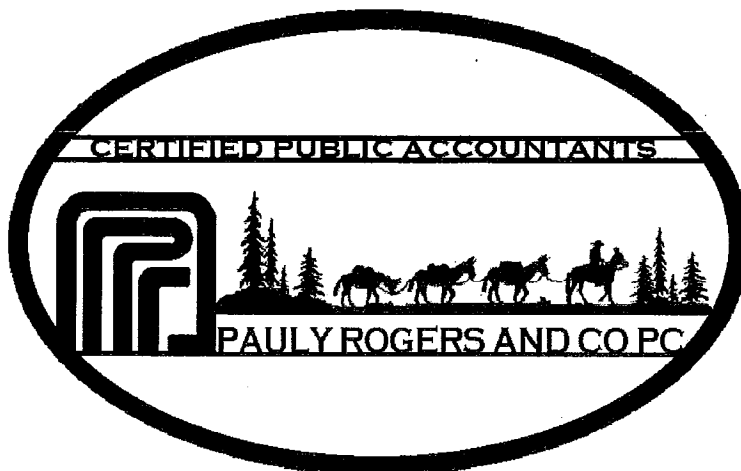


PARKROSE SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012



12700 SW 72nd Ave.
Tigard, OR 97223

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

FINANCIAL REPORT
For the Year Ended June 30, 2012

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

BOARD OF DIRECTORS AS OF JUNE 30, 2012

<u>NAME</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Alesia Reese	Board Member, Position #1	June 30, 2013
David Horton	Board Member, Position #2	June 30, 2013
Thuy Tran	Board Member, Position #3	June 30, 2013
Ed Grassel Jr., Chair	Board Member, Position #4	June 30, 2013
James Woods	Board Member, Position #5	June 30, 2013

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

ADMINISTRATION

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

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

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

October 31, 2012

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Multnomah County School District No.3 as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information and the respective budgetary comparison for the General Fund of Multnomah County School District No.3, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated October 31, 2012 on our consideration of internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of the reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary 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 Management's Discussion and Analysis and

economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis and the Schedule of Funding Progress, as listed in the table of contents, 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 and the Schedule of Funding Progress, as listed in the table of contents, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Multnomah County School District No.3's basic financial statements. The supplementary information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Multnomah County School District No.3's basic financial statements. The listing of board members containing their term expiration dates, located before the table of contents, and the other information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financials statements, and accordingly, we do not express an opinion or provide any assurance on it.

Pauly, Rogers, and Co., P.C.

PAULY, ROGERS AND CO., P.C.

GOVERNMENT WIDE FINANCIAL STATEMENTS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2012 by \$41,889,761. Of this amount, \$37,465,558 represents the District's investment in capital assets, net of related debt. The District has \$3,016,026 of net assets restricted and expendable for debt service. The District's unassigned net assets are (\$58,837,664).
- The District's governmental funds report combined ending fund balance of \$65,267,262, an increase of \$57,315,260 in comparison with the prior year. Of this total, \$62,933,117 is restricted for future payments for services, \$1,436,956, is committed by board resolution for various purposes, and \$897,189 is unassigned and available to spend at the discretion of the board of directors.
- The District's long-term debt increased by \$59,814,860, (1053.7 percent) during the 2011-12 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 11-29 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Assets

	Total School District Governmental Activities 2012	Total School District Governmental Activities 2011
Assets		
Current and other assets	\$ 69,630,577	\$ 11,127,481
Net capital assets	<u>41,794,896</u>	<u>41,813,559</u>
Total Assets	<u>111,425,473</u>	<u>52,941,040</u>
Liabilities		
Long-term debt outstanding	\$ 66,086,575	\$ 6,271,715
Other liabilities	<u>3,449,137</u>	<u>2,354,556</u>
Total Liabilities	<u>69,535,712</u>	<u>8,626,271</u>
Net Assets		
Invested in capital assets, net of related debt	37,465,558	37,214,273
Restricted	63,261,867	3,299,163
Unrestricted	<u>(58,837,664)</u>	<u>3,801,333</u>
Total net assets	<u>\$ 41,889,761</u>	<u>\$ 44,314,769</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$41,889,761 at June 30, 2012.

