

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3

MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020



MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020



ADMINISTRATION

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

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Portland, Oregon 97220-2699

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

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MULTNOMAH COUNTY, OREGON

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November 9, 2020

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

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah County School District No. 3, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah County School District No. 3, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

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

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

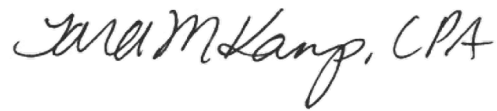
Other Information

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

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 9, 2020 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 9, 2020, 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.

A handwritten signature in black ink that reads "Tara M. Kamp, CPA". The signature is written in a cursive, flowing style.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2020 by \$7,538,674. Of this amount, \$33,292,402 represents the District's Net Investment in Capital Assets. The District has \$2,108,054 of net position restricted and expendable for debt service, food service, private grants and capital. The District's unassigned net position is (\$27,861,782).
- The District's governmental funds report combined ending fund balance of \$7,313,654, is a decrease of \$2,920,502 or 28.5% in comparison with the prior year. Of this total, \$4,225,269 or 57.8% is committed for future payments for services, \$2,265,061 or 31.0% is restricted by board resolution for various purposes, \$36,067 or 0.5% is nonspendable consisting of the District's prepaid expenses, and \$787,257 or 10.8% is unassigned and available to spend at the discretion of the board of directors.
- The District's long-term debt decreased by \$2,014,011 or 2.7% during 2019-20. The reason for the decrease is the issuance of a 2019 Refunding General Obligation Bond in the amount of \$35,130,000 which refunded the 2011A General Obligation Bonds. For details of the refunding refer to note 9 on page 26.
- Starting on March 16, 2020, the District started Emergency Closure procedures due to COVID 19. Then, as of October 20, 2020, the Board enacted a resolution to continue distance learning until the end of January 2021. The total financial implications due to COVID 19 are still uncertain at this time.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period (e.g., uncollected taxes and earned but unused vacation leave).

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

Governmental Activities. Most of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund, proceeds from the sale of long term general obligation bonds and other intergovernmental revenues.

The government-wide financial statements can be found on pages 5 and 6 of this report.

Fund Financial Statements: The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Multnomah County School District No. 3, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position.

The District maintains 19 individual governmental funds, five of which have been 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 & State Grant Fund, Debt Service Fund, and Capital Projects G.O. Bond Fund.

The basic governmental fund financial statements can be found on pages 7 - 10 of this report.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 11 through 44 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS OF NET POSITION:

GOVERNMENT-WIDE FINANCIAL ANALYSIS						
Condensed Statement of Net Position						
Assets	2019-20	Percentage of Total	2018-19	Percentage of Total	Change	Percentage of Change
Current or other assets	\$ 11,257,887	11.5%	\$ 13,721,785	13.4%	(2,463,898)	-18.0%
Capital assets, net	86,334,351	88.5%	88,577,046	86.6%	(2,242,695)	-2.5%
Total Assets	97,592,238	100.0%	102,298,831	100.0%	(4,706,593)	-4.6%
Deferred Outflows of Resources						
Pension Related Deferral	27,040,377	100.0%	33,990,060	100.0%	(6,949,683)	-20.4%
Deferred Early Retirement Liability	78,482	-	-	-	78,482	-
Deferred OPEB Pension Liability	180,998	-	-	-	180,998	-
Total Deferred Outflows of Resources	27,299,857	100.0%	33,990,060	100.0%	(6,690,203)	-19.7%
Liabilities						
Long-term liabilities outstanding	102,946,375	96.8%	112,395,082	97.4%	(9,448,707)	-8.4%
Other liabilities	3,419,514	3.2%	2,960,508	2.6%	459,006	15.5%
Total Liabilities	106,365,889	100.0%	115,355,590	100.0%	(8,989,701)	-7.8%
Net Deferred Pension Liability	10,869,443	98.9%	6,290,246	97.9%	4,579,197	72.8%
Deferred Early Retirement Liability	21,317	0.2%	23,256	0.4%	(1,939)	-8.3%
Deferred OPEB Pension Liability	96,772	0.9%	112,901	1.8%	(16,129)	-14.3%
Deferred Inflows of Resources	10,987,532	100.0%	6,426,403	100.0%	4,561,129	71.0%
Net Position						
Net investment in capital assets	33,292,402	442%	33,887,515	233.6%	(595,113)	-1.8%
Restricted						
Debt Service	793,000	10.5%	2,101,774	14.5%	(1,308,774)	-62.3%
Food Service	60,038	0.8%	25,514	-	34,524	135.3%
Special Revenue	126,003	1.7%	142,460	1.0%	(16,457)	-11.6%
Capital	1,129,013	15.0%	1,015,299	7.0%	113,714	11.2%
Total Restricted	2,108,054	28.0%	3,285,047	22.6%	(1,176,993)	-35.8%
Unrestricted	(27,861,782)	-369.6%	(22,665,664)	-156.2%	(5,196,118)	22.9%
Total Net Position	\$ 7,538,674	100.0%	\$ 14,506,898	100.0%	(6,968,224)	-48.0%

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 \$7,538,674 at June 30, 2020, a 48.0% or \$6,968,224 decrease from prior year. Some of the factors that affected the decline in net position are:

- 1) The Deferred Outflows of Resources decreased by \$6,690,203 or 19.7% and the Deferred Inflows of Resources increased by \$4,561,129 or 71.0%. Both of these changes are attributed to the UAL growth and the pension investment side account, which is utilized to reduce our PERS rates in the future.
- 2) Total liabilities decreased by \$8,989,701 or 7.8% due to 2019 general obligation bond refunding and payoff of principal of our 2011A general obligation bond. The other major player in other liabilities relates to COVID 19 expenses.
- 3) Current and other assets decreased by \$2,463,898 or 18.0%. This decrease is attributed to various items – bond cash reduction due to spending down the capital bond, a partial payment to Oregon Department of Education to repay a portion of the State School Funding.
- 4) Capital Assets were reduced by \$2,242,695 or 2.5% is attributed to asset depreciation.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 88.5% or \$86,334,351 of total assets. The remaining assets consist mainly of investments, cash, prepaid expenses, grants receivable, and property taxes receivable.

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 96.8% or \$102,946,375 of liabilities. Other liabilities, representing about 3.2% or \$3,419,514 of the District's total liabilities, consist of payables on accounts, salaries, and benefits, and current interest of bonds.

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

Governmental Activities: A comparative analysis from the previous year's activity is provided below. During the current fiscal year, the District's net position decreased by \$6,998,224 or 48.2%. The revenues and expenses shown below explain changes in net position for the fiscal year 2019-20.

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 88.4% or \$38,754,960 of the funding required for governmental programs. Property taxes and State School Fund combined account for 91.3% of general fund revenues and 80.7% of total revenues.

Program revenue consists of operating grants and contributions and charges for services and they account for 11.6% or \$5,090,971 of total revenues. Included in this category total federal grants of \$3,050,328 or 59.9% includes \$1,109,542 for the child nutrition cluster, \$1,035,771 for Title IA, and \$121,144 for Special Education (IDEA). These three funding sources represent 74.3% or \$2,266,457 of the Districts federal funds. The remaining federally controlled grants totaled \$783,871 or 25.7%. For more details on what type of federal funds the district receives please go to pages 75-76. The remaining program revenue consists of \$2,040,643 or 40.1% local grants and charges for services that are linked to services that District provides and fees that are assessed.

Expenses: Expenses related to governmental activities are presented in five broad functional categories. Costs of direct classroom instruction activities account for approximately 53.4% of the total expenses of \$50,814,155. 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						
	2019-20	% of total	2018-19	% of total	Change	% change
Revenues						
Program Revenues						
Charges for services	\$ 857,734	2.0%	\$ 902,238	2.0%	\$ (44,504)	-4.9%
Operating grants & contributions	4,233,237	9.7%	4,852,403	10.5%	(619,166)	-12.8%
Total Program Revenues	5,090,971	11.6%	5,754,641	12.4%	(663,670)	-11.5%
General Revenues						
Property & other taxes	24,292,798	55.4%	24,449,073	52.8%	(156,275)	-0.6%
State School Fund	11,088,826	25.3%	13,011,288	28.1%	(1,922,462)	-14.8%
Common School Fund	323,621	0.7%	361,985	0.8%	(38,364)	-10.6%
Unrestricted Other Sources	2,603,113	5.9%	2,300,385	5.0%	302,728	13.2%
Investment earnings	342,879	0.8%	298,484	0.6%	44,395	14.9%
Other	103,723	0.2%	86,700	0.2%	17,023	19.6%
Total General Revenues	38,754,960	88.4%	40,507,915	87.6%	(1,752,955)	-4.3%
Total Revenues	43,845,931	100.0%	46,262,556	100.0%	(2,416,625)	-5.2%
Expenses						
Instruction	27,112,883	53.4%	26,432,925	55.1%	679,958	2.6%
Support services	16,696,498	32.9%	16,100,883	33.6%	595,615	3.7%
Enterprise & community services	2,165,822	4.3%	2,241,990	4.7%	(76,168)	-3.4%
Interest & fees on long-term debt	4,838,952	9.5%	3,208,742	6.7%	1,630,210	50.8%
Total Expenses	50,814,155	100.0%	47,984,540	100.0%	2,829,615	5.9%
Change in Net Position	(6,968,224)	-92.4%	(1,721,984)	-11.9%	(5,246,240)	304.7%
Beginning Net Position	14,506,898	192.4%	16,193,292	111.6%	(1,686,394)	-10.4%
Prior Period Adjustment	-	-	35,590	0.2%	(35,590)	-100.0%
Net position - end of year	\$ 7,538,674	100.0%	\$ 14,506,898	100.0%	\$ (6,968,224)	-48.0%

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, 2020, the District's governmental funds reported combined ending fund balances of \$7,313,654 (exclusive of inventory), a decrease of \$2,920,502 or 28.5% in comparison with the prior year. About \$787,257 or 10.8% of the ending fund balance constitutes unassigned ending fund balance, which is available for spending at the direction of management. Additionally, \$2,265,061 or 31.0% constitutes restricted balances associated with debt service, food service, private grants, and capital obligations. Approximately \$36,067 or 0.5% constitutes unassigned fund balance, which represents the District's prepaid assets. Then the remaining portion of the ending fund balance \$4,225,269 or 57.8% 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, 2020, ending fund balance was \$1,252,568, which is a decrease of \$1,462,526 or 52.7% from prior year. This decrease is associated with various items (1) net decrease in property taxes, state school fund and other revenue source of \$2,426,240 (2) increase in salary and benefits by \$1,117,562 (3) reduction in transfers by \$142,854 and then (4) the remaining variance of \$86,747 are changes in various revenue and expense accounts.

