

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3

MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT
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ADMINISTRATION

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

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

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October 22, 2021

**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, 2021, 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, 2021, 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 October 22, 2021 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 October 22, 2021, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2021 by \$8,860,444. Of this amount, \$36,845,874 represents the District's Net Investment in Capital Assets. The District has \$2,264,075 of net position restricted and expendable for debt service, food service, private grants and capital. The District's unassigned net position is (\$30,249,505).
- The District's governmental funds report combined ending fund balance of \$8,864,737, is an increase of \$1,551,083 or 21.2% in comparison with the prior year. Of this total, \$3,370,671 or 38% is committed for future payments for services, \$2,436,946 or 27.5% restricted by board resolutions for various purposes, \$118,011 or 1.3% is non-spendable consisting of the District's prepaid expenses, and \$2,939,079 or 33.2% is unassigned and available to spend at the discretion of the board of directors.
- The District's capital assets decreased by \$1,496,433 or 1.7% during 2020-21. The reason for the decrease is increase in accumulated depreciation \$(2,449,873) and addition of assets of \$953,440.
- The District's long-term debt decreased by \$5,734,011 or 7.9% during 2020-21. The reason for the decrease is principal payments.
- The District had to issue a prior period adjustment for \$38,523. This adjustment was associated with closing the LGIP account for the District's Fleet replacement fund – Fund 430. See note 21 on page 48 for more information.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The government-wide financial statements are on pages five and six of this report.

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

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

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

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

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

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements are on pages 11 through 48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS OF NET POSITION:

GOVERNMENT-WIDE FINANCIAL ANALYSIS Condensed Statement of Net Position

Assets						
Current or other assets	\$ 13,988,618	14.2%	\$ 11,257,887	11.5%	\$ 2,730,731	24.3%
Capital assets, net	84,837,918	85.8%	86,334,351	88.5%	(1,496,433)	-1.7%
Total Assets	98,826,536	100.0%	97,592,238	100.0%	1,234,298	1.3%
Deferred Outflows of Resources						
Pension Related Deferral	24,552,614	98.8%	27,040,377	99.0%	(2,487,763)	-9.2%
Deferred Early Retirement Liability	75,302	0.3%	78,482	0.3%	(3,180)	-4.1%
Deferred OPEB RHIA Asset	67,800	0.3%	-	0.0%	67,800	0.0%
Deferred OPEB Health Benefit Liability	155,141	0.6%	180,998	0.7%	(25,857)	-14.3%
Total Deferred Outflows of Resources	24,850,857	100.0%	27,299,857	100.0%	(2,449,000)	-9.0%
Liabilities						
Long-term liabilities outstanding	102,151,313	96.2%	102,946,375	96.8%	(795,062)	-0.8%
Other liabilities	4,013,778	3.8%	3,419,514	3.2%	594,264	17.4%
Total Liabilities	106,165,091	100.0%	106,365,889	100.0%	(200,798)	-0.2%
Deferred Inflows of Resources						
Net Deferred Pension Liability	7,839,848	90.6%	10,869,443	98.9%	(3,029,595)	-27.9%
Deferred Early Retirement Liability	25,546	0.3%	21,317	0.2%	4,229	19.8%
Deferred OPEB RHIA Asset	203,984	2.4%	-	0.0%	203,984	0.0%
Deferred OPEB Health Benefit Liability	582,480	6.7%	96,772	0.9%	485,708	501.9%
Deferred Inflows of Resources	8,651,858	100%	10,987,532	100%	(2,335,674)	-21.3%
Net Position						
Net investment in capital assets	36,845,874	415.8%	33,292,402	441.6%	3,553,472	10.7%
Restricted						
Debt Service	684,843	7.7%	793,000	10.5%	(108,157)	-13.6%
Food Service	84,408	1.0%	60,038	0.8%	24,370	40.6%
Special Revenue	251,287	2.8%	126,003	1.7%	125,284	99.4%
Capital	1,243,537	14.0%	1,129,013	15.0%	114,524	10.1%
Total Restricted	2,264,075	25.6%	2,108,054	28.0%	156,021	7.4%
Unrestricted	(30,249,505)	-341.4%	(27,861,782)	-369.6%	(2,387,723)	8.6%
Total Net Position	\$ 8,860,444	100.0%	\$ 7,538,674	100.0%	\$ 1,321,770	17.5%

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 \$8,860,444 at June 30, 2021, a 17.5% or \$1,321,770 increase from prior year. Some of the factors that affected the increase in net position are:

- 1) The Deferred Outflows of Resources decreased by \$2,449,000 or 9% and the Deferred Inflows of Resources decreased by \$2,335,674 or 21.3%. Both of these changes are due to poor return on PERS related investments.
- 2) Total liabilities decrease of \$200,798 or .2% is due to several items such as the decline in debt \$5,734,011 due to principal payment, decrease in OPEB Pension liability \$462,152, increase in Net Pension liability of \$5,350,394 and increase of Early Retirement liability of \$50,707 for total long-term liabilities decrease of \$795,062 or .8%. The other major player in the total liabilities decrease is the increase in accounts payable of \$502,693 and other liabilities \$91,571 for total of \$594,264 or 17.4%.
- 3) Total current and other assets increased by \$2,730,731 or 24.3%. The largest portion of this change was the \$2,222,000 increase in accounts receivable and \$566,566 in OPEB RHIA that now has reached a material level for reporting purposes. The remaining change of \$(57,857) 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 and increase in prepaid expenses due to lack of substitute service usage.
- 4) Capital Assets reduced by \$1,496,433 or 1.7% due to depreciation and new assets.

Capital assets, which consist of the District's land, construction in progress, buildings, building improvements, vehicles, and equipment, represent about 85.8% or \$84,837,918 of total assets. The remaining assets of \$13,988,618 or 14.2% 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 96.2% or \$102,151,313 of liabilities. Current liabilities, representing about 3.8% or \$4,013,778 of the District's total liabilities, consist of payables on accounts, salaries, and benefits, and current interest of bonds.

The District's net position that 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 below. During the current fiscal year, the District's net position increased by \$1,321,770 or 17.5%. The revenues and expenses shown below explain changes in net position for the fiscal year 2020-21.

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 84% or \$43,628,216 of the funding required for governmental programs. Property taxes and State School Fund combined account for 98.2% of general fund revenues and 81.3% of total revenues.

Program revenue consists of operating grants and contributions and charges for services and they account for 16% or \$8,290,288 of total revenues. Included in this category total federal grants of \$4,793,865 or 57.8% includes \$669,730 for child nutrition cluster, \$1,182,262 for Title IA, \$540,285 for Special Education (IDEA) and \$1,878,376. These four funding sources represent 89.7% or \$4,300,653 of the Districts federal funds. The remaining federally controlled grants totaled \$493,212 or 10.3%. For more details on what type of federal funds the district receives please go to pages 84-85. The remaining program revenue consists of \$3,496,423 or 42.2% local grants and charges for services tied to services that District provides and fees that assessed.

Expenses: Expenses related to governmental activities are in five broad functional categories. Costs of direct classroom instruction activities account for approximately 54.4% of the total expenses of \$50,635,257. 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						
	2020-21	% of total	2019-20	% of total	Change	% change
Revenues						
Program Revenues						
Charges for services	\$ 783,220	1.5%	\$ 857,734	2.0%	\$ (74,514)	-8.7%
Operating grants & contributions	7,507,068	14.5%	4,233,237	9.7%	3,273,831	77.3%
Total Program Revenues	8,290,288	16.0%	5,090,971	11.6%	3,199,317	62.8%
General Revenues						
Property & other taxes	28,063,717	54.1%	24,292,798	55.4%	3,770,919	15.5%
State School Fund	13,773,713	26.5%	11,088,826	25.3%	2,684,887	24.2%
Common School Fund	362,072	0.7%	323,621	0.7%	38,451	11.9%
Unrestricted Other Sources	1,177,251	2.3%	2,603,113	5.9%	(1,425,862)	-54.8%
Investment earnings	122,389	0.2%	342,879	0.8%	(220,490)	-64.3%
Other	129,074	0.2%	103,723	0.2%	25,351	24.4%
Total General Revenues	43,628,216	84.0%	38,754,960	88.4%	4,873,256	12.6%
Total Revenues	51,918,504	100.0%	43,845,931	100.0%	8,072,573	18.4%
Expenses						
Instruction	27,566,572	54.4%	27,112,883	53.4%	453,689	1.7%
Support services	18,617,245	36.8%	16,696,498	32.9%	1,920,747	11.5%
Enterprise & community services	1,870,625	3.7%	2,165,822	4.3%	(295,197)	-13.6%
Interest & fees on long-term debt	2,580,815	5.1%	4,838,952	9.5%	(2,258,137)	-46.7%
Total Expenses	50,635,257	100.0%	50,814,155	100.1%	(178,898)	-0.4%
Change in Net Position	1,283,247	14.5%	(6,968,224)	-92.4%	8,251,471	-118.4%
Beginning Net Position	7,538,674	85.1%	14,506,898	192.4%	(6,968,224)	-48.0%
Prior Period Adjustment	38,523	0.4%	-	0.0%	38,523	0.0%
Net position - end of year	\$ 8,860,444	100.0%	\$ 7,538,674	100.0%	\$ 1,321,770	17.5%

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, 2021, the District's governmental funds reported combined ending fund balances of \$8,864,737 (exclusive of inventory), an increase of \$1,551,083 or 21.2% in comparison with the prior year. About \$2,939,079 or 33.2% of the ending fund balance constitutes unassigned ending fund balance, which is available for spending at the direction of management. Additionally, \$2,436,976 or 27.5% constitutes restricted balances associated with debt service, food service, state & private grants, and capital obligations. Approximately \$118,011 or 1.3% constitutes nonspendable fund balance, which represents the District's prepaid assets. Then the remaining portion of the ending fund balance \$3,370,671 or 38% 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, 2021, ending fund balance was \$3,454,626, increased by \$2,202,058 or 175.8% from prior year. This increase is associated with various items: increase in property taxes, state school fund and other revenue source of \$2,798,238 or 8.6%, reduction in instruction & support expenses that consist mostly of salary and benefits by \$666,165 or 2%, reduction in transfers out of \$200,000 and increase of \$181 is related to sale of assets.

As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The current fund balance of \$3,454,626 or 10.4% of total General Fund's expenditures compared to 3.7% in the prior year. However, keep in mind \$397,536 are associated with the fund balances for the PERS Stabilization Fund, Technology Replacement Fund, and Textbook Fund which are designated as committed.

Debt Service Fund: The Debt Service Fund has a total fund balance of \$617,229 all of which is reserved for the payment of debt service. The decrease in fund balance during the current year was \$108,682 or 15%. This decrease is the result of the normal debt payments.

