES:</b>				
Debt Service-Principal	1,185,000	1,185,000	1,185,000	-
Debt Service-Interest	2,047,100	2,441,100	2,099,954	341,146
	<u>3,232,100</u>	<u>3,626,100 (1)</u>	<u>3,284,954</u>	<u>341,146</u>
Total Expenditures	<u>3,232,100</u>	<u>3,626,100 (1)</u>	<u>3,284,954</u>	<u>341,146</u>
Net Change in Fund Balance	335,684	(58,316)	295,676	353,992
<b>Beginning Fund Balance</b>	<u>1,040,091</u>	<u>1,040,091</u>	<u>1,046,292</u>	<u>6,201</u>
<b>Ending Fund Balance</b>	<u>\$ 1,375,775</u>	<u>\$ 981,775</u>	<u>\$ 1,341,968</u>	<u>\$ 360,193</u>

(1) Appropriation Level

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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, 2014**

**CAPITAL PROJECTS G.O. BOND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Interest on Investments	\$ 227,049	\$ 227,049	\$ 62,849	\$ (164,200)
Miscellaneous Local Sources	20,000	20,000	31,050	11,050
<b>Total Revenues</b>	<b>247,049</b>	<b>247,049</b>	<b>93,899</b>	<b>(153,150)</b>
<b>EXPENDITURES:</b>				
Facilities Acquisition and Construction:				
Salaries	43,492	43,492	78,529	(35,037)
Employee Benefits	14,252	14,252	32,608	(18,356)
Purchased Services	7,416,886	7,416,886	1,729,890	5,686,996
Materials and Services	300,000	300,000	941,602	(641,602)
Capital Outlay	28,825,860	33,262,416	34,009,590	(747,174)
Other	-	-	82,070	(82,070)
<b>Total Expenditures</b>	<b>36,600,490</b>	<b>41,037,046 (1)</b>	<b>36,874,289</b>	<b>4,162,757</b>
Net Change in Fund Balance	(36,353,441)	(40,789,997)	(36,780,390)	4,009,607
<b>Beginning Fund Balance</b>	<b>40,789,997</b>	<b>40,789,997</b>	<b>47,974,499</b>	<b>7,184,502</b>
<b>Ending Fund Balance</b>	<b>\$ 4,436,556</b>	<b>\$ -</b>	<b>\$ 11,194,109</b>	<b>\$ 11,194,109</b>

(1) Appropriation Level



**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**COMBINING BALANCE SHEET**  
**ALL NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2014

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	THOMPSON SPECIAL FUND	PRIVATE GRANTS FUND	TRANS- PORTATION FUND
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$ 61,569	\$ -	\$ 544,546	\$ 37,465	\$ 81,503
Accounts and Grants Receivable	-	213,317	-	1,959	-
<b>Total Assets</b>	<b>\$ 61,569</b>	<b>\$ 213,317</b>	<b>\$ 544,546</b>	<b>\$ 39,424</b>	<b>\$ 81,503</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts Payable	\$ -	\$ 24,108	\$ 8,754	\$ 28,000	\$ -
Due To Other Funds	-	164,610	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>188,718</b>	<b>8,754</b>	<b>28,000</b>	<b>-</b>
Fund Balance:					
Restricted	61,569	24,599	-	11,424	-
Committed	-	-	535,792	-	81,503
<b>Total Fund Balances</b>	<b>61,569</b>	<b>24,599</b>	<b>535,792</b>	<b>11,424</b>	<b>81,503</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 61,569</b>	<b>\$ 213,317</b>	<b>\$ 544,546</b>	<b>\$ 39,424</b>	<b>\$ 81,503</b>

COMMUNITY CENTER FUND	RISK MANAGEMENT FUND	FOCUS READING GRANT FUND	EDUCATOR EFFECTIVENESS PLT FUND
\$ 27,569 15,495	\$ 229,016 17,903	\$ - 38,276	\$ - 5,744
<u>\$ 43,064</u>	<u>\$ 246,919</u>	<u>\$ 38,276</u>	<u>\$ 5,744</u>
\$ - -	\$ 6,579 -	\$ - 38,276	\$ 126 5,618
-	6,579	38,276	5,744
- 43,064	- 240,340	- -	- -
43,064	240,340	-	-
<u>\$ 43,064</u>	<u>\$ 246,919</u>	<u>\$ 38,276</u>	<u>\$ 5,744</u>

MENTORING, MONITORING, & ACCELERATION GRANT FUND	CAPITAL EQUIPMENT FUND	CAPITAL PROJECTS FUND	NONMAJOR FEDERAL SPECIAL REVENUE FUNDS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ 72,249	\$ 318,898	\$ -	\$ 1,372,815
2,626	-	42,612	575,358	913,290
<u>\$ 2,626</u>	<u>\$ 72,249</u>	<u>\$ 361,510</u>	<u>\$ 575,358</u>	<u>\$ 2,286,105</u>
\$ 1,645	\$ -	\$ 34,000	\$ 82,106	\$ 185,318
981	-	-	493,252	702,737
<u>2,626</u>	<u>-</u>	<u>34,000</u>	<u>575,358</u>	<u>888,055</u>
-	-	327,510	-	425,102
-	72,249	-	-	972,948
-	72,249	327,510	-	1,398,050
<u>\$ 2,626</u>	<u>\$ 72,249</u>	<u>\$ 361,510</u>	<u>\$ 575,358</u>	<u>\$ 2,286,105</u>

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**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, 2014**