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 \$1,252,568 or 4% of total General Fund's expenditures compared to 8% in the prior year. However, keep in mind \$428,244 are associated with the fund balances for the PERS Stabilization, Technology Replacement, and Textbook which are designated as committed.

Debt Service Fund: The Debt Service Fund has a total fund balance of \$725,911 all of which is reserved for the payment of debt service. The decrease in fund balance during the current year was \$1,310,194 or 64.3%. This decrease is the result of the 2019 Refunding General Obligation Bonds where \$1,000,000 of fund balance was paid towards the refunding.

Thompson Special Fund: The Thompson Special Fund has a total fund balance of \$2,784,541. The decrease of \$379,702 or 12.9% is attributed to \$270,000 in transfers to the retirement & nutrition funds. The District also increased revenue associated with rental units and community center making our total revenue for the year \$784,347 while the expenses were \$894,049.

Federal and State Grant Fund: The Federal and State Grants Fund have a total fund balance of \$128. Total revenue for this fund is \$2,682,207 which is a decrease of \$138,544 or 4.9% over 2018-19 revenues. The typical nature of this fund is that there should not be a fund balance however at the end of 2019-20 one state grant had a small fund balance remaining (Outdoor School / Measure 99 Grant).

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final budget was \$36,904,518 for the fiscal year ended June 30, 2020. The Board of Directors made two appropriation changes during the year for net reduction of \$711,158 or 1.9%. The first amendment in January 2020 increased the adopted budget as a whole by \$911,158. The second amendment in June 2020 decreased the General Fund budget by \$200,000. Within the amendments, we increased local revenue by \$1,048,145 as well as increased intermediate revenue by \$15,398 due to an increase in interest on investments and property tax revenue. We also reduced state revenue by \$1,251,757 and federal revenue by \$550,000 with the majority associated with a reduction in State School Fund and federal grant carryover balances. Lastly, beginning fund balance was increased by \$1,649,372 to true up balances. Expenditures related to Support Services increased by \$2,209,237 with debt service being increased \$1,040,250 due to the debt service payment towards the bond refunding. The second amendment in June 2020 decreased transfers out of the General Fund by \$200,000.

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, 2020, the District had invested \$86,334,351 in capital assets, net of depreciation.

During the year, the District's investment in capital assets decreased by \$2,242,695 or 2.5% (including depreciation). The major capital asset events for the year consisted of building improvements at various schools and building of the new middle school.

FINANCIAL ANALYSIS				
Capital Assets				
	2019-20	2018-19	change	%change
Land	\$ 5,880,941	5,880,941	\$ -	0.0%
Buildings and site improvements	109,928,309	109,621,819	306,490	0.3%
Vehicles and equipment	4,534,355	4,534,355	-	0.0%
	120,343,605	120,037,115	306,490	0.3%
less accumulated depreciation	(34,009,254)	(31,460,069)	(2,549,185)	8.1%
Capital assets, net of depreciation	\$ 86,334,351	88,577,046	\$ (2,242,695)	-2.5%

Additional information of the District's capital assets can be found in note 7 on pages 22-23 of this report.

Long-term Debt: At the end of the current fiscal year, the District had total long term debt outstanding of \$73,013,956 consisting of general obligation debt net of unamortized premium/discount, and two Qualified Zone Academy Bonds (QZAB's).

During the current fiscal year, the District's total debt decreased by \$2,014,011 or 2.7%. See balances associated with District debt on the next page 4g.

	FINANCIAL ANALYSIS					
	Original Amount	06/30/19 Balance	Outstanding Debt		6/30/2020 Balance	Due Within One Year
			Additions	Matured and Redeemed		
GO Bonds						
Series 2011A	\$ 48,000,000	\$ 37,630,000	\$ -	\$ (35,575,000)	\$ 2,055,000	\$ 2,055,000
Series 2011B	15,000,000	15,000,000	-	-	15,000,000	-
Series 2019A	35,130,000	-	35,130,000	(910,000)	34,220,000	2,670,000
PERS 2018	20,210,000	20,165,000	-	(350,000)	19,815,000	700,000
Total GO Bond	<u>118,340,000</u>	<u>72,795,000</u>	<u>35,130,000</u>	<u>(36,835,000)</u>	<u>71,090,000</u>	<u>5,425,000</u>
Other Debt:						
QZAB 2009	2,000,000	571,429	-	(142,857)	428,572	142,857
QZAB 2015	2,160,000	1,661,538	-	(166,154)	1,495,384	166,154
Total other debt	<u>4,160,000</u>	<u>2,232,967</u>	<u>-</u>	<u>(309,011)</u>	<u>1,923,956</u>	<u>309,011</u>
Total long-term debt	<u>\$ 122,500,000</u>	<u>\$ 75,027,967</u>	<u>\$35,130,000</u>	<u>\$ (37,144,011)</u>	<u>\$ 73,013,956</u>	<u>\$ 5,734,011</u>

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 was 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 9 on page 24-26 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, 2020, the State School Fund & Common School Fund - General Support provided 26.0% 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. The current estimated budget by the Governor is approximately a 3-5% reduction in State School Fund. That equates to roughly \$1,700,000 in possible future cuts. The other major factor that could cause an additional reduction is the unknown certainty of enrollment. Funding for schools will always be a topic of discussion at various 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 were increased for FY 2019-20 budgets based on existing union agreements for the year. All the respective employees were provided with a 2% COLA for OEA and 2.5% COLA for OSEA and a 4% insurance increase for both unions. The administrator's contract provided a 2% COLA with a 4% insurance increase. The current contract for OSEA is open in 20-21 and the District hopes for it to be ratified by January 2021.

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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities
ASSETS	
Cash and Investments	\$ 9,150,481
Receivables:	
Accounts and Grants	1,362,741
Property Taxes	708,598
Prepaid Expenses	36,067
Non-Depreciable Capital Assets	5,880,941
Capital Assets, Net of Depreciation	80,453,410
Total Assets	97,592,238
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferral	27,040,377
Deferred Early Retirement Liability	78,482
Deferred OPEB Pension Liability	180,998
Total Deferred Outflows of Resources	27,299,857
LIABILITIES:	
Accounts Payable	717,771
Accrued Salaries and Benefits	2,595,628
Bond Interest Payable	38,075
Accrued Vacation Payable	68,040
Long Term Liabilities:	
Early Retirement Pension Liability	959,393
OPEB Pension Liability	2,467,660
Net Pension Liability	26,505,366
Due Within One Year	5,734,011
Due in More Than One Year	67,279,945
Total Liabilities	106,365,889
DEFERRED INFLOWS OF RESOURCES:	
Net Deferred Pension Liability	10,869,443
Deferred Early Retirement Liability	21,317
Deferred OPEB Pension Liability	96,772
Total Deferred Inflows of Resources	10,987,532
NET POSITION:	
Net Investment in Capital Assets	33,292,402
Restricted for:	
Debt Service	793,000
Food Service	60,038
Special Revenue	126,003
Capital	1,129,013
Unrestricted	(27,861,782)
Total Net Position	\$ 7,538,674

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, 2020

<u>Functions/Programs</u>	<u>Expense</u>	<u>PROGRAM REVENUES</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in Net</u>
			<u>Contributions</u>	<u>Position</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental Activities:				
Instruction	\$ 27,112,883	\$ 98,976	\$ 2,873,536	\$ (24,140,371)
Support Services	16,696,498	679,871	66,770	(15,949,856)
Enterprise and Community Services	2,165,822	78,887	1,292,931	(794,004)
Interest on Long-Term Debt	<u>4,838,952</u>	<u>-</u>	<u>-</u>	<u>(4,838,952)</u>
Total Governmental Activities	<u>\$ 50,814,155</u>	<u>\$ 857,734</u>	<u>\$ 4,233,237</u>	<u>(45,723,183)</u>
 GENERAL REVENUES:				
				24,292,798
Property Taxes				2,603,113
Unrestricted Other Sources				11,088,826
State School Fund - General Support				323,621
Common School Fund				342,879
Interest				103,723
Other				<u>103,723</u>
Total General Revenues				<u>38,754,960</u>
Change in Net Position				(6,968,224)
Beginning Net Position				<u>14,506,898</u>
Ending Net Postion				<u>\$ 7,538,674</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020

	GENERAL FUND	THOMPSON SPECIAL FUND	FEDERAL AND GRANTS FUND	DEBT SERVICE FUND	NON-MAJOR FUNDS	TOTAL
ASSETS:						
Cash and Investments	\$ 2,885,599	\$ 2,801,201	\$ -	\$ 689,198	\$ 2,774,483	\$ 9,150,481
Receivables:						
Taxes	591,519	-	-	117,079	-	708,598
Accounts and Grants	417,638	150	826,873	23,875	94,205	1,362,741
Prepaid Items	36,067	-	-	-	-	36,067
Due From Other Funds	1,069,243	-	-	-	-	1,069,243
Total Assets	\$ 5,000,066	\$ 2,801,351	\$ 826,873	\$ 830,152	\$ 2,868,688	\$ 12,327,130
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 625,277	\$ 16,810	\$ 2,960	\$ -	\$ 72,724	\$ 717,771
Accrued Salaries and Benefits	2,595,628	-	-	-	-	2,595,628
Due To Other Funds	-	-	823,785	-	245,458	1,069,243
Total Liabilities	3,220,905	16,810	826,745	-	318,182	4,382,642
Deferred Inflows:						
Unavailable Revenue	526,593	-	-	104,241	-	630,834
Total Deferred Inflows	526,593	-	-	104,241	-	630,834
Fund Balances:						
Nonspendable	36,067	-	-	-	-	36,067
Restricted for:						
Debt Service	-	-	-	725,911	67,089	793,000
Food Service	-	-	-	-	60,038	60,038
Grants	-	-	128	-	125,875	126,003
Capital	-	-	-	-	1,286,020	1,286,020
Committed	429,244	2,784,541	-	-	1,011,484	4,225,269
Unassigned	787,257	-	-	-	-	787,257
Total Fund Balances	1,252,568	2,784,541	128	725,911	2,550,506	7,313,654
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 5,000,066	\$ 2,801,351	\$ 826,873	\$ 830,152	\$ 2,868,688	\$ 12,327,130