Thompson Special Fund: The Thompson Special Fund has a total fund balance of \$2,156,049. The decrease of \$628,492 or 22.6% is the result of the increase in expenses of \$894,049 or 175.6% with the vast amount of the increase is a \$557,983 roof replacement at one of the district's rental sites. Then there was a \$270,000 reduction in transfers out. The District also decreased revenue associated with rental units and community center by \$9,641 or 1.2%. Total revenue for the year \$774,706 while the expenses were \$1,403,198.

Federal Grants Fund: The Federal Grants Fund have a total fund balance of \$128. Total revenue for this fund is \$4,092,074 which is an increase of \$1,409,867 or 52.6% over 2019-20 revenues. The typical nature of this fund is that there should not be a fund balance however at the end of 2020-21 one grant had a small fund balance remaining (Outdoor School / Measure 99 Grant).

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund final budget was \$36,735,395 for the fiscal year ended June 30, 2021. The Board of Directors made two appropriation changes during the year for net reduction of \$790,710 or 2.1%. The first amendment in February 2021 decreased the adopted budget as a whole by \$801,895 due to reduction in beginning fund balance. The second amendment in June 2021 increased the budget by \$11,185. The first budget reduction was the result of beginning fund balance change and that reduction was split evenly between instruction and support. The second amendment is the result of adding on ESSER indirect revenue, which in turn increased instruction.

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, 2021, the District had invested \$84,837,918 in capital assets, net of depreciation.

During the year, the District's investment in capital assets decreased by \$1,496,433 or 1.7% (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

	2020-21	2019-20	change	% change
Land	\$ 5,880,941	5,880,941	\$ -	0.0%
Construction in progress	166,448	-	166,448	#DIV/0!
Buildings and site improvements	110,795,768	109,928,309	867,459	0.8%
Vehicles and equipment	4,453,888	4,534,355	(80,467)	-1.8%
	121,297,045	120,343,605	953,440	0.8%
less accumulated depreciation	(36,459,127)	(34,009,254)	(2,449,873)	7.2%
Capital assets, net of depreciation	\$ 84,837,918	86,334,351	\$ (1,496,433)	-1.7%

Additional information of the District's capital assets is on note seven 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 \$67,279,945 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 \$5,734,011 or 7.9%.

GOVERNMENT-WIDE FINANCIAL ANALYSIS						
	Outstanding Debt			2020-21	% change	% change
	2019-20	Increases	Decreases			
GO Bonds						
2011A	\$ 2,055,000	\$ -	\$ (2,055,000)	\$ -	(2,055,000)	-100.0%
2011B	15,000,000	-	-	15,000,000	-	0.0%
2018 PERS	19,815,000	-	\$ (700,000)	\$ 19,115,000	(700,000)	-3.5%
2019A Refunding Bond	34,220,000	-	\$ (2,670,000)	\$ 31,550,000	(2,670,000)	-7.8%
QZAB 2015	1,495,384	-	(166,154)	1,329,230	(166,154)	-11.1%
QZAB 2009	428,572	-	(142,857)	285,715	(142,857)	-33.3%
Total Long Term Debt	\$ 73,013,956	\$ -	\$ (5,734,011)	\$ 67,279,945	\$ (5,734,011)	-7.9%

FINANCIAL ANALYSIS						
	Outstanding Debt					
	Original Amount	06/30/20 Balance	Additions	Matured and Redeemed	6/30/2021 Balance	Due Within One Year
GO Bonds						
Series 2011A	\$ 48,000,000	\$ 2,055,000	\$ -	\$ (2,055,000)	\$ -	\$ -
Series 2011B	15,000,000	15,000,000	-	-	15,000,000	-
Series 2019A	35,130,000	34,220,000	-	(2,670,000)	31,550,000	2,105,000
PERS 2018	20,210,000	19,815,000	-	(700,000)	19,115,000	780,000
Total GO Bond	118,340,000	71,090,000	-	(5,425,000)	65,665,000	2,885,000
Other Debt:						
QZAB 2009	2,000,000	428,572	-	(142,857)	285,715	142,857
QZAB 2015	2,160,000	1,495,384	-	(166,154)	1,329,230	166,154
Total other debt	4,160,000	1,923,956	-	(309,011)	1,614,945	309,011
Total long-term debt	\$ 122,500,000	\$ 73,013,956	\$ -	\$ (5,734,011)	\$ 67,279,945	\$ 3,194,011

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

Additional information on the District's long-term debt can be found in note 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, 2021, the State School Fund & Common School Fund - General Support provided \$14,135,785 or 27.2% of the District's total resources. Factors for next year's budget will be the estimate of State School Fund based on the March estimate. Currently the revenue forecasts continue to be flat but appear to be sufficient to support continued stabilization. Funding for schools will always be a topic of discussion at 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 increased for FY 2020-21 budgets based on existing union agreements for the year. All the respective union employees received a 2% or 3% COLA increase. Each union and the administrator's agreement saw a 2% insurance increase. The administrator's contract underwent a salary matrix adjustment that ranged from 3% to 10%.

REQUESTS FOR INFORMATION

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



Michael Lopes-Serrao
Superintendent



Sharie Lewis, CPA
Director of Business Services and Operations

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities
ASSETS	
Cash and Investments	\$ 8,991,160
Receivables:	
Accounts and Grants	3,584,763
Property Taxes	728,118
Prepaid Expenses	118,011
OPEB RHIA	566,566
Non-Depreciable Capital Assets	6,047,389
Capital Assets, Net of Depreciation	78,790,529
Total Assets	98,826,536
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferral	24,552,614
Deferred Early Retirement Liability	75,302
Deferred OPEB RHIA Asset	67,800
Deferred OPEB Health Benefit Liability	155,141
Total Deferred Outflows of Resources	24,850,857
LIABILITIES:	
Accounts Payable	1,220,464
Accrued Salaries and Benefits	2,660,400
Bond Interest Payable	35,921
Accrued Vacation Payable	61,135
Deferred Revenue	35,858
Long Term Liabilities:	
Early Retirement Pension Liability	1,010,100
OPEB Health Benefit Liability	2,005,508
Net Pension Liability	31,855,760
Due Within One Year	3,194,011
Due in More Than One Year	64,085,934
Total Liabilities	106,165,091
DEFERRED INFLOWS OF RESOURCES:	
Net Deferred Pension Liability	7,839,848
Deferred Early Retirement Liability	25,546
Deferred OPEB RHIA Asset	203,984
Deferred OPEB Health Benefit Liability	582,480
Total Deferred Inflows of Resources	8,651,858
NET POSITION:	
Net Investment in Capital Assets	36,845,873
Restricted for:	
Debt Service	684,843
Food Service	84,408
Special Revenue	251,287
Capital	1,243,537
Unrestricted	(30,249,504)
Total Net Position	\$ 8,860,444

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, 2021

Functions/Programs	Expense	PROGRAM REVENUES		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 27,566,572	\$ 9,138	\$ 6,352,189	\$ (21,205,245)
Support Services	18,617,246	773,319	430,733	(17,413,193)
Enterprise and Community Services	1,870,625	763	724,146	(1,145,716)
Interest on Long-Term Debt	2,580,815	-	-	(2,580,815)
Total Governmental Activities	\$ 50,635,257	\$ 783,220	\$ 7,507,068	(42,344,968)
 GENERAL REVENUES:				
				28,063,717
Property Taxes				1,177,251
Unrestricted Other Sources				13,773,713
State School Fund - General Support				362,072
Common School Fund				122,389
Interest				129,074
Other				43,628,216
Total General Revenues				43,628,216
Change in Net Position				1,283,247
Beginning Net Position				7,538,674
Prior Period Adjustment				38,523
Ending Net Position				\$ 8,860,444

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

	GENERAL FUND	THOMPSON SPECIAL FUND	FEDERAL GRANTS FUND	DEBT SERVICE FUND	NON-MAJOR FUNDS	TOTAL
ASSETS:						
Cash and Investments	\$ 2,054,396	\$ 2,461,016	\$ -	\$ 1,119,240	\$ 3,356,508	\$ 8,991,160
Receivables:						
Taxes	593,126	-	-	134,992	-	728,118
Accounts and Grants	329,459	150	2,448,742	365,043	441,369	3,584,763
Prepaid Items	118,011	-	-	-	-	118,011
Due From Other Funds	3,940,856	-	-	-	-	3,940,856
Total Assets	\$ 7,035,848	\$ 2,461,166	\$ 2,448,742	\$ 1,619,275	\$ 3,797,877	\$ 17,362,908
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:						
Liabilities:						
Accounts Payable	\$ 398,088	\$ 305,117	\$ 161,474	\$ -	\$ 355,785	\$ 1,220,464
Accrued Salaries and Benefits	2,660,400	-	-	-	-	2,660,400
Deferred Revenue	-	-	-	-	35,858	35,858
Due To Other Funds	-	-	2,287,140	884,187	769,529	3,940,856
Total Liabilities	3,058,488	305,117	2,448,614	884,187	1,161,172	7,857,578
Deferred Inflows:						
Unavailable Revenue	522,734	-	-	117,859	-	640,593
Total Deferred Inflows	522,734	-	-	117,859	-	640,593
Fund Balances:						
Nonspendable	118,011	-	-	-	-	118,011
Restricted for:						
Debt Service	-	-	-	617,229	67,614	684,843
Food Service	-	-	-	-	84,408	84,408
Grants	-	-	128	-	251,159	251,287
Capital	-	-	-	-	1,416,438	1,416,438
Committed	397,536	2,156,049	-	-	817,086	3,370,671
Unassigned	2,939,079	-	-	-	-	2,939,079
Total Fund Balances	3,454,626	2,156,049	128	617,229	2,636,705	8,864,737
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 7,035,848	\$ 2,461,166	\$ 2,448,742	\$ 1,619,275	\$ 3,797,877	\$ 17,362,908

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, 2021

TOTAL FUND BALANCE-GOVERNMENTAL FUNDS	\$	8,864,737
<p>Capital assets are not financial resources and therefore are not reported in the governmental funds.</p>		
Cost	\$	121,297,045
Accumulated Depreciation		<u>(36,459,127)</u>
		84,837,918
<p>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.</p>		
		640,593
<p>The proportionate share of the net pension liability is not reported as a liability in the governmental funds</p>		
		(31,855,760)
<p>The proportionate share of the OPEB RHIA asset is not reported as an asset in the governmental funds</p>		
		566,566
<p>Deferred Outflows of Resources - Pension Related Deferral</p>		
		24,552,614
<p>Deferred Outflows of Resources - Early Retirement</p>		
		75,302
<p>Deferred Outflows of Resources - OPEB</p>		
		155,141
<p>Deferred Outflows of Resources - RHIA</p>		
		67,800
<p>Deferred inflows related to Pension and other obligations are not reported in the governmental funds</p>		
Pension related deferred inflow		(7,839,848)
Early Retirement related deferred inflow		(25,546)
OPEB related deferred inflow		(582,480)
RHIA deferred inflows		(203,984)
<p>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.</p>		
<p>Long term Liabilities:</p>		
Accrued Vacation Payable	\$	(61,135)
Bond Interest Payable		(35,921)
Early Retirement Pension Liability		(1,010,100)
OPEB Pension Liability		(2,005,508)
Bonds Payable		<u>(67,279,945)</u>
		<u>(70,392,609)</u>
TOTAL NET POSITION	\$	<u><u>8,860,444</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, 2021

