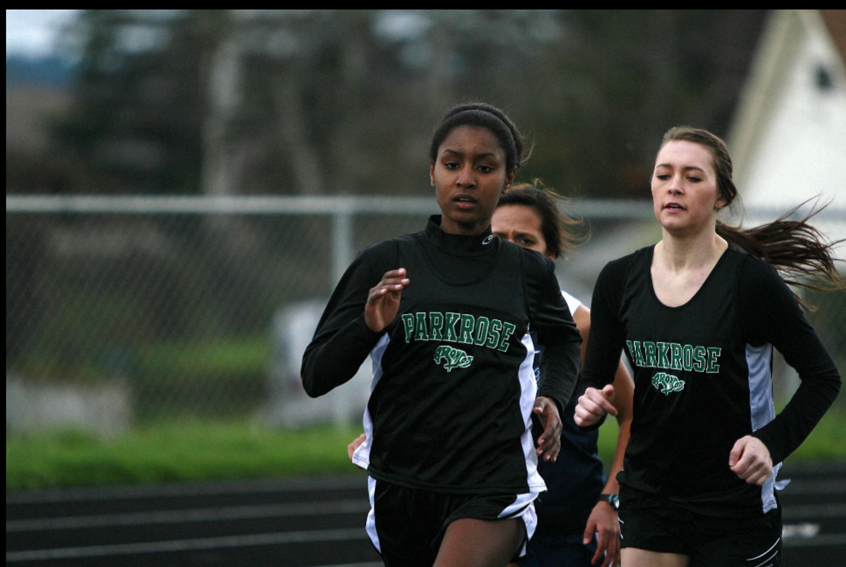
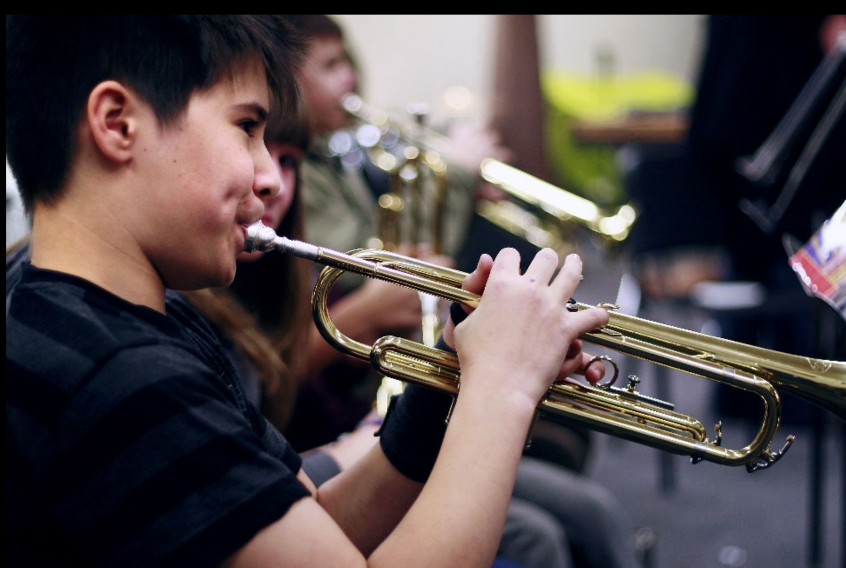
MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3

MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022





MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

ADMINISTRATION

Michael Lopes-Serrao, Superintendent
Sharie Lewis, CPA, Director of Business Services and Operations

10636 N.E. Prescott Street

Portland, Oregon 97220-2699

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

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November 14, 2022

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

INDEPENDENT AUDITORS' REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Multnomah County School District No. 3 as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Multnomah County School District No. 3 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

The District adopted new accounting guidance, *GASB Statement No. 87 - Leases* during the fiscal year under audit. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Multnomah County School District No. 3's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Multnomah County School District No. 3's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Multnomah County School District No. 3's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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 information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022 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 the effectiveness of the 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 14, 2022 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

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

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, 2022.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2022 by $10,040,188. Of this amount, $37,179,330 represents the District's Net Investment in Capital Assets. The District has $1,519,948 of net position restricted and expendable for debt service, food service, private grants and capital. The District's unassigned net position is ($28,659,090).
- The District's governmental funds report combined ending fund balance of $8,803,938, this is a decrease of $(60,799) or (.7)% in comparison with the prior year. Of this total, $4,469,080 or 50.7% is committed for future payments for services, $1,687,632 or 19.2% restricted by board resolutions for various purposes, $342,495 or 3.9% is non-spendable consisting of the District's prepaid expenses, and $2,304,731 or 26.2% is unassigned and available to spend at the discretion of the board of directors.
- The District's capital assets decreased by $(1,692,677) or (2.0)% during 2021-22. The reason for the decrease is increase in accumulated depreciation $(2,383,202) and addition and deletion of assets of $690,525.
- The District's long-term debt increased by $24,009,880 or 35.7% during 2021-22. The reason for the increase is second pension bond issued June 22, 2022 for $27,156,599 and principal payments.
- The District had to issue a prior period adjustment for $(78,810). This adjustment was associated with the High School Success / Measure 98 fund and the need to clean up the current receivable balances. See note 21 on page 49 for more information.
- The district implemented GASB-87 – Leases. For details, refer to footnotes 8 & 10.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis will 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 district's government-wide financial statements will 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.

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 basic functions the District presents are here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. The District's finances most of their activities 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 are on pages five and six 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 the District uses to maintain control over resources that are 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 District's governmental funds 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.

The District maintains twenty-one individual governmental funds, four of which are reported as major funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Thompson Fund, Federal Grants Fund, and Debt Service Fund.

The basic governmental fund financial statements are on pages seven - ten 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 are on pages 11 through 49 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS OF NET POSITION

GOVERNMENT-WIDE FINANCIAL ANALYSIS
Condensed Statement of Net Position

	2021-22	% Total	2020-21	% Total	Change	% of Change
Assets						
Current or other assets	$ 16,444,332	16.5%	$ 13,988,618	14.2%	$ 2,455,714	17.6%
Capital assets, net	83,145,241	83.5%	84,837,918	85.8%	(1,692,677)	-2.0%
Total Assets	**99,589,573**	**100.0%**	**98,826,536**	**100.0%**	**763,037**	**0.8%**
Deferred Outflows of Resources						
Pension Related Deferral	45,834,865	99.1%	24,552,614	98.8%	21,282,251	86.7%
Deferred Early Retirement Liability	68,503	0.1%	75,302	0.3%	(6,799)	-9.0%
Deferred OPEB RHIA Asset	201,754	0.4%	67,800	0.3%	133,954	197.6%
Deferred OPEB Health Benefit Liability	129,284	0.3%	155,141	0.6%	(25,857)	-16.7%
Total Deferred Outflows of Resources	**46,234,406**	**100.0%**	**24,850,857**	**100.0%**	**21,383,549**	**86.0%**
Liabilities						
Long-term liabilities outstanding	109,184,308	96.7%	102,151,313	96.2%	7,032,995	6.9%
Other liabilities	3,694,405	3.3%	4,013,778	3.8%	(319,373)	-8.0%
Total Liabilities	**112,878,713**	**100.0%**	**106,165,091**	**100.0%**	**6,713,622**	**6.3%**
Net Deferred Pension Liability	18,884,863	82.4%	7,839,848	90.6%	11,045,015	140.9%
Deferred Early Retirement Liability	108,395	0.5%	25,546	0.3%	82,849	324.3%
Deferred OPEB RHIA Asset	172,815	0.8%	203,984	2.4%	(31,169)	-15.3%
Deferred OPEB Health Benefit Liability	674,444	2.9%	582,480	6.7%	91,964	15.8%
Deferred Leased Asset	3,064,561	13.4%	-	0.0%	3,064,561	21.5%
Deferred Inflows of Resources	**22,905,078**	**100%**	**8,651,858**	**100%**	**14,253,220**	**164.7%**
Net Position						
Net investment in capital assets	37,179,330	370.3%	36,845,874	415.8%	333,456	0.9%
Restricted						
Debt Service	490,322	4.9%	684,843	7.7%	(194,521)	-28.4%
Food Service	280,622	2.8%	84,408	1.0%	196,214	232.5%
Special Revenue	-	0.0%	251,287	2.8%	(251,287)	-100.0%
Capital	749,004	7.5%	1,243,537	14.0%	(494,533)	-39.8%
Total Restricted	1,519,948	15.1%	2,264,075	25.6%	(744,127)	-32.9%
Unrestricted	(28,659,090)	-285.4%	(30,249,505)	-341.4%	1,590,415	-5.3%
Total Net Position	**$ 10,040,188**	**100.0%**	**$ 8,860,444**	**100.0%**	**$ 1,179,744**	**13.3%**

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 and deferred outflows exceeded liabilities and deferred inflows by $10,040,188 at June 30, 2022, a 13.3% or $1,179,744 increase from prior year. Some of the factors that affected the increase in net position are:

1) The Deferred Outflows of Resources increased by $21,383,549 or 86% and the Deferred Inflows of Resources increased by $14,253,220 or 164.7%. Both of these changes are associated with PERS return on investments and adding our second pension bond of $27,156,599.

2) Total liabilities increased by $6,713,622 or 6.3% which is due to various items such as the increase in debt $24,009,880 due to principal payment and second pension bond, decrease in OPEB Health Benefit liability $(99,062), decrease in Net Pension liability of $(16,851,821) and decrease of Early Retirement liability of $(26,002) for total long-term liabilities increase of $24,009,880 or 35.7%. The other player in the total liabilities increase is the decrease in accounts payable, accrued salary & benefits, bond interest payable and accrued vacation payable of $(708,195) and increase in deferred revenue of $388,822.

3) Total current and other assets increased by $3,282,600 or 65.7%. The largest portion of this change was the $3,293,954 increase in accounts receivable that is associated with GASB 87 lease. The remaining change of $(11,354) are associated with receivables for grants and property taxes, prepaid expenses and OPEB RHIA.

4) Capital Assets reduced by $(1,692,677) or (2.0)% due to depreciation and new assets.

Capital assets, which consist of the District's land, construction in progress, buildings, building improvements, vehicles, equipment and lease equipment - intangible, represent about 83.5% or $83,145,241 of total assets. The remaining assets of $16,444,332 or 16.5% consist mainly of investments, cash, prepaid expenses, grants receivable, property taxes receivable and GASB 87 lease and interest.

The District's largest liability comes from the repayment of general obligation bonds, net pension liability, deferred early retirement liability, and deferred OPEB pension liability, which currently makes up 96.7% or $109,184,308 of liabilities. Current liabilities, representing about 3.3% or $3,694,405 of the District's total liabilities, consist of payables on accounts, salaries, and benefits, current interest of bonds and deferred revenue.

The District's net position that is largely invested in capital assets (e.g., land, buildings, vehicles, equipment and lease equipment - intangible); 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 below. During the current fiscal year, the District's net position increased by $1,179,744 or 13.3%. The revenues and expenses shown below explain changes in net position for the fiscal year 2021-22.

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 75.6% or $38,860,744 of the funding required for governmental programs. Property taxes and State School Fund combined account for 97% of general fund revenues and 70.4% of total revenues.

Program revenue consists of operating grants and contributions and charges for services and they account for 24.4% or $12,531,242 of total revenues. Included in this category are federal grants of $6,742,922 or 53.8% that includes Child Nutrition, Title IA, Special Education (IDEA) and ESSER that represent 94.9% or $6,696,178 of the federal grants. For more details on what type of federal funds the district receives please go to pages 85-86. The remaining program revenue consists of $5,788,320 or 46.2% that are state & local grants and charges for services tied to services that District provides and fees that assessed.

PROGRAM REVENUE		
Federal Grants		
Title IA / ESSA	$ 951,484.00	7.6%
IDEA	935,097	7.5%
ESSER	2,837,665	22.6%
Nutrition	1,671,932	13.3%
	6,396,178	51.0%
Other Federal Grants	346,744	2.8%
TOTAL Federal Grants	**6,742,922**	**53.8%**
State Grants		
Student Investment (SIA)	2,071,037	16.5%
HS Success / M-98	920,010	7.3%
PreK - Shaver	255,360	2.0%
Summer Grant	1,130,032	9.0%
TOTAL State Grants	**4,376,439**	**34.9%**
Other Local Grants & Charge for Services	**1,411,881**	**11.3%**
TOTAL PROGRAM REVENUES	**$ 12,531,242**	**100.0%**

Expenses: Expenses related to governmental activities are in five broad functional categories. Costs of direct classroom instruction activities account for approximately 57.5% of the total expenses of $50,133,432. In addition, approximately half of the costs in supporting services relate to students, instructional staff and school administration.

GOVERNMENT-WIDE FINANCIAL ANALYSIS – STATEMENT OF ACTIVITIES:

GOVERNMENT-WIDE FINANCIAL ANALYSIS
Condensed Statement of Activities

	2021-22	% Total	2020-21	% Total	Change	% of Change
Revenues						
Program Revenues						
Charges for services	$ 1,028,700	2.0%	$ 783,220	1.5%	$ 245,480	31.3%
Operating grants & contributions	11,502,542	22.4%	7,507,068	14.5%	3,995,474	53.2%
Total Program Revenues	12,531,242	24.4%	8,290,288	16.0%	4,240,954	51.2%
General Revenues						
Property & other taxes	24,273,218	47.2%	28,063,717	54.1%	(3,790,499)	-13.5%
State School Fund	11,481,655	22.3%	13,773,713	26.5%	(2,292,058)	-16.6%
Common School Fund	352,308	0.7%	362,072	0.7%	(9,764)	-2.7%
Unrestricted Other Sources	2,595,858	5.1%	1,177,251	2.3%	1,418,607	120.5%
Investment earnings	61,615	0.1%	122,389	0.2%	(60,774)	-49.7%
Other	96,090	0.2%	129,074	0.2%	(32,984)	-25.6%
Total General Revenues	38,860,744	75.6%	43,628,216	84.0%	(4,767,472)	-10.9%
Total Revenues	**51,391,986**	**100.0%**	**51,918,504**	**100.0%**	**(526,518)**	**-1.0%**
Expenses						
Instruction	28,819,085	57.5%	27,566,572	54.4%	1,252,513	4.5%
Support services	16,994,286	33.9%	18,617,245	36.8%	(1,622,959)	-8.7%
Enterprise & community services	1,742,532	3.5%	1,870,625	3.7%	(128,093)	-6.8%
Interest & fees on long-term debt	2,577,529	5.1%	2,580,815	5.1%	(3,286)	-0.1%
Total Expenses	**50,133,432**	**100.0%**	**50,635,257**	**100.0%**	**(501,825)**	**-1.0%**
Change in Net Position	1,258,554	12.5%	1,283,247	14.5%	(24,693)	-1.9%
Beginning Net Position	8,860,444	88.2%	7,538,674	85.1%	1,321,770	17.5%
Prior Period Adjustment	(78,810)	-0.8%	38,523	0.4%	(117,333)	-304.6%
Net position - end of year	**$ 10,040,188**	**99.9%**	**$ 8,860,444**	**99.6%**	**$ 1,179,744**	**13.3%**

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, 2022, the District's governmental funds reported combined ending fund balances of $8,803,938 (exclusive of inventory), an decrease of $(60,799) or (.7)% in comparison with the prior year. About $2,304,731 or, 26.2% of the ending fund balance constitutes unassigned ending fund balance, which is available for spending at the direction of management. Additionally, $1,687,632 or 19.2% constitutes restricted balances associated with debt service, food service, state & private grants, and capital obligations. Approximately $342,495 or 3.9% constitutes non-spendable fund balance, which represents the District's prepaid assets. Then the remaining portion of the ending fund balance $4,469,080 or 50.7% constitutes committed funds, which means the District has designated these funds for specific obligations such as PERS stabilization, textbook adoptions and retirement stipends.