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, 2020

TOTAL FUND BALANCE-GOVERNMENTAL FUNDS	\$	7,313,654
Capital assets are not financial resources and therefore are not reported in the governmental funds.		
Cost	\$	120,343,605
Accumulated Depreciation		<u>(34,009,254)</u>
		86,334,351
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.		
		630,834
The proportionate share of the net pension liability is not reported as an liability in the governmental funds		
		(26,505,366)
Deferred Outflows of Resources - Pension Related Deferral		27,040,377
Deferred Outflows of Resources - Early Retirement		78,482
Deferred Outflows of Resources - OPEB		180,998
Deferred inflows related to Pension and other obligations are not reported in the governmental funds		
Pension related deferred inflow		(10,869,443)
Early Retirement related deferred inflow		(21,317)
OPEB related deferred inflow		(96,772)
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	\$	(68,040)
Bond Interest Payable		(38,075)
Early Retirement Pension Liability		(959,393)
OPEB Pension Liability		(2,467,660)
Bonds Payable		<u>(73,013,956)</u>
		<u>(76,547,124)</u>
TOTAL NET POSITION	\$	<u><u>7,538,674</u></u>

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, 2020

	GENERAL FUND	THOMPSON SPECIAL FUND	FEDERAL AND STATE GRANTS FUND	DEBT SERVICE FUND	NON-MAJOR FUNDS	TOTAL
REVENUES:						
Local Sources:						
Property Taxes	\$ 20,318,841	\$ -	\$ -	\$ 3,984,385	\$ -	\$ 24,303,226
Interest	251,775	-	-	50,607	40,497	342,879
Other Local Sources	131,199	784,347	-	-	932,421	1,847,967
Intermediate Sources	423,101	-	-	-	-	423,101
State Sources	11,412,447	-	873,727	-	1,255,585	13,541,759
Federal Sources	8,722	-	1,808,480	345,818	1,233,127	3,396,147
Total Revenues	32,546,085	784,347	2,682,207	4,380,810	3,461,630	43,855,079
EXPENDITURES:						
Current:						
Instruction	20,753,860	-	2,075,375	-	484,075	23,313,310
Support Services	13,056,031	754,108	568,182	-	262,980	14,641,301
Enterprise and Community Services	-	139,941	38,648	-	1,693,393	1,871,982
Capital Outlay	-	-	-	-	63,483	63,483
Debt Service:						
Principal	-	-	-	4,119,194	350,000	4,469,194
Interest	-	-	-	1,571,810	845,781	2,417,591
Total Expenditures	33,809,891	894,049	2,682,205	5,691,004	3,699,712	46,776,861
Excess of Revenues Over (Under) Expenditures	(1,263,806)	(109,702)	2	(1,310,194)	(238,082)	(2,921,782)
Other Financing Sources, (Uses):						
Bond Proceeds	-	-	-	35,130,000	-	35,130,000
Payment to Bond Refunding						
Escrow Agent	-	-	-	(34,841,002)	-	(34,841,002)
Debt Issuance Fees	-	-	-	(288,998)	-	(288,998)
Sale of Capital Assets	1,280	-	-	-	-	1,280
Transfers In	-	-	-	-	470,000	470,000
Transfers Out	(200,000)	(270,000)	-	-	-	(470,000)
Total Other Financing Sources, -Uses	(198,720)	(270,000)	-	-	470,000	1,280
Net Change in Fund Balance	(1,462,526)	(379,702)	2	(1,310,194)	231,918	(2,920,502)
Beginning Fund Balance	2,715,094	3,164,243	126	2,036,105	2,318,588	10,234,156
Ending Fund Balance	\$ 1,252,568	\$ 2,784,541	\$ 128	\$ 725,911	\$ 2,550,506	\$ 7,313,654

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, 2020

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS	\$	(2,920,502)
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:</p>		
Additions to Capital Assets, Net	\$ 306,490	
Less Current Year Depreciation	<u>(2,549,185)</u>	(2,242,695)
<p>Repayment of bond and principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. Debt principal repaid.</p>		
Debt principal repaid		2,303,009
Bond issuance costs		(288,998)
<p>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.</p>		
		(3,676,488)
<p>In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an expense when due.</p>		
		33,822
<p>Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue.</p>		
		(10,428)
<p>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.</p>		
Accrued Vacation Payable		(25,796)
Early Retirement Pension Liability		(112,419)
OPEB Pension Liability		<u>(27,729)</u>
CHANGE IN NET POSITION	\$	<u>(6,968,224)</u>

See accompanying notes to the basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in conformity with 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

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

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

The government-wide financial statements 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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 and State 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).

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2020 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement Plans

Substantially all of the 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.
- 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

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 government has three items that qualifies for reporting in this category which includes the Pension Related Deferral, Early Retirement Related Deferral and OPEB Related Deferral.

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 government has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The government has three types of items, which arise under full accrual accounting in the Statement of Net Position. The Statement of Net Position reports unavailable revenue from a Net Deferred Pension Liability, Deferred Early Retirement Liability, and Deferred OPEB Pension Liability resulting from plan actuarial valuations and contributions subsequent to the measurement date.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

A budget is prepared and legally adopted for all funds on the modified accrual basis of accounting in the main program categories required by the Oregon Local Budget Law. The budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. The budget process begins early in each fiscal year with the establishment of the budget committee. In the fall, public input is invited as the Board decides the budget priorities for the next year. Recommendations are developed through late winter with the budget committee approving the budget in the spring. Public notices of the budget hearing are published generally in the spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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.

Excess of Expenditures Over Appropriations

Expenditures of the various funds were within authorized appropriations.

3. BUDGETARY BASIS OF ACCOUNTING

While the financial position, results of operations, and changes in fund balance/net 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. 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

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	\$	2,628,570
Petty Cash		1,000
Local Government Investment Pool		6,520,911
	\$	<u>9,150,481</u>

DEPOSITS - Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. For the fiscal year ended June 30, 2020, the bank balance was \$2,811,795, 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. CASH AND INVESTMENTS (CONTINUED)

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, 2020, all deposits are insured.

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 approximates fair value. 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](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:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 6,520,911	\$ 6,520,911	\$ -
Total	<u>\$ 6,520,911</u>	<u>\$ 6,520,911</u>	<u>\$ -</u>

Interest Rate Risk – Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date beyond 3 months.

Custodial Credit Risk

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2020 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:

	<u>Property Taxes</u>	<u>Accounts and Grants</u>
General Fund	\$ 591,519	\$ 417,638
Thompson Special Fund	-	150
Federal and State Grants Fund	-	826,873
Debt Service Fund	117,079	23,875
Non-Major Funds	-	94,205
	<u>\$ 708,598</u>	<u>\$ 1,362,741</u>

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance July 1, 2019	Additions	Deletions	Ending Balance June 30, 2020
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,880,941	\$ -	\$ -	\$ 5,880,941
Total Capital Assets Not Being Depreciated	<u>5,880,941</u>	<u>-</u>	<u>-</u>	<u>5,880,941</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	109,621,819	306,490	-	109,928,309
Vehicles and Equipment	4,534,355	-	-	4,534,355
Total Capital Assets Being Depreciated	<u>114,156,174</u>	<u>306,490</u>	<u>-</u>	<u>114,462,664</u>
Accumulated Depreciation:				
Buildings and Improvements	(29,554,731)	(2,297,990)		(31,852,721)
Vehicles and Equipment	(1,905,338)	(251,195)	-	(2,156,533)
Total Accumulated Depreciation	<u>(31,460,069)</u>	<u>(2,549,185)</u>	<u>-</u>	<u>(34,009,254)</u>
Total Capital Assets Being Depreciated, Net	<u>82,696,105</u>	<u>(2,242,695)</u>	<u>-</u>	<u>80,453,410</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 88,577,046</u>	<u>\$ (2,242,695)</u>	<u>\$ -</u>	<u>\$ 86,334,351</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
Instruction	\$ 1,492,282
Support Services	937,143
Community Services	<u>119,760</u>
 Total Depreciation Expense-	
Governmental Activities	<u><u>\$ 2,549,185</u></u>

8. INTERFUND TRANSACTIONS AND DUE TO / DUE FROM

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

	Operating Transfers In	Operating Transfers Out
General Fund	\$ -	\$ 200,000
Thompson Special Fund	-	270,000
Non-Major Fund	<u>470,000</u>	<u>-</u>
	<u><u>\$ 470,000</u></u>	<u><u>\$ 470,000</u></u>

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

	Due From	Due To
General Fund	\$ 1,069,243	\$ -
Federal and State Grants Fund	-	823,785
Non-Major Funds	<u>-</u>	<u>245,458</u>
	<u><u>\$ 1,069,243</u></u>	<u><u>\$ 1,069,243</u></u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEBT

There are two general obligation bond issue approved by voters to finance various capital projects and one PERS Pension Bond. 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.

Schedule of Payments

	DIRECT BORROWINGS		BONDS				Total
	QZAB Purchase Agreement	2015 QZAB Fleet Purchase	GO Bonds Series 2011A	GO Refunding Bond 2019A	GO Bonds Series 2011B	2018 PERS Bond	
Amounts Payable in Fiscal Year:							
2020-21	\$ 142,857	\$ 166,154	\$ 2,055,000	\$ 2,670,000	\$ -	\$ 700,000	\$ 5,734,011
2021-22	142,857	166,154	-	2,105,000	-	780,000	3,194,011
2022-23	142,858	166,154	-	955,000	-	860,000	2,124,012
2023-24	-	166,154	-	-	-	910,000	1,076,154
2024-25	-	166,154	-	-	-	940,000	1,106,154
2025-30	-	664,614	-	5,920,000	15,000,000	5,290,000	26,874,614
2030-35	-	-	-	18,245,000	-	6,510,000	24,755,000
2035-40	-	-	-	4,325,000	-	3,825,000	8,150,000
Total	\$ 428,572	\$ 1,495,384	\$ 2,055,000	\$ 34,220,000	\$ 15,000,000	\$ 19,815,000	\$ 73,013,956

Changes in long term obligations outstanding are as follows:

Issue Date	Interest Rates	Original Issue	Outstanding July 1, 2019	Additions	Matured And Redeemed	Outstanding June 30, 2020	Due Within One Year
May 29, 2009	0%	2,000,000	\$ 571,429	\$ -	\$ 142,857	\$ 428,572	\$ 142,857
August 11, 2011	2.0-5.0%	48,000,000	37,630,000	-	35,575,000	2,055,000	2,055,000
August 11, 2011	4.9%	15,000,000	15,000,000	-	-	15,000,000	-
December 19, 2015	0.0%	2,160,000	1,661,538	-	166,154	1,495,384	166,154
September 26, 2019	1.9-3.0%	35,130,000	-	35,130,000	910,000	34,220,000	2,670,000
December 20, 2018	2.9-4.72%	20,210,000	20,165,000	-	350,000	19,815,000	700,000
Total Long Term Debt			\$ 75,027,967	\$ 35,130,000	\$ 37,144,011	\$ 73,013,956	\$ 5,734,011

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEBT (CONTINUED)

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 July 21, 2015.