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	THOMPSON SPECIAL FUND	PRIVATE GRANTS FUND	TRANS- PORTATION FUND
<b>REVENUES:</b>					
Intergovernmental-Federal	\$ -	\$ 1,563,579	\$ -	\$ 2,101	\$ -
Intergovernmental-State	-	-	-	-	-
Charges for Services	-	169,954	479,530	-	-
Earnings on Investments	327	-	-	-	-
Miscellaneous	-	28,020	200,110	47,907	75,000
<b>Total Revenues</b>	<b>327</b>	<b>1,761,553</b>	<b>679,640</b>	<b>50,008</b>	<b>75,000</b>
<b>EXPENDITURES:</b>					
Instruction	-	-	-	60,314	-
Support Services	-	-	314,641	9,231	-
Enterprise and Community Services	-	1,801,614	-	3,335	-
Facilities Acquisition and Construction	-	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>1,801,614</b>	<b>314,641</b>	<b>72,880</b>	<b>-</b>
Excess of Revenues Over, - Under Expenditures	327	(40,061)	364,999	(22,872)	75,000
<b>Other Financing Sources, (Uses):</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	(300,000)	-	-
<b>Total Other Financing Sources, (Uses)</b>	<b>-</b>	<b>-</b>	<b>(300,000)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>327</b>	<b>(40,061)</b>	<b>64,999</b>	<b>(22,872)</b>	<b>75,000</b>
<b>Beginning Fund Balance</b>	<b>61,242</b>	<b>64,660</b>	<b>470,793</b>	<b>34,296</b>	<b>6,503</b>
<b>Ending Fund Balance</b>	<b>\$ 61,569</b>	<b>\$ 24,599</b>	<b>\$ 535,792</b>	<b>\$ 11,424</b>	<b>\$ 81,503</b>

COMMUNITY CENTER FUND	RISK MANAGEMENT FUND	FOCUS READING GRANT FUND	EDUCATOR EFFECTIVENESS PLT FUND
\$ -	\$ -	\$ -	\$ -
-	-	115,552	6,910
51,104	-	-	-
-	-	-	-
37,847	242,300	-	-
<u>88,951</u>	<u>242,300</u>	<u>115,552</u>	<u>6,910</u>
-	-	115,552	-
-	231,095	-	6,910
102,458	-	-	-
-	-	-	-
<u>102,458</u>	<u>231,095</u>	<u>115,552</u>	<u>6,910</u>
(13,507)	11,205	-	-
50,000	-	-	-
-	(75,000)	-	-
<u>50,000</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>
36,493	(63,795)	-	-
6,571	304,135	-	-
<u>\$ 43,064</u>	<u>\$ 240,340</u>	<u>\$ -</u>	<u>\$ -</u>

MENTORING, MONITORING, & ACCELERATION FUND	CAPITAL EQUIPMENT FUND	CAPITAL PROJECTS FUND	NONMAJOR FEDERAL SPECIAL REVENUE FUNDS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ 2,186,522	\$ 3,752,202
2,626	-	-	-	125,088
-	-	-	-	700,588
-	-	-	-	327
-	-	341,606	-	972,790
2,626	-	341,606	2,186,522	5,550,995
-	2,812	-	1,832,821	2,011,499
2,626	43	56,000	319,626	940,172
-	26,138	-	34,075	1,967,620
-	-	2,553	-	2,553
2,626	28,993	58,553	2,186,522	4,921,844
-	(28,993)	283,053	-	629,151
-	-	-	-	50,000
-	-	-	-	(375,000)
-	-	-	-	(325,000)
-	(28,993)	283,053	-	304,151
-	101,242	44,457	-	1,093,899
\$ -	\$ 72,249	\$ 327,510	\$ -	\$ 1,398,050

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**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**  
**MULTNOMAH COUNTY, OREGON**

**COMBINING BALANCE SHEET**  
**ALL NONMAJOR FEDERAL SPECIAL REVENUE FUNDS**  
**June 30, 2014**

	<u>IDEA</u>	<u>TITLE IA</u>	<u>PRIORITY FOCUS GRANT</u>	<u>CARL PERKINS</u>	<u>TITLE IIA QUALITY TEACHER</u>
<b>ASSETS:</b>					
Accounts and Grants Receivable	\$ 184,698	\$ 287,888	\$ 52,015	\$ -	\$ 38,603
<b>Total Assets</b>	<b>\$ 184,698</b>	<b>\$ 287,888</b>	<b>\$ 52,015</b>	<b>\$ -</b>	<b>\$ 38,603</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts Payable	\$ 74,560	\$ 1,803	\$ 3,281	\$ -	\$ 2,374
Due To Other Funds	110,138	286,085	48,734		36,229
<b>Total Liabilities</b>	<b>184,698</b>	<b>287,888</b>	<b>52,015</b>	<b>-</b>	<b>38,603</b>
Fund Balance	-	-	-	-	-
<b>Total Liabilities and Fund Balances</b>	<b>\$ 184,698</b>	<b>\$ 287,888</b>	<b>\$ 52,015</b>	<b>\$ -</b>	<b>\$ 38,603</b>

TITLE III LANGUAGE INSTRUCTION	SYSTEM PERFORMANCE REVIEW	MCKINNEY VENTO GRANT	TOTAL NONMAJOR FEDERAL SPECIAL REVENUE FUNDS
\$ 8,219	\$ 3,046	\$ 889	\$ 575,358
<u>\$ 8,219</u>	<u>\$ 3,046</u>	<u>\$ 889</u>	<u>\$ 575,358</u>
\$ 13 8,206	\$ - 3,046	\$ 75 814	\$ 82,106 493,252
<u>8,219</u>	<u>3,046</u>	<u>889</u>	<u>575,358</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 8,219</u>	<u>\$ 3,046</u>	<u>\$ 889</u>	<u>\$ 575,358</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, 2014**

	IDEA	TITLE IA	PRIORITY FOCUS GRANT	CARL PERKINS	TITLE IIA TEACHER QUALITY
<b>REVENUES:</b>					
Federal Sources	\$ 569,684	\$ 1,124,961	\$ 207,225	\$ 3,978	\$ 166,509
Total Revenues	569,684	1,124,961	207,225	3,978	166,509
<b>EXPENDITURES:</b>					
Current:					
Instruction	561,734	1,054,574	197,877	-	-
Support Services	7,950	60,225	-	3,978	151,944
Community Services	-	10,162	9,348	-	14,565
Total Expenditures	569,684	1,124,961	207,225	3,978	166,509
Net Change in Fund Balance	-	-	-	-	-
Beginning Fund Balance	-	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -

TITLE III LANGUAGE INSTRUCTION	SYSTEMS PERFORMANCE GRANT	MCKINNEY VENO GRANT	TOTAL
\$ 91,414	\$ 4,115	\$ 18,636	\$ 2,186,522
91,414	4,115	18,636	2,186,522
-	-	18,636	1,832,821
91,414	4,115	-	319,626
-	-	-	34,075
91,414	4,115	18,636	2,186,522
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ -	\$ -

**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, 2014**

**TAX ANTICIPATION NOTE FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Local Sources				
Earnings on Investments	\$ 20,000	\$ 20,000	\$ 327	\$ (19,673)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>327</u>	<u>(19,673)</u>
<b>EXPENDITURES:</b>				
Support Services-Fiscal Services				
Purchased Services	6,257	6,257	-	6,257
Total Support Services	<u>6,257</u>	<u>6,257 (1)</u>	<u>-</u>	<u>6,257</u>
Debt Services				
Principal	4,035,000	4,035,000	-	4,035,000
Interest	75,000	75,000	-	75,000
Total Debt Services	<u>4,110,000</u>	<u>4,110,000 (1)</u>	<u>-</u>	<u>4,110,000</u>
Total Expenditures	<u>4,116,257</u>	<u>4,116,257</u>	<u>-</u>	<u>4,116,257</u>
Excess of Revenues Over (Under) Expenditures	(4,096,257)	(4,096,257)	327	(4,096,584)
<b>Other Financing Sources, (Uses):</b>				
TANS Proceeds	4,035,000	4,035,000	-	4,035,000
Total Other Financing Sources, (Uses)	<u>4,035,000</u>	<u>4,035,000</u>	<u>-</u>	<u>4,035,000</u>
Net Change in Fund Balance	(61,257)	(61,257)	327	61,584
<b>Beginning Fund Balance</b>	<u>61,257</u>	<u>61,257</u>	<u>61,242</u>	<u>(15)</u>
<b>Ending Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,569</u>	<u>\$ 61,569</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, 2014

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>FOOD SERVICE FUND</b>				
<b>REVENUES:</b>				
Local Sources:				
Sales of Meals	\$ 212,000	\$ 212,000	\$ 169,954	\$ (42,046)
Miscellaneous	5,000	5,000	1,036	(3,964)
State Sources:				
State School Lunch Match	21,000	21,000	26,984	5,984
Federal Sources:				
School Nutrition	1,700,000	1,700,000	1,481,803	(218,197)
Commodities	100,000	100,000	81,776	(18,224)
Total Revenues	<u>2,038,000</u>	<u>2,038,000</u>	<u>1,761,553</u>	<u>(276,447)</u>
<b>EXPENDITURES:</b>				
Enterprise and Community Services:				
Food Services:				
Salaries	1,866,768	1,866,768	359,852	1,506,916
Employee Benefits	-	-	327,743	(327,743)
Purchased Services	200,000	200,000	151,682	48,318
Supplies and Materials	-	-	960,225	(960,225)
Capital Outlay	-	-	1,985	(1,985)
Other Objects	-	-	127	(127)
Total Enterprise and Community Services	<u>2,066,768</u>	<u>2,066,768</u>	(1) <u>1,801,614</u>	<u>265,154</u>
Contingency	<u>107,468</u>	<u>107,468</u>	(1) <u>-</u>	<u>107,468</u>
Total Expenditures	<u>2,174,236</u>	<u>2,174,236</u>	<u>1,801,614</u>	<u>372,622</u>
Net Change in Fund Balance	(136,236)	(136,236)	(40,061)	96,175
Beginning Fund Balance	<u>136,236</u>	<u>136,236</u>	<u>64,660</u>	<u>(71,576)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,599</u>	<u>\$ 24,599</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, 2014**

**THOMPSON SPECIAL FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Local Sources:				
Rental/Lease	\$ 479,880	\$ 479,880	\$ 479,530	\$ (350)
Contributions from Private Sources	17,250	17,250	19,328	2,078
State Sources:				
Grants-in-aid	-	-	180,782	180,782
Total Revenues	<u>497,130</u>	<u>497,130</u>	<u>679,640</u>	<u>182,510</u>
<b>EXPENDITURES:</b>				
Support Services:				
Operations and Maintenance of Plant:				
Salaries	94,551	94,551	55,319	39,232
Employee Benefits	33,053	33,053	33,553	(500)
Purchased Services	283,431	283,431	186,692	96,739
Supplies and Materials	38,317	38,317	19,530	18,787
Other Objects	28,800	28,800	19,547	9,253
Total Support Services	<u>478,152</u>	<u>478,152</u> (1)	<u>314,641</u>	<u>163,511</u>
Total Expenditures	<u>478,152</u>	<u>478,152</u>	<u>314,641</u>	<u>163,511</u>
Excess of Revenues Over (Under) Expenditures	18,978	18,978	364,999	346,021
<b>Other Financing Sources, (Uses):</b>				
Transfers Out	<u>(300,000)</u>	<u>(300,000)</u> (1)	<u>(300,000)</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net Change in Fund Balance	(281,022)	(281,022)	64,999	346,021
Beginning Fund Balance	<u>435,127</u>	<u>435,127</u>	<u>470,793</u>	<u>35,666</u>
Ending Fund Balance	<u>\$ 154,105</u>	<u>\$ 154,105</u>	<u>\$ 535,792</u>	<u>\$ 381,687</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, 2014**