General Fund: The General Fund is the chief operating fund of the District. As of June 30, 2022, ending fund balance was $2,991,738, decreased of $(462,888) or (13.4)% from prior year. This decrease is associated with various items: decrease in property taxes, state school fund and other revenue source of $(2,902,939) or (8.2)%, reduction in instruction & support expenses that consist mostly of salary and benefits by $(343,132) or (1.0)%, increase in transfers out of $70,000 and increase of $2,029 is related to sale of assets.

As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The current fund balance of $2,991,738 or 9.1% of total General Fund's expenditures compared to 10.4% in the prior year. However, keep in mind $344,412 or 11.5% are associated with the fund balances for the PERS Stabilization Fund and Textbook Fund which are designated as committed and are included due to GASB-54 guidelines.

Debt Service Fund: The Debt Service Fund has a total fund balance of $422,331 all of which is reserved for the payment of debt service. The decrease in fund balance during the current year was $(194,898) or (31.6)%. This decrease is the result of the normal debt payments.

Thompson Special Fund: The Thompson Special Fund has a total fund balance of $2,658,842. The increase of $502,793 or 23.3% is the result of the decrease in expenses of $(800,910) or (57.1)%. The District also increased revenue associated with rental units and community center by $330,375 or 42.7%. Total revenue for the year $1,105,081 while the expenses were $602,288.

Federal Grants Fund: The Federal Grants Fund total revenue for this fund is $5,071,453 which is an increase of $979,379 or 23.9% over 2020-21 revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final budget was $36,370,489 for the fiscal year ended June 30, 2022. The Board of Directors made two appropriation changes during the year for net increase of $473,615 or 1.4%. The first amendment in April 25, 2022 decreased the adopted budget by $473,615. The changes within the first appropriation include an increase of $1,257,090 in beginning fund balance, decrease of $(136,000) in local revenue, decrease in revenue transfers of $(647,475) and instruction increased by $66,472 and transfers out increased by $407,143. There were no fiscal changes on the second appropriations 6/20/22 for the general fund.

Parkrose is not alone, all school districts throughout the State will continue to struggle for adequate funding and ability to provide sufficient programs as long as the State implements programs and legislation changes without sufficient funding to implement.

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, 2022, the District had invested $83,145,241 in capital assets, net of depreciation.

During the year, the District's investment in capital assets decreased by $(1,692,677) or 2.0% (including depreciation). The major capital asset events for the year consisted of building improvements at various schools such as roof repairs and HVAC improvements.

Additional information of the District's capital assets is on note seven on pages 22-23 of this report.

FINANCIAL ANALYSIS Capital Assets 6/30/22		2020-21	Additions	Delection	2021-22		change	% change
Land	$	5,880,941	-	-	5,880,941	$	-	0.0%
Construction in progress		166,448	540,720	-	707,168		540,720	324.9%
Capital Assets not being Depreciated		**6,047,389**	**540,720**	-	**6,588,109**		**540,720**	**8.2%**
Buildings and site improvements		110,795,768	389,662	-	111,185,430		389,662	0.4%
Vehicles and equipment		4,453,888	61,091	(377,263)	4,137,716		(316,172)	-7.1%
Leases Equipment - Intangible		-	76,315	-	76,315		76,315	100.0%
Total Assets being Depreciated		115,249,656	527,068	(377,263)	115,399,461		149,805	0.1%
Buildings and site improvements		(34,174,506)	(2,370,194)	-	(36,544,700)		(2,370,194)	6.9%
Vehicles and equipment		(2,284,621)	(253,808)	269,988	(2,268,441)		16,180	-0.7%
Leases Equipment - Intangible Amortization		-	(29,188)	-	(29,188)		(29,188)	100.0%
Accumulated depreciation		(36,459,127)	(2,653,190)	269,988	(38,842,329)		(2,444,066)	6.7%
Total Capital Assets being Depreciated, Net		**78,790,529**	**(2,126,122)**	**(107,275)**	**76,557,132**		**(2,233,397)**	**-2.8%**
Capital assets, net of depreciation	**$**	**84,837,918**	**(1,585,402)**	**(107,275)**	**83,145,241**	**$**	**(1,692,677)**	**-2.0%**

Long-term Debt: At the end of the current fiscal year, the District had total long-term debt outstanding of $91,289,825 consisting of general obligation debt net of unamortized premium/discount, two Qualified Zone Academy Bonds (QZAB's) and GASB-87 Leases.

During the current fiscal year, the District's total debt increased by $24,009,880 or 35.7% which is the result of taking out a second pension bond on June 20, 2022 for $27,156,599.

GOVERNMENT-WIDE FINANCIAL ANALYSIS
Outstanding Debt 6/30/2022

	2020-21	Increases	Decreases	2021-22	change	% change
GO Bonds						
2011B	15,000,000	-	-	15,000,000	-	0.0%
2018 PERS	19,115,000	-	$ (780,000)	$ 18,335,000	(780,000)	-4.1%
2022 PERS	-	27,156,599	$ -	$ 27,156,599	27,156,599	100.0%
2019A Refunding Bond	31,550,000	-	$ (2,105,000)	$ 29,445,000	(2,105,000)	-6.7%
QZAB 2015	1,329,230	-	(166,154)	1,163,076	(166,154)	-12.5%
QZAB 2009	285,715	-	(142,857)	142,858	(142,857)	-50.0%
Leases - GASB 87	-	76,315	(29,023)	47,292	47,292	100.0%
Total Long Term Debt	**$ 67,279,945**	**$ 27,232,914**	**$ (3,223,034)**	**$ 91,289,825**	**$ 24,009,880**	**35.7%**

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FINANCIAL ANALYSIS
Outstanding Debt 6/30/22

	Original Amount	06/30/21 Balance	Additions	Matured and Redeemed	6/30/2022 Balance	Due Within One Year
GO Bonds						
Series 2011B	15,000,000	15,000,000	-	-	15,000,000	-
Series 2019A	35,130,000	31,550,000	-	(2,105,000)	29,445,000	955,000
PERS 2018	20,210,000	19,115,000	-	(780,000)	18,335,000	860,000
PERS 2022	27,159,599	-	27,156,599	-	27,156,599	440,562
Total GO Bond	145,499,599	65,665,000	27,156,599	(2,885,000)	89,936,599	2,255,562
Other Debt:						
QZAB 2009	2,000,000	285,715	-	(142,857)	142,858	142,858
QZAB 2015	2,160,000	1,329,230	-	(166,154)	1,163,076	166,154
Leases - GASB 87	76,315	-	76,315	(29,023)	47,292	29,588
Total other debt	4,236,315	1,614,945	76,315	(338,034)	1,353,226	338,600
Total long-term debt	**$ 149,735,914**	**$ 67,279,945**	**$ 27,232,914**	**$ (3,223,034)**	**$ 91,289,825**	**$ 2,594,162**

Moody's Investors Services assigned an underlying rating of A2 to Multnomah County School District 3 (Parkrose), OR's General Obligation Bonds, Series 2011A (Tax-Exempt) and Series 2011B (Qualified Zone Academy Bonds). As part of the advance, debt refunding of the 2011A GO Capital Bond that were issued in December 2018 the district was issued a new bond rating from Moody's of A1. In September 2019, the District refunded their Series 2011A General Obligation Bonds for a net present value savings of $4,702,011.

Additional information on the District's long-term debt can be found in note 8 on page 23-24 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, 2022, the State School Fund & Common School Fund - General Support provided $10,242,927 or 31.6% of the District's total resources. Factors for next year's budget will be the estimate of State School Fund based on the March estimate. Currently the revenue forecasts continue to be flat but appear to be sufficient to support continued stabilization. Funding for schools will always be a topic of discussion at varies state and local levels because Districts all across the state still are not back current service levels that were lost many years prior.

Salaries and benefits costs increased for FY 2021-22 budgets based on existing union agreements for the year. All the respective union employees received a 3% COLA increase. Each union and the administrator's agreement saw a 2% insurance increase. The administrator's contract underwent a salary matrix adjustment for the 2020-22 agreement that ranged from 3% to 10% but in 2021-22, there were no COLA adjustments for administrators.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Director of Business Services and Operations at 10636 NE Prescott Street, Portland, OR 97220.

Michael Lopes-Serrao
Superintendent

Sharie Lewis, CPA, SFO
Director of Business Services and Operations

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2022

		Governmental Activities
ASSETS		
Cash and Investments	$	8,164,274
Receivables:		
Accounts and Grants		3,610,758
Property Taxes		612,140
Leases		3,272,525
Interest		21,429
Prepaid Expenses		342,495
OPEB RHIA		420,711
Non-Depreciable Capital Assets		6,588,109
Capital Assets, Net of Depreciation		76,557,132
Total Assets		**99,589,573**
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Related Deferral		45,834,865
Deferred Early Retirment Liability		68,503
Deferred OPEB RHIA Asset		201,754
Deferred OPEB Health Benefit Liability		129,284
Total Deferred Outflows of Resources		**46,234,406**
LIABILITIES:		
Accounts Payable		976,370
Accrued Salaries and Benefits		2,201,692
Bond Interest Payable		34,229
Accrued Vacation Payable		57,434
Deferred Revenue		424,680
Long Term Liabilities:		
Early Retirement Pension Liability		984,098
OPEB Health Benefit Liability		1,906,446
Net Pension Liability		15,003,939
Due Within One Year		2,594,162
Due in More Than One Year		88,695,663
Total Liabilities		**112,878,713**
DEFERRED INFLOWS OF RESOURCES:		
Net Deferred Pension Liability		18,884,863
Deferred Early Retirment Liability		108,395
Deferred OPEB RHIA Asset		172,815
Deferred OPEB Health Benefit Liability		674,444
Deferred Leased Assets		3,064,561
Total Deferred Inflows of Resources		**22,905,078**
NET POSITION:		
Net Investment in Capital Assets		37,179,330
Restricted for:		
Debt Service		490,322
Food Service		280,622
Capital		749,004
Unrestricted		(28,659,090)
Total Net Position	**$**	**10,040,188**

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, 2022

		PROGRAM REVENUES		Net (Expense) Revenue and Changes in Net Position
Functions/Programs	**Expense**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental Activities:				
Instruction	$ 28,819,085	$ 12,693	$ 8,302,230	$ (20,504,162)
Support Services	16,994,286	1,015,046	1,511,673	(14,467,567)
Enterprise and Community Services	1,742,532	961	1,688,639	(52,932)
Interest on Long-Term Debt	2,577,529	-	-	(2,577,529)
Total Governmental Activities	**$ 50,133,432**	**$ 1,028,700**	**$ 11,502,542**	**(37,602,190)**

GENERAL REVENUES:	
Property Taxes	24,273,218
Unrestricted Other Sources	2,595,858
State School Fund - General Support	11,481,655
Common School Fund	352,308
Interest	61,615
Other	96,090
Total General Revenues	38,860,744
Change in Net Position	1,258,554
Beginning Net Position	**8,860,444**
Prior Period Adjustment	**(78,810)**
Ending Net Postion	**$ 10,040,188**

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	GENERAL FUND	THOMPSON SPECIAL FUND	FEDERAL GRANTS FUND	DEBT SERVICE FUND	NON-MAJOR FUNDS	TOTAL
ASSETS:						
Cash and Investments	$ 1,561,778	$ 2,439,497	$ 388,544	$ 400,745	$ 3,373,710	$ 8,164,274
Receivables:						
Taxes	516,598	-	-	95,542	-	612,140
Accounts and Grants	489,778	11,209	2,654,047	13,054	442,670	3,610,758
Leases	-	3,272,525	-	-	-	3,272,525
Interest	-	21,429	-	-	-	21,429
Prepaid Items	342,495	-	-	-	-	342,495
Due From Other Funds	3,357,721	-	-	-	-	3,357,721
Total Assets	$ 6,268,370	$ 5,744,660	$ 3,042,591	$ 509,341	$ 3,816,380	$ 19,381,342
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:						
Liabilities:						
Accounts Payable	$ 609,420	$ 21,257	$ 67,737	$ 150	$ 277,806	$ 976,370
Accrued Salaries and Benefits	2,201,692	-	-	-	-	2,201,692
Deferred Revenue	-	-	15,673	-	409,007	424,680
Due To Other Funds	-	-	2,959,181	-	398,540	3,357,721
Total Liabilities	2,811,112	21,257	3,042,591	150	1,085,353	6,960,463
Deferred Inflows:						
Unavailable Revenue - Taxes	465,520	-	-	86,860	-	552,380
Unavailable Revenue - Leases		3,064,561	-	-	-	3,064,561
Total Deferred Inflows	465,520	3,064,561	-	86,860	-	3,616,941
Fund Balances:						
Nonspendable	342,495	-	-	-	-	342,495
Restricted for:						
Debt Service	-	-	-	422,331	67,991	490,322
Food Service	-	-	-	-	280,622	280,622
Capital	-	-	-	-	916,688	916,688
Committed	344,512	2,658,842	-	-	1,465,726	4,469,080
Unassigned	2,304,731	-	-	-	-	2,304,731
Total Fund Balances	2,991,738	2,658,842	-	422,331	2,731,027	8,803,938
Total Liabilities, Deferred Inflows, and Fund Balances	$ 6,268,370	$ 5,744,660	$ 3,042,591	$ 509,341	$ 3,816,380	$ 19,381,342

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, 2022

TOTAL FUND BALANCE-GOVERNMENTAL FUNDS			$	8,803,938
Capital assets are not financial resources and therefore are not reported in the governmental funds.				
Cost	$	121,987,570		
Accumulated Depreciation		(38,842,329)		
				83,145,241
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.				552,380
The proportionate share of the net pension liability is not reported as a liability in the governmental funds				(15,003,939)
The proportionate share of the OPEB RHIA asset is not reported as an asset in the governmental funds				420,711
Deferred Outflows of Resources - Pension Related Deferral				45,834,865
Deferred Outflows of Resources - Early Retirement				68,503
Deferred Outflows of Resources - OPEB				129,284
Deferred Outflows of Resources - RHIA				201,754
Deferred inflows related to Pension and other obligations are not reported in the governmental funds				
Pension related deferred inflow				(18,884,863)
Early Retirement related deferred inflow				(108,395)
OPEB related deferred inflow				(674,444)
RHIA deferred inflows				(172,815)
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	$	(57,434)		
Bond Interest Payable		(34,229)		
Early Retirement Pension Liability		(984,098)		
OPEB Pension Liability		(1,906,446)		
Long Term Debt		(91,289,825)		
				(94,272,032)
TOTAL NET POSITION			$	10,040,188