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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. DEBT (CONTINUED)

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. 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 Comprehensive Annual Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

- 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.
- 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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, 2017 actuarial valuation, which became effective July 1, 2019. 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, 2020 were \$3,800,250, excluding amounts to fund employer specific liabilities. In addition approximately \$1,119,907 in employee contributions were paid or picked up by the District in fiscal 2020. At June 30, 2020, the District reported a net pension liability of \$26,505,366 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2017. 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, 2019 and 2018, the District's proportion was .153 percent and .227 percent, respectively. Pension expense for the year ended June 30, 2020 was \$3,676,488.

The rates in effect for the year ended June 30, 2020 were:

- (1) Tier 1/Tier 2 – 23.92%
- (2) OPSRP general services – 18.47%

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, 2021.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 1,461,693	\$ -
Changes in assumptions	3,595,755	-
Net difference between projected and actual earnings on pension plan investments	-	751,400
Net changes in proportionate share	-	10,101,877
Differences between District contributions and proportionate share of contributions	18,182,679	16,166
Subtotal - Amortized Deferrals (below)	23,240,127	10,869,443
District contributions subsequent to measuring date	3,800,250	-
Deferred outflow (inflow) of resources	\$ 27,040,377	\$ 10,869,443

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

Year ending June 30,	Amount
2021	\$ 3,896,074
2022	1,985,649
2023	2,934,949
2024	3,024,324
2025	529,687
Thereafter	-
Total	\$ 12,370,683

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 4, 2020. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2019 through June 30, 2021, 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.

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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2017
Experience Study Report	2016, Published July 26, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2014 Health annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Active members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2016 Experience Study which is reviewed for the four-year period ending December 31, 2016.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Investments	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100.0%

(Source: June 30, 2019 PERS CAFR; p. 100)

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 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
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2019 PERS CAFR; p. 74)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement date of June 30, 2019 and 2018 was 7.20 percent for the Defined Benefit Pension Plan. 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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 7.20 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 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 42,445,992	\$ 26,505,366	\$ 13,165,258

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, 2019 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.

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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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 pay six (6) percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2020.

Retirement Health Insurance Account

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
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NOTES TO BASIC FINANCIAL STATEMENTS

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

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.

Participating entities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2020. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2018, 2019 and 2020 were \$64,276, \$81,206 and \$20,395 respectively, which equaled the required contributions each year.

Actuarial Methods and Assumptions:

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized. The assumed rate of return on investments is 7.5% compounded annually. The assumed consumer price inflation rate used is 2.5% per year. At June 30, 2020, the District's net OPEB liability and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

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>

11. SINGLE EMPLOYER PENSION PLAN (GASB #73)

Plan Description: Multnomah County School District No. 3 provides a single employer defined benefit pension plan. To qualify, an employee must be an administrative or certificated employee, be 55 years old at retirement date, retire under PERS, and have 15 years of service if retiring as a licensed employee, 3 years if retiring as an administrator with the District. Currently, nineteen retirees meet the eligibility requirements. The amount of the health insurance obligation on behalf of retirees was \$49,606 and \$43,083 for the 2019-20 and 2018-19 fiscal years respectively. Total retirement stipend obligation for the fiscal years 2019-20 and 2018-19 were \$44,072 and \$69,559 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Actuarial Methods and Assumptions: The District engaged an actuary to perform an evaluation as of July 1, 2018 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		2.25%
General Inflation Rate per year		2.50%
Salary Scale per year		3.50%
Annual Medical Premium increase rate	2019-20	5.00%
	2020-21	5.50%
	2021-22	6.00%
	2022-23	6.60%
Decreasing 0.1% per year until 2038-39	2038-39	5.00%

Mortality rates were based on the RP=2014 Employee/Healthy Annuitant Mortality Table for males and females, as appropriate, set back 12 months for males and no set back for females and were calculated by adjusting the rates 50% for white collar participants and 50% blue collar participants.

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.

Total Stipend Liability - Beginning	<u>2020</u>	<u>2019</u>	<u>2018</u>
	\$ 845,035	\$ 482,586	\$ 489,226
Changes for the Year:			
Service Cost	55,096	24,793	24,188
Interest	30,520	18,018	17,886
Changes of Benefit Terms	-	398,646	-
Differences Between Expected and Actual Experience	-	(22,809)	-
Changes of Assumptions or Other Input	85,022	(2,386)	-
Benefit Payments	<u>(56,279)</u>	<u>(53,812)</u>	<u>(48,714)</u>
Net Changes for the Year	114,358	362,449	(6,640)
Total Stipend Liability - Ending	<u>\$ 959,393</u>	<u>\$ 845,035</u>	<u>\$ 482,586</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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 2.25 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease <u>1.25% Discount Rate</u>	Current Rate <u>2.25% Discount Rate</u>	1% Increase <u>3.25% Discount Rate</u>
Total Pension Liability	\$ 1,031,618	\$ 959,393	\$ 890,883

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ 19,299
Changes in assumptions	78,482	2,018
Deferred outflow (inflow) of resources	<u>\$ 78,482</u>	<u>\$ 21,317</u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 4,601
2022	4,601
2023	4,601
2024	4,601
2025	4,601
Thereafter	34,160
Total	<u>\$ 57,165</u>

12. 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

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, 2016 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		2.25%
General Inflation Rate per year		2.50%
Salary Scale per year		3.50%
Annual Medical Premium increase rate	2019-20	5.00%
	2020-21	5.50%
	2021-22	6.00%
	2022-23	6.60%
Decreasing 0.1% per year until 2038-39	2038-39	5.00%

Mortality rates were based on the RP=2014 Employee/Healthy Annuitant Mortality Table for males and females, as appropriate, set back 12 months for males and no set back for females and were calculated by adjusting the rates 50% for white collar participants and 50% blue collar participants.

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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
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NOTES TO BASIC FINANCIAL STATEMENTS

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

Changes in Medical Benefit OPEB Liability:

	2020	2019	2018
Total OPEB Liability - Beginning	\$ 2,164,322	\$ 2,226,997	\$ 2,174,136
Changes for the Year:			
Service Cost	146,924	118,216	115,333
Interest	100,607	85,372	81,002
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	(26,360)	-
Changes of Assumptions or Other Input	206,855	(102,670)	-
Benefit Payments	(151,049)	(137,234)	(143,474)
Net Changes for the Year	303,338	(62,675)	52,861
Total OPEB Liability - Ending	\$ 2,467,660	\$ 2,164,322	\$ 2,226,997

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 2.25 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease 1.25%	Current Discount Rate 2.25%	1% Increase 3.25%
Total OPEB Liability	\$ 2,664,709	\$ 2,467,660	\$ 2,282,704

The following presents the net other post-employment benefit liability (NOL), calculated using trend rate of 7.0 percent graded down to 5.0 percent, as well as what the liability would be if it was calculated using a trend rate 2-percentage-point lower (6.0 percent graded down to 4.0 percent) or 2-percentage-point higher (8.0 percent graded down to 6.0 percent) than the current rate:

	1% Decrease 6.00% Graded Down to 4.00%	Current Trend Rate 7.00% Graded Down to 5.00%	1% Increase 8.00% Graded Down to 6.00%
Total OPEB Liability	\$ 2,144,311	\$ 2,467,660	\$ 2,858,081

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
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NOTES TO BASIC FINANCIAL STATEMENTS

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 19,770
Changes in assumptions	180,998	77,002
Deferred outflow (inflow) of resources	\$ 180,998	\$ 96,772

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
2021	\$ 9,728
2022	9,728
2023	9,728
2024	9,728
2025	9,728
Thereafter	35,586
Total	\$ 84,226

13. 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.

2019-20 Current Tax Limits Imposed

Permanent Rate	\$4.8906 / \$1,000
Bonded Debt Amount	\$4,121,667

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
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NOTES TO BASIC FINANCIAL STATEMENTS

14. 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.

15. 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.

16. 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, 2020 and 2019 are as follows:

	<u>FY 2019/20</u>	<u>FY 2018/19</u>
Revenues	\$ 318,051	\$ 298,773
Expenditures	<u>335,237</u>	<u>331,194</u>
Variance	(17,186)	(32,421)
FTE Funded	3	3
Number of Schools Funded	3	3

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

17. GASB STATEMENT #54 - FUND BALANCES

Fund balances by classification for the year ended June 30, 2020 are as follows:

Fund Balances:	<u>General Fund</u>	<u>Thompson Special Fund</u>	<u>Federal and State Grants Fund</u>	<u>Debt Service Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
<u>Nonspendable:</u>	\$ 36,067	\$ -	\$ -	\$ -	\$ -	\$ 36,067
<u>Restricted:</u>						
Debt Service	-	-	-	725,911	67,089	793,000
Food Service	-	-	-	-	60,038	60,038
Special Revenue	-	-	128	-	125,875	126,003
Capital	-	-	-	-	1,286,020	1,286,020
Total Restricted	<u>-</u>	<u>-</u>	<u>128</u>	<u>725,911</u>	<u>1,539,022</u>	<u>2,265,061</u>
<u>Committed:</u>						
Transportation	-	-	-	-	152,099	152,099
Student Body	-	-	-	-	450,389	450,389
Risk Management	-	-	-	-	153,342	153,342
Special Revenue	-	2,784,541	-	-	-	2,784,541
Technology						
Replacement	55,274	-	-	-	-	55,274
Textbook	125,495	-	-	-	-	125,495
Early Retirement	-	-	-	-	123,254	123,254
PERS	248,475	-	-	-	-	248,475
Capital Equipment	-	-	-	-	132,400	132,400
Total Committed	<u>429,244</u>	<u>2,784,541</u>	<u>-</u>	<u>-</u>	<u>1,011,484</u>	<u>4,225,269</u>
<u>Unassigned:</u>						
General	<u>787,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>787,257</u>
Total Unassigned	<u>787,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>787,257</u>
Total Fund Balances	<u>\$ 1,252,568</u>	<u>\$ 2,784,541</u>	<u>\$ 128</u>	<u>\$ 725,911</u>	<u>\$ 2,550,506</u>	<u>\$ 7,313,654</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

18. TAX ABATEMENTS (GASB #77)

As of June 30, 2020, 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

18. 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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

18. 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, 2020, Multnomah County School District No. 3 had abated property taxes totaling \$354,635 under these programs.