Capital assets, which consist of the District's land, buildings, building improvements, construction in progress, vehicles, and equipment, represent about 38 percent of total assets. The remaining assets consist mainly of investments, cash, inventories, and property taxes receivable.

The District's largest liability (95.04 percent) is for the repayment of general obligation bonds. Current liabilities, representing about 4.96 percent of the District's total liabilities, consist of payables on accounts, salaries, and benefits, and current portions of bonds and leases payable.

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

Governmental Activities: A comparative analysis from the previous year's activity is provided below. During the current fiscal year, the District's net assets decreased by \$2,425,008. The revenues and expenses shown below explain changes in net assets for the fiscal year 2012.

	Total School District Governmental Activities 2012	Percentage of Total	Total School District Governmental Activities 2011	Percentage of Total
Revenues				
Program Revenues				
Charges for service	\$ 803,093	2.26%	\$ 965,417	2.70%
Operating Grants & Contribution	<u>4,111,971</u>	<u>11.58%</u>	<u>5,776,106</u>	<u>16.14%</u>
Total Program Revenues	<u>4,915,064</u>	<u>13.85%</u>	<u>6,741,523</u>	<u>18.84%</u>
General Revenues				
Property taxes	16,428,358	46.28%	16,372,076	45.74%
State school fund	12,339,270	34.76%	11,201,018	31.30%
Common school fund	314,221	0.89%	344,003	0.96%
Unrestricted Other Sources	472,003	1.33%	308,135	0.86%
Investment earnings	396,343	1.12%	70,944	0.20%
Other	<u>635,219</u>	<u>1.79%</u>	<u>753,922</u>	<u>2.11%</u>
Total General Revenues	<u>30,585,414</u>	<u>86.15%</u>	<u>29,050,058</u>	<u>81.16%</u>
Total Revenues	<u>35,500,478</u>	<u>100.00%</u>	<u>35,791,581</u>	<u>100.00%</u>
Expenses				
Instruction	20,033,833	52.82%	22,222,605	60.32%
Supporting services	11,694,351	30.84%	12,262,002	33.28%
Community services	2,240,635	5.91%	2,146,811	5.83%
Facilities Acquisition & Construction	1,738,994	4.59%	0	0%
Interest on long-term debt	<u>2,217,673</u>	<u>5.85%</u>	<u>208,192</u>	<u>0.57%</u>
Total Expenses	<u>37,925,486</u>	<u>100.00%</u>	<u>36,839,610</u>	<u>100.00%</u>
Change in Net Assets	(2,425,008)		(1,048,029)	
Restatement – Change in Accounting Principle	0		0	
Net assets – beginning	<u>44,314,769</u>		<u>45,362,798</u>	
Prior Period Adjustment	<u>0</u>		<u>0</u>	
Net assets – ending	\$ <u>41,889,761</u>		\$ <u>44,314,769</u>	

Revenues: Since the District's mission is to provide a free and appropriate public education for K-12 students within its boundaries, the District may not charge for its core services. As expected, therefore, general revenues provide 86 percent of the funding required for governmental programs. Property taxes and State School Fund combined account for 94 percent of general fund revenues and 81 percent of total revenues.

Operating grants and contributions account for 11 percent of total revenues. Included in this category is \$1,622,382 for federal reimbursement under the national school lunch program. Other federal and state grants for designated programs totaled \$2,465,321.

Expenses: Expenses related to governmental activities are presented in five broad functional categories. Costs of direct classroom instruction activities account for approximately 52 percent of the total expenses of \$37,925,486. In addition, approximately half of the costs in supporting services relate to students, instructional staff and school administration.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2012, the District's governmental funds reported combined ending fund balances of \$65,267,262 (exclusive of inventory), an increase of \$57,315,260 in comparison with the prior year. About \$897,189 (1.37 percent) of the ending fund balance constitutes unassigned ending fund balance, which is available for spending at the direction of management. Additionally, \$3,016,026 is designated for debt service obligations.