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, 2022

	GENERAL FUND	THOMPSON SPECIAL FUND	FEDERAL GRANTS FUND	DEBT SERVICE FUND	NON-MAJOR FUNDS	TOTAL
REVENUES:						
Local Sources:						
Property Taxes	$ 21,234,799	$ -	$ -	$ 3,126,632	$ -	$ 24,361,431
Interest	38,452	-	-	20,107	3,056	61,615
Other Local Sources	587,412	1,105,081	-	-	1,314,497	3,006,990
Intermediate Sources	335,820	-	-	-	-	335,820
State Sources	10,242,927	-	1,027	-	6,033,681	16,277,635
Federal Sources	1,974	-	5,070,426	692,375	1,671,933	7,436,708
Total Revenues	32,441,384	1,105,081	5,071,453	3,839,114	9,023,167	51,480,199
EXPENDITURES:						
Current:						
Instruction	20,334,069	-	2,765,485	-	4,133,642	27,233,196
Support Services	12,466,525	513,375	2,262,774	3,925	1,741,504	16,988,103
Enterprise and Community Services	-	88,913	43,194	-	1,518,150	1,650,257
Facilities Acquisition and Construction	-	-	-	-	7,896	7,896
Capital Outlay	-	-	-	-	16,329	16,329
Debt Service:						
Principal	-	-	-	2,414,011	780,000	3,194,011
Interest and Other	-	-	-	1,616,076	963,145	2,579,221
Total Expenditures	32,800,594	602,288	5,071,453	4,034,012	9,160,666	51,669,013
Excess of Revenues Over (Under) Expenditures	(359,210)	502,793	-	(194,898)	(137,499)	(188,814)
Other Financing Sources, (Uses):						
Bond Proceeds	-	-	-	-	27,156,599	27,156,599
Payment to PERS	-	-	-	-	(27,004,490)	(27,004,490)
Sale of Capital Assets	3,490	-	-	-	51,227	54,717
Transfers In	-	-	-	-	70,000	70,000
Transfers Out	(70,000)	-	-	-	-	(70,000)
Total Other Financing Sources, -Uses	(66,510)	-	-	-	273,336	206,826
Net Change in Fund Balance	(425,720)	502,793	-	(194,898)	135,837	18,012
Beginning Fund Balance	3,417,458	2,156,049	-	617,229	2,674,000	8,864,736
Prior Period Adjustment	-	-	-	-	(78,810)	(78,810)
Ending Fund Balance	$ 2,991,738	$ 2,658,842	$ -	$ 422,331	$ 2,731,027	$ 8,803,938

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, 2022

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS		**$** 18,012
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:		
Additions to Capital Assets, Net	$ 1,067,787	
Gain/loss on sale of asset	(107,275)	
Less Current Year Depreciation	(2,653,190)	
		(1,692,678)
Repayment of bond and other debt principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. Debt principal repaid.		
Debt principal repaid		3,223,034
Lease liability additions		(76,315)
A portion of the PERS debt issuance was expensed as a result of the difference between the bond issuance and the amount that was deposited to PERS		(152,109)
The pension expense represents the change in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of the pension plan net position available to pay pension benefits.		84,567
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.		1,692
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.		(88,213)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes in liability balances.		
Accrued Vacation Payable		3,701
Early Retirement Pension Liability		(63,646)
OPEB RHIA Asset		19,268
OPEB Liability		(18,759)
CHANGE IN NET POSITION		$ 1,258,554

See accompanying notes to the basic financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with generally accepted accounting principles 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 Statement #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 non-fiduciary activities. The effect of interfund activity has been removed from these 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 combining financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Net position comprises the various net earnings from operations, governmental activities, program revenues, and general revenue. 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.

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 are 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.

Below 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (continued)

Thompson Special Fund
This Fund's main source of revenue is rental revenue and community use fees.

Federal Grants Fund
The Fund accounts for the District's federal and state grant revenue.

Debt Service Fund
The Fund accounts for the payment of principal and interest on debt obligation. The principal source of revenue is property taxes and transfers.

Non-Major Funds
These Funds are not considered major due to the volume of their activities. They are for specific educational projects and programs and the sources of revenue are typically grants, contributions, and charges for services.

Cash and Investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Fair Value Inputs and Methodologies and Hierarchy
Fair value per GASB #72 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access.
Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments (Continued)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

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, 2022 management reported no material inventories on hand.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. 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.

The District implemented GASB Statement No. 88 for the June 30, 2019 year to further identify types of borrowing obligations along with default rules.

Lease Receivables

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease Assets

Lease assets are assets which the government leases for a term of more than one year. The value of leases is determined by the net present value of the leases at the government's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

Leases Payable

In the government-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 Balance

In GASB Statement #54 the objective 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 classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable represents amounts that are not in a spendable form, such as prepaids and inventory.
- Restricted 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 represents funds formally set aside by the governing body for a particular purpose. The uses of committed funds are approved by resolution.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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. The District's deferred outflows are clearly labeled on the face of the financial statements.

In addition to liabilities, the statement of net 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 District's deferred inflows are clearly labeled on the face of the financial statements.

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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. If the District does exceed ten percent then a public notice is necessary again prior to the board adopting the budget. 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
Fund Transfers
Debt Service
Contingencies

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. At such time the budget appropriation levels need to be increased greater than ten percent, then a public notice of changes is necessary.

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.

Expenditures of the various funds were within authorized appropriations.

3. BUDGETARY BASIS OF ACCOUNTING

While the financial position, results of operations, and changes in fund balance/net position is reported on the basis of generally accepted accounting principles 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.

3. BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

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. 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 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.

5. CASH AND INVESTMENTS

Cash and Investments (recorded at cost) consisted of:

Demand Deposits	$	634,433
Petty Cash		502
Local Government Investment Pool		7,529,339
	$	8,164,274

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, 2022, the bank balance was $1,281,486, 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, 2022, all deposits are insured.

5. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS – Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, 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 fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at $1 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at $1 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it materially approximates fair value. As of June 30, 2022, the fair value of the position in the LGIP is 98.98% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx
If the link has expired please contact the Oregon Short Term Fund directly.

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

Investement Type	Fair Value	Less than 3	More than 3
State Treasurer's Investment Pool	$ 7,529,339	$ 7,529,339	$ -
Total	$ 7,529,339	$ 7,529,339	$ -

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.

5. 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, 2022 100% of the investments were in the State Treasurer's Investment Pool and the remaining with corporate securities and US Agencies.

6. RECEIVABLES

Receivables are comprised of the following:

	Property Taxes	Accounts and Grants	Leases	Interest
General Fund	$ 516,598	$ 489,778	$ -	$ -
Thompson Special Fund	-	11,209	3,272,525	21,429
Federal Grants Fund	-	2,654,047	-	-
Debt Service Fund	95,542	13,054	-	-
Non-Major Funds	-	442,670	-	-
	$ 612,140	$ 3,610,758	$ 3,272,525	$ 21,429

The receivables are considered fully collectible by management so no allowance for doubtful accounts has been made.

7. LEASE RECEIVABLES AND DEFERRED INFLOWS

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources.

On 07/01/2021, the District entered into a 96 month lease as Lessor for the use of Thompson Lease. An initial lease receivable was recorded in the amount of $3,502,356. As of 06/30/2022, the value of the lease receivable is $3,272,425. The lessee is required to make quarterly fixed payments of $74,362 during the fiscal year 2021-2022. In the 2022-2023 fiscal year the fixed quarterly payments will be 96,543. In the 2023-2024 fiscal year the fixed quarterly payments will be $118,852. During periods after that the payments will increase 5% per year. The lease has an interest rate of 2.65%. The Buildings estimated useful life was 96 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was $3,064,561, and Parkrose School District #3 recognized lease revenue of $437,794 during the fiscal year. The lessee had a termination period of 6 months as of the lease commencement.

7. LEASE RECEIVABLES AND DEFERRED INFLOWS (CONTINUED)

GOVERNMENTAL ACTIVITIES:	Balance as of July 1, 2021	Additions	Reductions	Balance as of June 30, 2022
Lease Receivable				
Buildings				
Thompson Lease	$ -	$ 3,502,356	$ 230,031	$ 3,272,325
Total Lease Receivable	$ -	$ 3,502,356	$ 230,031	$ 3,272,325
Deferred Inflow of Resources				
Buildings				
Thompson Lease	$ -	$ 3,502,356	$ 437,795	$ 3,064,561
Total Deferred Inflow of Resources	$ -	$ 3,502,356	$ 437,795	$ 3,064,561

The deferred inflow is amortized on a straight line basis. Future maturities for the receivable are as follows:

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2023	$ 302,481	$ 83,691	$ 386,172
2024	400,700	74,707	475,407
2025	435,428	63,749	499,177
2026	472,286	51,850	524,136
2027	511,391	38,952	550,343
2028 - 2030	1,150,239	34,910	1,185,149
Total	$ 3,272,525	$ 347,859	$ 3,620,384

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

Governmental Activities:	Beginning Balance July 1, 2021	Additions	Deletions	Ending Balance June 30, 2022
Capital Assets Not Being Depreciated:				
Land	$ 5,880,941	$ -	$ -	$ 5,880,941
Construction in Progress	166,448	540,720	-	707,168
Total Capital Assets Not Being Depreciated	6,047,389	540,720	-	6,588,109
Capital Assets Being Depreciated:				
Buildings and Improvements	110,795,768	389,662	-	111,185,430
Vehicles and Equipment	4,453,888	61,091	(377,263)	4,137,716
Leased Equipment - intangible	-	76,315	-	76,315
Total Capital Assets Being Depreciated	115,249,656	527,068	(377,263)	115,399,461
Accumulated Depreciation and Amortization:				
Buildings and Improvements	(34,174,506)	(2,370,194)	-	(36,544,700)
Vehicles and Equipment	(2,284,621)	(253,808)	269,988	(2,268,441)
Leased Equipment - intangible amortization	-	(29,188)	-	(29,188)
Total Accumulated Depreciation	(36,459,127)	(2,653,190)	269,988	(38,842,329)
Total Capital Assets Being Depreciated, Net	78,790,529	(2,126,122)	(107,275)	76,557,132
Governmental Activities Capital Assets, Net	$ 84,837,918	$ (1,585,402)	$ (107,275)	$ 83,145,241

8. CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense was charged to functions/programs as follows:

Governmental Activities:	
Instruction	$ 1,575,548
Support Services	982,192
Community Services	95,450
Total Depreciation Expense-Governmental Activities	$ 2,653,190

9. DUE TO / DUE FROM

Due to / Due from's represent cash owed between funds.

	Due From	Due To
General Fund	$ 3,357,721	$ -
Federal Grants Fund	-	2,959,181
Non-Major Funds	-	398,540
	$ 3,357,721	$ 3,357,721

10. DEBT

There are two general obligation bond issue approved by voters to finance various capital projects and two PERS Pension Bonds. In 2009 and 2015 Qualified Zone Academy Bond agreements were entered into to finance capital projects and capital equipment, at a zero percent interest rate for 15 and 13 years. There is also leased equipment reported as debt in accordance with GASB Statement No. 87.

Schedule of Payments

	DIRECT BORROWINGS				BONDS			
	QZAB Purchase Agreement		2015 QZAB Fleet Purchase		GO Refunding Bond 2019A		GO Bonds Series 2011B	
Amounts Payable in Fiscal Year:	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022-23	$ 142,858	$ -	$ 166,154	$ -	$ 955,000	$ 832,904	$ -	$ 735,000
2023-24	-	-	166,154	-	-	813,422	-	735,000
2024-25	-	-	166,154	-	-	813,422	-	735,000
2025-26	-	-	166,154	-	-	813,422	-	735,000
2026-27	-	-	166,154	-	-	813,422	-	735,000
2027-32	-	-	332,306	-	12,585,000	3,590,877	15,000,000	735,000
2032-37	-	-	-	-	15,905,000	1,221,033	-	-
Total	$ 142,858	$ -	$ 1,163,076	$ -	$ 29,445,000	$ 8,898,502	$ 15,000,000	$ 4,410,000

Schedule of Payments

	BONDS				OTHER	
	2018 PERS BOND		2022 PERS BOND		LEASED EQUIPMENT	
Amounts Payable in Fiscal Year:	Principal	Interest	Principal	Interest	Principal	Interest
2022-23	$ 860,000	$ 787,706	$ 440,562	$ 1,235,323	$ 29,588	$ 793
2023-24	910,000	757,864	544,002	1,188,864	14,323	199
2024-25	940,000	724,922	627,127	1,164,656	3,381	53
2025-26	975,000	689,954	715,955	1,136,748	-	-
2026-27	1,015,000	652,319	810,807	1,104,888	-	-
2027-32	5,735,000	2,607,280	4,956,509	4,950,890	-	-
2032-37	7,115,000	1,219,572	8,126,715	3,583,432	-	-
2037-38	785,000	37,052	10,934,922	1,415,488	-	-
Total	$ 18,335,000	$ 7,476,669	$ 27,156,599	$ 15,780,289	$ 47,292	$ 1,045

10. DEBT (CONTINUED)

Changes in long term obligations outstanding are as follows:

Issue Date	Interest Rates	Original Issue	Outstanding July 1, 2021	Additions	Matured And Redeemed	Outstanding June 30, 2022	Due Within One Year
May 29, 2009	0%	2,000,000	$ 285,715	$ -	$ 142,857	$ 142,858	$ 142,858
August 11, 2011	4.9%	15,000,000	15,000,000	-	-	15,000,000	-
December 19, 2015	0.0%	2,160,000	1,329,230	-	166,154	1,163,076	166,154
September 26, 2019	1.9-3.0%	35,130,000	31,550,000	-	2,105,000	29,445,000	955,000
December 20, 2018	2.9-4.72%	20,210,000	19,115,000	-	780,000	18,335,000	860,000
June 22, 2022	4.45%	27,156,599	-	27,156,599	-	27,156,599	440,562
July 1, 2021	varies	76,315	-	76,315	29,023	47,292	29,588
Total Long Term Obligations			$ 67,279,945	$ 27,232,914	$ 3,223,034	$ 91,289,825	$ 2,594,162

DIRECT BORROWINGS

2009 QZAB

In the event of a default: (a) without terminating this agreement, and by written notice to the District, the seller may declare all installment payments and other amounts payable by the District hereunder to the end of the then current budget year of the District to be due, including without limitation delinquent installment payments from prior budget years; Terminating this agreement, and by written notice to the District, the seller may accelerate all outstanding installment payments, in which case the District agrees to pay to the seller an amount equal to the outstanding installment payments, as well as any other sums due hereunder; and upon written notice to the District, all funds in the project account, shall be paid to seller and shall be applied by seller to the amount due by the District under this agreement; The seller may take whatever action at law or in equity necessary or desirable to enforce its rights under this agreement. Per article XII section 12.01-12.03 of Installment Purchase Agreement dated May 2009.