**PRIVATE GRANTS FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Local Sources	\$ 49,541	\$ 57,041	\$ 47,907	\$ (9,134)
Federal Sources	-	-	2,101	2,101
Total Revenues	<u>49,541</u>	<u>57,041</u>	<u>50,008</u>	<u>(7,033)</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries	19,274	19,274	13,678	5,596
Employee Benefits	-	-	4,323	(4,323)
Purchased Services	17,677	17,677	2,931	14,746
Supplies and Materials	8,980	8,980	12,082	(3,102)
Other Objects	-	-	27,300	(27,300)
Total Instruction	<u>45,931</u>	<u>45,931 (1)</u>	<u>60,314</u>	<u>(14,383)</u>
Support Services:				
Salaries	7,100	7,100	2,464	4,636
Employee Benefits	583	583	623	(40)
Purchased Services	200	2,700	1,596	1,104
Supplies and Materials	11,255	16,255	4,548	11,707
Total Support Services	<u>19,138</u>	<u>26,638 (1)</u>	<u>9,231</u>	<u>17,407</u>
Enterprise/Community Services:				
Purchased Services	5,146	5,146	1,071	4,075
Supplies and Materials	51	51	348	(297)
Other Objects	-	-	1,916	(1,916)
Total Enterprise/Community Services	<u>5,197</u>	<u>5,197 (1)</u>	<u>3,335</u>	<u>1,862</u>
Total Expenditures	<u>70,266</u>	<u>77,766</u>	<u>72,880</u>	<u>4,886</u>
Net Change in Fund Balance	(20,725)	(20,725)	(22,872)	(2,147)
Beginning Fund Balance	<u>20,725</u>	<u>20,725</u>	<u>34,296</u>	<u>13,571</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,424</u>	<u>\$ 11,424</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, 2014**

**TRANSPORTATION FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
State Sources:				
SSF-Transportation	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Support Services:				
Capital Outlay	<u>70,000</u>	<u>70,000 (1)</u>	<u>-</u>	<u>70,000</u>
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Net Change in Fund Balance	5,000	5,000	75,000	70,000
<b>Beginning Fund Balance</b>	<u>6,503</u>	<u>6,503</u>	<u>6,503</u>	<u>-</u>
<b>Ending Fund Balance</b>	<u>\$ 11,503</u>	<u>\$ 11,503</u>	<u>\$ 81,503</u>	<u>\$ 70,000</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, 2014**

**COMMUNITY CENTER FUND**

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Local Sources:				
Swim Pool	\$ 44,833	\$ 44,833	\$ 35,682	\$ (9,151)
Rentals	40,000	40,000	15,422	(24,578)
Miscellaneous	-	-	37,847	37,847
	<u>84,833</u>	<u>84,833</u>	<u>88,951</u>	<u>4,118</u>
Total Revenues				
<b>EXPENDITURES:</b>				
Enterprise and Community Services:				
Salaries	81,621	81,621	72,475	9,146
Employee Benefits	26,674	26,674	26,187	487
Purchased Services	2,280	2,280	95	2,185
Supplies and Materials	911	911	208	703
Other Objects	-	-	3,493	(3,493)
	<u>111,486</u>	<u>111,486</u>	<u>102,458</u>	<u>9,028</u>
Total Expenditures				
Excess of Revenues Over (Under) Expenditures	(26,653)	(26,653)	(13,507)	13,146
<b>Other Financing Sources, (Uses):</b>				
Transfers In	50,000	50,000	50,000	-
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Other Financing Sources, (Uses)				
Net Change in Fund Balance	23,347	23,347	36,493	13,146
<b>Beginning Fund Balance</b>	<u>-</u>	<u>-</u>	<u>6,571</u>	<u>6,571</u>
<b>Ending Fund Balance</b>	<u>\$ 23,347</u>	<u>\$ 23,347</u>	<u>\$ 43,064</u>	<u>\$ 19,717</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, 2014**

**RISK MANAGEMENT FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Local Sources:				
Cobra / Self Paid Insurance	\$ 312,117	\$ 312,117	\$ 165,383	\$ (146,734)
Unemployment Insurance	60,000	60,000	-	(60,000)
Other Income	10,000	10,000	76,917	66,917
Total Revenues	<u>382,117</u>	<u>382,117</u>	<u>242,300</u>	<u>(139,817)</u>
<b>EXPENDITURES:</b>				
Support Services:				
Reimbursed Replacement Insurance:				
Salaries	7,260	7,260	115	7,145
Employee Benefits	1,713	1,713	43	1,670
Purchased Services	15,500	15,500	7,247	8,253
Supplies and Materials	28,692	28,692	3,456	25,236
Other Objects	25,000	25,000	730	24,270
Staff Services:				
Employee Benefits	462,117	462,117	219,504	242,613
Total Expenditures	<u>540,282</u>	<u>540,282 (1)</u>	<u>231,095</u>	<u>309,187</u>
Excess of Revenues Over (Under) Expenditures	(158,165)	(158,165)	11,205	(449,004)
<b>Other Financing Sources, (Uses):</b>				
Transfers Out	(75,000)	(75,000) (1)	(75,000)	-
Total Other Financing Sources, (Uses)	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Net Change in Fund Balance	(233,165)	(233,165)	(63,795)	169,370
<b>Beginning Fund Balance</b>	<u>327,729</u>	<u>327,729</u>	<u>304,135</u>	<u>(23,594)</u>
<b>Ending Fund Balance</b>	<u>\$ 94,564</u>	<u>\$ 94,564</u>	<u>\$ 240,340</u>	<u>\$ 145,776</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, 2014**

**FOCUS READING GRANT FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
State Sources:				
Grants	\$ -	\$ 160,000	\$ 115,552	\$ 44,448
Total Revenues	-	160,000	115,552	44,448
<b>EXPENDITURES:</b>				
Instruction				
Salaries	-	160,000	70,173	89,827
Employee Benefits	-	-	38,093	(38,093)
Supplies and Materials	-	-	7,286	(7,286)
Total Expenditures	-	160,000 (1)	115,552	44,448
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, 2014**