General Fund: The General Fund is the chief operating fund of the District. As of June 30, 2012, ending fund balance was \$435,642. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents .02 percent of total General Fund's expenditures.

The fund balance decreased by \$1,794,657 during the current fiscal year. This decrease can be mainly attributed to decreased funding from State School Support.

During the year all General Fund expenditures were within budget.

Debt Service Fund: The Debt Service Fund has a total fund balance of \$2,955,132 all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year was \$73,297. This is due to a reduction in property tax revenues.

Capital GO Bond Projects Fund: The GO Bond Capital Projects Fund has a total fund balance of \$59,717,091. This fund has been developed because of the successful May 17, 2011 bond election. With the passing of Measure 26-123, a new middle school will be constructed on the existing site. Additionally, district wide safety, security, and technology upgrades will be made. The four elementary buildings have had or will have renovation projects that include roofing, windows, multi-purpose instructional space and better monitoring of students for safety purposes.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund budget was \$28,728,093 for the fiscal year ended June 30, 2012. The Board of Directors made several additional appropriations during the year. The budget approximated that of the prior year, but the district continues to face challenges of maintaining programs in the face of decreased funding over the last several years.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and construction in progress. As of June 30, 2012, the District had invested \$41,794,896 in capital assets, net of depreciation.

During the year, the District's investment in capital assets increased by \$251,285 (including depreciation). The major capital asset events for the year consisted of building improvements at various schools.

Additional information of the District's capital assets can be found in note 5 on page 20 of this report.

Long-term Debt: At the end of the current fiscal year, the District had total long term debt outstanding of \$66,086,575 consisting of general obligation debt net of unamortized premium/discount, a Qualified Zone Academy Bond (QZAB), and the district's liability for Other Post-Employment Benefits (OPEB).

During the current fiscal year, the District's total debt increased by \$59,814,860, (1053.7 percent).

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

Additional information on the District's long-term debt can be found in note 7 on page 22 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, 2012, the State School Fund - General Support provided 34.76 percent of the District's program resources. Factors for next year's budget will be the estimate of State School Fund based on the March estimate.

This year, one-time funding was received from the state through the School Year Subaccount. Without this support Parkrose School District would have had experienced larger cuts to service level budgets for the 2011-12 fiscal year.

Salaries and benefits costs are expected to increase in 2012-13, based on current contractual obligations.

REQUESTS FOR INFORMATION

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

A handwritten signature in black ink that reads "Mary Larson". The signature is written in a cursive style and is positioned above a horizontal line.

Mary Larson

Director of Business Services and Operations

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FUND FINANCIAL STATEMENTS

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

STATEMENT OF NET ASSETS
June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 66,580,992
Receivables:	
Accounts and Grants	1,915,109
Property Taxes	1,134,476
Non-Depreciable Capital Assets	6,418,231
Capital Assets, Net of Depreciation	<u>35,376,665</u>
Total Assets	<u>111,425,473</u>
LIABILITIES:	
Accounts Payable	1,432,867
Accrued Salaries and Benefits	1,883,814
Bond Interest Payable	85,391
Accrued Vacation Payable	47,065
Long Term Debt:	
Due Within One Year	1,167,857
Due in More Than One Year	<u>64,918,718</u>
Total Liabilities	<u>69,535,712</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	37,465,558
Restricted for:	
Debt Service	3,016,026
Food Service	120,647
Contributions	47,870
Capital Projects	60,077,324
Unrestricted	<u>(58,837,664)</u>
Total Net Assets	<u>\$ 41,889,761</u>

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, 2012

<u>Functions/Programs</u>	<u>Expense</u>	<u>PROGRAM REVENUES</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Assets</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities:				
Instruction	\$ 20,033,833	\$ 51,829	\$ 1,481,705	\$ (18,500,299)
Support Services	13,433,345	500,204	845,187	(12,087,954)
Community Services	2,240,635	251,060	1,785,079	(204,496)
Interest on Long-Term Debt	2,217,673	-	-	(2,217,673)
Total Governmental Activities	<u>\$ 37,925,486</u>	<u>\$ 803,093</u>	<u>\$ 4,111,971</u>	<u>(33,010,422)</u>