<u>Tax Abatement Program</u>	<u>Fiscal Year</u>	<u>Percentage of Total</u>
New Housing HBO	\$ 4,128	1.2%
COP Low Income Rental Housing	11,077	3.1%
Religious School/Student	25,417	7.2%
IND Appr of Trng Trust	8,436	2.4%
Enterprise Zone	300,850	84.8%
Alternative Energy	4,727	1.3%
Total	<u>\$ 354,635</u>	<u>100%</u>

19. COVID-19

The COVID-19 outbreak in the United States has caused disruption through mandated and voluntary closure of government and business activities. These developments are expected to impact District revenues. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the District expects this matter to negatively affect its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTAL INFORMATION

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

**SCHEDULE OF CHANGES IN TOTAL POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY
AND RELATED RATIOS STIPEND BENEFITS**
For the Year Ended June 30, 2020

	2020	2019	2018	2017
Total OPEB Liability - Beginning	\$ 845,035	\$ 482,586	\$ 489,226	\$ 516,784
Changes for the year:				
Service Cost	55,096	24,793	24,188	24,188
Interest	30,520	18,018	17,886	18,516
Changes of Benefit Terms	-	398,646	-	-
Differences Between Expected and Actual Experience	-	(22,809)	-	-
Changes of Assumptions or Other Input	85,022	(2,386)	-	-
Benefit Payments	(56,280)	(53,812)	(48,714)	(70,262)
Net Changes for the Year	114,358	362,450	(6,640)	(27,558)
Total OPEB Liability - Ending	\$ 959,393	\$ 845,035	\$ 482,586	\$ 489,226
Covered Payroll	13,657,327	13,195,485	13,327,001	12,938,836
Net Single Employer Pension Plan as a Percentage of Covered Payroll	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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability - Beginning	\$ 2,164,322	\$ 2,226,997	\$ 2,174,136	\$ 2,124,463
Changes for the year:				
Service Cost	146,924	118,216	115,333	115,333
Interest	100,607	85,372	81,002	79,115
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	-	(26,360)	-	-
Changes of Assumptions or Other Input	206,855	(102,670)	-	-
Benefit Payments	<u>(151,048)</u>	<u>(137,234)</u>	<u>(143,474)</u>	<u>(144,775)</u>
Net Changes for the Year	303,338	(62,676)	52,861	49,673
Total OPEB Liability - Ending	<u><u>\$ 2,467,660</u></u>	<u><u>\$ 2,164,322</u></u>	<u><u>\$ 2,226,997</u></u>	<u><u>\$ 2,174,136</u></u>
Covered Payroll	19,185,992	18,537,190	18,337,003	17,802,916
Net Single Employer Pension Plan as a Percentage of Covered Payroll	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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

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
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
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 # 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, 2020

	<u>General Fund</u>		ACTUAL	VARIANCE TO FINAL BUDGET
	BUDGET			
	ORIGINAL	FINAL		
REVENUES:				
Local Sources:				
Property Taxes	\$ 19,796,000	\$ 20,644,145	\$ 20,318,841	\$ (325,304)
Interest	164,800	164,800	251,775	86,975
Other Local Sources	86,714	86,714	126,676	39,962
Intermediate Sources	392,158	407,556	423,101	15,545
State Sources	14,451,188	13,199,431	11,412,447	(1,786,984)
Federal Sources	1,000	1,000	8,722	7,722
Total Revenues	<u>34,891,860</u>	<u>34,503,646</u>	<u>32,541,562</u>	<u>(1,962,084)</u>
EXPENDITURES:				
Instruction:				
Salaries	11,902,904	11,359,174	11,148,598	210,576
Employee Benefits	7,332,877	7,175,257	7,078,763	96,494
Purchased Services	1,952,618	2,209,618	2,237,284	(27,666)
Supplies and Materials	238,081	231,751	190,850	40,901
Other Objects	13,095	13,095	26,677	(13,582)
Total Instruction	<u>21,439,575</u>	<u>20,988,895 (1)</u>	<u>20,682,172</u>	<u>306,723</u>
Support Services:				
Salaries	5,885,743	6,018,974	5,789,611	229,363
Employee Benefits	4,090,717	4,257,967	3,794,584	463,383
Purchased Services	2,784,216	2,934,243	2,245,595	688,648
Supplies and Materials	513,323	524,653	356,261	168,392
Other Objects	836,929	836,929	800,666	36,263
Total Support Services	<u>14,110,928</u>	<u>14,572,766 (1)</u>	<u>12,986,717</u>	<u>1,586,049</u>
Contingency	250,000	250,000 (1)	-	250,000
Total Expenditures	<u>35,800,503</u>	<u>35,811,661</u>	<u>33,668,889</u>	<u>2,142,772</u>
Excess of Revenues Over (Under) Expenditures	(908,643)	(1,308,015)	(1,127,327)	180,688
Other Financing Sources, (Uses):				
Sale of Capital Assets	1,500	1,500	1,280	(220)
Transfers In	550,000	-	-	-
Transfers Out	(142,857)	(842,857) (1)	(450,000)	392,857
Total Other Financing Sources, (Uses)	<u>408,643</u>	<u>(841,357)</u>	<u>(448,720)</u>	<u>392,637</u>
Net Change in Fund Balance	(500,000)	(2,149,372)	(1,576,047)	573,325
Beginning Fund Balance	<u>750,000</u>	<u>2,399,372</u>	<u>2,399,371</u>	<u>(1)</u>
Ending Fund Balance	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>823,324</u>	<u>\$ 573,324</u>

RECONCILIATION TO GAAP FUND BALANCE

PERS Stabilization Fund	248,475
Technology Replacement Fund	55,274
Textbook Fund	<u>125,495</u>
Total	<u>\$ 1,252,568</u>

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, 2020

	<u>Thompson Special Fund</u>		ACTUAL	VARIANCE TO FINAL BUDGET
	BUDGET			
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ 696,995	\$ 1,082,996	\$ 784,347	\$ (298,649)
Total Revenues	<u>696,995</u>	<u>1,082,996</u>	<u>784,347</u>	<u>(298,649)</u>
EXPENDITURES:				
Support Services:				
Salaries	141,700	348,822	146,871	201,951
Employee Benefits	66,799	154,073	54,348	99,725
Purchased Services	1,161,910	1,411,029	393,843	1,017,186
Supplies and Materials	344,547	450,547	136,016	314,531
Other Objects	52,115	105,615	23,030	82,585
Total Support Services	<u>1,767,071</u>	<u>2,470,086</u> (1)	<u>754,108</u>	<u>1,715,978</u>
Enterprise and Community Service:				
Salaries	96,941	124,252	97,822	26,430
Employee Benefits	56,633	65,014	42,119	22,895
Total Enterprise and Community Service	<u>153,574</u>	<u>189,266</u> (1)	<u>139,941</u>	<u>49,325</u>
Contingency	<u>250,000</u>	<u>250,000</u> (1)	<u>-</u>	<u>250,000</u>
Total Expenditures	<u>2,170,645</u>	<u>2,909,352</u>	<u>894,049</u>	<u>2,015,303</u>
Excess of Revenues Over (Under) Expenditures	(1,473,650)	(1,826,356)	(109,702)	1,716,654
Other Financing Sources, (Uses):				
Transfers In	-	100,000	-	100,000
Transfers Out	<u>(620,000)</u>	<u>(270,000)</u> (1)	<u>(270,000)</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>(620,000)</u>	<u>(170,000)</u>	<u>(270,000)</u>	<u>100,000</u>
Net Change in Fund Balance	(2,093,650)	(1,996,356)	(379,702)	1,616,654
Beginning Fund Balance	<u>3,261,537</u>	<u>3,164,243</u>	<u>3,164,243</u>	<u>-</u>
Ending Fund Balance	<u>\$ 1,167,887</u>	<u>\$ 1,167,887</u>	<u>\$ 2,784,541</u>	<u>\$ 1,616,654</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2020

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>Federal and State Grants Fund</u>				
REVENUES:				
State Sources	\$ 709,993	\$ 1,124,354	\$ 873,727	\$ (250,627)
Federal Sources	2,383,069	2,747,887	1,808,480	(939,407)
Total Revenues	3,093,062	3,872,241	2,682,207	(1,190,034)
EXPENDITURES:				
Instruction:				
Salaries	1,300,256	1,500,446	1,122,875	377,571
Employee Benefits	1,021,350	1,243,308	707,671	535,637
Purchased Services	189,028	219,628	81,153	138,475
Supplies and Materials	62,082	123,901	102,889	21,012
Other Objects	24,063	31,062	60,787	(29,725)
Total Instruction	2,596,779	3,118,345 (1)	2,075,375	1,042,970
Support Services:				
Salaries	163,852	131,071	154,806	(23,735)
Employee Benefits	115,593	120,507	91,784	28,723
Purchased Services	151,114	176,502	81,865	94,637
Supplies and Materials	44,516	128,566	173,394	(44,828)
Other Objects	8,143	61,207	66,333	(5,126)
Total Support Services	483,218	617,853 (1)	568,182	49,671
Enterprise and Community Services:				
Purchased Services	86,830	85,040	11,127	73,913
Supplies and Materials	48,809	51,130	27,461	23,669
Other Objects	-	-	60	(60)
Total Enterprise and Community Services	135,639	136,170 (1)	38,648	97,522
Total Expenditures	3,215,636	3,872,368	2,682,205	1,190,163
Net Change in Fund Balance	(122,574)	(127)	2	129
Beginning Fund Balance	122,574	127	126	(1)
Ending Fund Balance	\$ -	\$ -	\$ 128	\$ 128

(1) Appropriation Level

SUPPLEMENTARY INFORMATION

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET -BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2020