**EDUCATOR EFFECTIVENESS PLT FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
State Sources:				
PLT Reimbursement	\$ -	\$ 36,239	\$ 6,910	\$ 29,329
Total Revenues	<u>-</u>	<u>36,239</u>	<u>6,910</u>	<u>29,329</u>
<b>EXPENDITURES:</b>				
Support Services				
Salaries	-	36,239	4,397	31,842
Employee Benefits	-	-	899	(899)
Purchased Services	-	-	1,554	(1,554)
Other	-	-	60	(60)
Total Expenditures	<u>-</u>	<u>36,239 (1)</u>	<u>6,910</u>	<u>29,329</u>
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, 2014**

**MENTORING, MONITORING, AND ACCELERATION GRANT FUND**

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
State Sources:				
Grants	\$ -	\$ 179,206	\$ 2,626	\$ 176,580
Total Revenues	-	179,206	2,626	176,580
<b>EXPENDITURES:</b>				
Support Services				
Purchased Services	-	179,206	2,511	176,695
Other	-	-	115	(115)
Total Expenditures	-	179,206 (1)	2,626	176,580
Net Change in Fund Balance	-	-	-	-
<b>Beginning Fund Balance</b>	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(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, 2014**

**CAPITAL EQUIPMENT FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>EXPENDITURES:</b>				
Instruction	\$ 37,757	\$ 37,757 (1)	\$ 2,812	\$ 34,945
Support Services	-	- (1)	43	(43)
Community Services	63,945	63,945 (1)	26,138	37,807
	<u>101,702</u>	<u>101,702</u>	<u>28,993</u>	<u>72,709</u>
Total Expenditures				
	<u>101,702</u>	<u>101,702</u>	<u>28,993</u>	<u>72,709</u>
Net Change in Fund Balance	(101,702)	(101,702)	(28,993)	72,709
<b>Beginning Fund Balance</b>	<u>101,702</u>	<u>101,702</u>	<u>101,242</u>	<u>(460)</u>
<b>Ending Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,249</u>	<u>\$ 72,249</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, 2014**

**CAPITAL PROJECTS FUND**

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Local Revenue:				
Construction Excise Tax	\$ 20,000	\$ 20,000	\$ 69,788	\$ 49,788
Miscellaneous Local Revenue	75,000	75,000	82,588	7,588
State Revenue:				
Business Energy Incentives	-	-	189,230	189,230
Total Revenues	<u>95,000</u>	<u>95,000</u>	<u>341,606</u>	<u>246,606</u>
<b>EXPENDITURES:</b>				
Support:				
Purchased Services	110,000	107,000	22,000	85,000
Supplies & Materials	-	-	34,000	(34,000)
Total Support	<u>110,000</u>	<u>107,000 (1)</u>	<u>56,000</u>	<u>51,000</u>
Facilities Acquisition & Construction				
Purchased Services	-	3,000	945	2,055
Other Objects	-	-	1,608	(1,608)
Total Facilities Acquisition & Construction	<u>-</u>	<u>3,000 (1)</u>	<u>2,553</u>	<u>447</u>
Contingencies	<u>2,351</u>	<u>2,351 (1)</u>	<u>-</u>	<u>2,351</u>
Total Expenditures	<u>112,351</u>	<u>112,351</u>	<u>58,553</u>	<u>53,798</u>
Net Change in Fund Balance	(17,351)	(17,351)	283,053	300,404
Beginning Fund Balance	<u>17,351</u>	<u>17,351</u>	<u>44,457</u>	<u>27,106</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,510</u>	<u>\$ 327,510</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, 2014**

**IDEA (PL 101-476) GRANTS**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Federal Sources:				
Grants-in-aid	\$ 650,000	\$ 650,000	\$ 569,684	\$ (80,316)
Total Revenues	<u>650,000</u>	<u>650,000</u>	<u>569,684</u>	<u>(80,316)</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries	290,677	290,677	265,704	24,973
Employee Benefits	225,194	225,194	185,768	39,426
Purchased Services	79,578	79,578	86,310	(6,732)
Materials and Services	30,904	30,904	913	29,991
Other Objects	15,795	15,795	23,039	(7,244)
Total Instruction	<u>642,148</u>	<u>642,148</u>	<u>561,734</u>	<u>80,414</u>
Support Services:				
Salaries	5,000	5,000	6,385	(1,385)
Employee Benefits	1,782	1,782	1,415	367
Materials and Services	1,070	1,070	-	1,070
Other Objects	-	-	150	(150)
Total Support Services	<u>7,852</u>	<u>7,852</u>	<u>7,950</u>	<u>(98)</u>
Total Expenditures	<u>650,000</u>	<u>650,000</u>	<u>569,684</u>	<u>80,316</u>
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, 2014**

**TITLE IA GRANT FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Federal Sources				
Grants-in-aid	\$ 1,350,000	\$ 1,350,000	\$ 1,124,961	\$ (225,039)
<b>EXPENDITURES:</b>				
Instruction:				
Special Programs/Title IA:				
Salaries	638,692	638,692	557,871	80,821
Employee Benefits	393,114	393,114	355,190	37,924
Purchased Services	78,500	78,500	60,731	17,769
Supplies and Materials	42,880	42,880	13,140	29,740
Other Objects	36,759	36,759	67,642	(30,883)
Total Instruction	1,189,945	1,189,945 (1)	1,054,574	135,371
Support Services:				
Attendance and Social Services				
Salaries	80,261	80,261	23,514	56,747
Employee Benefits	33,099	33,099	16,124	16,975
Purchased Services	7,500	7,500	12,994	(5,494)
Supplies and Materials	23,200	23,200	7,593	15,607
Total Support Services	144,060	144,060 (1)	60,225	83,835
Community Service:				
Salaries	5,500	5,500	468	5,032
Employee Benefits	-	-	59	(59)
Purchased Services	-	-	6,237	(6,237)
Supplies & Materials	10,495	10,495	3,398	7,097
Total Community Services	15,995	15,995 (1)	10,162	5,833
Total Expenditures	1,350,000	1,350,000	1,124,961	225,039
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, 2014**