	GENERAL FUND	THOMPSON SPECIAL FUND	FEDERAL GRANTS FUND	DEBT SERVICE FUND	NON-MAJOR FUNDS	TOTAL
REVENUES:						
Local Sources:						
Property Taxes	\$ 22,114,455	\$ -	\$ -	\$ 5,939,503	\$ -	\$ 28,053,958
Interest	81,781	-	-	31,073	9,535	122,389
Other Local Sources	160,877	774,706	-	-	476,433	1,412,016
Intermediate Sources	387,121	-	-	7,443	-	394,564
State Sources	12,598,977	-	-	-	3,837,961	16,436,938
Federal Sources	1,112	-	4,092,074	693,471	702,223	5,488,880
Total Revenues	35,344,323	774,706	4,092,074	6,671,490	5,026,152	51,908,745
EXPENDITURES:						
Current:						
Instruction	20,056,588	-	1,707,279	-	1,910,360	23,674,227
Support Services	13,087,138	755,984	1,709,723	-	609,838	16,162,683
Enterprise and Community Services	-	89,231	675,072	-	823,596	1,587,899
Facilities Acquisition and Construction	-	-	-	-	31,639	31,639
Capital Outlay	-	557,983	-	-	66,235	624,218
Debt Service:						
Principal	-	-	-	5,034,011	700,000	5,734,011
Interest	-	-	-	1,746,161	836,808	2,582,969
Total Expenditures	33,143,726	1,403,198	4,092,074	6,780,172	4,978,476	50,397,646
Excess of Revenues Over (Under) Expenditures	2,200,597	(628,492)	-	(108,682)	47,676	1,511,099
Other Financing Sources, (Uses):						
Sale of Capital Assets	1,461	-	-	-	-	1,461
Total Other Financing Sources, -Uses	1,461	-	-	-	-	1,461
Net Change in Fund Balance	2,202,058	(628,492)	-	(108,682)	47,676	1,512,560
Beginning Fund Balance	1,252,568	2,784,541	128	725,911	2,550,506	7,313,654
Prior Period Adjustment	-	-	-	-	38,523	38,523
Ending Fund Balance	\$ 3,454,626	\$ 2,156,049	\$ 128	\$ 617,229	\$ 2,636,705	\$ 8,864,737

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, 2021

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS	\$	1,512,560
<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	\$ 1,116,816	
Gain/loss on sale of asset	(39,216)	
Less Current Year Depreciation	<u>(2,574,033)</u>	(1,496,433)
<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		5,734,011
<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>		
		(4,808,562)
<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>		
		2,154
<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>		
		9,759
<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		6,905
Early Retirement Pension Liability		(58,116)
OPEB RHIA Asset		430,382
OPEB Liability		<u>(49,413)</u>
CHANGE IN NET POSITION	\$	<u><u>1,283,247</u></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 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, 2021 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 four items that qualifies for reporting in this category which includes the Pension Related Deferral, Early Retirement Related Deferral, OPEB RHIA 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 four types of items, which arise under full accrual accounting in the Statement of Net Position. The Statement of Net Position reports deferred inflows and outflows from a Net Deferred Pension Liability, Deferred Early Retirement Liability, Deferred OPEB Pension Liability, and RHIA Deferred OPEB asset, 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, except for the following: Thompson Special Fund – Facilities Acquisition and Construction by \$259,062; Federal Grant Fund – Support Services by \$53,752 and Enterprise and Community Services by \$304,815; Private and State Grants Fund – Instruction by \$120,634; Student Investment Fund – Support Services by \$34,774.

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	\$	1,834,871
Petty Cash		427
Local Government Investment Pool		7,155,862
	\$	<u>8,991,160</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, 2021, the bank balance was \$2,230,476, 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, 2021, 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	\$ 7,155,862	\$ 7,155,862	\$ -
Total	<u>\$ 7,155,862</u>	<u>\$ 7,155,862</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, 2021 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	\$ 593,126	\$ 329,459
Thompson Special Fund	-	150
Federal Grants Fund	-	2,448,742
Debt Service Fund	134,992	365,043
Non-Major Funds	-	441,369
	<u>\$ 728,118</u>	<u>\$ 3,584,763</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, 2021 was as follows:

	Beginning Balance July 1, 2020	Additions	Deletions	Ending Balance June 30, 2021
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,880,941	\$ -	\$ -	\$ 5,880,941
Construction in Progress	-	166,448		166,448
Total Capital Assets Not Being Depreciated	<u>5,880,941</u>	<u>166,448</u>	<u>-</u>	<u>6,047,389</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	109,928,309	867,459	-	110,795,768
Vehicles and Equipment	4,534,355	82,909	(163,376)	4,453,888
Total Capital Assets Being Depreciated	<u>114,462,664</u>	<u>950,368</u>	<u>(163,376)</u>	<u>115,249,656</u>
Accumulated Depreciation:				
Buildings and Improvements	(31,852,721)	(2,321,785)		(34,174,506)
Vehicles and Equipment	(2,156,533)	(252,248)	124,160	(2,284,621)
Total Accumulated Depreciation	<u>(34,009,254)</u>	<u>(2,574,033)</u>	<u>124,160</u>	<u>(36,459,127)</u>
Total Capital Assets Being Depreciated, Net	<u>80,453,410</u>	<u>(1,623,665)</u>	<u>(39,216)</u>	<u>78,790,529</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 86,334,351</u>	<u>\$ (1,457,217)</u>	<u>\$ (39,216)</u>	<u>\$ 84,837,918</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	\$ 1,471,056
Support Services	1,004,309
Community Services	<u>98,668</u>
 Total Depreciation Expense- Governmental Activities	 <u><u>\$ 2,574,033</u></u>

8. DUE TO / DUE FROM

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

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 3,940,856	\$ -
Federal Grants Fund	-	2,287,140
Debt Service Fund	-	884,187
Non-Major Funds	<u>-</u>	<u>769,529</u>
	<u><u>\$ 3,940,856</u></u>	<u><u>\$ 3,940,856</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 Refunding Bond 2019A	GO Bonds Series 2011B	2018 PERS Bond	
Amounts Payable in Fiscal Year:						
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
2025-26	-	166,154	-	-	5,290,000	5,456,154
2026-31	-	498,460	9,155,000	15,000,000	6,510,000	31,163,460
2031-36	-	-	19,335,000	-	3,825,000	23,160,000
Total	\$ 285,715	\$ 1,329,230	\$ 31,550,000	\$ 15,000,000	\$ 19,115,000	\$ 67,279,945

Changes in long term obligations outstanding are as follows:

Issue Date	Interest Rates	Original Issue	Outstanding July 1, 2020	Additions	Matured And Redeemed	Outstanding June 30, 2021	Due Within One Year
May 29, 2009	0%	2,000,000	\$ 428,572	\$ -	\$ 142,857	\$ 285,715	\$ 142,857
August 11, 2011	2.0-5.0%	48,000,000	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	1,495,384	-	166,154	1,329,230	166,154
September 26, 2019	1.9-3.0%	35,130,000	34,220,000	-	2,670,000	31,550,000	2,105,000
December 20, 2018	2.9-4.72%	20,210,000	19,815,000	-	700,000	19,115,000	780,000
Total Long Term Obligations			\$ 73,013,956	\$ -	\$ 5,734,011	\$ 67,279,945	\$ 3,194,011

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/2020-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, 2018 actuarial valuation, which became effective July 1, 2020. 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, 2021 were \$3,967,382, excluding amounts to fund employer specific liabilities. In addition approximately \$1,175,131 in employee contributions were paid or picked up by the District in fiscal 2021. At June 30, 2021, the District reported a net pension liability of \$31,855,760 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. 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, 2020 and 2019, the District's proportion was .146 percent and .153 percent, respectively. Pension expense for the year ended June 30, 2021 was \$8,426,421.

The rates in effect for the year ended June 30, 2021 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, 2022.

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	\$ 1,402,039	\$ -
Changes in assumptions	1,709,598	59,901
Net difference between projected and actual earnings on pension plan investments	3,745,823	-
Net changes in proportionate share	-	7,779,947
Differences between District contributions and proportionate share of contributions	<u>13,727,772</u>	<u>-</u>
Subtotal - Amortized Deferrals (below)	20,585,232	7,839,848
District contributions subsequent to measuring date	<u>3,967,382</u>	<u>-</u>
Deferred outflow (inflow) of resources	<u>\$ 24,552,614</u>	<u>\$ 7,839,848</u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 3,067,351
2023	3,992,124
2024	4,088,604
2025	1,622,058
2026	(24,753)
Thereafter	-
Total	<u>\$ 12,745,384</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 12, 2021. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-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, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.50 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: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Investments	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

(Source: June 30, 2020 PERS CAFR; p. 102)

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 May 2019 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	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	38.00%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2020 PERS CAFR; p. 74)

Discount Rate – The discount rate used to measure the total pension liability 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	\$ 47,303,172	\$ 31,855,760	\$ 18,902,388

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, 2020 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:

The District pays six (6) percent of employee's covered payroll on behalf of the employees. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2021.