Debt Service Fund

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources:				
Property Taxes	\$ 4,121,667	\$ 4,121,667	\$ 3,984,385	\$ (137,282)
Interest	27,914	1,224,095	50,607	(1,173,488)
Federal Sources	<u>680,000</u>	<u>680,000</u>	<u>345,818</u>	<u>(334,182)</u>
Total Revenues	<u>4,829,581</u>	<u>6,025,762</u>	<u>4,380,810</u>	<u>(1,644,952)</u>
EXPENDITURES:				
Debt Service:				
Principal	2,214,011	2,214,011	4,119,194	(1,905,183)
Interest	<u>2,484,500</u>	<u>2,484,500</u>	<u>1,571,810</u>	<u>912,690</u>
Total Debt Service	<u>4,698,511</u>	<u>4,698,511 (2)</u>	<u>5,691,004</u>	<u>(992,493)</u>
Contingency	<u>600,630</u>	<u>600,630 (1)</u>	<u>-</u>	<u>600,630</u>
Total Expenditures	<u>5,299,141</u>	<u>5,299,141</u>	<u>5,691,004</u>	<u>(391,863)</u>
Excess of Revenues Over (Under) Expenditures	(469,560)	726,621	(1,310,194)	(2,036,815)
Other Financing Sources, (Uses):				
Bond Proceeds	-	43,068	35,130,000	(35,086,932)
Payment to Bond Refunding Escrow Agent	-	-	(34,841,002)	34,841,002
Debt Issuance Fees	-	(1,040,250) (2)	(288,998)	751,252
Transfers In	<u>309,011</u>	<u>309,011</u>	<u>-</u>	<u>309,011</u>
Total Other Financing Sources, (Uses)	<u>309,011</u>	<u>(688,171)</u>	<u>-</u>	<u>814,333</u>
Net Change in Fund Balance	(160,549)	38,450	(1,310,194)	(1,348,644)
Beginning Fund Balance	<u>2,235,103</u>	<u>2,036,104</u>	<u>2,036,105</u>	<u>1</u>
Ending Fund Balance	<u>\$ 2,074,554</u>	<u>\$ 2,074,554</u>	<u>\$ 725,911</u>	<u>\$ (1,348,643)</u>

(1) Appropriation Level

(2) Sum equals Appropriation Level

The overexpenditure in debt service is due to the refunding of a bond.

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR PERS DEBT SERVICE FUND	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS:				
Cash and Investments	\$ 1,324,904	\$ -	\$ 1,449,579	\$ 2,774,483
Accounts and Grants Receivable	89,130	-	5,075	94,205
Total Assets	\$ 1,414,034	\$ -	\$ 1,454,654	\$ 2,868,688
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 36,490	\$ -	\$ 36,234	\$ 72,724
Due To Other Funds	245,458	-	-	245,458
Total Liabilities	281,948	-	36,234	318,182
Fund Balances:				
Restricted	253,002	-	1,286,020	1,539,022
Committed	879,084	-	132,400	1,011,484
Total Fund Balances	1,132,086	-	1,418,420	2,550,506
Total Liabilities and Fund Balances	\$ 1,414,034	\$ -	\$ 1,454,654	\$ 2,868,688

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
SPECIAL REVENUE NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	RISK MANAGEMENT FUND	PRIVATE GRANTS FUND
ASSETS:				
Cash and Investments	\$ 67,089	\$ 232,008	\$ 172,087	\$ 127,978
Accounts and Grants Receivable	-	87,900	-	1,230
Total Assets	\$ 67,089	\$ 319,908	\$ 172,087	\$ 129,208
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ -	\$ 14,412	\$ 18,745	\$ 3,333
Due To Other Funds	-	245,458	-	-
Total Liabilities	-	259,870	18,745	3,333
Fund Balances:				
Restricted	67,089	60,038	-	125,875
Committed	-	-	153,342	-
Total Fund Balances	67,089	60,038	153,342	125,875
Total Liabilities and Fund Balances	\$ 67,089	\$ 319,908	\$ 172,087	\$ 129,208

TRANS- PORTATION FUND	EARLY RETIREMENT FUND	STUDENT BODY FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ 152,099	\$ 123,254	\$ 450,389	\$ 1,324,904
-	-	-	89,130
<u>\$ 152,099</u>	<u>\$ 123,254</u>	<u>\$ 450,389</u>	<u>\$ 1,414,034</u>
\$ -	\$ -	\$ -	\$ 36,490
-	-	-	245,458
-	-	-	281,948
-	-	-	253,002
152,099	123,254	450,389	879,084
152,099	123,254	450,389	1,132,086
<u>\$ 152,099</u>	<u>\$ 123,254</u>	<u>\$ 450,389</u>	<u>\$ 1,414,034</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
CAPITAL PROJECTS NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020

	CAPITAL PROJECTS FUND	CAPITAL EQUIPMENT FUND	CAPITAL FLEET REPLACEMENT FUND	CAPITAL GO BOND FUND	TOTAL NONMAJOR CAPITAL PROJECTS FUNDS
ASSETS:					
Cash and Investments	\$ 1,127,524	\$ 132,400	\$ 75,440	\$ 114,215	\$ 1,449,579
Accounts and Grants Receivable	5,075	-	-	-	5,075
Total Assets	<u>\$ 1,132,599</u>	<u>\$ 132,400</u>	<u>\$ 75,440</u>	<u>\$ 114,215</u>	<u>\$ 1,454,654</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 3,586	\$ -	\$ -	\$ 32,648	\$ 36,234
Total Liabilities	<u>3,586</u>	<u>-</u>	<u>-</u>	<u>32,648</u>	<u>36,234</u>
Fund Balances:					
Restricted	1,129,013	-	75,440	81,567	1,286,020
Committed	-	132,400	-	-	132,400
Total Fund Balances	<u>1,129,013</u>	<u>132,400</u>	<u>75,440</u>	<u>81,567</u>	<u>1,418,420</u>
Total Liabilities and Fund Balances	<u>\$ 1,132,599</u>	<u>\$ 132,400</u>	<u>\$ 75,440</u>	<u>\$ 114,215</u>	<u>\$ 1,454,654</u>

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, 2020

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR PERS DEBT SERVICE FUND	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Local Sources:				
Interest	\$ 1,420	\$ -	\$ 39,077	\$ 40,497
Other Local Sources	815,121	-	117,300	932,421
State Sources	59,804	1,195,781	-	1,255,585
Federal Sources	1,233,127	-	-	1,233,127
	<u>2,109,472</u>	<u>1,195,781</u>	<u>156,377</u>	<u>3,461,630</u>
EXPENDITURES:				
Instruction	480,908	-	3,167	484,075
Support Services	259,394	-	3,586	262,980
Enterprise and Community Services	1,701,369	-	-	1,701,369
Facilities Acquisition and Construction	-	-	55,507	55,507
Debt Service	-	1,195,781	-	1,195,781
	<u>2,441,671</u>	<u>1,195,781</u>	<u>62,260</u>	<u>3,699,712</u>
Excess of Revenues Over, - Under Expenditures	(332,199)	-	94,117	(238,082)
Other Financing Sources, (Uses):				
Transfers In	470,000	-	-	470,000
	<u>470,000</u>	<u>-</u>	<u>-</u>	<u>470,000</u>
Net Change in Fund Balance	137,801	-	94,117	231,918
Beginning Fund Balance	<u>994,285</u>	<u>-</u>	<u>1,324,303</u>	<u>2,318,588</u>
Ending Fund Balance	<u>\$ 1,132,086</u>	<u>\$ -</u>	<u>\$ 1,418,420</u>	<u>\$ 2,550,506</u>

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, 2020

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	RISK MANAGEMENT FUND	PRIVATE GRANTS FUND
REVENUES:				
Local Sources:				
Interest	\$ 1,420	\$ -	\$ -	\$ -
Other Local Sources	-	133,996	76,735	107,664
State Sources	-	59,804	-	-
Federal Sources	-	1,233,127	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	1,420	1,426,927	76,735	107,664
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Instruction	-	-	-	51,768
Support Services	-	-	101,733	63,389
Enterprise and Community Services	-	1,692,403	-	8,966
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	-	1,692,403	101,733	124,123
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenues Over, - Under Expenditures	1,420	(265,476)	(24,998)	(16,459)
Other Financing Sources, (Uses):				
Transfers In	-	300,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources, (Uses)	-	300,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	1,420	34,524	(24,998)	(16,459)
	<hr/>	<hr/>	<hr/>	<hr/>
Beginning Fund Balance	65,669	25,514	178,340	142,334
	<hr/>	<hr/>	<hr/>	<hr/>
Ending Fund Balance	\$ 67,089	\$ 60,038	\$ 153,342	\$ 125,875
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TRANS- PORTATION FUND	EARLY RETIREMENT FUND	STUDENT BODY FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ 1,420
-	2,079	494,647	815,121
-	-	-	59,804
-	-	-	1,233,127
-	2,079	494,647	2,109,472
-	-	429,140	480,908
-	94,272	-	259,394
-	-	-	1,701,369
-	94,272	429,140	2,441,671
-	(92,193)	65,507	(332,199)
-	170,000	-	470,000
-	170,000	-	470,000
-	77,807	65,507	137,801
152,099	45,447	384,882	994,285
<u>\$ 152,099</u>	<u>\$ 123,254</u>	<u>\$ 450,389</u>	<u>\$ 1,132,086</u>

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, 2020

	<u>CAPITAL PROJECTS FUND</u>	<u>CAPITAL EQUIPMENT FUND</u>	<u>CAPITAL FLEET REPLACEMENT FUND</u>	<u>CAPITAL GO BOND FUND</u>	<u>TOTAL NONMAJOR CAPITAL PROJECTS FUNDS</u>
REVENUES:					
Local Sources:					
Interest	\$ -	\$ -	\$ 10,722	\$ 28,355	\$ 39,077
Other Local Sources	117,300	-	-	-	117,300
Total Revenues	<u>117,300</u>	<u>-</u>	<u>10,722</u>	<u>28,355</u>	<u>156,377</u>
EXPENDITURES:					
Instruction	-	3,167	-	-	3,167
Support Services	3,586	-	-	-	3,586
Facilities Acquisition and Construction	-	-	-	55,507	55,507
Total Expenditures	<u>3,586</u>	<u>3,167</u>	<u>-</u>	<u>55,507</u>	<u>62,260</u>
Net Change in Fund Balance	113,714	(3,167)	10,722	(27,152)	94,117
Beginning Fund Balance	<u>1,015,299</u>	<u>135,567</u>	<u>64,718</u>	<u>108,719</u>	<u>1,324,303</u>
Ending Fund Balance	<u>\$ 1,129,013</u>	<u>\$ 132,400</u>	<u>\$ 75,440</u>	<u>\$ 81,567</u>	<u>\$ 1,418,420</u>