GENERAL REVENUES:

Property Taxes	16,428,358
Unrestricted Other Sources	472,003
State School Fund - General Support	12,339,270
Common School Fund	314,221
Investment Earnings	396,343
Other	635,219

Total General Revenues 30,585,414

Change in Net Assets (2,425,008)

Net Assets - Beginning 44,314,769

Net Assets - Ending \$ 41,889,761

See accompanying notes to the basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL GO BOND FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:					
Cash and Investments	\$ 2,585,377	\$ 2,919,761	\$ 60,864,951	\$ 210,903	\$ 66,580,992
Receivables:					
Taxes	928,054	206,422	-	-	1,134,476
Accounts and Grants	301,613	14,975	-	1,598,521	1,915,109
Total Assets	\$ 3,815,044	\$ 3,141,158	\$ 60,864,951	\$ 1,809,424	\$ 69,630,577
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 173,433	\$ -	\$ 1,147,860	\$ 111,574	\$ 1,432,867
Accrued Salaries and Benefits	1,883,814	-	-	-	1,883,814
Deferred Revenue	860,608	186,026	-	-	1,046,634
Total Liabilities	2,917,855	186,026	1,147,860	111,574	4,363,315
Fund Balances:					
Restricted for:					
Debt Service	-	2,955,132	-	60,894	3,016,026
Food Service	-	-	-	120,647	120,647
Contributions	-	-	-	47,870	47,870
Capital Projects	-	-	59,717,091	360,233	60,077,324
Committed	-	-	-	1,108,206	1,108,206
Unassigned	897,189	-	-	-	897,189
Total Fund Balances	897,189	2,955,132	59,717,091	1,697,850	65,267,262
Total Liabilities and Fund Balances	\$ 3,815,044	\$ 3,141,158	\$ 60,864,951	\$ 1,809,424	\$ 69,630,577

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 Assets
June 30, 2012

TOTAL FUND BALANCES-GOVERNMENTAL FUNDS \$ 65,267,262

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

Cost	\$ 61,956,091	
Accumulated Depreciation	<u>(20,161,195)</u>	41,794,896

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

1,046,634

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

Long term Liabilities:

Accrued Vacation Payable	\$ (47,065)	
Bond Interest Payable	(85,391)	
OPEB Liability	(2,040,146)	
General Obligation Bonds Payable	<u>(64,046,429)</u>	<u>(66,219,031)</u>

TOTAL NET ASSETS **\$ 41,889,761**

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, 2012

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL GO BOND FUND	NON-MAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Property Taxes	\$ 13,389,434	\$ 2,863,395	\$ -	\$ -	\$ 16,252,829
Intergovernmental-Federal	10,608	-	-	4,085,363	4,095,971
Intergovernmental-State and Local	12,656,492	-	-	455,563	13,112,055
Charges for Services	106,643	-	-	725,889	832,532
Earnings on Investments	43,777	16,908	335,341	317	396,343
Miscellaneous	184,709	-	4,000	576,779	765,488
Total Revenues	26,391,663	2,880,303	339,341	5,843,911	35,455,218
EXPENDITURES:					
Current:					
Instruction	18,032,722	-	-	2,091,935	20,124,657
Support Services	10,253,310	-	-	1,494,057	11,747,367
Enterprise and Community Services	113,614	-	-	2,137,179	2,250,793
Facilities Acquisition and Construction	-	-	1,930,097	-	1,930,097
Capital Outlay	536	-	781,236	297,898	1,079,670
Debt Service:					
Principal	142,857	2,885,000	1,046,800	-	4,074,657
Interest	-	68,600	1,544,701	-	1,613,301
Total Expenditures	28,543,039	2,953,600	5,302,834	6,021,069	42,820,542
Excess of Revenues Over, -Under					
Expenditures	(2,151,376)	(73,297)	-	(4,963,493)	(177,158)
Other Financing Sources, (Uses):					
Bond Proceeds	-	-	64,680,584	-	64,680,584
Transfers In	212,499	-	-	110,000	322,499
Transfers Out	(72,499)	-	-	(250,000)	(322,499)
Total Other Financing Sources, -Uses	140,000	-	-	64,680,584	(140,000)
Net Change in Fund Balance	(2,011,376)	(73,297)	-	59,717,091	(317,158)
Beginning Fund Balance	2,908,565	3,028,429	-	2,015,008	7,952,002
Ending Fund Balance	\$ 897,189	\$ 2,955,132	\$ 59,717,091	\$ 1,697,850	\$ 65,267,262