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 \$50,133 and \$49,606 for the 2020-21 and 2019-20 fiscal years respectively. Total retirement stipend obligation for the fiscal years 2020-21 and 2019-20 were \$46,948 and \$44,072 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, 2020 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year		2.25%
General Inflation Rate per year		2.00%
Salary Scale per year		3.00%
Annual Medical Premium increase rate	2020-21	3.50%
	2021-22	4.00%
	2022-23	4.50%
	2023-24	5.00%
	2024-25	5.50%
Decreasing 0.1% per year until 2040+	2025-26	6.00%

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

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

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

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

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

Total Stipend Liability - Beginning	<u>2021</u>	<u>2020</u>	<u>2019</u>
	\$ 959,393	\$ 845,035	\$ 482,586
Changes for the Year:			
Service Cost	57,024	55,096	24,793
Interest	22,578	30,520	18,018
Changes of Benefit Terms	-	-	398,646
Differences Between Expected and Actual Experience	(6,642)	-	(22,809)
Changes of Assumptions or Other Input	3,620	85,022	(2,386)
Benefit Payments	<u>(25,873)</u>	<u>(56,279)</u>	<u>(53,812)</u>
Net Changes for the Year	50,707	114,358	362,449
Total Stipend Liability - Ending	<u>\$ 1,010,100</u>	<u>\$ 959,393</u>	<u>\$ 845,035</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	\$ 1,733,797	\$ 1,010,100	\$ 2,407,873

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ 23,712
Changes in assumptions	75,302	1,834
Deferred outflow (inflow) of resources	<u>\$ 75,302</u>	<u>\$ 25,546</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>
2022	\$ 4,386
2023	4,386
2024	4,386
2025	4,386
2026	4,386
Thereafter	27,826
Total	<u>\$ 49,756</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, 2020 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Discount Rate per year		2.25%
General Inflation Rate per year		2.00%
Salary Scale per year		3.00%
Annual Medical Premium increase rate	2020-21	3.50%
	2021-22	4.00%
	2022-23	4.50%
	2023-24	5.00%
	2024-25	5.50%
Decreasing 0.1% per year until 2038-39	2025-26	6.00%

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

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

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

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

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

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:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability - Beginning	\$ 2,467,660	\$ 2,164,322	\$ 2,226,997
Changes for the Year:			
Service Cost	152,066	146,924	118,216
Interest	57,835	100,607	85,372
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(364,241)	-	(26,360)
Changes of Assumptions or Other Input	(209,287)	206,856	(102,669)
Benefit Payments	<u>(98,525)</u>	<u>(151,049)</u>	<u>(137,234)</u>
Net Changes for the Year	(462,152)	303,338	(62,675)
Total Stipend Liability - Ending	<u>\$ 2,005,508</u>	<u>\$ 2,467,660</u>	<u>\$ 2,164,322</u>

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:

	<u>1% Decrease 1.25%</u>	<u>Current Discount Rate 2.25%</u>	<u>1% Increase 3.25%</u>
Total OPEB Liability	\$ 2,171,408	\$ 2,005,508	\$ 1,850,191

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

	<u>1% Decrease 2.5%, trending up to 5.0%, then back down to 3.5%</u>	<u>Current Trend Rate 3.5%, trending up to 6.0%, then back down to 4.5%</u>	<u>1% Increase 4.5%, trending up to 7.0%, then back down to 5.5%</u>
Total OPEB Liability	\$ 1,095,598	\$ 2,005,508	\$ 930,032

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	\$ -	\$ 335,186
Changes in assumptions	155,141	247,294
Deferred outflow (inflow) of resources	\$ 155,141	\$ 582,480

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
2022	\$ (61,963)
2023	(61,963)
2024	(61,963)
2025	(61,963)
2026	(61,963)
Thereafter	(117,526)
Total	\$ (427,341)

13. OTHER POST EMPLOYEMENT BENEFIT PLAN – RHIA

Plan Description:

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

Funding Policy:

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.53% of annual covered OPERF payroll and 0.45% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA for the years ended June 30, 2019, 2020 and 2021 were \$81,506, \$19,857 and \$3,278, respectively, which equaled the required contributions each year.

At June 30, 2021, the District reported a net OPEB liability/(asset) of (\$566,566) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2020 and 2019, the District's proportion was .28 percent and .16 percent, respectively. OPEB expense for the year ended June 30, 2021 was (\$151,526).

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (91,127)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	(60,399)
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
Employer's Total OPEB Expense/(Income)	<u>\$ (151,526)</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Components of Deferred Outflows/Inflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 57,920
Changes in assumptions	-	30,116
Net difference between projected and actual earnings on pension plan investments	63,007	-
Net changes in proportionate share	1,515	115,948
Differences between District contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	64,522	203,984
District contributions subsequent to measuring date	3,278	-
Deferred outflow (inflow) of resources	\$ 67,800	\$ 203,984

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2022.

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
2022	\$ (116,195)
2023	(66,433)
2024	23,291
2025	19,875
2026	-
Thereafter	-
Total	\$ (139,462)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2020. That independently audited report was dated March 12, 2021 and can be found at:

https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB_75_FYE_6.30.2020.pdf

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Actuarial Methods and Assumptions:

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

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

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2020 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

13. OTHER POST EMPLOYEMENT BENEFIT PLAN – RHIA (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 May 2019 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	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	38.00%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2020 PERS CAFR; p. 74)

Sensitivity of the District’s proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District’s proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 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 one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net OPEB liability (asset)	\$ (457,407)	\$ (566,566)	\$ (659,902)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

14. 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.

2020-21 Current Tax Limits Imposed

Permanent Rate	\$4.8906 / \$1,000
Bonded Debt Amount	\$6,072,305

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

15. 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.

16. 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.

17. 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, 2021, 2020, and 2019 are as follows:

	<u>FY 2020/21</u>	<u>FY 2019/20</u>	<u>FY 2018/19</u>
Revenues	\$ 265,490	\$ 318,051	\$ 298,773
Expenditures	<u>448,518</u>	<u>335,237</u>	<u>331,194</u>
Variance	(183,028)	(17,186)	(32,421)
FTE Funded	4	3	3
Number of Schools Funded	4	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

18. GASB STATEMENT #54 - FUND BALANCES

Fund balances by classification for the year ended June 30, 2021 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>	\$ 118,011	\$ -	\$ -	\$ -	\$ -	\$ 118,011
<u>Restricted:</u>						
Debt Service	-	-	-	617,229	67,614	684,843
Food Service	-	-	-	-	84,408	84,408
Special Revenue	-	-	128	-	251,159	251,287
Capital	-	-	-	-	1,416,438	1,416,438
Total Restricted	<u>-</u>	<u>-</u>	<u>128</u>	<u>617,229</u>	<u>1,819,619</u>	<u>2,436,976</u>
<u>Committed:</u>						
Transportation	-	-	-	-	152,099	152,099
Student Body	-	-	-	-	424,065	424,065
Risk Management	-	-	-	-	163,551	163,551
Special Revenue	-	2,156,049	-	-	-	2,156,049
Technology						
Replacement	37,168	-	-	-	-	37,168
Textbook	111,893	-	-	-	-	111,893
Early Retirement	-	-	-	-	77,371	77,371
PERS	248,475	-	-	-	-	248,475
Total Committed	<u>397,536</u>	<u>2,156,049</u>	<u>-</u>	<u>-</u>	<u>817,086</u>	<u>3,370,671</u>
<u>Unassigned:</u>						
General	<u>2,939,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,939,079</u>
Total Unassigned	<u>2,939,079</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,939,079</u>
Total Fund Balances	<u>\$ 3,454,626</u>	<u>\$ 2,156,049</u>	<u>\$ 128</u>	<u>\$ 617,229</u>	<u>\$ 2,636,705</u>	<u>\$ 8,864,737</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

19. TAX ABATEMENTS (GASB #77)

As of June 30, 2021, 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

19. 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

19. 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, 2021, Multnomah County School District No. 3 had abated property taxes totaling \$400,248 under these programs.

<u>Tax Abatement Program</u>	<u>Fiscal Year</u>	<u>Percentage of Total</u>
New Housing HBO	\$ 4,724	1.2%
COP Low Income Rental Housing	12,128	3.0%
Religious School/Student	62,253	15.6%
IND Appr of Trng Trust	9,627	2.4%
Enterprise Zone	308,163	77.0%
Alternative Energy	3,353	0.8%
Total	\$ 400,248	100%

20. 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.

21. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$38,523 is reported in the beginning net position and fund balance of the financial statements due to a correction for a prior year transaction.

REQUIRED SUPPLEMENTAL INFORMATION

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, 2021

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

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFITS (OPEB) LIABILITY
HEALTH INSURANCE SUBSIDY
For the Year Ended June 30, 2021

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

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

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
2021	0.15 %	\$ 31,855,760	\$ 19,815,793	160.8 %	75.8 %
2020	0.15	26,505,366	19,012,659	139.4	80.2
2019	0.23	34,357,758	19,052,826	180.3	82.1
2018	0.24	32,625,181	18,320,426	178.1	83.1
2017	0.28	41,925,383	17,832,119	235.1	80.5
2016	0.32	18,626,897	17,422,657	106.9	91.9
2015	0.36	(8,175,753)	16,231,106	(50.4)	103.6
2014	0.36	18,406,404	16,303,974	112.9	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

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

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

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA)
For the Year Ended June 30, 2021

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

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

SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS

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

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

MULTNOMAH COUNTY SCHOOL DISTRICT # 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2021

	<u>General Fund</u>			VARIANCE TO FINAL BUDGET
	BUDGET		ACTUAL	
	ORIGINAL	FINAL		
REVENUES:				
Local Sources:				
Property Taxes	\$ 21,863,285	\$ 21,863,285	\$ 22,114,455	\$ 251,170
Interest	184,800	184,800	81,781	(103,019)
Other Local Sources	269,223	269,224	160,047	(109,177)
Intermediate Sources	408,421	408,421	387,121	(21,300)
State Sources	13,160,659	13,171,843	12,598,977	(572,866)
Federal Sources	13,000	13,000	1,112	(11,888)
Total Revenues	<u>35,899,388</u>	<u>35,910,573</u>	<u>35,343,493</u>	<u>(567,080)</u>
EXPENDITURES:				
Instruction:				
Salaries	11,933,118	11,933,118	11,452,352	480,766
Employee Benefits	7,212,000	7,212,000	7,021,889	190,111
Purchased Services	2,209,618	1,808,671	1,363,787	444,884
Supplies and Materials	231,751	231,751	181,985	49,766
Other Objects	13,095	13,095	22,973	(9,878)
Total Instruction	<u>21,599,582</u>	<u>21,198,635 (1)</u>	<u>20,042,986</u>	<u>1,155,649</u>
Support Services:				
Salaries	6,581,192	6,592,376	5,988,777	603,599
Employee Benefits	4,441,649	4,441,649	3,732,912	708,737
Purchased Services	2,922,243	2,529,654	1,865,743	663,911
Supplies and Materials	524,653	524,653	249,301	275,352
Other Objects	813,929	805,571	1,231,469	(425,898)
Total Support Services	<u>15,283,666</u>	<u>14,893,903 (1)</u>	<u>13,068,202</u>	<u>1,825,701</u>
Contingency	500,000	500,000 (1)	-	500,000
Total Expenditures	<u>37,383,248</u>	<u>36,592,538</u>	<u>33,111,188</u>	<u>3,481,350</u>
Excess of Revenues Over (Under) Expenditures	(1,483,860)	(681,965)	2,232,305	2,914,270
Other Financing Sources, (Uses):				
Sale of Capital Assets	1,500	1,500	1,461	(39)
Transfers Out	(142,857)	(142,857) (1)	-	142,857
Total Other Financing Sources, (Uses)	<u>(141,357)</u>	<u>(141,357)</u>	<u>1,461</u>	<u>142,818</u>
Net Change in Fund Balance	(1,625,217)	(823,322)	2,233,766	3,057,088
Beginning Fund Balance	<u>1,625,217</u>	<u>823,322</u>	<u>823,324</u>	<u>2</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,057,090</u>	<u>\$ 3,057,090</u>