**PRIORITY FOCUS GRANT FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Federal Sources:				
Priority Focus Grant	\$ 130,000	\$ 130,000	\$ 207,225	\$ 77,225
Total Revenues	<u>130,000</u>	<u>130,000</u>	<u>207,225</u>	<u>77,225</u>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries	94,000	94,000	88,934	5,066
Employee Benefits	30,000	30,000	21,896	8,104
Purchased Services	-	-	24,868	(24,868)
Supplies and Materials	2,000	2,000	15,752	(13,752)
Other	4,000	4,000	46,427	(42,427)
Total Instruction	<u>130,000</u>	<u>130,000 (1)</u>	<u>197,877</u>	<u>(67,877)</u>
Community Services:				
Salaries	-	-	6,655	(6,655)
Employee Benefits	-	-	2,284	(2,284)
Supplies and Materials	-	-	409	(409)
Total Community Services	<u>-</u>	<u>-</u>	<u>9,348</u>	<u>(9,348)</u>
Total Expenditures	<u>130,000</u>	<u>130,000</u>	<u>207,225</u>	<u>(77,225)</u>
Net Change in Fund Balance	-	-	-	-
<b>Beginning Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending Fund Balance</b>	<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, 2014**

**CARL PERKINS GRANT FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Federal Sources:				
Grants-in-aid	\$ 55,000	\$ 55,000	\$ 3,978	\$ (51,022)
<b>EXPENDITURES:</b>				
Support Services:				
Improvement of Instruction:				
Salaries	12,155	12,155	2,952	9,203
Employee Benefits	3,089	3,089	1,026	2,063
Purchased Services	10,500	10,500	-	10,500
Supplies and Materials	27,827	27,827	-	27,827
Other Objects	1,429	1,429	-	1,429
Total Expenditures	<u>55,000</u>	<u>55,000 (1)</u>	<u>3,978</u>	<u>51,022</u>
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, 2014**

**TITLE IIA QUALITY TEACHER GRANT FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Federal Sources				
Grants-in-aid	\$ 155,000	\$ 165,000	\$ 166,509	\$ 1,509
<b>EXPENDITURES:</b>				
Support Services:				
Salaries	45,549	55,549	40,194	15,355
Employee Benefits	17,529	17,529	14,291	3,238
Purchased Services	50,000	50,000	34,980	15,020
Supplies and Materials	18,522	18,522	1,787	16,735
Other Objects	3,400	3,400	60,692	(57,292)
Total Support Services	<u>135,000</u>	<u>145,000 (1)</u>	<u>151,944</u>	<u>(6,944)</u>
Community Services:				
Nonpublic School Students:				
Purchased Services	1,000	1,000	2,292	(1,292)
Supplies and Materials	6,000	6,000	-	6,000
Other Objects	13,000	13,000	12,273	727
Total Community Services	<u>20,000</u>	<u>20,000 (1)</u>	<u>14,565</u>	<u>5,435</u>
Total Expenditures	<u>155,000</u>	<u>165,000</u>	<u>166,509</u>	<u>(1,509)</u>
Net Change in Fund Balance	-	-	-	-
<b>Beginning Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending Fund Balance</b>	<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, 2014**

**TITLE III LANGUAGE INSTRUCTION GRANT FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Federal Sources				
Grants-in-aid	\$ 150,000	\$ 150,000	\$ 91,414	\$ (58,586)
Total Revenues	<u>150,000</u>	<u>150,000</u>	<u>91,414</u>	<u>(58,586)</u>
<b>EXPENDITURES:</b>				
Support Services:				
Improvement of Instruction:				
Salaries	80,709	80,709	51,473	29,236
Employee Benefits	36,424	36,424	17,502	18,922
Purchased Services	5,000	5,000	4,321	679
Supplies and Materials	24,155	24,155	4,683	19,472
Other Objects	3,712	3,712	13,435	(9,723)
Total Expenditures	<u>150,000</u>	<u>150,000 (1)</u>	<u>91,414</u>	<u>58,586</u>
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, 2014**

**SYSTEM PERFORMANCE REVIEW GRANT**

	BUDGET			VARIANCE TO FINAL BUDGET
<b>REVENUES:</b>	ORIGINAL	FINAL	ACTUAL	
Federal Sources:				
Restricted through State	\$ 4,165	\$ 4,165	\$ 4,115	\$ (50)
Total Revenues	4,165	4,165	4,115	(50)
<b>EXPENDITURES:</b>				
Support Services:				
Instructional Staff Development:				
Salaries	2,785	2,785	2,874	(89)
Employee Benefits	692	692	587	105
Purchased Services	175	175	129	46
Supplies and Materials	513	513	525	(12)
Total Expenditures	4,165	4,165 (1)	4,115	50
Net Change in Fund Balance	-	-	-	-
<b>Beginning Fund Balance</b>	-	-	-	-
<b>Ending Fund Balance</b>	\$ -	\$ -	\$ -	\$ -

(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, 2014**

**MCKINNEY-VENTO GRANT FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES:</b>				
Federal Sources				
Grants-in-aid	\$ 25,000	\$ 25,000	\$ 18,636	\$ (6,364)
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>18,636</u>	<u>(6,364)</u>
<b>EXPENDITURES:</b>				
Instruction				
Salaries	20,000	20,000	14,017	5,983
Employee Benefits	2,375	2,375	2,343	32
Supplies & Materials	2,025	2,025	1,462	563
Other Objects	<u>600</u>	<u>600</u>	<u>814</u>	<u>(214)</u>
Total Expenditures	<u>25,000</u>	<u>25,000 (1)</u>	<u>18,636</u>	<u>6,364</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(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, 2014**