2015 QZAB

Whenever any event of default exists, the seller shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps: (a) Without terminating this agreement, and by written notice to the District, the seller may declare all installment payments and other amounts payable by the District hereunder to the end of the then current budget year of the District to be due, including without limitation delinquent installment payments from prior budget years; (b) terminating this agreement, and by written notice to the District, the seller may accelerate all outstanding installment payments, in which case the District agrees to pay to the seller an amount equal to the outstanding installment payments, as well as any other sums due hereunder; and upon written notice to the District, all funds in the project account, shall be paid to seller and shall be applied by seller to the amount due by the District under this agreement; (c) The seller may take whatever action at law or in equity necessary or desirable to enforce its rights under this agreement. Per article XII section 12.01-12.04 of Installment Purchase Agreement dated December 9, 2015.

10. DEBT (CONTINUED)

BONDS

GO Bond Series 2011A and B

Upon the occurrence and continuance of any event of default the owners of fifty-one (51%) percent or more of the principal amount of bonds then outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the owners of bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the resolution or the bonds or in aid of the exercise of any power granted in the resolution or in the bonds or for the enforcement of any other legal or equitable right vested in the owners of bonds by the resolution or the bonds or by law. However, the bonds shall not be subject to acceleration. Per General Obligation official statement dated July 28, 2011. Refer to defaulted remedies page 4 of the Official Statement. This series was partially refunded in 2019.

GO Refunding Bond 2019A

Refunding Bonds were issued in September of 2019 to refund a portion of the 2011 Series. The bonds are federally taxable. The net present value of the savings is $4,702,011.

The Issuer's obligation to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. This certificate, or any provision hereof, shall be null and void if the Issuer a) obtains an opinion of a nationally recognized bond counsel to the effect that those portions of the Rule which require this certificate, or any provision of this certificate,, are invalid, have been repealed retroactively or otherwise do not apply to the Securities; and b) notifies the MSRB of such opinion and the termination of its obligations under this Certificate.

Upon the occurrence and continuance of any event of default the owners of fifty-one (51%) percent or more of the principal amount of the bonds then outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the owners of the bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the resolution or the bonds or in aid of the exercise of any power granted in the resolution or in the bonds or for the enforcement of any other legal or equitable right vested in the owners of the bonds by the resolution or the bonds or by law. However, the bonds shall not be subject to acceleration.

2018 PENSION PERS BOND

Upon the occurrence and continuance of any event of default, the series 2018 trustee may, and if the owners of not less than fifty-one percent (51%) in outstanding principal amount of series 2018 obligations so request, shall take whatever action at law or in equity may appear necessary or desirable to enforce or to protect any of the rights vested in the series 2018 trustee or the owners of series 2018 obligations by this series 2018 trust agreement, the intercept agreement or the series 2018 pension bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this series 2018 trust agreement or the intercept agreement or in aid of the exercise of any power granted in this series 2018 trust agreement or the intercept agreement or for the enforcement of any other legal or equitable right vested in the series 2018 trustee by this series 2018 trust agreement or the intercept agreement or by law; provided that in no event shall the series 2018. Trustee have the right to accelerate the pension bond payments or the series 2018 obligations. Per the Trustee Agreement dated December 20, 2018. Article 9 – Events of Default, section 9.1-9.7, page 20-22.

10. DEBT (CONTINUED)

2022 PENSION PERS BOND

Upon the occurrence and continuance of any Event of Default, the Series 2022A Trustee may, and if the Lender so requests, upon being indemnified by the Lender to its reasonable satisfaction therefor, shall take whatever action may appear necessary or desirable to enforce or to protect any of the rights vested in the Series 2022A Trustee or the Lender by this Series 2022A Trust Agreement, the Intercept Agreement or the Series 2022A Pension Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Series 2022A Trust Agreement or the Intercept Agreement or in aid of the exercise of any power granted in this Series 2022A Trust Agreement or the Intercept Agreement or for the enforcement of any other legal or equitable right vested in the Series 2022A Trustee by this Series 2022A Trust Agreement or the Intercept Agreement or by law; provided that in no event shall the Series 2022A Trustee have the right to accelerate the Pension Bond Payments or the Series 2022A Obligation.

OTHER DEBT - LEASED EQUIPMENT

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

On 07/01/2021, the District entered into a 29 month lease as Lessee for the use of Canon Copiers. An initial lease liability was recorded in the amount of $62,427. As of 06/30/2022, the value of the lease liability is $36,949. The District required to make monthly fixed payments of $2,211. The lease has an interest rate of 2.27%. The Equipment estimated useful life was 29 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $62,427 with accumulated amortization of $25,714 is included with leased equipment in the capital asset disclosure.

On 07/01/2021, the District entered into a 50 month lease as Lessee for the use of Pitney Bowes. An initial lease liability was recorded in the amount of $13,031. As of 06/30/2022, the value of the lease liability is $9,893. The District is required to make quarterly fixed payments of $858. The lease has an interest rate of 2.51%. The Equipment estimated useful life was 50 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $13,031 with accumulated amortization of $3,070 is included with leased equipment in the capital asset disclosure.

On 07/01/2021, the District entered into a 25 month lease as Lessee for the use of Copiers Northwest. An initial lease liability was recorded in the amount of $856. As of 06/30/2022, the value of the lease liability is $450. The District is required to make monthly fixed payments of $37. The lease has an interest rate of 2.27%. The Equipment estimated useful life was 25 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of $857 with accumulated amortization of $404 is included with leased equipment in the capital asset disclosure.

11. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at:
https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf
If the link is expired please contact Oregon PERS for this information.

a. **PERS Pension (Chapter 238)**. The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

   i. **Pension Benefits**. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
   A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

   ii. **Death Benefits**. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member’s account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:

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

   iii. **Disability Benefits**. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

   iv. **Benefit Changes After Retirement**. Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

11. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)

b. **OPSRP Pension Program (OPSRP DB)**. The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

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

   Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

   ii. **Death Benefits**. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.

   iii. **Disability Benefits**. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2022 were $3,356,502, excluding amounts to fund employer specific liabilities. In addition approximately $1,241,038 in employee contributions were paid or picked up by the District in fiscal 2022. At June 30, 2022, the District reported a net pension liability of $15,003,939 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2021 and 2020, the District's proportion was 0.125 percent and 0.146 percent, respectively. Pension expense for the year ended June 30, 2022 was ($84,567).

11. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)

The rates in effect for the year ended June 30, 2022 were:
(1) Tier 1/Tier 2 – 18.05%
(2) OPSRP general services – 14.94%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 1,404,467	$ -
Changes in assumptions	3,755,938	39,487
Net difference between projected and actual earnings on pension plan investments	-	11,107,300
Net changes in proportionate share	-	7,738,076
Differences between contributions and proportionate share of contributions	10,313,468	-
Subtotal - Amortized Deferrals (below)	15,473,873	18,884,863
Contributions subsequent to measuring date	3,356,502	-
PERS Debt Payment	27,004,490	-
Deferred outflow (inflow) of resources	$ 45,834,865	$ 18,884,863

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

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

Year ending June 30,	Amount
2023	$ 576,652
2024	693,277
2025	(1,693,622)
2026	(3,158,364)
2027	171,066
Thereafter	-
Total	$ (3,410,991)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 1, 2022. Oregon PERS produces an independently audited ACFR which can be found at:
https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf

Actuarial Valuations – The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

11. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2019
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.40 percent (reduced from 2.50 percent)
Investment rate of return	6.90 percent (reduced from 7.20 percent)
Discount rate	6.90 percent (reduced from 7.20 percent)
Projected salary increase	3.40 percent (reduced from 3.50 percent)
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2019.

11. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternatives Portfolio	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	5.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

(Source: June 30, 2021 PERS ACFR; p. 104)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Assumed Inflation - Mean		*2.40%*

(Source: June 30, 2021 PERS ACFR; p. 74)

11. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan, a reduction approved by the Board from 7.20 percent in the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – the following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	$ 29,464,146	$ 15,003,939	$ 2,905,993

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There are no changes subsequent to the June 30, 2021 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of resignation, death, disability, or retirement; unforeseeable emergency; or by requesting a de minimis distribution from inactive accounts valued less than $5,000. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

11. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS) (CONTINUED)

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:
Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

Pension Benefits:
Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

Death Benefits:
Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions:
Employees of the District have their six (6) percent of their covered payroll paid by the District. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning $2,500 or more per month (increased to $2,535 per month on January 1, 2021) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District had 2 employees who contributed $1,938 in optional contributions to their IAP account for the year ended June 30, 2022.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

http://www.oregon.gov/pers/EMP/Pages/GASB.aspx

12. SINGLE EMPLOYER PENSION PLAN (GASB #73)

Plan Description: Multnomah County School District No. 3 provides a single employer defined benefit pension plan. To quality, 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, nineteen retirees meet the eligibility requirements. The amount of the health insurance obligation on behalf of retirees was $34,344 and 50,133 for the 2021-22 and 2020-21 fiscal years respectively. Total retirement stipend obligation for the fiscal years 2021-22 and 2020-21 were $25,473 and $46,948 respectively. Future obligations will be funded through annual appropriations.

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. Payments are made on a pay-as-you-go basis each year out of the General Fund.

Actuarial Methods and Assumptions: The District engaged an actuary to perform an evaluation as of July 1, 2020 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year		3.50%
General Inflation Rate per year		2.00%
Salary Scale per year		3.00%
Annual Medical Premium increase rate	2020-21	3.50%
	2021-22	4.00%
	2022-23	4.50%
	2023-24	5.00%
	2024-25	5.50%
Decreasing 0.1% per year until 2040+	2025-26	6.00%

Mortality rates were based on the Pub-2010 Teachers Table, separate employee/health annuitant, sex distinct, generational, no setback. Mortality rates for active male participants are 120% of the rates, and for active female participants are 100% of the rates.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were based on the percentages developed for the valuation benefits under Oregon PERS and vary by employee age.

Retirement rates were calculated based on age and years of service with the assumption that 60% are to remain enrolled and 50% of retirees electing coverage will cover a spouse as well.

The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations.

12. SINGLE EMPLOYER PENSION PLAN (GASB #73) (CONTINUED)

	2022	2021	2020
Total Stipend Liability - Beginning	$ 1,010,100	$ 959,393	$ 845,035
Changes for the Year:			
Service Cost	71,751	57,024	55,096
Interest	24,005	22,578	30,520
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	(6,642)	-
Changes of Assumptions or Other Input	(91,821)	3,620	85,022
Benefit Payments	(29,937)	(25,873)	(56,279)
Net Changes for the Year	(26,002)	50,707	114,358
Total Stipend Liability - Ending	$ 984,098	$ 1,010,100	$ 959,393

Sensitivity of the Single Employer Pension Plan Benefit Liability to Changes in Discount Rates: The following presents the Single Employer Pension Plan Benefit Liability, calculated using the discount rate of 3.50 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease	Current Rate	1% Increase
Total Pension Liability	$ 1,057,034	$ 984,098	$ 915,492

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 21,483
Changes in assumptions	68,503	86,912
Deferred outflow (inflow) of resources	$ 68,503	$ 108,395

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

Year ending June 30,	Amount
2023	$ (2,173)
2024	(2,173)
2025	(2,173)
2026	(2,173)
2027	(2,173)
Thereafter	(29,027)
Total	$ (39,892)

13. OTHER POST-EMPLOYMENT BENEFITS (GASB #75)

Plan Description: The District operates a single-employer retiree benefit plan that provides postemployment health, dental and vision insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage. Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

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 by the District on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is not obligation on the part of the District to fund these benefits in advance.

Actuarial Methods and Assumptions: The District engaged an actuary to perform an evaluation as of July 1, 2020 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year		3.50%
General Inflation Rate per year		2.00%
Salary Scale per year		3.00%
Annual Medical Premium increase rate	2020-21	3.50%
	2021-22	4.00%
	2022-23	4.50%
	2023-24	5.00%
	2024-25	5.50%
Decreasing 0.1% per year until 2040+	2025-26	6.00%

Mortality rates were based on the Pub-2010 Teachers Table, separate employee/health annuitant, sex distinct, generational, no setback. Mortality rates for active male participants are 120% of the rates, and for active female participants are 100% of the rates.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were based on the percentages developed for the valuation benefits under Oregon PERS and vary by employee age.

Retirement rates were calculated based on age and years of service with the assumption that 60% are to remain enrolled and 50% of retirees electing coverage will cover a spouse as well.

13. OTHER POST-EMPLOYMENT BENEFITS (GASB #75) (CONTINUED)

The projection of benefits for financial reporting purpose does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Changes in Medical Benefit OPEB Liability:

Total OPEB Liability - Beginning	2022	2021	2020
	$ 2,005,508	$2,467,660	$2,164,322
Changes for the Year:			
Service Cost	164,551	152,066	146,924
Interest	47,636	57,835	100,607
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	(364,241)	-
Changes of Assumptions or Other Input	(205,468)	(209,287)	206,856
Benefit Payments	(105,781)	(98,525)	(151,049)
Net Changes for the Year	(99,062)	(462,152)	303,338
Total Stipend Liability - Ending	$ 1,906,446	$2,005,508	$2,467,660

Sensitivity of the Net Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates: The following presents the net other post-employment benefit liability (NOL), calculated using the discount rate of 3.5 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 2,069,367	$ 1,906,446	$ 1,755,448

The following presents the net other post-employment benefit liability (NOL), calculated using trend rate of 3.5% trending up to 6.0% percent, then back down to 4.5%, as well as what the liability would be if it was calculated using a trend rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 2.5%, trending up to 5.0%, then back down to 3.5%	Current Trend Rate 3.5%, trending up to 6.0%, then back down to 4.5%	1% Increase 4.5%, trending up to 7.0%, then back down to 5.5%
Total OPEB Liability	$ 1,656,239	$ 1,906,446	$ 2,207,565

13. OTHER POST-EMPLOYMENT BENEFITS (GASB #75) (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 286,361
Changes in assumptions	129,284	388,083
Deferred outflow (inflow) of resources	$ 129,284	$ 674,444

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

Year ending June 30,	Amount
2023	$ (87,647)
2024	(87,647)
2025	(87,647)
2026	(87,645)
2027	(71,519)
Thereafter	(123,055)
Total	$ (545,160)

14. OTHER POST EMPLOYEMENT BENEFIT PLAN – RHIA

Plan Description:
As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy:
Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to $60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of $60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

14. OTHER POST EMPLOYEMENT BENEFIT PLAN – RHIA (CONTINUED)

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.05% of annual covered OPERF payroll and 0.045% of OPSRP payroll under a contractual requirement in effect until June 30, 2022. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA for the years ended June 30, 2020, 2021 and 2022 were $19,857, $3,278 and $2,604, respectively, which equaled the required contributions each year.