RECONCILIATION TO GAAP FUND BALANCE

PERS Stabilization Fund	248,475
Technology Replacement Fund	37,168
Textbook Fund	<u>111,893</u>
Total	<u>\$ 3,454,626</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, 2021

<u>Thompson Special Fund</u>				
	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources	\$ 815,086	\$ 815,086	\$ 774,706	\$ (40,380)
Total Revenues	815,086	815,086	774,706	(40,380)
EXPENDITURES:				
Support Services:				
Salaries	197,341	145,841	82,691	63,150
Employee Benefits	99,558	99,558	49,535	50,023
Purchased Services	1,489,974	1,087,072	492,465	594,607
Supplies and Materials	400,547	280,547	102,364	178,183
Other Objects	105,615	52,115	28,929	23,186
Total Support Services	2,293,035	1,665,133 (1)	755,984	909,149
Enterprise and Community Service:				
Salaries	121,521	59,721	54,452	5,269
Employee Benefits	63,270	37,964	34,779	3,185
Total Enterprise and Community Service	184,791	97,685 (1)	89,231	8,454
Facilities Acquisition and Construction:				
Capital Outlay	-	298,921	557,983	(259,062)
Total Facilities Acquisition and Construction	-	298,921 (1)	557,983	(259,062)
Contingency	1,417,887	1,417,887 (1)	-	1,417,887
Total Expenditures	3,895,713	3,479,626	1,403,198	2,076,428
Excess of Revenues Over (Under) Expenditures	(3,080,627)	(2,664,540)	(628,492)	2,036,048
Other Financing Sources, (Uses):				
Transfers Out	(120,000)	(120,000) (1)	-	120,000
Total Other Financing Sources, (Uses)	(120,000)	(120,000)	-	120,000
Net Change in Fund Balance	(3,200,627)	(2,784,540)	(628,492)	2,156,048
Beginning Fund Balance	3,200,627	2,784,540	2,784,541	1
Ending Fund Balance	\$ -	\$ -	\$ 2,156,049	\$ 2,156,049

(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, 2021

	<u>Federal Grants Fund</u>		ACTUAL	VARIANCE TO FINAL BUDGET
	BUDGET			
	ORIGINAL	FINAL		
REVENUES:				
State Sources	\$ 57,474	\$ 57,474	\$ -	\$ (57,474)
Federal Sources	2,210,440	7,052,101	4,092,074	(2,960,027)
Total Revenues	<u>2,267,914</u>	<u>7,109,575</u>	<u>4,092,074</u>	<u>(3,017,501)</u>
EXPENDITURES:				
Instruction:				
Salaries	989,369	1,191,946	834,635	357,311
Employee Benefits	806,132	621,468	572,218	49,250
Purchased Services	28,664	135,504	116,936	18,568
Supplies and Materials	190,225	2,339,477	148,890	2,190,587
Other Objects	25,681	25,681	34,600	(8,919)
Total Instruction	<u>2,040,071</u>	<u>4,314,076</u> (1)	<u>1,707,279</u>	<u>2,606,797</u>
Support Services:				
Salaries	106,860	111,860	185,012	(73,152)
Employee Benefits	64,965	64,965	98,183	(33,218)
Purchased Services	189,482	216,750	207,028	9,722
Supplies and Materials	189,269	1,201,730	1,183,471	18,259
Other Objects	55,854	60,666	36,029	24,637
Total Support Services	<u>606,430</u>	<u>1,655,971</u> (1)	<u>1,709,723</u>	<u>(53,752)</u>
Enterprise and Community Services:				
Salaries	-	-	147,203	(147,203)
Employee Benefits	-	-	149,693	(149,693)
Purchased Services	138,220	84,490	98,677	(14,187)
Supplies and Materials	57,112	285,765	234,544	51,221
Other Objects	-	-	44,955	(44,955)
Total Enterprise and Community Services	<u>195,332</u>	<u>370,255</u> (1)	<u>675,072</u>	<u>(304,817)</u>
Facilities Acquisition and Construction:				
Capital Outlay	-	169,400 (1)	-	169,400
Total Facilities Acquisition and Construction	<u>-</u>	<u>169,400</u>	<u>-</u>	<u>169,400</u>
Total Expenditures	<u>2,841,833</u>	<u>6,509,702</u>	<u>4,092,074</u>	<u>2,417,628</u>
Excess of Revenues Over (Under) Expenditures	(573,919)	599,873	-	(599,873)
Other Financing Sources, (Uses):				
Transfers Out	-	(600,000) (1)	-	600,000
Total Other Financing Sources, (Uses)	<u>-</u>	<u>(600,000)</u>	<u>-</u>	<u>600,000</u>
Net Change in Fund Balance	(573,919)	(127)	-	127
Beginning Fund Balance	<u>573,919</u>	<u>127</u>	<u>128</u>	<u>1</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128</u>	<u>\$ 128</u>

(1) Appropriation Level

SUPPLEMENTARY INFORMATION

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET -BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2021

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	\$ 6,084,070	\$ 6,084,070	\$ 5,939,503	\$ (144,567)
Other Taxes	-	-	7,443	7,443
Interest	15,600	15,600	31,073	15,473
Federal Sources	<u>700,000</u>	<u>700,000</u>	<u>693,471</u>	<u>(6,529)</u>
Total Revenues	<u>6,799,670</u>	<u>6,799,670</u>	<u>6,671,490</u>	<u>(128,180)</u>
EXPENDITURES:				
Debt Service:				
Principal	5,034,011	5,034,011	5,034,011	-
Interest	<u>1,743,690</u>	<u>1,753,690</u>	<u>1,746,161</u>	<u>7,529</u>
Total Debt Service	<u>6,777,701</u>	<u>6,787,701 (1)</u>	<u>6,780,172</u>	<u>7,529</u>
Contingency	<u>730,385</u>	<u>1,046,891 (1)</u>	<u>-</u>	<u>1,046,891</u>
Total Expenditures	<u>7,508,086</u>	<u>7,834,592</u>	<u>6,780,172</u>	<u>1,054,420</u>
Excess of Revenues Over (Under) Expenditures	(708,416)	(1,034,922)	(108,682)	926,240
Other Financing Sources, (Uses):				
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>309,011</u>	<u>-</u>	<u>309,011</u>
Net Change in Fund Balance	(399,405)	(725,911)	(108,682)	617,229
Beginning Fund Balance	<u>399,405</u>	<u>725,911</u>	<u>725,911</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 617,229</u>	<u>\$ 617,229</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR PERS DEBT SERVICE FUND	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS:				
Cash and Investments	\$ 1,362,997	\$ -	\$ 1,993,511	\$ 3,356,508
Accounts and Grants Receivable	436,953	-	4,416	441,369
Total Assets	<u>\$ 1,799,950</u>	<u>\$ -</u>	<u>\$ 1,997,927</u>	<u>\$ 3,797,877</u>
 LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 181,242	\$ -	\$ 174,543	\$ 355,785
Deferred Revenue	35,858	-	-	35,858
Due To Other Funds	362,583	-	406,946	769,529
Total Liabilities	<u>579,683</u>	<u>-</u>	<u>581,489</u>	<u>1,161,172</u>
Fund Balances:				
Restricted	403,181	-	1,416,438	1,819,619
Committed	817,086	-	-	817,086
Total Fund Balances	<u>1,220,267</u>	<u>-</u>	<u>1,416,438</u>	<u>2,636,705</u>
Total Liabilities and Fund Balances	<u>\$ 1,799,950</u>	<u>\$ -</u>	<u>\$ 1,997,927</u>	<u>\$ 3,797,877</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
SPECIAL REVENUE NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	RISK MANAGEMENT FUND	STUDENT INVESTMENT FUND
ASSETS:				
Cash and Investments	\$ 67,614	\$ 309,259	\$ 166,452	\$ 64,794
Accounts and Grants Receivable	-	36,039	-	-
Total Assets	\$ 67,614	\$ 345,298	\$ 166,452	\$ 64,794
 LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	-	\$ 15,432	\$ 2,901	\$ 42,267
Unearned Revenue	-	-	-	-
Due To Other Funds	-	245,458	-	-
Total Liabilities	-	260,890	2,901	42,267
Fund Balances:				
Restricted	67,614	84,408	-	22,527
Committed	-	-	163,551	-
Total Fund Balances	67,614	84,408	163,551	22,527
Total Liabilities and Fund Balances	\$ 67,614	\$ 345,298	\$ 166,452	\$ 64,794

MEASURE 98 FUND	PRIVATE AND STATE GRANTS FUND	TRANS- PORTATION FUND	EARLY RETIREMENT FUND	STUDENT BODY FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ 71,716	\$ 28,847	\$ 152,099	\$ 77,371	\$ 424,845	\$ 1,362,997
303,154	97,145	-	-	615	436,953
<u>\$ 374,870</u>	<u>\$ 125,992</u>	<u>\$ 152,099</u>	<u>\$ 77,371</u>	<u>\$ 425,460</u>	<u>\$ 1,799,950</u>
\$ 107,219	\$ 12,028	\$ -	\$ -	\$ 1,395	\$ 181,242
35,858	-	-	-	-	35,858
117,125	-	-	-	-	362,583
<u>260,202</u>	<u>12,028</u>	<u>-</u>	<u>-</u>	<u>1,395</u>	<u>579,683</u>
114,668	113,964	-	-	-	403,181
-	-	152,099	77,371	424,065	817,086
<u>114,668</u>	<u>113,964</u>	<u>152,099</u>	<u>77,371</u>	<u>424,065</u>	<u>1,220,267</u>
<u>\$ 374,870</u>	<u>\$ 125,992</u>	<u>\$ 152,099</u>	<u>\$ 77,371</u>	<u>\$ 425,460</u>	<u>\$ 1,799,950</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
CAPITAL PROJECTS NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	<u>CAPITAL PROJECTS FUND</u>	<u>CAPITAL EQUIPMENT FUND</u>	<u>CAPITAL GO BOND FUND</u>	<u>CAPITAL FLEET REPLACEMENT FUND</u>	<u>TOTAL NONMAJOR CAPITAL PROJECTS FUNDS</u>
ASSETS:					
Cash and Investments	\$ 1,273,169	\$ 132,400	\$ 471,773	\$ 116,169	\$ 1,993,511
Accounts and Grants Receivable	4,416	-	-	-	4,416
Total Assets	<u><u>\$ 1,277,585</u></u>	<u><u>\$ 132,400</u></u>	<u><u>\$ 471,773</u></u>	<u><u>\$ 116,169</u></u>	<u><u>\$ 1,997,927</u></u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 166,448	\$ -	\$ 8,095	\$ -	\$ 174,543
Due To Other Funds	-	-	406,946	-	406,946
Total Liabilities	<u>166,448</u>	<u>-</u>	<u>415,041</u>	<u>-</u>	<u>581,489</u>
Fund Balances:					
Restricted	<u>1,111,137</u>	<u>132,400</u>	<u>56,732</u>	<u>116,169</u>	<u>1,416,438</u>
Total Fund Balances	<u>1,111,137</u>	<u>132,400</u>	<u>56,732</u>	<u>116,169</u>	<u>1,416,438</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,277,585</u></u>	<u><u>\$ 132,400</u></u>	<u><u>\$ 471,773</u></u>	<u><u>\$ 116,169</u></u>	<u><u>\$ 1,997,927</u></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, 2021