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, 2020

<u>Tax Anticipation Note Fund</u>				
	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources:				
Interest	\$ 1,700	\$ 1,700	\$ 1,420	\$ (280)
Total Revenues	<u>1,700</u>	<u>1,700</u>	<u>1,420</u>	<u>(280)</u>
EXPENDITURES:				
Support Services:				
Purchased Services	<u>12,270</u>	<u>12,369</u>	<u>-</u>	<u>12,369</u>
Total Support Services	<u>12,270</u>	<u>12,369 (1)</u>	<u>-</u>	<u>12,369</u>
Debt Services				
Principal	4,035,000	4,035,000	-	4,035,000
Interest	<u>55,000</u>	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Total Debt Services	<u>4,090,000</u>	<u>4,090,000 (1)</u>	<u>-</u>	<u>4,090,000</u>
Total Expenditures	<u>4,102,270</u>	<u>4,102,369</u>	<u>-</u>	<u>4,102,369</u>
Excess of Revenues Over (Under) Expenditures	(4,100,570)	(4,100,669)	1,420	(4,102,089)
Other Financing Sources, (Uses):				
Proceeds	<u>4,035,000</u>	<u>4,035,000</u>	<u>-</u>	<u>(4,035,000)</u>
Total Other Financing Sources, (Uses)	<u>4,035,000</u>	<u>4,035,000</u>	<u>-</u>	<u>(4,035,000)</u>
Net Change in Fund Balance	(65,570)	(65,669)	1,420	67,089
Beginning Fund Balance	<u>65,570</u>	<u>65,669</u>	<u>65,669</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,089</u>	<u>\$ 67,089</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2020

<u>Food Service Fund</u>				
BUDGET				
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES:				
Local Sources	\$ 95,000	\$ 210,000	\$ 133,996	\$ (76,004)
State Sources	21,000	21,000	59,804	38,804
Federal Sources	1,822,096	1,822,096	1,233,127	(588,969)
Total Revenues	<u>1,938,096</u>	<u>2,053,096</u>	<u>1,426,927</u>	<u>(626,169)</u>
EXPENDITURES:				
Enterprise and Community Services:				
Salaries	482,908	477,238	465,610	11,628
Employee Benefits	443,462	452,680	396,857	55,823
Purchased Services	239,583	344,163	104,100	240,063
Supplies and Materials	778,500	978,500	700,153	278,347
Capital Outlay	7,000	7,000	-	7,000
Other Objects	6,000	7,800	25,683	(17,883)
Total Enterprise and Community Services	<u>1,957,453</u>	<u>2,267,381 (1)</u>	<u>1,692,403</u>	<u>574,978</u>
Total Expenditures	<u>1,957,453</u>	<u>2,267,381</u>	<u>1,692,403</u>	<u>574,978</u>
Excess of Revenues Over, -Under Expenditures	(19,357)	(214,285)	(265,476)	51,191
Other Financing Sources, (Uses):				
Transfers In	-	200,000	300,000	(100,000)
Total Other Financing Sources, (Uses)	<u>-</u>	<u>200,000</u>	<u>300,000</u>	<u>(100,000)</u>
Net Change in Fund Balance	(19,357)	(14,285)	34,524	48,809
Beginning Fund Balance	<u>30,586</u>	<u>25,514</u>	<u>25,514</u>	<u>-</u>
Ending Fund Balance	<u>\$ 11,229</u>	<u>\$ 11,229</u>	<u>\$ 60,038</u>	<u>\$ 48,809</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2020

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Risk Management Fund				
REVENUES:				
Local Sources	\$ 12,000	\$ 72,000	\$ 76,735	\$ 4,735
Total Revenues	12,000	72,000	76,735	4,735
EXPENDITURES:				
Support Services:				
Salaries	1,000	1,000	22	978
Employee Benefits	72,448	92,448	53,462	38,986
Purchased Services	47,482	81,502	36,728	44,774
Supplies and Materials	6,600	36,600	2,176	34,424
Capital Outlay	3,000	3,000	-	3,000
Other Objects	9,000	19,000	9,345	9,655
Total Support Services	139,530	233,550 (1)	101,733	131,817
Total Expenditures	139,530	233,550	101,733	131,817
Net Change in Fund Balance	(127,530)	(161,550)	(24,998)	136,552
Beginning Fund Balance	144,320	178,340	178,340	-
Ending Fund Balance	<u>\$ 16,790</u>	<u>\$ 16,790</u>	<u>\$ 153,342</u>	<u>\$ 136,552</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2020

Private Grants Fund

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ 11,600	\$ 21,163	\$ 107,664	\$ 86,501
Total Revenues	11,600	21,163	107,664	86,501
EXPENDITURES:				
Instruction:				
Purchased Services	4,572	53,701	39,611	14,090
Supplies and Materials	29,256	23,089	11,639	11,450
Other Objects	2,366	2,363	518	1,845
Total Instruction	36,194	79,153 (1)	51,768	27,385
Support Services:				
Salaries	-	-	338	(338)
Employee Benefits	-	-	29	(29)
Purchased Services	2,302	11,914	6,871	5,043
Supplies and Materials	54,978	51,412	46,993	4,419
Other Objects	10,163	10,166	9,158	1,008
Total Support Services	67,443	73,492 (1)	63,389	10,103
Enterprise and Community Services:				
Purchased Services	-	7,000	990	6,010
Capital Outlay	231	3,852	7,976	(4,124)
Total Enterprise and Community Services	231	10,852 (1)	8,966	1,886
Total Expenditures	103,868	163,497	124,123	39,374
Net Change in Fund Balance	(92,268)	(142,334)	(16,459)	125,875
Beginning Fund Balance	92,268	142,334	142,334	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,875</u>	<u>\$ 125,875</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2020

Transportation Fund

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
State Sources	\$ 150,000	\$ 244,795	\$ -	\$ (244,795)
Total Revenues	150,000	244,795	-	(244,795)
EXPENDITURES:				
Support Services:				
Supplies and Materials	4,150	225,740 (1)	-	225,740
Total Expenditures	4,150	225,740	-	225,740
Excess of Revenues Over (Under) Expenditures	145,850	19,055	-	(19,055)
Other Financing Sources, (Uses):				
Transfers Out	(166,154)	(166,154) (1)	-	(166,154)
Total Other Financing Sources, (Uses)	(166,154)	(166,154)	-	(166,154)
Net Change in Fund Balance	(20,304)	(147,099)	-	147,099
Beginning Fund Balance	25,304	152,099	152,099	-
Ending Fund Balance	\$ 5,000	\$ 5,000	\$ 152,099	\$ 147,099

(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, 2020

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
	<u>Early Retirement Fund</u>			
REVENUES:				
Local Sources	\$ -	\$ 1,350	\$ 2,079	\$ 729
Total Revenues	-	1,350	2,079	729
EXPENDITURES:				
Support Services:				
Salaries	80,000	285,841	87,782	198,059
Employee Benefits	6,120	21,867	6,490	15,377
Purchased Services	9,089	9,089	-	9,089
Total Support Services	95,209	316,797 (1)	94,272	222,525
Total Expenditures	95,209	316,797	94,272	222,525
Excess of Revenues Over (Under) Expenditures	(95,209)	(315,447)	(92,193)	223,254
Other Financing Sources, (Uses):				
Transfers In	70,000	270,000	170,000	(100,000)
Total Other Financing Sources, (Uses)	70,000	270,000	170,000	(100,000)
Net Change in Fund Balance	(25,209)	(45,447)	77,807	123,254
Beginning Fund Balance	25,209	45,447	45,447	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,254</u>	<u>\$ 123,254</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2020

<u>Student Body Fund</u>				
	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Local Sources	\$ 650,000	\$ 650,000	\$ 494,647	\$ (155,353)
Total Revenues	650,000	650,000	494,647	(155,353)
EXPENDITURES:				
Instruction:				
Supplies and Materials	1,137,350	1,034,882 (1)	429,140	605,742
Total Expenditures	1,137,350	1,034,882	429,140	605,742
Net Change in Fund Balance	(487,350)	(384,882)	65,507	450,389
Beginning Fund Balance	487,350	384,882	384,882	-
Ending Fund Balance	\$ -	\$ -	\$ 450,389	\$ 450,389

(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, 2020

	<u>PERS Debt Service Fund</u>			VARIANCE TO FINAL BUDGET
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
State Sources	\$ 1,197,845	\$ 1,197,845	\$ 1,195,781	\$ (2,064)
Total Revenues	<u>1,197,845</u>	<u>1,197,845</u>	<u>1,195,781</u>	<u>(2,064)</u>
EXPENDITURES:				
Debt Service				
Principal	350,000	350,000	350,000	-
Interest	847,845	847,845	845,781	(2,064)
Total Expenditures	<u>1,197,845</u>	<u>1,197,845 (1)</u>	<u>1,195,781</u>	<u>2,064</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH 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, 2020

Capital Projects Fund

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Revenue	\$ 179,000	\$ 179,001	\$ 117,300	\$ (61,701)
Total Revenues	<u>179,000</u>	<u>179,001</u>	<u>117,300</u>	<u>(61,701)</u>
EXPENDITURES:				
Support Services:				
Purchased Services	373,646	373,646	-	373,646
Capital Outlay	362,212	362,212	-	362,212
Other Objects	-	-	3,586	(3,586)
Total Support Services	<u>735,858</u>	<u>735,858 (1)</u>	<u>3,586</u>	<u>732,272</u>
Contingency	<u>499,104</u>	<u>458,442 (1)</u>	<u>-</u>	<u>458,442</u>
Total Expenditures	<u>1,234,962</u>	<u>1,194,300</u>	<u>3,586</u>	<u>1,190,714</u>
Net Change in Fund Balance	(1,055,962)	(1,015,299)	113,714	1,129,013
Beginning Fund Balance	<u>1,055,962</u>	<u>1,015,299</u>	<u>1,015,299</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,129,013</u>	<u>\$ 1,129,013</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET -BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2020

Capital Equipment Fund

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES:				
Support Services				
Supplies and Materials	\$ 135,567	\$ 135,567 (1)	\$ 3,167	\$ 132,400
Total Expenditures	135,567	135,567	3,167	132,400
Net Change in Fund Balance	(135,567)	(135,567)	(3,167)	132,400
Beginning Fund Balance	135,567	135,567	135,567	-
Ending Fund Balance	\$ -	\$ -	\$ 132,400	\$ 132,400