At June 30, 2022, the District reported a net OPEB liability/(asset) of ($420,711) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2021, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2019. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2021 and 2020, the District's proportion was .12 percent and .27 percent, respectively. OPEB expense for the year ended June 30, 2022 was ($19,268).

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	$ (68,806)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	52,495
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	$ (16,311)

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ -	$ 11,705
Changes in assumptions	8,278	6,259
Net difference between projected and actual earnings on pension plan investments	-	99,983
Net changes in proportionate share	190,872	54,868
Differences between contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	199,150	172,815
Contributions subsequent to measuring date	2,604	-
Deferred outflow (inflow) of resources	$ 201,754	$ 172,815

14. OTHER POST EMPLOYEMENT BENEFIT PLAN – RHIA (CONTINUED)

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2023.

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

Year ending June 30,	Amount
2023	$ 22,375
2024	58,370
2025	(22,826)
2026	(31,583)
2027	-
Thereafter	-
Total	$ 26,336

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2021. That independently audited report was dated March 1, 2022 and can be found at:

https://www.oregon.gov/pers/EMP/Documents/GASB/2022/Oregon%20PERS%20-%20GASB%2075%20RHIA%20Employer%20Schedules%20-%20FYE%2006-30-2021.pdf

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2019
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent (reduced from 2.50 percent)
Investment rate of return	6.90 percent (reduced from 7.20 percent)
Discount rate	6.90 percent (reduced from 7.20 percent)
Projected salary increase	3.40 percent (reduced from 3.50 percent)
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

14. OTHER POST EMPLOYEMENT BENEFIT PLAN – RHIA (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2019.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2021 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Assumed Inflation - Mean		*2.40%*

(Source: June 30, 2021 PERS ACFR; p. 74)

14. OTHER POST EMPLOYEMENT BENEFIT PLAN – RHIA (CONTINUED)

Sensitivity of the District's proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net OPEB liability (asset)	$ (372,057)	$ (420,711)	$ (462,273)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2021 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

15. 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 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.

2021-22 Current Tax Limits Imposed	
Permanent Rate	$4.8906 / $1,000
Bonded Debt Amount	$3,190,029

16. 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.

17. 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.

18. ARTS TAX

In November, 2012, voters in the City of Portland passed Ballot Measure 26-146 to restore school arts and music education, funded through an income tax of $35 per person per year. In December of 2012, the District entered into an intergovernmental agreement with the City of Portland to receive a portion of this tax, to be used to provide arts and music education, through certified arts and music teacher, to all K-5 students within the District. Revenues and expenditures for the years ended June 30, 2022, 2021, and 2020 are as follows:

	FY 2021/22	FY 2020/21	FY 2019/20
Revenues	$ 239,730	$ 265,490	$ 318,051
Expenditures	439,200	448,518	335,237
Variance	(199,470)	(183,028)	(17,186)
FTE Funded	4	4	3
Number of Schools Funded	4	4	3

The District's general fund is responsible for any variance needed to maintain these positions.

19. GASB STATEMENT #54 - FUND BALANCES

Fund balances by classification for the year ended June 30, 2022 are as follows:

	General Fund	Thompson Special Fund	Federal and State Grants Fund	Debt Service Fund	Non-Major Funds	Total
Fund Balances:						
Nonspendable:	$ 342,495	$ -	$ -	$ -	$ -	$ 342,495
Restricted:						
Debt Service	-	-	-	422,331	67,991	490,322
Food Service	-	-	-	-	280,622	280,622
Special Revenue	-	-	-	-	-	-
Capital	-	-	-	-	916,688	916,688
Total Restricted	-	-	-	422,331	1,265,301	1,687,632
Committed:						
Transportation	-	-	-	-	203,326	203,326
Student Body	-	-	-	-	431,963	431,963
Risk Management	-	-	-	-	685,590	685,590
Special Revenue	-	2,658,842	-	-	41,418	2,700,260
Technology Replacement	-	-	-	-	59,742	59,742
Textbook	99,373	-	-	-	-	99,373
Early Retirement	-	-	-	-	43,687	43,687
PERS	245,139	-	-	-	-	245,139
Total Committed	344,512	2,658,842	-	-	1,465,726	4,469,080
Unassigned:						
General	2,304,731	-	-	-	-	2,304,731
Total Unassigned	2,304,731	-	-	-	-	2,304,731
Total Fund Balances	$ 2,991,738	$ 2,658,842	$ -	$ 422,331	$ 2,731,027	$ 8,803,938

20. TAX ABATEMENTS (GASB #77)

As of June 30, 2022, the Multnomah County School District No. 3 had tax abatements through 6 programs: Enterprise Zone, Not-For-Profit Low Income Rental Housing, Homebuyer Opportunity Limited Tax Exemption, Renewable Energy and Related Incentives, Industrial Apprenticeship or Training Trust, and Day Care Centers, Student Housing and Religious Schools, all of which impacted their levied taxes.

Enterprise Zone (ORS 285C.175):

- The Oregon Enterprise Zone program is a State of Oregon economic development program established, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor.

  The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

Not-for-Profit Low Income Rental Housing (ORS 307.540 to 307.548):

- In 1985, Oregon legislature authorized a property tax exemption for low-income housing held by charitable, nonprofit organizations. The tax exemption is intended to benefit low-income renters by alleviating property tax burden on those agencies that provide this housing opportunity. The qualifying property must be located within the County.

  Charitable, nonprofit organizations that provide housing to low-income persons are eligible. Organizations must be certified by the Internal Revenue Service as 501(c)(3) or (4). Organizations must own or have a leasehold interest in the property or participate in a partnership as long as the non-profit organization is responsible for the day-to-day management of the property. Applicants who are leaseholders must have a signed leasehold agreement by the application deadline.

  Vacant land intended to be developed as low-income housing is also eligible for the exemption.

  The property tax exemption applies only to the tax levy of a governing body that adopts the provisions of ORS 307.540 to 307.548

Homebuyer Opportunity Limited Tax Exemption (ORS 307.651 to 307.687):

- The Homebuyer Opportunity Limited Tax Exemption program exempts the residential improvement value from real property taxation for a 10-year period, while the land remains taxable. At the end of the 10-year exemption period, the taxes due will reflect the full assessed value of the property. Homes approved for the HOLTE program must sell for less than the annually established price cap to homebuyers who will live in the homes and meet program income requirements. There is a 100-unit cap on the number of new applications approved each year, although the cap does not apply to applications for properties including long-term affordability covenants.

20. TAX ABATEMENTS (GASB #77) (CONTINUED)

Renewable Energy and Related Incentives (ORS 307.175):

- A three to five year exemption from property taxes on new investments in solar energy farms, geothermal power generation, biofuel production facilities and other eligible projects in a designed County. Pursuant to executing an agreement with the County, any solar project may be exempt for up to 20 years, contingent on annual payments to the County of a fee equal to $7,000 per megawatt of the project's nameplate capacity, and provided that the project is or was not subject to any other exemption.

  State Energy Loan Program (SELP) is for renewable energy, including manufacturing facilities. Loans range from 5 to 20 years and $20,000 to $20 million, depending on the borrower's need and financial situation. The Oregon Department of Energy finances these low-interest loans with authority to issue state general obligation bonds.

  Alternative Energy Systems (ORS 307.175) exempts the additional taxable value of equipping a property with net metering or with alternative systems for onsite electricity or climate control as compared to a conventional system until 2023.

Industrial Apprenticeship or Training Trust (ORS 307.580):

- All real and personal property or proportion thereof owned or being purchased by an industry apprenticeship or training trust is exempt from property taxation if:

  (a) The trust is organized pursuant to a trust instrument solely for the purpose of aiding or assisting in the implementation or operation of one or more apprenticeship or training programs that conform to and are conducted under ORS 660.002 to 660.210;

  (b) The property or proportion thereof that is the subject of the exemption is actually and exclusively occupied and used in the implementation or operation of an apprenticeship or training program or programs that are established under, conform to and are conducted under ORS 660.002 to 660.210; and

  (c) The trust is considered an organization exempt from federal income taxes under the federal Internal Revenue Code or other laws of the United States relating to federal income taxes.

  (2) If property described under subsection (1) of this section would be exempt from taxation except that it is held under lease or lease-purchase agreement by the trust rather than owned or being purchased by it, the property shall be exempt from taxation upon compliance with and subject to ORS 307.112.

  (3) No exemption shall be allowed under subsection (1) or (2) of this section if the property is used in the implementation or operation of an apprenticeship or training program that discriminates with respect to its participants on the basis of age, race, religion, sex or national origin.

20. TAX ABATEMENTS (GASB #77) (CONTINUED)

Day Care Centers, Student Housing and Religious Schools (ORS 307.145):

- The child care facilities, schools, academies and student housing accommodations, owned or being purchased by incorporated eleemosynary institutions or by incorporated religious organizations, used exclusively by such institutions or organizations for or in immediate connection with educational purposes, are exempt from taxation.
  (2) Property described in subsection (1) of this section which is exclusively for or in the immediate connection with educational purposes shall continue to be exempt when leased to a political subdivision of the State of Oregon, or to another incorporated eleemosynary institution or incorporated religious organization for an amount not to exceed the cost of repairs, maintenance and upkeep.
  (3)(a) As used in this section, "child care facility" means a child care center certified by the Office of Child Care under ORS 329A.280 to provide educational child care.
  (b) Before an exemption for a child care facility is allowed under this section, in addition to any other information required under ORS 307.162, the statement shall:
  (A) Describe the property and declare or be accompanied by proof that the corporation is an eleemosynary institution or religious organization.
  (B) Declare or be accompanied by proof that the office has issued the child care facility a certification to provide educational child care.

For the fiscal year ended June 30, 2022, Multnomah County School District No. 3 had abated property taxes totaling $308,179 under these programs.

Tax Abatement Program	Fiscal Year	Percentage of Total
New Housing HBO	$ 3,894	1.3%
COP Low Income Rental Housing	21,717	7.0%
Religious School/Student	61,788	20.0%
IND Appr of Trng Trust	9,676	3.1%
Enterprise Zone	207,801	67.4%
Alternative Energy	3,303	1.1%
Total	$ 308,179	100%

21. PRIOR PERIOD ADJUSTMENT

A prior period adjustment is presented in the non-major funds in the amount of ($78,810) to account for a prior year adjustment for the high school success grant that had a receivable overstated.

REQUIRED SUPPLEMENTAL INFORMATION

SCHEDULE OF CHANGES IN TOTAL POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY AND RELATED RATIOS STIPEND BENEFITS
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017
Total OPEB Liability - Beginning	$ 1,010,100	$ 959,393	$ 845,035	$ 482,586	$ 489,226	$ 516,784
Changes for the year:						
Service Cost	71,751	57,024	55,096	24,793	24,188	24,188
Interest	24,005	22,578	30,520	18,018	17,886	18,516
Changes of Benefit Terms	-	-	-	398,646	-	-
Differences Between Expected and Actual Experience	-	(6,642)	-	(22,809)	-	-
Changes of Assumptions or Other Input	(91,821)	3,619	85,022	(2,386)	-	-
Benefit Payments	(29,937)	(25,872)	(56,280)	(53,812)	(48,714)	(70,262)
Net Changes for the Year	(26,002)	50,707	114,358	362,450	(6,640)	(27,558)
Total OPEB Liability - Ending	$ 984,098	$ 1,010,100	$ 959,393	$ 845,035	$ 482,586	$ 489,226
Covered Payroll	$ 14,354,082	$ 13,868,678	$ 13,657,327	$ 13,195,485	$ 13,327,001	$ 12,938,836
Net Single Employer Pension Plan as a Percentage of Covered Payroll	6.86%	7.28%	7.02%	6.40%	3.62%	3.78%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full year trend has been compiled, information is presented for the years for which the required supplementary schedule information is available. The District implemented GASB 73 and GASB 75 in the fiscal year ending June 30, 2017.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY
HEALTH INSURANCE SUBSIDY
For the Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017
Total OPEB Liability - Beginning	$ 2,005,508	$ 2,467,660	$ 2,164,322	$ 2,226,997	$ 2,174,136	$ 2,124,463
Changes for the year:						
Service Cost	164,551	152,066	146,924	118,216	115,333	115,333
Interest	47,636	57,835	100,607	85,372	81,002	79,115
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	(364,241)	-	(26,360)	-	-
Changes of Assumptions or Other Input	(205,468)	(209,287)	206,855	(102,670)	-	-
Benefit Payments	(105,781)	(98,525)	(151,048)	(137,234)	(143,474)	(144,775)
Net Changes for the Year	(99,062)	(462,152)	303,338	(62,676)	52,861	49,673
Total OPEB Liability - Ending	$ 1,906,446	$ 2,005,508	$ 2,467,660	$ 2,164,322	$ 2,226,997	$ 2,174,136
Covered Payroll	$ 20,018,183	$ 19,341,240	$ 19,185,992	$ 18,537,190	$ 18,337,003	$ 17,802,916
Net Single Employer Pension Plan as a Percentage of Covered Payroll	9.52%	10.37%	12.86%	11.68%	12.14%	12.21%

Note: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full year trend has been compiled, information is presented for the years for which the required supplementary schedule information is available. The District implemented GASB 73 and GASB 75 in the fiscal year ending June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Entity's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.13 %	$ 15,003,939	$ 20,329,441	73.8 %	87.6 %
2021	0.15	31,855,760	19,815,793	160.8	75.8
2020	0.15	26,505,366	19,012,659	139.4	80.2
2019	0.23	34,357,758	19,052,826	180.3	82.1
2018	0.24	32,625,181	18,320,426	178.1	83.1
2017	0.28	41,925,383	17,832,119	235.1	80.5
2016	0.32	18,626,897	17,422,657	106.9	91.9
2015	0.36	(8,175,753)	16,231,106	(50.4)	103.6
2014	0.36	18,406,404	16,303,974	112.9	92.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

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

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2022	$ 3,356,502	$ 3,356,502	$ -	$ 22,449,811	15.0 %
2021	3,967,382	3,967,382	-	20,329,441	19.5
2020	3,800,250	3,800,250	-	19,815,793	19.2
2019	3,328,072	3,328,072	-	19,012,659	17.5
2018	4,295,742	4,295,742	-	19,052,826	23.5
2017	3,334,315	3,334,315	-	18,320,426	18.2
2016	3,298,416	3,298,416	-	17,832,119	18.5
2015	3,569,537	3,569,537	-	17,422,657	20.5
2014	3,362,302	3,362,302	-	16,231,106	20.7

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)
For the Year Ended June 30, 2022

SCHEDULE OF CHANGES IN THE TOTAL OPEB - RHIA LIABILITY (ASSET)

Year Ended June 30,	Service Cost	Difference Between Expected and Actual Experience	Changes in Assumptions	Difference Between Projected and Actual Investment Earnings	Employer Actual Contributions	Changes in Employer Proportion	Employer Total Expense
2022	$ -	$ (11,705)	$ 2,019	$ (99,983)	$ 2,604	$ 136,004	$ (16,311)
2021	-	(57,920)	(30,116)	63,007	3,278	(114,433)	151,526
2020	-	(41,906)	(329)	(19,615)	19,857	1,964	40,947
2019	-	(10,738)	(601)	(40,849)	81,506	(1,925)	(18,779)

SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30,	Total OPEB Liability Beginning (Asset)	Net Change in Total OPEB Liability (Asset)	Total OPEB Liability (Asset) Ending	Covered Payroll	Total OPEB Liability (Asset) as a Percentage of Covered Payroll	Discount Rate
2022	$ (566,566)	$ 145,855	$ (420,711)	$ 20,329,441	-2.07%	6.90%
2021	(317,782)	(248,784)	(566,566)	19,815,793	-2.86%	7.20%
2020	(189,469)	(128,313)	(317,782)	19,012,659	-1.67%	7.20%
2019	(68,465)	(121,004)	(189,469)	19,052,826	-0.99%	7.20%

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

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, 2022

General Fund

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
Local Sources:				
Property Taxes	$ 21,750,000	$ 21,750,000	$ 21,234,799	$ (515,201)
Interest	184,800	64,800	38,452	(26,348)
Other Local Sources	251,214	235,214	587,412	352,198
Intermediate Sources	370,903	370,903	335,820	(35,083)
State Sources	10,877,982	10,877,981	10,242,927	(635,054)
Federal Sources	13,000	13,000	1,974	(11,026)
Total Revenues	33,447,899	33,311,898	32,441,384	(870,514)
EXPENDITURES:				
Instruction:				
Salaries	12,055,374	12,106,337	12,152,898	(46,561)
Employee Benefits	7,068,982	7,084,490	6,724,430	360,060
Purchased Services	1,951,923	1,951,923	1,193,400	758,523
Supplies and Materials	219,736	219,736	202,256	17,480
Other Objects	13,095	13,095	48,565	(35,470)
Total Instruction	21,309,110	21,375,581 (1)	20,321,549	1,054,032
Support Services:				
Salaries	6,193,706	6,193,706	5,464,867	728,839
Employee Benefits	4,077,459	4,077,459	3,404,298	673,161
Purchased Services	2,508,154	2,508,154	2,972,403	(464,249)
Supplies and Materials	475,017	475,017	336,476	138,541
Other Objects	690,571	690,571	285,145	405,426
Total Support Services	13,944,907	13,944,907 (1)	12,463,189	1,481,718
Contingency	500,000	500,000 (1)	-	500,000
Total Expenditures	35,754,017	35,820,488	32,784,738	3,035,750
Excess of Revenues Over (Under) Expenditures	(2,306,118)	(2,508,590)	(343,354)	2,165,236
Other Financing Sources, (Uses):				
Sale of Capital Assets	1,500	1,500	3,490	1,990
Transfers In	647,475	-	-	-
Transfers Out	(142,857)	(550,000) (1)	(70,000)	480,000
Total Other Financing Sources, (Uses)	506,118	(548,500)	(66,510)	481,990
Net Change in Fund Balance	(1,800,000)	(3,057,090)	(409,864)	2,647,226
Beginning Fund Balance	1,800,000	3,057,090	3,057,090	-
Ending Fund Balance	$ -	$ -	2,647,226	$ 2,647,226

RECONCILIATION TO GAAP FUND BALANCE

PERS Stabilization Fund	245,139
Textbook Fund	99,373
Total	$ 2,991,738

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, 2022

Thompson Special Fund

	BUDGET				
	ORIGINAL	FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Local Sources	$ 1,135,837	$ 1,067,837		$ 1,105,081	$ 37,244
Total Revenues	1,135,837	1,067,837		1,105,081	37,244
EXPENDITURES:					
Support Services:					
Salaries	148,309	148,309		128,097	20,212
Employee Benefits	84,036	84,036		47,438	36,598
Purchased Services	1,880,973	1,712,458		291,767	1,420,691
Supplies and Materials	400,547	400,547		17,233	383,314
Other Objects	52,115	52,115		28,840	23,275
Total Support Services	2,565,980	2,397,465	(1)	513,375	1,884,090
Enterprise and Community Service:					
Salaries	62,298	62,298		57,875	4,423
Employee Benefits	40,156	40,156		31,038	9,118
Total Enterprise and Community Service	102,454	102,454	(1)	88,913	13,541
Contingency	723,967	723,967	(1)	-	723,967
Total Expenditures	3,392,401	3,223,886		602,288	2,621,598
Excess of Revenues Over (Under) Expenditures	(2,256,564)	(2,156,049)		502,793	2,658,842
Other Financing Sources, (Uses):					
Transfers Out	(400,000)	-	(1)	-	-
Total Other Financing Sources, (Uses)	(400,000)	-		-	-
Net Change in Fund Balance	(2,656,564)	(2,156,049)		502,793	2,658,842
Beginning Fund Balance	2,656,564	2,156,049		2,156,049	-
Ending Fund Balance	$ -	$ -		$ 2,658,842	$ 2,658,842

(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, 2022

Federal Grants Fund

	BUDGET				
	ORIGINAL	FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
State Sources	$ 20,969	$ 4,891		$ 1,027	$ (3,864)
Federal Sources	10,705,044	11,749,742		5,070,426	(6,679,316)
Total Revenues	10,726,013	11,754,633		5,071,453	(6,683,180)
EXPENDITURES:					
Instruction:					
Salaries	1,022,994	854,706		932,236	(77,530)
Employee Benefits	809,429	676,858		589,180	87,678
Purchased Services	3,608,037	3,606,069		725,836	2,880,233
Supplies and Materials	710,409	765,753		317,352	448,401
Other Objects	-	-		200,881	(200,881)
Total Instruction	6,150,869	5,903,386	(1)	2,765,485	3,137,901
Support Services:					
Salaries	794,990	759,812		815,572	(55,760)
Employee Benefits	449,778	424,101		402,456	21,645
Purchased Services	87,255	82,269		607,595	(525,326)
Supplies and Materials	3,038,232	4,144,471		347,522	3,796,949
Other Objects	20,000	20,042		89,629	(69,587)
Total Support Services	4,390,255	5,430,695	(1)	2,262,774	3,167,921
Enterprise and Community Services:					
Salaries	-	-		3,261	(3,261)
Employee Benefits	-	-		868	(868)
Purchased Services	400,127	400,127		10,672	389,455
Supplies and Materials	21,017	20,552		17,694	2,858
Other Objects	-	-		10,699	(10,699)
Total Enterprise and Community Services	421,144	420,679	(1)	43,194	377,485
Total Expenditures	10,962,268	11,754,760		5,071,453	6,683,307
Net Change in Fund Balance	(236,255)	(127)		-	127
Beginning Fund Balance	236,255	127		-	(127)
Ending Fund Balance	$ -	$ -		$ -	$ -

(1) Appropriation Level

SUPPLEMENTARY INFORMATION

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, 2022

Debt Service Fund

	BUDGET				
	ORIGINAL	FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Local Sources:					
Property Taxes	$ 3,265,029	$ 3,272,059		$ 3,126,632	$ (145,427)
Interest	9,600	9,600		20,107	10,507
Federal Sources	683,550	683,550		692,375	8,825
Total Revenues	3,958,179	3,965,209		3,839,114	(126,095)
EXPENDITURES:					
Support Services:					
Other Objects	-	5,000		3,925	1,075
Total Support Services	-	5,000	(1)	3,925	1,075
Debt Service:					
Principal	2,414,011	2,414,011		2,414,011	-
Interest and Other	1,619,077	1,616,077		1,616,076	1
Total Debt Service	4,033,088	4,030,088	(1)	4,030,087	1
Contingency	715,504	713,504	(1)	-	713,504
Total Expenditures	4,748,592	4,748,592		4,034,012	714,580
Excess of Revenues Over (Under) Expenditures	(790,413)	(783,383)		(194,898)	588,485
Other Financing Sources, (Uses):					
Transfers In	309,011	166,154		-	166,154
Total Other Financing Sources, (Uses)	309,011	166,154		-	166,154
Net Change in Fund Balance	(481,402)	(617,229)		(194,898)	422,331
Beginning Fund Balance	481,402	617,229		617,229	-
Ending Fund Balance	$ -	$ -		$ 422,331	$ 422,331

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR PERS DEBT SERVICE FUND	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS:				
Cash and Investments	$ 2,442,476	$ -	$ 931,234	$ 3,373,710
Accounts and Grants Receivable	442,670	-	-	442,670
Total Assets	$ 2,885,146	$ -	$ 931,234	$ 3,816,380
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	$ 263,260	$ -	$ 14,546	$ 277,806
Deferred Revenue	409,007	-	-	409,007
Due To Other Funds	398,540	-	-	398,540
Total Liabilities	1,070,807	-	14,546	1,085,353
Fund Balances:				
Restricted	348,613	-	916,688	1,265,301
Committed	1,465,726	-	-	1,465,726
Total Fund Balances	1,814,339	-	916,688	2,731,027
Total Liabilities and Fund Balances	$ 2,885,146	$ -	$ 931,234	$ 3,816,380

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
SPECIAL REVENUE NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	RISK MANAGEMENT FUND	STUDENT INVESTMENT FUND
ASSETS:				
Cash and Investments	$ 67,991	$ 471,676	$ 685,628	$ 427,894
Accounts and Grants Receivable	-	112,510	-	-
Total Assets	$ 67,991	$ 584,186	$ 685,628	$ 427,894
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	$ -	$ 58,106	$ 38	$ 18,887
Unearned Revenue	-	-	-	409,007
Due To Other Funds	-	245,458	-	-
Total Liabilities	-	303,564	38	427,894
Fund Balances:				
Restricted	67,991	280,622	-	-
Committed	-	-	685,590	-
Total Fund Balances	67,991	280,622	685,590	-
Total Liabilities and Fund Balances	$ 67,991	$ 584,186	$ 685,628	$ 427,894

MEASURE 98 FUND	PRIVATE AND STATE GRANTS FUND	TRANS-PORTATION FUND	TECHNOLOGY REPLACEMENT FUND	EARLY RETIREMENT FUND	STUDENT BODY FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
$ -	$ 45,220	$ 203,326	$ 60,086	$ 43,687	$ 436,968	$ 2,442,476
239,014	90,531	-	-	-	615	442,670
$ 239,014	$ 135,751	$ 203,326	$ 60,086	$ 43,687	$ 437,583	$ 2,885,146
$ 85,932	$ 94,333	$ -	$ 344	$ -	$ 5,620	$ 263,260
-	-	-	-	-	-	409,007
153,082	-	-	-	-	-	398,540
239,014	94,333	-	344	-	5,620	1,070,807
-	-	-	-	-	-	348,613
-	41,418	203,326	59,742	43,687	431,963	1,465,726
-	41,418	203,326	59,742	43,687	431,963	1,814,339
$ 239,014	$ 135,751	$ 203,326	$ 60,086	$ 43,687	$ 437,583	$ 2,885,146

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
CAPITAL PROJECTS NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	CAPITAL PROJECTS FUND	CAPITAL EQUIPMENT FUND	CAPITAL GO BOND FUND	CAPITAL FLEET REPLACEMENT FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
ASSETS:					
Cash and Investments	$ 643,228	$ 116,969	$ 54,868	$ 116,169	$ 931,234
Total Assets	$ 643,228	$ 116,969	$ 54,868	$ 116,169	$ 931,234
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	$ 10,375	$ 818	$ 3,353	$ -	$ 14,546
Total Liabilities	10,375	818	3,353	-	14,546
Fund Balances:					
Restricted	632,853	116,151	51,515	116,169	916,688
Total Fund Balances	632,853	116,151	51,515	116,169	916,688
Total Liabilities and Fund Balances	$ 643,228	$ 116,969	$ 54,868	$ 116,169	$ 931,234

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, 2022

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR PERS DEBT SERVICE FUND	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Local Sources:				
Interest	$ 377	$ -	$ 2,679	$ 3,056
Other Local Sources	1,238,044	-	76,453	1,314,497
State Sources	4,442,645	1,591,036	-	6,033,681
Federal Sources	1,671,933	-	-	1,671,933
Total Revenues	7,352,999	1,591,036	79,132	9,023,167
EXPENDITURES:				
Instruction	4,133,642	-	-	4,133,642
Support Services	1,186,847	-	570,986	1,757,833
Enterprise and Community Services	1,518,150	-	-	1,518,150
Facilities Acquisition and Construction	-	-	7,896	7,896
Debt Service	-	1,743,145	-	1,743,145
Total Expenditures	6,838,639	1,743,145	578,882	9,160,666
Excess of Revenues Over, - Under Expenditures	514,360	(152,109)	(499,750)	(137,499)
Other Financing Sources, (Uses):				
Bond Proceeds	-	27,156,599	-	27,156,599
Payment to PERS	-	(27,004,490)	-	(27,004,490)
Sale of Capital Assets	51,227	-	-	51,227
Transfer In	70,000	-	-	70,000
Total Other Financing Sources, (Uses)	121,227	152,109	-	273,336
Net Change in Fund Balance	635,587	-	(499,750)	135,837
Beginning Fund Balance	1,257,562	-	1,416,438	2,674,000
Prior Period Adjustment	(78,810)	-	-	(78,810)
Ending Fund Balance	$ 1,814,339	$ -	$ 916,688	$ 2,731,027

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	RISK MANAGEMENT FUND	STUDENT INVESTMENT FUND
REVENUES:				
Local Sources:				
Interest	$ 377	$ -	$ -	$ -
Other Local Sources	-	990	561,750	-
State Sources	-	16,706	-	2,071,037
Federal Sources	-	1,671,933	-	-
Total Revenues	377	1,689,629	561,750	2,071,037
EXPENDITURES:				
Instruction	-	-	-	1,915,987
Support Services	-	-	39,711	177,577
Enterprise and Community Services	-	1,493,415	-	-
Total Expenditures	-	1,493,415	39,711	2,093,564
Excess of Revenues Over, - Under Expenditures	377	196,214	522,039	(22,527)
Other Financing Sources, (Uses):				
Sale of Capital Assets	-	-	-	-
Transfers In	-	-	-	-
Total Other Financing Sources, (Uses)	-	-	-	-
Net Change in Fund Balance	377	196,214	522,039	(22,527)
Beginning Fund Balance	67,614	84,408	163,551	22,527
Prior Period Adjustment	-	-	-	-
Ending Fund Balance	$ 67,991	$ 280,622	$ 685,590	$ -

MEASURE 98 FUND	PRIVATE AND STATE GRANTS FUND	TRANS-PORTATION FUND	TECHNOLOGY REPLACEMENT FUND	EARLY RETIREMENT FUND	STUDENT BODY FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
$ -	$ -	$ -	$ -	$ -	$ -	$ 377
-	81,781	-	221,940	7,410	364,173	1,238,044
920,010	1,434,892	-	-	-	-	4,442,645
-	-	-	-	-	-	1,671,933
920,010	1,516,673	-	221,940	7,410	364,173	7,352,999
949,004	912,376	-	-	-	356,275	4,133,642
6,864	652,235	-	269,366	41,094	-	1,186,847
-	24,735	-	-	-	-	1,518,150
955,868	1,589,346	-	269,366	41,094	356,275	6,838,639
(35,858)	(72,673)	-	(47,426)	(33,684)	7,898	514,360
-	-	51,227	-	-	-	51,227
-	-	-	70,000	-	-	70,000
-	-	51,227	70,000	-	-	121,227
(35,858)	(72,673)	51,227	22,574	(33,684)	7,898	635,587
114,668	114,091	152,099	37,168	77,371	424,065	1,257,562
(78,810)	-	-	-	-	-	(78,810)
$ -	$ 41,418	$ 203,326	$ 59,742	$ 43,687	$ 431,963	$ 1,814,339