	COMBINED NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR PERS DEBT SERVICE FUND	COMBINED NONMAJOR CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Local Sources:				
Interest	\$ 525	\$ -	\$ 9,010	\$ 9,535
Other Local Sources	327,861	-	148,572	476,433
State Sources	2,301,153	1,536,808	-	3,837,961
Federal Sources	702,223	-	-	702,223
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	3,331,762	1,536,808	157,582	5,026,152
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Instruction	1,910,360	-	-	1,910,360
Support Services	509,625	-	166,448	676,073
Enterprise and Community Services	823,596	-	-	823,596
Facilities Acquisition and Construction	-	-	31,639	31,639
Debt Service	-	1,536,808	-	1,536,808
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	3,243,581	1,536,808	198,087	4,978,476
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	88,181	-	(40,505)	47,676
Beginning Fund Balance	1,132,086	-	1,418,420	2,550,506
Prior Period Adjustment	-	-	38,523	38,523
	<hr/>	<hr/>	<hr/>	<hr/>
Ending Fund Balance	<u>\$ 1,220,267</u>	<u>\$ -</u>	<u>\$ 1,416,438</u>	<u>\$ 2,636,705</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, 2021

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	RISK MANAGEMENT FUND	STUDENT INVESTMENT FUND
REVENUES:				
Local Sources:				
Interest	\$ 525	\$ -	\$ -	\$ -
Other Local Sources	-	763	99,842	-
State Sources	-	21,923	-	853,350
Federal Sources	-	702,223	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	525	724,909	99,842	853,350
	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES:				
Instruction	-	-	-	471,305
Support Services	-	-	89,633	237,270
Enterprise and Community Services	-	700,539	-	122,248
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	-	700,539	89,633	830,823
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	525	24,370	10,209	22,527
Beginning Fund Balance	<hr/> 67,089	<hr/> 60,038	<hr/> 153,342	<hr/> -
Ending Fund Balance	<hr/> <u>\$ 67,614</u>	<hr/> <u>\$ 84,408</u>	<hr/> <u>\$ 163,551</u>	<hr/> <u>\$ 22,527</u>

MEASURE 98 FUND	PRIVATE AND STATE GRANTS FUND	TRANS- PORTATION FUND	EARLY RETIREMENT FUND	STUDENT BODY FUND	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525
-	140,216	-	2,328	84,712	327,861
1,140,163	285,717	-	-	-	2,301,153
-	-	-	-	-	702,223
<u>1,140,163</u>	<u>425,933</u>	<u>-</u>	<u>2,328</u>	<u>84,712</u>	<u>3,331,762</u>
959,260	368,759	-	-	111,036	1,910,360
66,235	68,276	-	48,211	-	509,625
-	809	-	-	-	823,596
<u>1,025,495</u>	<u>437,844</u>	<u>-</u>	<u>48,211</u>	<u>111,036</u>	<u>3,243,581</u>
114,668	(11,911)	-	(45,883)	(26,324)	88,181
-	125,875	152,099	123,254	450,389	1,132,086
<u>\$ 114,668</u>	<u>\$ 113,964</u>	<u>\$ 152,099</u>	<u>\$ 77,371</u>	<u>\$ 424,065</u>	<u>\$ 1,220,267</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, 2021

	<u>CAPITAL PROJECTS FUND</u>	<u>CAPITAL EQUIPMENT FUND</u>	<u>CAPITAL GO BOND FUND</u>	<u>CAPITAL FLEET REPLACEMENT FUND</u>	<u>TOTAL NONMAJOR CAPITAL PROJECTS FUNDS</u>
REVENUES:					
Local Sources:					
Interest	\$ -	\$ -	\$ 6,804	\$ 2,206	\$ 9,010
Other Local Sources	148,572	-	-	-	148,572
Total Revenues	<u>148,572</u>	<u>-</u>	<u>6,804</u>	<u>2,206</u>	<u>157,582</u>
EXPENDITURES:					
Support Services	166,448	-	-	-	166,448
Facilities Acquisition and Construction	-	-	31,639	-	31,639
Total Expenditures	<u>166,448</u>	<u>-</u>	<u>31,639</u>	<u>-</u>	<u>198,087</u>
Net Change in Fund Balance	(17,876)	-	(24,835)	2,206	(40,505)
Beginning Fund Balance	1,129,013	132,400	81,567	75,440	1,418,420
Prior Period Adjustment	-	-	-	38,523	38,523
Ending Fund Balance	<u>\$ 1,111,137</u>	<u>\$ 132,400</u>	<u>\$ 56,732</u>	<u>\$ 116,169</u>	<u>\$ 1,416,438</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, 2021

	<u>Tax Anticipation Note Fund</u>			VARIANCE TO FINAL BUDGET
	<u>BUDGET</u>		<u>ACTUAL</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources:				
Interest	\$ 1,700	\$ 1,940	\$ 525	\$ (1,415)
Total Revenues	<u>1,700</u>	<u>1,940</u>	<u>525</u>	<u>(1,415)</u>
EXPENDITURES:				
Support Services:				
Purchased Services	<u>14,030</u>	<u>14,030</u>	<u>-</u>	<u>14,030</u>
Total Support Services	<u>14,030</u>	<u>14,030 (1)</u>	<u>-</u>	<u>14,030</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>4,104,030</u>	<u>4,104,030</u>	<u>-</u>	<u>4,104,030</u>
Excess of Revenues Over (Under) Expenditures	(4,102,330)	(4,102,090)	525	(4,102,615)
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	(67,330)	(67,090)	525	67,615
Beginning Fund Balance	<u>67,330</u>	<u>67,090</u>	<u>67,089</u>	<u>(1)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,614</u>	<u>\$ 67,614</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, 2021

Food Service Fund

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ 106,500	\$ 74,188	\$ 763	\$ (73,425)
State Sources	27,000	27,000	21,923	(5,077)
Federal Sources	1,844,159	1,244,159	702,223	(541,936)
Total Revenues	<u>1,977,659</u>	<u>1,345,347</u>	<u>724,909</u>	<u>(620,438)</u>
EXPENDITURES:				
Enterprise and Community Services:				
Salaries	510,741	510,741	326,280	184,461
Employee Benefits	451,577	451,577	278,504	173,073
Purchased Services	288,539	288,539	-	288,539
Supplies and Materials	778,500	778,500	95,720	682,780
Capital Outlay	7,000	7,000	-	7,000
Other Objects	7,800	7,800	35	7,765
Total Enterprise and Community Services	<u>2,044,157</u>	<u>2,044,157</u> (1)	<u>700,539</u>	<u>1,343,618</u>
Contingency	11,229	11,229 (1)	-	11,229
Total Expenditures	<u>2,055,386</u>	<u>2,055,386</u>	<u>700,539</u>	<u>1,354,847</u>
Excess of Revenues Over, -Under Expenditures	(77,727)	(710,039)	24,370	(734,409)
Other Financing Sources, (Uses):				
Transfers In	50,000	650,000	-	650,000
Total Other Financing Sources, (Uses)	<u>50,000</u>	<u>650,000</u>	<u>-</u>	<u>650,000</u>
Net Change in Fund Balance	(27,727)	(60,039)	24,370	84,409
Beginning Fund Balance	<u>27,727</u>	<u>60,039</u>	<u>60,038</u>	<u>(1)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,408</u>	<u>\$ 84,408</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, 2021

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Risk Management Fund				
REVENUES:				
Local Sources	\$ 35,000	\$ 35,000	\$ 99,842	\$ 64,842
Total Revenues	35,000	35,000	99,842	64,842
EXPENDITURES:				
Support Services:				
Employee Benefits	83,460	83,460	65,928	17,532
Purchased Services	35,500	35,500	5,923	29,577
Supplies and Materials	7,000	42,592	16,897	25,695
Other Objects	10,000	10,000	885	9,115
Total Support Services	135,960	171,552 (1)	89,633	81,919
Contingency:	16,790	16,790 (1)	-	16,790
Total Expenditures	152,750	188,342	89,633	98,709
Net Change in Fund Balance	(117,750)	(153,342)	10,209	163,551
Beginning Fund Balance	117,750	153,342	153,342	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,551</u>	<u>\$ 163,551</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, 2021

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
	<u>Student Investment Fund</u>			
REVENUES:				
State Sources	\$ 2,764,452	\$ 853,349	\$ 853,350	\$ 1
Total Revenues	<u>2,764,452</u>	<u>853,349</u>	<u>853,350</u>	<u>1</u>
EXPENDITURES:				
Instruction:				
Salaries	707,942	208,355	208,339	16
Employee Benefits	525,798	188,840	85,889	102,951
Purchased Services	69,991	17,991	106,372	(88,381)
Supplies & Materials	18,000	18,000	33,335	(15,335)
Other Objects	138,220	42,667	37,370	5,297
Total Instruction	<u>1,459,951</u>	<u>475,853 (1)</u>	<u>471,305</u>	<u>4,548</u>
Support Services:				
Salaries	617,974	48,562	75,937	(27,375)
Employee Benefits	501,527	51,434	34,591	16,843
Purchased Services	55,000	47,500	74,497	(26,997)
Supplies & Materials	55,000	55,000	52,245	2,755
Total Support Services	<u>1,229,501</u>	<u>202,496 (1)</u>	<u>237,270</u>	<u>(34,774)</u>
Enterprise and Community Services:				
Purchased Services	75,000	175,000	122,248	52,752
Total Enterprise and Community Services	<u>75,000</u>	<u>175,000 (1)</u>	<u>122,248</u>	<u>52,752</u>
Total Expenditures	<u>2,764,452</u>	<u>853,349</u>	<u>830,823</u>	<u>22,526</u>
Net Change in Fund Balance	-	-	22,527	22,527
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,527</u>	<u>\$ 22,527</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, 2021