**EARLY RETIREMENT FUND**

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>EXPENDITURES:</b>				
Support Services:				
Supplemental Retirement Program:				
Salaries	\$ 207,000	\$ 207,000	\$ 73,748	\$ 133,252
Employee Benefits	15,835	15,835	5,490	10,345
Total Support Services	<u>222,835</u>	<u>222,835</u> (1)	<u>79,238</u>	<u>143,597</u>
Contingency	<u>42,661</u>	<u>42,661</u> (1)	<u>-</u>	<u>42,661</u>
Total Expenditures	<u>265,496</u>	<u>265,496</u>	<u>79,238</u>	<u>186,258</u>
Net Change in Fund Balance	(265,496)	(265,496)	(79,238)	186,258
<b>Beginning Fund Balance</b>	<u>265,496</u>	<u>265,496</u>	<u>253,177</u>	<u>(12,319)</u>
<b>Ending Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,939</u>	<u>\$ 173,939</u>

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

**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, 2014**

**TECHNOLOGY REPLACEMENT FUND**

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
<b>REVENUES:</b>				
Local Sources:				
Miscellaneous Revenue	\$ -	\$ -	\$ 15,008	\$ (15,008)
Total Revenues	-	-	15,008	(15,008)
<b>EXPENDITURES:</b>				
Support Services				
Supplies and Materials	255	255	-	255
Total Expenditures	255	255 (1)	-	255
Net Change in Fund Balance	(255)	(255)	15,008	15,263
Beginning Fund Balance	255	255	28	(227)
Ending Fund Balance	\$ -	\$ -	\$ 15,036	\$ 15,036

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

**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, 2014**

	<b><u>TEXTBOOK FUND</u></b>			
	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>EXPENDITURES:</b>				
Instruction:				
Instructional Staff:				
High School Programs - Materials and Supplies	\$ 72,159	\$ 72,159	\$ 4,435	\$ 67,724
Total Expenditures	<u>72,159</u>	<u>72,159 (1)</u>	<u>4,435</u>	<u>67,724</u>
Net Change in Fund Balance	(72,159)	(72,159)	(4,435)	67,724
<b>Beginning Fund Balance</b>	<u>72,159</u>	<u>72,159</u>	<u>68,622</u>	<u>(3,537)</u>
<b>Ending Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,187</u>	<u>\$ 64,187</u>

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing resources being derived primarily from General Fund transfers.

MULTNOMAH COUNTY SCHOOL DISTRICT NO.3  
MULTNOMAH, OREGON

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
For the Year Ended June 30, 2014

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	<u>BALANCE</u> <u>7/1/13</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6/30/14</u>
<b>STUDENT ACTIVITY FUNDS</b>				
<b>ASSETS:</b>				
Cash	<u>\$ 200,881</u>	<u>\$ 600,156</u>	<u>\$ 570,709</u>	<u>\$ 230,328</u>
Total Assets	<u>\$ 200,881</u>	<u>\$ 600,156</u>	<u>\$ 570,709</u>	<u>\$ 230,328</u>
<b>LIABILITIES:</b>				
Due to Student Organizations	<u>\$ 200,881</u>	<u>\$ 600,156</u>	<u>\$ 570,709</u>	<u>\$ 230,328</u>
Total Liabilities	<u>\$ 200,881</u>	<u>\$ 600,156</u>	<u>\$ 570,709</u>	<u>\$ 230,328</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, 2014**

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/13	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/14
<b>GENERAL FUND:</b>						
Current:						
2013-2014	\$ 14,591,935	\$ 371,534	\$ (121,268)	\$ -	\$ 13,803,440	\$ 295,693
Prior Years:						
2012-2013	388,901	(303)	(95,834)	-	162,999	130,371
2011-2012	247,852	(12)	(80,159)	-	61,403	106,302
2010-2011	155,490	(9)	(68,370)	-	54,892	32,237
2009-2010	103,987	(1)	(66,426)	-	29,836	7,726
Prior	36,200	-	(16,925)	-	4,294	14,981
Total Prior	932,430	(325)	(327,714)	-	313,424	291,617
Total General Fund	\$ 15,524,365	\$ 371,209	\$ (448,982)	\$ -	\$ 14,116,864	\$ 587,310

**RECONCILIATION TO REVENUE:**

	GENERAL FUND
Cash Collections by County Treasurers Above	\$ 14,116,864
June 30, 2013	(65,069)
June 30, 2014	54,826
Taxes In Lieu	86,724
Total Revenue	\$ 14,193,345

**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, 2014**

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/13	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/14
<b><u>DEBT SERVICE FUND:</u></b>						
Current:						
2013-2014	\$ 3,671,935	\$ 93,493	\$ (30,516)	\$ -	\$ 3,473,517	\$ 74,409
Prior Years:						
2012-2013	103,329	(80)	(25,463)	-	43,308	34,638
2011-2012	57,655	(3)	(21,664)	-	13,178	22,816
2010-2011	33,792	(2)	(13,154)	-	13,003	7,637
2009-2010	23,101	-	(13,172)	-	7,887	2,042
Prior	8,235	-	(3,327)	-	1,094	3,814
Total Prior	226,112	(85)	(76,780)	-	78,470	70,947
Total Debt Service Fund	\$ 3,898,047	\$ 93,408	\$ (107,296)	\$ -	\$ 3,551,987	\$ 145,356

RECONCILIATION TO REVENUE:	<u>DEBT SERVICE FUND</u>
Cash Collections by County Treasurers Above	\$ 3,551,987
Accrual of Receivables:	
June 30, 2013	(16,259)
June 30, 2014	13,355
Taxes In Lieu	19,312
Total Revenue	<u>\$ 3,568,395</u>