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	CAPITAL PROJECTS FUND	CAPITAL EQUIPMENT FUND	CAPITAL GO BOND FUND	CAPITAL FLEET REPLACEMENT FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
REVENUES:					
Local Sources:					
Interest	$ -	$ -	$ 2,679	$ -	$ 2,679
Other Local Sources	76,453	-	-	-	76,453
Total Revenues	76,453	-	2,679	-	79,132
EXPENDITURES:					
Support Services	554,737	16,249	-	-	570,986
Facilities Acquisition and Construction	-	-	7,896	-	7,896
Total Expenditures	554,737	16,249	7,896	-	578,882
Net Change in Fund Balance	(478,284)	(16,249)	(5,217)	-	(499,750)
Beginning Fund Balance	1,111,137	132,400	56,732	116,169	1,416,438
Ending Fund Balance	$ 632,853	$ 116,151	$ 51,515	$ 116,169	$ 916,688

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, 2022

Tax Anticipation Note Fund

	BUDGET				
	ORIGINAL	FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Local Sources:					
Interest	$ 1,940	$ 1,940		$ 377	$ (1,563)
Total Revenues	1,940	1,940		377	(1,563)
EXPENDITURES:					
Support Services:					
Purchased Services	14,649	14,649		-	14,649
Total Support Services	14,649	14,649	(1)	-	14,649
Debt Services					
Principal	4,035,000	4,035,000		-	4,035,000
Interest	55,000	55,000		-	55,000
Total Debt Services	4,090,000	4,090,000	(1)	-	4,090,000
Total Expenditures	4,104,649	4,104,649		-	4,104,649
Excess of Revenues Over (Under) Expenditures	(4,102,709)	(4,102,709)		377	(4,103,086)
Other Financing Sources, (Uses):					
Proceeds	4,035,000	4,035,000		-	(4,035,000)
Total Other Financing Sources, (Uses)	4,035,000	4,035,000		-	(4,035,000)
Net Change in Fund Balance	(67,709)	(67,709)		377	68,086
Beginning Fund Balance	67,709	67,709		67,614	(95)
Ending Fund Balance	$ -	$ -		$ 67,991	$ 67,991

(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, 2022

Food Service Fund

	BUDGET ORIGINAL	BUDGET FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Local Sources	$ 74,188	$ 74,188		$ 990	$ (73,198)
State Sources	22,000	27,000		16,706	(10,294)
Federal Sources	1,574,355	1,487,813		1,671,933	184,120
Total Revenues	1,670,543	1,589,001		1,689,629	100,628
EXPENDITURES:					
Enterprise and Community Services:					
Salaries	543,600	543,600		441,399	102,201
Employee Benefits	521,008	521,008		342,369	178,639
Purchased Services	288,539	288,539		166,868	121,671
Supplies and Materials	294,234	294,234		520,710	(226,476)
Capital Outlay	7,000	7,000		-	7,000
Other Objects	7,800	7,800		22,069	(14,269)
Total Enterprise and Community Services	1,662,181	1,662,181	(1)	1,493,415	168,766
Contingency	11,229	11,229	(1)	-	11,229
Total Expenditures	1,673,410	1,673,410		1,493,415	179,995
Net Change in Fund Balance	(2,867)	(84,409)		196,214	280,623
Beginning Fund Balance	2,867	84,409		84,408	(1)
Ending Fund Balance	$ -	$ -		$ 280,622	$ 280,622

(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, 2022

Risk Management Fund

	BUDGET				
	ORIGINAL	FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Local Sources	$ 35,000	$ 35,000		$ 561,750	$ 526,750
Total Revenues	35,000	35,000		561,750	526,750
EXPENDITURES:					
Support Services:					
Employee Benefits	60,000	60,000		15,429	44,571
Purchased Services	35,500	35,500		2,043	33,457
Supplies and Materials	25,250	76,261		9,855	66,406
Other Objects	10,000	10,000		12,384	(2,384)
Total Support Services	130,750	181,761	(1)	39,711	142,050
Contingency:	16,790	16,790	(1)	-	16,790
Total Expenditures	147,540	198,551		39,711	158,840
Net Change in Fund Balance	(112,540)	(163,551)		522,039	685,590
Beginning Fund Balance	112,540	163,551		163,551	-
Ending Fund Balance	$ -	$ -		$ 685,590	$ 685,590

(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, 2022

Student Investment Fund

	BUDGET ORIGINAL	BUDGET FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
State Sources	$ 2,780,289	$ 2,480,044		$ 2,071,037	$ (409,007)
Total Revenues	2,780,289	2,480,044		2,071,037	(409,007)
EXPENDITURES:					
Instruction:					
Salaries	883,689	1,059,211		893,166	166,045
Employee Benefits	496,389	731,742		451,560	280,182
Purchased Services	65,000	113,675		327,868	(214,193)
Supplies & Materials	50,000	75,000		104,226	(29,226)
Other Objects	109,014	124,002		139,167	(15,165)
Total Instruction	1,604,092	2,103,630	(1)	1,915,987	187,643
Support Services:					
Salaries	158,807	181,538		81,083	100,455
Employee Benefits	164,843	171,738		49,109	122,629
Purchased Services	335,000	15,262		15,658	(396)
Supplies & Materials	330,403	30,403		30,242	161
Other Objects	-	-		1,485	(1,485)
Total Support Services	989,053	398,941	(1)	177,577	221,364
Enterprise and Community Services:					
Purchased Services	250,000	-		-	-
Total Enterprise and Community Services	250,000	-	(1)	-	-
Total Expenditures	2,843,145	2,502,571		2,093,564	409,007
Net Change in Fund Balance	(62,856)	(22,527)		(22,527)	-
Beginning Fund Balance	62,856	22,527		22,527	-
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, 2022

Measure 98 Fund

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:				
State Sources	$ 916,753	$ 931,966	$ 920,010	$ (11,956)
Total Revenues	916,753	931,966	920,010	(11,956)
EXPENDITURES:				
Instruction:				
Salaries	436,558	436,558	492,047	(55,489)
Employee Benefits	311,029	311,029	241,841	69,188
Purchased Services	169,166	205,237	50,525	154,712
Supplies & Materials	-	-	79,444	(79,444)
Other Objects	-	-	85,147	(85,147)
Total Instruction	916,753	952,824 (1)	949,004	3,820
Support Services				
Supplies & Materials	-	15,000	6,784	8,216
Capital Outlay	-	-	80	(80)
Total Support Services	-	15,000 (1)	6,864	8,136
Total Expenditures	916,753	967,824	955,868	11,956
Net Change in Fund Balance	-	(35,858)	(35,858)	-
Beginning Fund Balance	-	35,858	114,668	78,810
Prior Period Adjustment	-	-	(78,810)	(78,810)
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, 2022

Private and State Grants Fund

	BUDGET				
	ORIGINAL	FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Local Sources	$ 77,000	$ 57,416		$ 81,781	$ 24,365
State Sources	1,371,785	1,291,774		1,434,892	143,118
Federal Sources	319,272	171,140		-	(171,140)
Total Revenues	1,768,057	1,520,330		1,516,673	(3,657)
EXPENDITURES:					
Instruction:					
Salaries	414,800	465,182		427,961	37,221
Employee Benefits	131,732	195,415		149,189	46,226
Purchased Services	81,463	16,069		96,739	(80,670)
Supplies and Materials	232,576	259,273		191,114	68,159
Other Objects	4,848	4,792		47,373	(42,581)
Total Instruction	865,419	940,731	(1)	912,376	28,355
Support Services:					
Salaries	104,100	32,453		225,953	(193,500)
Employee Benefits	51,924	13,650		5,925	7,725
Purchased Services	310,273	272,343		309,432	(37,089)
Supplies and Materials	181,061	98,611		88,020	10,591
Capital Outlay	225,883	190,911		-	190,911
Other Objects	84,280	59,708		22,905	36,803
Total Support Services	957,521	667,676	(1)	652,235	15,441
Enterprise and Community Services:					
Salaries	36,550	-		19,073	(19,073)
Employee Benefits	21,137	-		5,662	(5,662)
Purchased Services	16,332	22,080		-	22,080
Capital Outlay	10,804	3,808		-	3,808
Total Enterprise and Community Services	84,823	25,888	(1)	24,735	1,153
Total Expenditures	1,907,763	1,634,295		1,589,346	44,949
Net Change in Fund Balance	(139,706)	(113,965)		(72,673)	41,292
Beginning Fund Balance	139,706	113,965		114,091	126
Ending Fund Balance	$ -	$ -		$ 41,418	$ 41,418

(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, 2022

Transportation Fund

	BUDGET ORIGINAL	BUDGET FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
State Sources	$ 30,000	$ 30,000		$ -	$ (30,000)
Total Revenues	30,000	30,000		-	(30,000)
EXPENDITURES:					
Support Services:					
Supplies and Materials	10,945	10,945		-	10,945
Total Support Services	10,945	10,945	(1)	-	10,945
Contingency:	5,000	5,000	(1)	-	5,000
Total Expenditures	15,945	15,945		-	15,945
Excess of Revenues Over (Under) Expenditures	14,055	14,055		-	(14,055)
Other Financing Sources, (Uses):					
Transfers Out	(166,154)	(166,154)	(1)	-	166,154
Sale of Capital Assets	-	-		51,227	51,227
Total Other Financing Sources, (Uses)	(166,154)	(166,154)		51,227	(217,381)
Net Change in Fund Balance	(152,099)	(152,099)		51,227	203,326
Beginning Fund Balance	152,099	152,099		152,099	-
Ending Fund Balance	$ -	$ -		$ 203,326	$ 203,326

(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, 2022

Technology Replacement Fund

	BUDGET				VARIANCE TO
	ORIGINAL	FINAL		ACTUAL	FINAL BUDGET
REVENUES:					
Local Sources	$ -	$ -		$ 221,940	$ 221,940
Total Revenues	-	-		221,940	221,940
EXPENDITURES:					
Support Services:					
Purchased Services	2,000	362,000		262,248	99,752
Supplies and Materials	25,520	30,168		7,118	23,050
Total Support Services	27,520	392,168	(1)	269,366	122,802
Contingency:	5,000	5,000	(1)	-	5,000
Total Expenditures	32,520	397,168		269,366	127,802
Excess of Revenues Over (Under) Expenditures	(32,520)	(397,168)		(47,426)	349,742
Other Financing Sources, (Uses):					
Transfers In	-	360,000		70,000	(290,000)
Total Other Financing Sources, (Uses)	-	360,000		70,000	(290,000)
Net Change in Fund Balance	(32,520)	(37,168)		22,574	59,742
Beginning Fund Balance	32,520	37,168		37,168	-
Ending Fund Balance	$ -	$ -		$ 59,742	$ 59,742

(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, 2022

Early Retirement Fund

	BUDGET				
	ORIGINAL	FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Local Sources	$ 1,350	$ 1,350		$ 7,410	$ 6,060
Total Revenues	1,350	1,350		7,410	6,060
EXPENDITURES:					
Support Services:					
Salaries	104,068	136,397		38,281	98,116
Employee Benefits	26,104	26,104		2,813	23,291
Purchased Services	16,220	16,220		-	16,220
Total Support Services	146,392	178,721	(1)	41,094	137,627
Total Expenditures	146,392	178,721		41,094	137,627
Excess of Revenues Over (Under) Expenditures	(145,042)	(177,371)		(33,684)	143,687
Other Financing Sources, (Uses):					
Transfers In	-	100,000		-	(100,000)
Total Other Financing Sources, (Uses)	-	100,000		-	(100,000)
Net Change in Fund Balance	(145,042)	(77,371)		(33,684)	43,687
Beginning Fund Balance	145,042	77,371		77,371	-
Ending Fund Balance	$ -	$ -		$ 43,687	$ 43,687

(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, 2022

Student Body Fund

	BUDGET				
	ORIGINAL	FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES					
Local Sources	$ 450,000	$ 435,936		$ 364,173	$ (71,763)
Total Revenues	450,000	435,936		364,173	(71,763)
EXPENDITURES:					
Instruction:					
Purchased Services	-	-		198	(198)
Supplies and Materials	860,000	860,000		356,077	503,923
Total Instruction	860,000	860,000	(1)	356,275	503,725
Total Expenditures	860,000	860,000		356,275	503,725
Net Change in Fund Balance	(410,000)	(424,064)		7,898	431,962
Beginning Fund Balance	410,000	424,064		424,065	1
Ending Fund Balance	$ -	$ -		$ 431,963	$ 431,963

(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, 2022

PERS Debt Service Fund

	BUDGET				
	ORIGINAL	FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
State Sources	$ 1,594,070	$ 1,594,070		$ 1,591,036	$ (3,034)
Total Revenues	1,594,070	1,594,070		1,591,036	(3,034)
EXPENDITURES:					
Debt Service:					
Principal	780,000	780,000	(1)	780,000	-
Interest	814,070	814,070	(1)	811,036	3,034
Other Objects	-	-	(2)	152,109	(152,109)
Total Debt Service	1,594,070	1,594,070		1,743,145	(149,075)
Total Expenditures	1,594,070	1,594,070		1,743,145	(149,075)
Excess of Revenues Over (Under) Expenditures	-	-		(152,109)	146,041
Other Financing Sources, (Uses):					
Bond Proceeds	-	27,156,599		27,156,599	-
Payment to PERS		(27,156,599)	(2)	(27,004,490)	152,109
Total Other Financing Sources, (Uses)	-	-		152,109	152,109
Net Change in Fund Balance	-	-		-	-
Beginning Fund Balance	-	-		-	-
Ending Fund Balance	$ -	$ -		$ -	$ -

(1) Sum Equals Appropriation Level
(2) Sum Equals 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, 2022

Capital Projects Fund

	BUDGET				
	ORIGINAL	FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Local Revenue	$ 179,001	$ 179,001		$ 76,453	$ (102,548)
Total Revenues	179,001	179,001		76,453	(102,548)
EXPENDITURES:					
Support Services:					
Purchased Services	1,188,831	990,138		549,690	440,448
Capital Outlay	150,000	150,000		-	150,000
Other Objects	-	-		5,047	(5,047)
Total Support Services	1,338,831	1,140,138	(1)	554,737	585,401
Contingency	150,000	150,000	(1)	-	150,000
Total Expenditures	1,488,831	1,290,138		554,737	735,401
Net Change in Fund Balance	(1,309,830)	(1,111,137)		(478,284)	632,853
Beginning Fund Balance	1,309,830	1,111,137		1,111,137	-
Ending Fund Balance	$ -	$ -		$ 632,853	$ 632,853