	<u>Measure 98 Fund</u>			
	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
State Sources	\$ 898,000	\$ 1,140,162	\$ 1,140,163	\$ 1
Total Revenues	898,000	1,140,162	1,140,163	1
EXPENDITURES:				
Instruction:				
Salaries	456,760	456,760	531,268	(74,508)
Employee Benefits	319,405	319,405	305,052	14,353
Purchased Services	210,000	155,506	44,539	110,967
Supplies & Materials	121,023	121,023	19,650	101,373
Other Objects	20,468	20,468	58,751	(38,283)
Total Instruction	1,127,656	1,073,162 (1)	959,260	113,902
Support Services				
Capital Outlay	-	67,000	66,235	
Total Support Services	-	67,000 (1)	66,235	-
Total Expenditures	1,127,656	1,140,162	1,025,495	114,667
Net Change in Fund Balance	(229,656)	-	114,668	114,668
Beginning Fund Balance	229,656	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ 114,668	\$ 114,668

(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, 2021

Private and State Grants Fund

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ 59,500	\$ 82,000	\$ 140,216	\$ 58,216
State Sources	108,723	352,788	285,717	(67,071)
Total Revenues	<u>168,223</u>	<u>434,788</u>	<u>425,933</u>	<u>(8,855)</u>
EXPENDITURES:				
Instruction:				
Salaries	9,283	9,283	148,592	(139,309)
Employee Benefits	3,224	3,224	105,181	(101,957)
Purchased Services	54,201	81,463	67,234	14,229
Supplies and Materials	13,199	150,923	47,582	103,341
Other Objects	1,733	3,232	170	3,062
Total Instruction	<u>81,640</u>	<u>248,125</u> (1)	<u>368,759</u>	<u>(120,634)</u>
Support Services:				
Salaries	-	9,217	17,891	(8,674)
Employee Benefits	-	-	9,118	(9,118)
Purchased Services	39,309	44,309	13,660	30,649
Supplies and Materials	113,074	119,574	26,414	93,160
Other Objects	5,163	16,346	1,193	15,153
Total Support Services	<u>157,546</u>	<u>189,446</u> (1)	<u>68,276</u>	<u>121,170</u>
Enterprise and Community Services:				
Salaries	-	-	599	(599)
Employee Benefits	-	-	210	(210)
Purchased Services	25,111	25,111	-	25,111
Capital Outlay	2,540	2,540	-	2,540
Total Enterprise and Community Services	<u>27,651</u>	<u>27,651</u> (1)	<u>809</u>	<u>26,842</u>
Facilities Acquisition and Construction				
Capital Outlay	-	95,442	-	95,442
Total Facilities Acquisition and Construction	<u>-</u>	<u>95,442</u> (1)	<u>-</u>	<u>95,442</u>
Total Expenditures	<u>266,837</u>	<u>560,664</u>	<u>437,844</u>	<u>122,820</u>
Net Change in Fund Balance	(98,614)	(125,876)	(11,911)	113,965
Beginning Fund Balance	<u>98,614</u>	<u>125,876</u>	<u>125,875</u>	<u>(1)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 113,964</u>	<u>\$ 113,964</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, 2021

Transportation Fund

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
State Sources	\$ 244,795	\$ 30,000	\$ -	\$ (30,000)
Total Revenues	<u>244,795</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
EXPENDITURES:				
Support Services:				
Supplies and Materials	209,586	10,945	-	10,945
Total Support Services	<u>209,586</u>	<u>10,945 (1)</u>	<u>-</u>	<u>10,945</u>
Contingency:	5,000	5,000 (1)	-	5,000
Total Expenditures	<u>214,586</u>	<u>15,945</u>	<u>-</u>	<u>15,945</u>
Excess of Revenues Over (Under) Expenditures	30,209	14,055	-	(14,055)
Other Financing Sources, (Uses):				
Transfers Out	(166,154)	(166,154) (1)	-	(166,154)
Total Other Financing Sources, (Uses)	<u>(166,154)</u>	<u>(166,154)</u>	<u>-</u>	<u>(166,154)</u>
Net Change in Fund Balance	(135,945)	(152,099)	-	152,099
Beginning Fund Balance	<u>135,945</u>	<u>152,099</u>	<u>152,099</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,099</u>	<u>\$ 152,099</u>

(1) Appropriation Level

MULTNOMAH SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2021

	<u>Early Retirement Fund</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>BUDGET</u>			
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ 1,350	\$ 1,350	\$ 2,328	\$ 978
Total Revenues	<u>1,350</u>	<u>1,350</u>	<u>2,328</u>	<u>978</u>
EXPENDITURES:				
Support Services:				
Salaries	228,422	150,705	44,923	105,782
Employee Benefits	55,810	34,810	3,288	31,522
Purchased Services	9,089	9,089	-	9,089
Total Support Services	<u>293,321</u>	<u>194,604</u> (1)	<u>48,211</u>	<u>146,393</u>
Total Expenditures	<u>293,321</u>	<u>194,604</u>	<u>48,211</u>	<u>146,393</u>
Excess of Revenues Over (Under) Expenditures	(291,971)	(193,254)	(45,883)	147,371
Other Financing Sources, (Uses):				
Transfers In	70,000	70,000	-	(70,000)
Total Other Financing Sources, (Uses)	<u>70,000</u>	<u>70,000</u>	<u>-</u>	<u>(70,000)</u>
Net Change in Fund Balance	(221,971)	(123,254)	(45,883)	77,371
Beginning Fund Balance	<u>221,971</u>	<u>123,254</u>	<u>123,254</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,371</u>	<u>\$ 77,371</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, 2021

<u>Student Body Fund</u>				
<u>BUDGET</u>				
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
REVENUES				
Local Sources	\$ 650,000	\$ 604,493	\$ 84,712	\$ (519,781)
Total Revenues	<u>650,000</u>	<u>604,493</u>	<u>84,712</u>	<u>(519,781)</u>
EXPENDITURES:				
Instruction:				
Supplies and Materials	<u>1,054,882</u>	<u>1,054,882</u>	<u>111,036</u>	<u>943,846</u>
Total Expenditures	<u>1,054,882</u>	<u>1,054,882 (1)</u>	<u>111,036</u>	<u>943,846</u>
Net Change in Fund Balance	(404,882)	(450,389)	(26,324)	424,065
Beginning Fund Balance	<u>404,882</u>	<u>450,389</u>	<u>450,389</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,065</u>	<u>\$ 424,065</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, 2021

PERS Debt Service Fund

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
State Sources	\$ 1,536,820	\$ 1,536,820	\$ 1,536,808	\$ (12)
Total Revenues	<u>1,536,820</u>	<u>1,536,820</u>	<u>1,536,808</u>	<u>(12)</u>
EXPENDITURES:				
Debt Service:				
Principal	700,000	700,000	700,000	-
Interest	<u>836,820</u>	<u>836,820</u>	<u>836,808</u>	<u>12</u>
Total Debt Service	<u>1,536,820</u>	<u>1,536,820 (1)</u>	<u>1,536,808</u>	<u>12</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, 2021

Capital Projects Fund

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Revenue	\$ 179,001	\$ 179,001	\$ 148,572	\$ (30,429)
Total Revenues	179,001	179,001	148,572	(30,429)
EXPENDITURES:				
Support Services:				
Purchased Services	971,158	1,008,014	166,448	841,566
Capital Outlay	150,000	150,000	-	150,000
Total Support Services	1,121,158	1,158,014 (1)	166,448	991,566
Contingency	150,000	150,000 (1)	-	150,000
Total Expenditures	1,271,158	1,308,014	166,448	1,141,566
Net Change in Fund Balance	(1,092,157)	(1,129,013)	(17,876)	1,111,137
Beginning Fund Balance	1,092,157	1,129,013	1,129,013	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,111,137</u>	<u>\$ 1,111,137</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, 2021

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
	<u>Capital Equipment Fund</u>			
EXPENDITURES:				
Support Services:				
Supplies and Materials	\$ 135,567	\$ 132,400	\$ -	\$ 132,400
Total Expenditures	135,567	132,400 (1)	-	132,400
Net Change in Fund Balance	(135,567)	(132,400)	-	132,400
Beginning Fund Balance	135,567	132,400	132,400	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,400</u>	<u>\$ 132,400</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, 2021

Capital GO Bond Fund

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources:				
Interest	\$ 33,001	\$ 18,000	\$ 6,804	\$ (11,196)
Total Revenues	33,001	18,000	6,804	(11,196)
EXPENDITURES:				
Instruction:				
Supplies and Materials	40,716	15,716	-	15,716
Total Instruction	40,716	15,716 (1)	-	15,716
Facilities Acquisition and Construction:				
Purchased Services	106,381	74,450	31,639	42,811
Capital Outlay	9,400	9,400	-	9,400
Total Facilities Acquisition and Construction	115,781	83,850 (1)	31,639	52,211
Total Expenditures	156,497	99,566	31,639	67,927
Net Change in Fund Balance	(123,496)	(81,566)	(24,835)	56,731
Beginning Fund Balance	123,496	81,566	81,567	1
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,732</u>	<u>\$ 56,732</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, 2021

Capital Fleet Replacement Fund

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources				
Interest	\$ 12,001	\$ 12,001	\$ 2,206	\$ (9,795)
Total Revenues	12,001	12,001	2,206	(9,795)
EXPENDITURES:				
Support Services:				
Capital Outlay	89,256	87,440	-	87,440
Total Support Services	89,256	87,440 (1)	-	87,440
Total Expenditures	89,256	87,440	-	87,440
Net Change in Fund Balance	(77,255)	(75,439)	2,206	77,645
Beginning Fund Balance	77,255	75,439	75,440	1
Prior Period Adjustment	-	-	38,523	38,523
Ending Fund Balance	\$ -	\$ -	\$ 116,169	\$ 116,169

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2021

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	\$ -	\$ 248,475
Total Support Services	<u>248,475</u>	<u>248,475 (1)</u>	<u>-</u>	<u>248,475</u>
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, 2021

Technology Replacement Fund

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ -	\$ -	\$ 830	\$ 830
Total Revenues	-	-	830	830
EXPENDITURES:				
Support Services:				
Purchased Services	12,000	2,000	10,382	(8,382)
Supplies and Materials	119,750	48,274	8,554	39,720
Total Support Services	131,750	50,274 (1)	18,936	31,338
Contingency:	5,000	5,000 (1)	-	5,000
Total Expenditures	136,750	55,274	18,936	36,338
Net Change in Fund Balance	(136,750)	(55,274)	(18,106)	37,168
Beginning Fund Balance	136,750	55,274	55,274	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,168</u>	<u>\$ 37,168</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, 2021