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, 2012

TOTAL NET CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS	\$ 57,315,260
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period:	
Expenditures for Capital Assets	\$ 1,270,773
Less Disposal of Capital Asset	(130,269)
Less Current Year Depreciation	<u>(1,159,167)</u>
	(18,663)
Repayment of bond and principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets. Debt principal repaid.	3,552,857
Governmental funds report the effect of issuance costs, premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:	
Bonds Issued	(63,000,000)
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.	(82,572)
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.	175,529
Compensated absences and OPEB liability are recognized as expenditure in the governmental funds when they are paid. In the Statement of Activities these liabilities are recognized as an expenditure when earned.	
Accrued Vacation Payable	298
OPEB Liability	<u>(367,717)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (2,425,008)</u></u>

See accompanying notes to the basic financial statements.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
June 30, 2012

	<u>AGENCY FUNDS STUDENT ACTIVITY FUNDS</u>
ASSETS:	
Cash and Investments	\$ 168,907
Total Assets	<u>168,907</u>
LIABILITIES:	
Due to Student Organizations	<u>168,907</u>
NET ASSETS:	
Total Net Assets	
Unrestricted	<u><u>\$ -</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 accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies are described below.

Reporting Entity

Multnomah County School District No. 3 (the District) is a municipal corporation governed by an elected five member Board of Directors. Administration officials are approved by the Board. The daily functioning is under the supervision of the Superintendent. As required by generally accepted accounting principles in the United States of America, all activities except fiduciary activities have been included in the government-wide financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts which provide services within the District's boundaries. However, the District is not financially accountable for any of these entities, in accordance with GASB 39 and therefore, none of them are considered component units and are not included in these basic financial statements.

Basis of Presentation

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

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

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

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

Invested in capital assets, net of related debt – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, 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 assets – consists of all other net assets that are not included in the other categories previously mentioned.

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

Fund Financial Statements

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

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

There are the following major governmental funds:

General Fund

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

Debt Service Fund

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital GO Bond Fund

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

Special Revenue Funds Rolled into the General Fund for GASB 54 Purposes

As discussed in Note 1 (fund equity), financial statements for periods beginning after June 15, 2010 must report as Special Revenue funds only those which have a substantial portion of revenue inflows from restricted or committed revenue sources. The following funds are combined into the General Fund because the primary revenue source is transfers from the General Fund or there is no revenue to report.

Early Retirement Fund

The Early Retirement Fund was created as a reserve to set aside funds for the contingency of employees retiring early in any given year. There are currently no ongoing revenues.

Certified Workshop Fund

The Certified Workshop Fund exists to fund continuing education and workshops for certified employees.

Technology Replacement Fund

The Technology Replacement Fund was created as a reserve to provide for future technology purchases as current assets become obsolete or outdated.

Textbook Fund

The Textbook Fund is a reserve for purchases of textbooks in future years. There are currently no ongoing revenues.

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

Additionally, the following other fund type is reported:

Fiduciary Fund

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

Cash and Investments

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

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Uncollected real and personal property taxes are reflected on the statement of net assets and the balance sheet as receivables. Uncollected taxes are deemed 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, 2012 there were 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.

Grant Accounting

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures are recorded as unearned revenue on the statement of net assets and the balance sheet.

Capital Assets

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

Compensated Absences

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

Long Term Obligations

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

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

Retirement Plans

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

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

Use of Estimates

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity

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

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

There are no nonspendable or assigned fund balances.