(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, 2022

Capital Equipment Fund

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES:				
Support Services:				
Supplies and Materials	$ 132,400	$ 132,399	$ -	$ 132,399
Capital Outlay	-	-	16,249	(16,249)
Total Support Services	132,400	132,399 (1)	16,249	116,150
Total Expenditures	132,400	132,399	16,249	116,150
Net Change in Fund Balance	(132,400)	(132,399)	(16,249)	116,150
Beginning Fund Balance	132,400	132,399	132,400	1
Ending Fund Balance	$ -	$ -	$ 116,151	$ 116,151

(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, 2022

Capital GO Bond Fund

	BUDGET				
	ORIGINAL	FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES:					
Local Sources:					
Interest	$ 6,000	$ 6,000		$ 2,679	$ (3,321)
Total Revenues	6,000	6,000		2,679	(3,321)
EXPENDITURES:					
Instruction:					
Supplies and Materials	9,000	9,000		-	9,000
Total Instruction	9,000	9,000	(1)	-	9,000
Facilities Acquisition and Construction:					
Purchased Services	56,466	39,225		7,896	31,329
Capital Outlay	14,507	14,507		-	14,507
Total Facilities Acquisition and Construction	70,973	53,732	(1)	7,896	45,836
Total Expenditures	79,973	62,732		7,896	54,836
Net Change in Fund Balance	(73,973)	(56,732)		(5,217)	51,515
Beginning Fund Balance	73,973	56,732		56,732	-
Ending Fund Balance	$ -	$ -		$ 51,515	$ 51,515

(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, 2022

Capital Fleet Replacement Fund

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES:				
Support Services:				
Capital Outlay	-	116,169	-	116,169
Total Support Services	-	116,169 (1)	-	116,169
Total Expenditures	-	116,169	-	116,169
Net Change in Fund Balance	-	(116,169)	-	116,169
Beginning Fund Balance	-	116,169	116,169	-
Ending Fund Balance	$ -	$ -	$ 116,169	$ 116,169

(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, 2022

PERS Stabilization Fund

	BUDGET				
	ORIGINAL	FINAL		ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES:					
Support Services:					
Employee Benefits	$ 1,000	$ 248,475		$ -	$ 248,475
Other Objects	-	-		3,336	3,336
Total Support Services	1,000	248,475	(1)	3,336	251,811
Total Expenditures	1,000	248,475		3,336	251,811
Excess of Revenues Over (Under) Expenditures	(1,000)	(248,475)		(3,336)	245,139
Other Financing Sources, (Uses):					
Transfers Out	(247,475)	-	(1)	-	-
Total Other Financing Sources (Uses)	(247,475)	-		-	-
Net Change in Fund Balance	(248,475)	(248,475)		(3,336)	245,139
Beginning Fund Balance	248,475	248,475		248,475	-
Ending Fund Balance	$ -	$ -		$ 245,139	$ 245,139

(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 sources 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, 2022

Textbook Fund

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET
EXPENDITURES:				
Instruction:				
Salaries	$ 15,589	$ 15,589	$ 3,241	$ 12,348
Employee Benefits	4,951	4,951	1,000	3,951
Purchased Services	16,117	16,117	-	16,117
Supplies & Materials	68,837	68,837	8,279	60,558
Other Objects	20,000	96,399	-	96,399
Total Instruction	125,494	201,893 (1)	12,520	189,373
Total Expenditures	125,494	201,893	12,520	189,373
Excess of Revenues Over (Under) Expenditures	(125,494)	(201,893)	(12,520)	189,373
Other Financing Sources, (Uses):				
Transfers In	-	90,000	-	(90,000)
Total Other Financing Sources, (Uses)	-	90,000	-	(90,000)
Net Change in Fund Balance	(125,494)	(111,893)	(12,520)	99,373
Beginning Fund Balance	125,494	111,893	111,893	-
Ending Fund Balance	$ -	$ -	$ 99,373	$ 99,373

(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 sources being derived primarily from General Fund transfers.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED - GENERAL FUND
For the Year Ended June 30, 2022

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/21	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/22
Current:						
2021-2022	$ 21,742,787	$ 577,260	(66,175)	7,228	20,856,822	$ 249,758
Prior Years:						
2020-2021	299,619	356	(44,720)	12,570	156,489	110,624
2019-2020	133,230	68	(17,762)	12,032	56,973	70,459
2018-2019	77,055	39	(16,144)	14,254	43,691	31,435
2017-2018	31,128	4	(9,545)	9,291	22,860	8,010
Prior	52,094	4	(4,927)	4,498	5,349	46,312
Total Prior	593,126	471	(93,098)	52,645	285,362	266,840
Total General Fund	$ 22,335,913	$ 577,731	$ (159,273)	$ 59,873	$ 21,142,184	$ 516,598

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	$ 21,142,184
June 30, 2021	(70,393)
June 30, 2022	51,078
Other Taxes	86,774
Taxes In Lieu	25,156
Total Revenue	$ 21,234,799

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED - DEBT SERVICE FUND
For the Year Ended June 30, 2022

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/21	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/22
Current:						
2021-2022	$ 3,189,897	$ 84,690	$ (9,708)	$ 1,060	$ 3,059,917	$ 36,642
Prior Years:						
2020-2021	81,398	(97)	(12,508)	3,412	42,483	29,916
2019-2020	24,017	(12)	(3,236)	2,166	10,259	12,700
2018-2019	13,594	(7)	(2,865)	2,512	7,699	5,549
2017-2018	5,570	(1)	(1,716)	1,662	4,089	1,428
Prior	10,413	(1)	(928)	845	1,024	9,307
Total Prior	134,992	(118)	(21,253)	10,597	65,554	58,900
Total Debt Service Fund	$ 3,324,889	$ 84,572	$ (30,961)	$ 11,657	$ 3,125,471	$ 95,542

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	$ 3,125,471
Accrual of Receivables:	
June 30, 2021	(17,133)
June 30, 2022	8,682
Other Taxes - Airport Way UR Closure	12,580
Taxes In Lieu	(2,968)
Total Revenue	$ 3,126,632

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

PROGRAM TITLE	PASS-THROUGH ORGANIZATION	FEDERAL AL NUMBER	SUB GRANT NUMBER	GRANT PERIOD	EXPENDITURES	PASS THROUGH EXPENDITURES	
U.S. Department of Education:							
Title I Grants to Local Educational Agencies							
	Oregon Department of Education	84.010	67043	7/1/21-9/30/22	$ 902,021	$ -	
	Oregon Department of Education	84.010	60414	7/1/20-9/30/21	20,574	-	
	Oregon Department of Education	84.010	65137	7/1/20-9/30/21	28,889	-	
Total Title I Grants to Local Educational Agencies					951,484	-	(1)
Special Education Cluster (IDEA)	Oregon Department of Education	84.027	68698	7/1/21-9/30/23	415,829	-	
	Oregon Department of Education	84.027	60723	7/1/20-9/30/22	519,268	-	
Total Special Education Cluster (IDEA)					935,097	-	(1)
Student Support and Academic Enrichment State Grant	Oregon Department of Education	84.424	66832	7/1/21-9/30/22	53,972	-	
Supporting Effective Instruction State Grant	Oregon Department of Education	84.367	67476	7/1/21-9/30/22	111,086	-	
	Oregon Department of Education	84.367	58826	7/1/20-9/30/21	32,876	-	
Total Supporting Effective Instruction State Grant					143,962	-	
English Language Acquisition State Grants	Oregon Department of Education	84.365	67158	7/1/21-9/30/22	42,127	-	
	Oregon Department of Education	84.365	50258	7/1/18-6/30/21	15,683	-	
Total English Language Acquisition State Grants					57,810	-	
Education for Homeless Children and Youths Grants	Oregon Department of Education	84.196	65241	7/1/20-9/30/22	46,253	-	
	Oregon Department of Education	84.196	66235	7/1/21-9/30/22	40,319	-	
Total Education for Homeless Children and Youths Grants					86,572	-	
LEA ESSER Fund - Formula							
Elementary and Secondary School Emergency Relief (ESSER) Fund COVID-19	Oregon Department of Education	84.425D	57881	3/13/20-6/30/21	35,080	-	
Elementary and Secondary School Emergency Relief (ESSER) Fund COVID-19	Oregon Department of Education	84.425D	64651	3/13/20-6/30/23	1,936,010	-	
American Rescue Plan - Elementary and Secondary Schools COVID-19	Oregon Department of Education	84.425U	64956	3/13/21-9/30/24	866,575	-	
Total LEA ESSER Fund - Formula					2,837,665	-	(1) (2)
Total U.S. Department of Education					$ 5,066,562	$ -	

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

PROGRAM TITLE	PASS-THROUGH ORGANIZATION	FEDERAL AL NUMBER	SUB GRANT NUMBER	GRANT PERIOD	EXPENDITURES	PASS THROUGH EXPENDITURES	
U. S. Department of Agriculture:							
Child Nutrition Cluster							
National School Breakfast	Oregon Department of Education	10.553	Fund 202	7/1/21-6/30/22	$ 280,371	$ -	
National School Lunch	Oregon Department of Education	10.555	Fund 202	7/1/21-6/30/22	913,361	-	
National School Lunch COVID-19	Oregon Department of Education	10.555	Fund 202	7/1/21-6/30/22	138,608	-	(2)
Supply Chain Assistance Program	Oregon Department of Education	10.555	Fund 202	7/1/21-6/30/22	55,011		
Donated Commodity National School Lunch Program - Non Cash Assistance	Oregon Department of Education	10.555	Fund 202	7/1/21-6/30/22	113,090	-	
Summer Food Service Program for Children	Oregon Department of Education	10.559	Fund 202	7/1/21-6/30/22	63,592	-	
Donated Commodity for Summer Food Service Program for Children-Non Cash Assistance	Oregon Department of Education	10.559	Fund 202	7/1/21-6/30/22	3,761	-	
Fresh Fruit and Vegetable Program	Oregon Department of Education	10.582	*see list	10/1/20-9/30/22	17,409	-	
Total Child Nutrition Cluster					1,585,203	-	(1)
Child and Adult Food Care Program	Oregon Department of Education	10.558	Fund 202	7/1/21-6/30/22	60,746	-	
Child and Adult Food Care Program COVID-19	Oregon Department of Education	10.558	Fund 202	7/1/21-6/30/22	17,487	-	(2)
State Aministrative Expenses for Nutrtion	Oregon Department of Education	10.560	Fund 202	7/1/21-6/30/22	5,433	-	
P-EBT Administrative Cost Grants	Oregon Department of Education	10.649	Fund 202	7/1/21-6/30/22	3,063	-	
Total U. S. Department of Agriculture					1,671,932	-	
U. S. Department of Health and Human Services:							
Foster Care-Title IV-E	Oregon Department of Education	93.658	47506	7/1/21-6/30/22	564	-	
Rehabiliation Services - Vocational Rehabilitation	Oregon Dept of Human Services	84.126A	160738	7/1/21-6/30/22	3,864	-	
Total U.S. Department of Health and Human Services					4,428	-	
Total Federal Financial Assistance					$ 6,742,922	$ -	

(1) - Major Program
(2) COVID-19 funding

* List of Fresh Fruit and Vegetable Grant Numbers: 61235, 61330, 61331, 69627, 69628, 69629, 64630

**Difference between Federal Revenues and SEFA Expenditures are due to QZAB Bond rebate and federal forest fees not reported on the SEFA

INDEPENDENT AUDITORS' REPORT AS REQUIRED BY OREGON STATE REGULATIONS

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November 14, 2022

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, 2022, and have issued our report thereon dated November 14, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards 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 Statues 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.

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.

We noted a matter involving the internal control structure and its operation that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants, which we noted in the Schedule of Findings and Questioned Costs.

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

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

GRANT COMPLIANCE REVIEW

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November 14, 2022

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, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 14, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

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

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs.

Entity's Response to Findings

The entity's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Tara M. Kamp, CPA
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November 14, 2022

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 THE UNIFORM GUIDANCE

Opinion on Each Major Federal Program

We have audited Multnomah County School District No. 3's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2022. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Multnomah County School District No. 3 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item SA-2022-01. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item SA-2022-1 to be a significant deficiency.

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

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

Government Auditing Standards requires the auditor to perform limited procedures on the entity's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

Tara M. Kamp, CPA

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, 2022

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) identified 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 the Uniform Guidance?	☐ yes	☒ no

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	☐ yes	☒ no
Significant deficiency(s) identified that are not considered to be material weaknesses?	☒ yes	☐ none reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	☒ yes	☐ no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER	NAME OF FEDERAL PROGRAM CLUSTER
84.425	Elementary and Secondary School Emergency Relief Fund
84.010	Title I
84.027	Special Education
10.553, 10.555, 10.559, 10.582	Child Nutrition Cluster

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SA-2022-1 – SIGNIFICANT DEFICIENCY

FEDERAL AWARD PROGRAM – 84.027 Special Education

SPECIFIC REQUIREMENT - OMB-87 requires that bi-annual certification be signed for all employees charged to the federal program.

CONDITION: We noted that bi-annual certifications were not performed for the year under audit.

QUESTIONED COSTS: NONE

CONTEXT: The finding is limited to this major program and the context noted in the condition.

EFFECT: Without bi-annual certifications performed the possibility exists that expenditures may be improperly charged to the federal program.

CAUSE: Bi-annual certifications were not performed.

RECOMMENDATION: We recommend the District perform the bi-annual certifications for the federal program.

VIEWS OF RESPONSIBLE OFFICIALS:

Prior to closing audit work, certifications had been completed and provided to the Auditor. The Director of Student Services has implemented a bi-annual task to ensure yearly effort certifications are completed in a timely manner.

SECTION IV – PRIOR YEAR FINDINGS

FS-2021-1 – SIGNIFICANT DEFICIENCY

CONDITION: Bank Reconciliations during the year were not prepared in a timely manner.

CRITERIA: All bank reconciliations should be prepared in a timely manner from the statement date (usually one month). The preparer should also date and initial so there is evidence of who and when the reconciliation was prepared. Furthermore, a secondary party, independent of the reconciliation preparation, should evidence their review of the bank reconciliation for accuracy and completeness.

EFFECT: Without controls or procedures in place prepare bank reconciliations in a timely manner there exists the chance of cash being misappropriated as well as the likelihood of material misstatement in the financial statements.

CAUSE: The finance department had turnover of key staff during the year. In addition the effects of the Covid-19 pandemic has caused great difficulty in certain business processes.

RECOMMENDATION: We recommend all District Bank Reconciliations are prepared in a timely manner within one month after the statement date.

STATUS: Appears to have been remedied as our sample was completed within a timely manner.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has not elected to use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance.

SPECIAL THANKS

2021-22 Board Members
Sonja McKenzie
Ashley Brassea
Sara Kirby
Elizabeth Durant
Joshua Singleton

Business Services
Tami Booth
Donna Thran
Cynthia Le
Sinh Ly