Textbook Fund

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES:				
Instruction:				
Salaries	\$ 15,589	\$ 15,589	\$ -	\$ 15,589
Employee Benefits	5,414	5,414	-	5,414
Purchased Services	20,400	15,654	-	15,654
Supplies & Materials	68,837	68,837	4,122	64,715
Other Objects	20,000	20,000	9,480	10,520
	<u>130,240</u>	<u>125,494</u>	<u>13,602</u>	<u>111,892</u>
Total Instruction		(1)		
Total Expenditures	<u>130,240</u>	<u>125,494</u>	<u>13,602</u>	<u>111,892</u>
Net Change in Fund Balance	(130,240)	(125,494)	(13,602)	111,892
Beginning Fund Balance	<u>130,240</u>	<u>125,494</u>	<u>125,495</u>	<u>1</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,893</u>	<u>\$ 111,893</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 PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED - GENERAL FUND
For the Year Ended June 30, 2021

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/20	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/21
Current:						
2020-2021	\$ 22,352,944	\$ 586,072	(83,922)	7,724	21,391,055	\$ 299,619
Prior Years:						
2019-2020	319,441	(611)	(14,181)	13,293	185,934	133,230
2018-2019	131,672	(129)	(5,977)	12,084	60,853	77,055
2017-2018	68,259	(45)	(9,021)	13,157	41,312	31,128
2016-2017	27,603	(1)	(6,746)	8,750	22,729	6,879
Prior	44,544	(1)	1,865	3,073	4,268	45,215
Total Prior	591,519	(787)	(34,060)	50,357	315,096	293,507
Total General Fund	\$ 22,944,463	\$ 585,285	\$ (117,982)	\$ 58,081	\$ 21,706,151	\$ 593,126

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 21,706,151
June 30, 2020	(64,926)
June 30, 2021	70,393
Other Taxes - Airport Way UR Closure	412,800
Taxes In Lieu	(9,963)
Total Revenue	<u>\$ 22,114,455</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED - DEBT SERVICE FUND
For the Year Ended June 30, 2021

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/20	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/21
Current:						
2020-2021	\$ 6,072,690	\$ 159,220	\$ (22,799)	\$ 2,098	\$ 5,811,371	\$ 81,398
Prior Years:						
2019-2020	62,636	(110)	(7,608)	2,396	33,517	24,017
2018-2019	25,288	(23)	(3,114)	2,132	10,735	13,594
2017-2018	13,384	(8)	(2,784)	2,354	7,392	5,570
2016-2017	5,548	-	(1,740)	1,598	4,150	1,256
Prior	10,223	-	(854)	662	874	9,157
Total Prior	117,079	(141)	(16,100)	9,142	56,668	53,594
Total Debt Service Fund	<u>\$ 6,189,769</u>	<u>\$ 159,079</u>	<u>\$ (38,899)</u>	<u>\$ 11,240</u>	<u>\$ 5,868,039</u>	<u>\$ 134,992</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 5,868,039
Accrual of Receivables:	
June 30, 2020	(12,838)
June 30, 2021	17,133
Other Taxes - Airport Way UR Closure	77,220
Taxes In Lieu	(10,051)
Total Revenue	<u>\$ 5,939,503</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

PROGRAM TITLE	PASS-THROUGH ORGANIZATION	FEDERAL AL NUMBER	SUB GRANT NUMBER	GRANT PERIOD	EXPENDITURES	PASS THROUGH EXPENDITURES
U.S. Department of Education:						
Title I Grants to Local Educational Agencies						
	Oregon Department of Education	84.010	58334	7/1/20-9/30/21	\$ 943,577	\$ -
	Oregon Department of Education	84.010	53338	7/1/19-9/30/20	185,046	-
	Oregon Department of Education	84.010	60414	7/1/20-9/30/21	83	-
	Oregon Department of Education	84.010	65137	7/1/19-9/30/20	12,440	-
	Oregon Department of Education	84.010	54422	7/1/19-9/30/20	28,421	-
Total Title I Grants to Local Educational Agencies					1,169,567	-
School Improvement Grant						
	Oregon Department of Education	84.377	46886	7/1/19-9/30/20	12,695	-
Special Education Cluster (IDEA)						
	Oregon Department of Education	84.027	53809	7/1/19-9/30/21	540,285	-
Student Support and Academic Enrichment State Grant						
	Oregon Department of Education	84.424	54590	7/1/19-9/30/20	39,489	-
	Oregon Department of Education	84.424	58639	7/1/20-9/30/21	74,575	-
Total Student Support and Academic Enrichment State Grant					114,064	-
Supporting Effective Instruction State Grant						
	Oregon Department of Education	84.367	53600	7/1/19-9/30/20	97,903	-
	Oregon Department of Education	84.367	58826	7/1/20-9/30/21	104,315	-
Total Supporting Effective Instruction State Grant					202,218	-
English Language Acquisition State Grants						
	Oregon Department of Education	84.365	53451	7/1/19-9/30/20	959	-
	Oregon Department of Education	84.365	58499	7/1/20-9/30/21	69,580	-
	Oregon Department of Education	84.365	52041	7/1/18-9/30/19	5,870	-
	Oregon Department of Education	84.365	56805	7/1/19-9/30/20	4,966	-
Total English Language Acquisition State Grants					81,375	-
Education for Homeless Children and Youths Grants						
	Oregon Department of Education	84.196	54909	7/1/18-9/30/20	19,349	-
	Oregon Department of Education	84.196	65241	7/1/20-9/30/21	13,272	-
Total Education for Homeless Children and Youths Grants					32,621	-
LEA ESSER Fund - Formula						
Elementary and Secondary School						
Emergency Relief (ESSER) Fund COVID-19						
	Oregon Department of Education	84.425D	57881	3/13/20-9/30/22	696,800	- (1) (2)
Elementary and Secondary School						
Emergency Relief (ESSER) Fund COVID-19						
	Oregon Department of Education	84.425D	64651	3/13/20-11/14/23	1,023,638	- (1) (2)
Governors Emergency Education Relief (GEER) Fund COVID-19						
	Oregon Department of Education	84.425C	61009	7/1/20-5/30/21	157,938	- (1) (2)
					1,878,376	-
Rehabilitation Services - Vocational Rehabilitation Grants						
	Oregon Department of Human Services	84.126A	contract# 160738	7/1/19-6/30/21	55,966	-
Total U.S. Department of Education					\$ 4,087,167	\$ -

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

PROGRAM TITLE	PASS-THROUGH ORGANIZATION	FEDERAL AL NUMBER	SUB GRANT NUMBER	GRANT PERIOD	EXPENDITURES	PASS THROUGH EXPENDITURES
U. S. Department of Agriculture:						
Child Nutrition Cluster						
National School Breakfast	Oregon Department of Education	10.553	Fund 202	7/1/20-6/30/21	\$ 1,464	\$ -
Donated Commodity National School Lunch Program	Oregon Department of Education	10.555	Fund 202	7/1/20-6/30/21	95,381	-
Summer Food Service Program for Children	Oregon Department of Education	10.559	Fund 202	7/1/20-6/30/21	443,816	-
Summer Food Service Program for Children - COVID-19	Oregon Department of Education	10.559	Fund 202	7/1/20-6/30/21	64,552	- (2)
Donated Commodity for Summer Food Service Program for Children	Oregon Department of Education	10.559	Fund 202	7/1/20-6/30/21	339	-
Total Child Nutrition Cluster					<u>605,552</u>	<u>-</u>
Child and Adult Food Care Program	Oregon Department of Education	10.558	Fund 202	7/1/20-6/30/21	58,586	-
Fresh Fruit and Vegetable Program	Oregon Department of Education	10.582	*see list	7/1/20-6/30/21	35,592	-
Forest Service Schools and Roads Cluster	Multnomah County	10.665	Fund 100	7/1/20-6/30/21	1,112	-
Total U. S. Department of Agriculture					<u>700,842</u>	<u>-</u>
U. S. Department of Health and Human Services:						
Teenage Pregnancy Prevention Program	Multnomah County	93.297	HD-IGA-E- 21182-2021	7/1/19-6/30/21	4,905	-
Total U.S. Department of Health and Human Services					<u>4,905</u>	<u>-</u>
General Service Division						
Donation of Federal Surplus Personal Property	Department of Administrative Service	39.003	Letter 7/12/21	7/1/20-6/30/21	951	-
Total Federal Financial Assistance					<u>\$ 4,793,865</u>	<u>\$ -</u>

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

* List of Fresh Fruit and Vegetable Grant Numbers: 54828, 54930, 54931, 54932, 61235, 61330, 61331.

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

INDEPENDENT AUDITORS' REPORT AS REQUIRED BY
OREGON STATE REGULATIONS



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October 22, 2021

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, 2021, and have issued our report thereon dated October 22, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised 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. We noted budget over-expenditures as noted on page 18 of the report.
- b. In our testing of teacher experience we noted one teacher's years of experience under reported by one year.

OAR 162-10-0230 Internal Control

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

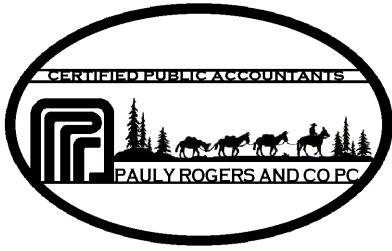
We noted matters involving the internal control structure and its operation that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants, which we noted in the Schedule of Findings and Questioned Costs.

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



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

GRANT COMPLIANCE REVIEW



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October 22, 2021

**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, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 22, 2021.

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. We did identify a significant deficiency described in the accompanying Schedule of Findings and Questioned Costs as item FS-2021-001 that we consider a significant deficiency.

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

Response to Finding

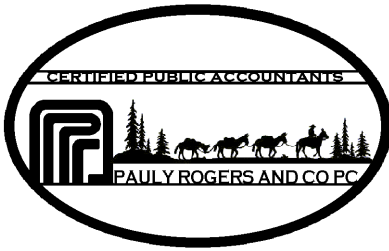
The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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



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



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October 22, 2021

**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, 2021. 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, 2021.

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, 2021

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

84.425

Elementary and Secondary School Emergency Relief Fund

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, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

FS-2021-1 – SIGNIFICANT DEFICIENCY

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

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

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

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

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

VIEWS OF RESPONSIBLE OFFICIALS:

During the past year, the District has experienced difficult staffing changes in the accounting department while also dealing with the ever changing needs in response to COVID-19. In response, the Director created a monthly checklist to monitor banking transactions, bank statement review timelines, SSF funding, grant draws and tax revenue. With this checklist, and existing controls including the daily Google cash log, we believe this will address the auditors concerns.

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

2020-21 Board Members

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