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2014

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:					
Title I Grants to Local Educational Agencies Cluster					
	84.010	25316	7/11/12-9/30/13	1,157,495	\$ 56,010
	84.010	28196	7/1/13-9/30/14	1,161,579	1,068,952
	84.010	26917	8/1/12-9/30/13	20,750	10,645
	84.010	26918	8/1/12-9/30/13	23,700	18,363
	84.010	26919	8/1/12-9/30/13	24,800	14,087
	84.010	26920	8/1/12-9/30/13	24,000	22,025
	84.010	28384	7/1/13-9/30/14	43,957	43,957
	84.010	28385	7/1/13-9/30/14	47,669	35,293
	84.010	28386	7/1/13-9/30/14	46,158	33,813
	84.010	28387	7/1/13-9/30/14	39,943	29,043
Total Title I Grants to Local Educational Agencies Cluster					<u>1,332,187</u>
Special Education Cluster					
	84.027	26767	7/1/12-9/30/14	621,210	145
	84.027	29849	10/1/13-9/30/14	7,957	7,949
	84.027	28528	7/14/13-9/30/15	560,753	560,753
	84.027	27969	8/1/13-6/30/14	3,215	3,215
	84.027	27678	7/1/13-6/30/14	900	900
	84.173	28913	7/1/13-9/30/15	2,615	837
Total Special Education Cluster					<u>573,799 (1)</u>
Special Education - State Personnel Development					
	84.323	26850	8/1/13-6/30/14	4,000	1,300
Improving Teacher Quality					
	84.367	25544	7/1/12-9/30/13	137,977	96,699
	84.367	28714	7/1/13-9/30/14	127,556	69,808
Total Improving Teacher Quality					<u>166,508</u>
English Language Acquisition					
	84.365	25154	7/1/12-9/30/13	96,602	66,355
	84.365	30040	7/1/13-9/30/14	77,687	25,059
Total English Language Acquisition					<u>91,414</u>
Career and Technical Education					
	84.048	24846	7/1/12-9/30/13	40,312	3,978

**MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2014

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S ID NUMBER	GRANT PERIOD	GRANT AWARD	EXPENDITURES
Education for Homeless Children and Youth	84.196	26130	7/1/12-9/30/13	19,700	9,464
	84.196	28800	7/1/13-9/30/14	25,880	<u>9,173</u>
Total McKinney Homeless					<u>18,637</u>
Total U.S. Department of Education					<u>2,187,823</u>
U. S. Department of Health and Human Services:					
Passed Through Oregon Department of Education:					
ARRA - Head Start	93.708	27537	3/1/12-8/30/13	801	<u>801</u>
Total U.S. Department of Health and Human Services					<u>801</u>
U. S. Department of Agriculture:					
Passed Through Oregon Department of Education:					
Child Nutrition					
National School Breakfast	10.553	N/A	N/A	N/A	447,762
National School Lunch	10.555	N/A	N/A	N/A	944,098
Summer Lunch	10.559	N/A	N/A	N/A	<u>31,825</u>
Total Child Nutrition					<u>1,423,685 (1)</u>
Child and Adult Food Care Program	10.558	N/A	N/A	N/A	<u>68,648</u>
Fresh Fruit and Vegetables	10.582	N/A	N/A	N/A	<u>71,245</u>
Total U. S. Department of Agriculture					<u>1,563,578</u>
Passed Through Multnomah County:					
Schools and Roads	10.665	N/A	N/A	N/A	<u>2,069</u>
Total Multnomah County					<u>2,069</u>
Total Federal Financial Assistance					<u>\$ 3,754,271</u>

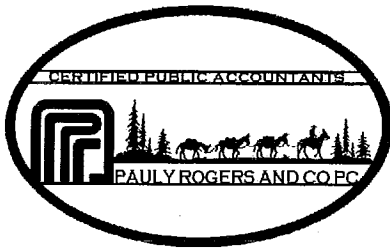
(1) - Major Program



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**INDEPENDENT AUDITORS' REPORT AS REQUIRED BY**  
**OREGON STATE REGULATIONS**

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PAULY, ROGERS, AND CO., P.C.  
12700 SW 72<sup>nd</sup> Ave. Tigard, OR 97223  
(503) 620-2632 (503) 684-7523 FAX  
www.paulyrogersandcocpas.com

November 18, 2014

### Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Multnomah County School District No. 3, Multnomah County, Oregon, as of and for the year ended June 30, 2014, and have issued our report thereon dated November 18, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

#### Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**


In connection with our testing nothing came to our attention that caused us to believe the Multnomah County School District No. 3, Multnomah County, Oregon, was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

1. Expenditures exceeded appropriation levels as noted on page 18.
2. Resolutions creating a new fund and new appropriations within funds were passed by the District without using the supplemental budget process as required by ORS 294.

**OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the 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 control over financial reporting.

This report is intended solely for the information and use of the Board of Directors, management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Tara M. Kamp, CPA  
PAULY, ROGERS AND CO., P.C.

**GRANT COMPLIANCE REVIEW**

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November 18, 2014

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah County School District No. 3 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 18, 2014.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



## **Compliance and Other Matters**

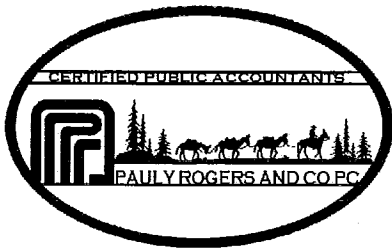
As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Tara M. Kamp, CPA  
PAULY, ROGERS AND CO., P.C.



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November 18, 2014

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

**Report on Compliance for Each Major Federal Program**

We have audited Multnomah County School District No. 3's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2014. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

**Opinion on Each Major Federal Program**

In our opinion, Multnomah County School District No. 3, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Tara M. Kamp, CPA  
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, 2014

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiency(s) indentified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Any GAGAS audit findings disclosed that are required to be reporting in accordance with section 505(d)(2) of OMB Circular A-133?  yes  no

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiency(s) indentified that are not considered to be material weaknesses?  yes  none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

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**

<b><u>CFDA NUMBER</u></b>	<b><u>NAME OF FEDERAL PROGRAM CLUSTER</u></b>
10.553, 10.555, 10.559 84.027, 84.173	National School Lunch Program Cluster Special Education Cluster

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, 2014

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

NONE

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NONE

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL EXPENDITURES**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal expenditures includes federal grant activity 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.