(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, 2020

Capital Fleet Replacement Fund

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources				
Interest	\$ 2,000	\$ 12,001	\$ 10,722	\$ (1,279)
Total Revenues	2,000	12,001	10,722	(1,279)
EXPENDITURES:				
Support Services:				
Capital Outlay	66,256	76,718 (1)	-	76,718
Total Expenditures	66,256	76,718	-	76,718
Net Change in Fund Balance	(64,256)	(64,717)	10,722	75,439
Beginning Fund Balance	64,256	64,717	64,718	1
Ending Fund Balance	\$ -	\$ -	\$ 75,440	\$ 75,440

(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, 2020

Capital GO Bond Fund

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources:				
Interest	\$ 12,000	\$ 33,001	\$ 28,355	\$ (4,646)
Total Revenues	12,000	33,001	28,355	(4,646)
EXPENDITURES:				
Instruction:				
Supplies and Materials	40,716	40,716	-	40,716
Total Instruction	40,716	40,716 (1)	-	40,716
Facilities Acquisition and Construction:				
Purchased Services	70,245	91,603	-	91,603
Capital Outlay	-	9,400	55,507	(46,107)
Total Facilities Acquisition and Construction	70,245	101,003 (1)	55,507	45,496
Total Expenditures	110,961	141,719	55,507	86,212
Net Change in Fund Balance	(98,961)	(108,718)	(27,152)	81,566
Beginning Fund Balance	98,961	108,718	108,719	1
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,567</u>	<u>\$ 81,567</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2020

PERS Stabilization Fund

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES:				
Support Services:				
Employee Benefits	\$ 248,475	\$ 248,475 (1)	\$ -	\$ 248,475
Total Expenditures	<u>248,475</u>	<u>248,475</u>	<u>-</u>	<u>248,475</u>
Net Change in Fund Balance	(248,475)	(248,475)	-	248,475
Beginning Fund Balance	<u>248,475</u>	<u>248,475</u>	<u>248,475</u>	<u>-</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 248,475</u></u>	<u><u>\$ 248,475</u></u>

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing 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, 2020

Technology Replacement Fund

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources	\$ -	\$ -	\$ 4,523	\$ 4,523
Total Revenues	-	-	4,523	4,523
EXPENDITURES:				
Support Services:				
Purchased Services	12,000	12,000	-	12,000
Supplies and Materials	54,123	203,065	69,314	133,751
Total Support Services	66,123	215,065 (1)	69,314	145,751
Total Expenditures	66,123	215,065	69,314	145,751
Excess of Revenues Over (Under) Expenditures	(66,123)	(215,065)	(64,791)	150,274
Other Financing Sources, (Uses):				
Transfers In	-	200,000	100,000	(100,000)
Total Other Financing Sources, (Uses)	-	200,000	100,000	(100,000)
Net Change in Fund Balance	(66,123)	(15,065)	35,209	50,274
Beginning Fund Balance	71,123	20,065	20,065	-
Ending Fund Balance	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 55,274</u>	<u>\$ 50,274</u>

(1) Appropriation Level

Note: This fund's activities have been combined with the General Fund activities in accordance with GASB 54 due to its financing 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, 2020

	<u>Textbook Fund</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>BUDGET</u>			
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES:				
Instruction:				
Salaries	20,000	20,000	2,145	17,855
Employee Benefits	6,946	6,946	730	6,216
Purchased Services	5,000	20,400	22,268	(1,868)
Supplies & Materials	17,592	199,837	26,295	173,542
Other Objects	-	-	20,250	(20,250)
Total Instruction	49,538	247,183 (1)	71,688	175,495
Total Expenditures	49,538	247,183	71,688	175,495
Excess of Revenues Over (Under) Expenditures	(49,538)	(247,183)	(71,688)	175,495
Other Financing Sources, (Uses):				
Transfers In	-	200,000	150,000	(50,000)
Total Other Financing Sources, (Uses)	-	200,000	150,000	(50,000)
Net Change in Fund Balance	(49,538)	(47,183)	78,312	125,495
Beginning Fund Balance	49,538	47,183	47,183	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,495</u>	<u>\$ 125,495</u>

(1) Appropriation Level

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

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020**

PROGRAM TITLE	PASS-THROUGH ORGANIZATION	FEDERAL CFDA 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	50457	7/1/18-9/30/19	\$ 67,897	\$ -
	Oregon Department of Education	84.010	53338	7/1/19-9/30/20	830,096	-
	Oregon Department of Education	84.010	46858	7/1/18-12/31/19	29,464	-
	Oregon Department of Education	84.010	46886	7/1/19-12/31/20	91,985	-
	Oregon Department of Education	84.010	54422	7/1/19-9/30/20	16,329	-
Total Title I Grants to Local Educational Agencies					1,035,771	-
Special Education Cluster (IDEA)						
	Oregon Department of Education	84.027	49588	7/1/18-9/30/19	1,232	-
	Oregon Department of Education	84.027	49934	7/1/18-9/30/20	113,213	-
	Oregon Department of Education	84.173	50164	7/1/18-9/30/20	6,699	-
Total Special Education Cluster (IDEA)					121,144	-
Student Support and Academic Enrichment State Grant						
	Oregon Department of Education	84.424	50793	7/1/18-9/30/20	42,013	-
	Oregon Department of Education	84.424	54590	7/1/19-9/30/20	18,481	-
Total Student Support and Academic Enrichment State Grant					60,494	-
Supporting Effective Instruction State Grant						
	Oregon Department of Education	84.367	49377	7/1/18-9/30/20	60,778	-
	Oregon Department of Education	84.367	53600	7/1/19-9/30/20	63,113	-
Total Supporting Effective Instruction State Grant					123,891	-
English Language Acquisition State Grants						
	Oregon Department of Education	84.365	50278	7/1/18-9/30/20	27,076	-
	Oregon Department of Education	84.365	53451	7/1/19-9/30/20	66,358	-
	Oregon Department of Education	84.365	52041	7/1/19-9/30/20	12,025	-
Total English Language Acquisition State Grants					105,459	-
Education for Homeless Children and Youths Grants						
	Oregon Department of Education	84.196	54909	7/1/18-9/30/20	28,955	-
LEA ESSER Fund - Formula						
	Oregon Department of Education	84.425	57881	3/13/20-9/30/22	93,507	-
Total U.S. Department of Education					\$ 1,569,221	\$ -

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

PROGRAM TITLE	PASS-THROUGH ORGANIZATION	FEDERAL CFDA 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	7/1/19-6/30/20	\$ 260,079	\$ -
National School Lunch	Oregon Department of Education	10.555	Fund 202	7/1/19-6/30/20	536,310	-
Non cash assistance: Donated Commodity National School Lunch Program	Oregon Department of Education	10.555	Fund 202	7/1/19-6/30/20	101,462	-
Total National School Lunch					637,772	-
Summer Food Service Program for Children	Oregon Department of Education	10.559	Fund 202	7/1/19-6/30/20	211,691	-
Total Child Nutrition Cluster					1,109,542	- (1)
Child and Adult Food Care Program	Oregon Department of Education	10.558	Fund 202	7/1/19-6/30/20	81,565	-
Fresh Fruit and Vegetable Program	Oregon Department of Education	10.582	*see list	7/1/19-6/30/20	41,172	-
State Administrative Expenses for Child Nutrition	Oregon Department of Education	10.560	Fund 202	7/1/19-6/30/20	847	-
Forest Service Schools and Roads Cluster	Multnomah County	10.665	Fund 100	7/1/19-6/30/20	3,213	
Total U. S. Department of Agriculture					1,236,339	-
U. S. Department of Health and Human Services:						
Promoting Safe and Stable Families	Early Learning Multnomah Hub via United Way of Columbia-Willamette	93.556	675812- 1617-09A	7/1/19-6/30/20	239,259	-
Foster Care Title IV-E	Oregon Department of Education	93.658	47506	7/1/19-6/30/20	5,509	-
Total U.S. Department of Health and Human Services					244,768	-
Total Federal Financial Assistance					\$ 3,050,328	\$ -

(1) - Major Program

* List of Fresh Fruit and Vegetable Grant Numbers: 46338, 46641, 46642, 46643, 50584, 50585, 50586, 50587.

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INDEPENDENT AUDITORS' REPORT AS REQUIRED BY
OREGON STATE REGULATIONS

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November 9, 2020

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, 2020, and have issued our report thereon dated November 9, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

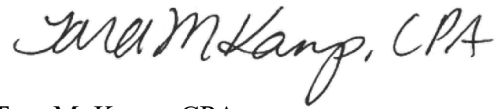
In connection with our testing nothing came to our attention that caused us to believe the Multnomah County School District No. 3, Multnomah County, Oregon, was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised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

- a. In our testing of teacher experience we noted a teacher was missing from the staff position report.
- b. In our testing of bids and quotes we noted one quote sheet describing the other company's offers could not be located.

OAR 162-10-0230 Internal Control

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

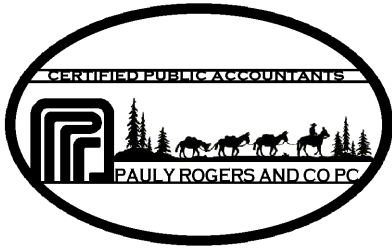
This report is intended solely for the information and use of the Board of Directors, management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



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

GRANT COMPLIANCE REVIEW

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November 9, 2020

**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, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 9, 2020.

Internal Control Over Financial Reporting

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

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

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

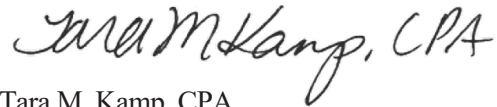
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



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



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November 9, 2020

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**

Report on Compliance for Each Major Federal Program

We have audited Multnomah County School District No. 3's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2020. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

Opinion on Each Major Federal Program

In our opinion, Multnomah County School District No. 3 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

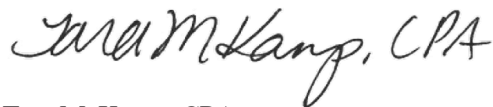
Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

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

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

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



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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

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

Noncompliance material to financial statements noted? yes no

Any GAGAS audit findings disclosed that are required to be reporting in accordance with section the Uniform Guidance? yes no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? yes no

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

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? yes no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER **NAME OF FEDERAL PROGRAM CLUSTER**

10.555, 10.553, 10.559, 10.556 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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

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

2019-20 Board Members

Sonja McKenzie
Ashley Brassea
Sara Kirby
Elizabeth Durant
Joshua Singleton

Business Services

Kady Strode
Tami Booth
Donna Thran
Zina Marchenko