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

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.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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

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

LEVEL OF CONTROL

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

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

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

Excess of Expenditures Over Appropriations

Expenditures of the various funds were within authorized appropriations, except for Lunch Fund – Enterprise and Community Services by \$51,140, and IDEA – Support Services by \$1,059.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. BUDGETARY BASIS OF ACCOUNTING

While the financial position, results of operations, and changes in fund balance/net assets is reported on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary differences between the budgetary basis and GAAP basis is the classification of capital outlay, which for budgetary purposes is reported within the functional categories at the level of appropriation control, and depreciation expense, which is not reported at the fund level. On a GAAP basis, capital outlay is separately reported after current expenditures. In addition, on the budgetary basis of accounting, inventory is accounted for on the purchases method. Under this method, inventory is expended as purchased and is not recorded as an asset on the balance sheet. On the GAAP basis fund financial statements, inventory has been recorded on the consumption method. Also, proceeds of long-term borrowing are recognized as "other financing source" revenue and principal paid is considered an expenditure when paid. Bond issue costs are recognized as expenditures when bonds are issued (rather than amortizing over the life of the bonds). OPEB costs are expensed when paid instead of when the liability is incurred.

4. CASH AND INVESTMENTS

Cash and Investments (recorded at cost) consisted of:

Demand Deposits	\$ 484,317
Petty Cash	388
Local Government Investment Pool	35,190,750
Investments	31,074,444
	<u>\$ 66,749,899</u>

Allocated:	
Governmental Funds	\$ 66,580,992
Agency Fund	168,907
	<u>\$ 66,749,899</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, 2012, the bank balance was \$933,408, all of which was insured by Federal Depository Insurance.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. 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, 2012, all deposits are insured.

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

The State Treasurer’s Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State’s investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent Investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The Pool is unrated.

Amounts in the State Treasurer’s Local Government Investment Pool are not required to be collateralized. At June 30, 2012 the value of the Pool shares as reported in Oregon Short Term Fund audited financial statements represent the full value of LGIP. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 35,190,750	\$ 35,190,750	\$ -
Corporate Securities	1,259,293	1,259,293	-
US Agencies	29,815,151	29,815,151	-
Total	<u>\$ 66,265,194</u>	<u>\$ 66,265,194</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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

4. CASH AND INVESTMENTS (CONTINUED)

of the investments are with the LGIP. Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentration Risk

Concentration risk is the risk of loss due to a large portion of investments with a single issuer. To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the LGIP is invested in, which is not required to have a risk rating. State statutes do not limit the percentage of investments in this instrument. As of June 30, 2012 53% of the investments were in the State Treasurer's Investment Pool and the remaining with corporate securities and US Agencies.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance July 1, 2011	Additions	Deletions	Ending Balance June 30, 2012
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 5,637,085	\$ -	\$ -	\$ 5,637,085
Construction in Progress	-	781,236	-	781,236
Total Capital Assets Not Being Depreciated	<u>5,637,085</u>	<u>781,236</u>	<u>-</u>	<u>6,418,321</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	52,359,877	334,325	-	52,694,202
Vehicles and Equipment	2,818,625	155,212	(130,269)	2,843,568
Total Capital Assets Being Depreciated	<u>55,178,502</u>	<u>489,537</u>	<u>(130,269)</u>	<u>55,537,770</u>
Accumulated Depreciation:				
Buildings and Improvements	(17,242,036)	(1,051,327)	-	(18,293,363)
Vehicles and Equipment	(1,759,992)	(107,840)	-	(1,867,832)
Total Accumulated Depreciation	<u>(19,002,028)</u>	<u>(1,159,167)</u>	<u>-</u>	<u>(20,161,195)</u>
Total Capital Assets Being Depreciated, Net	<u>36,176,474</u>	<u>(669,630)</u>	<u>-</u>	<u>35,376,575</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 41,813,559</u>	<u>\$ 111,606</u>	<u>\$ (130,269)</u>	<u>\$ 41,794,896</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Instruction	\$ 686,855
Support Services	396,069
Community Services	<u>76,243</u>
Total Depreciation Expense- Governmental Activities	<u>\$ 1,159,167</u>

6. INTERFUND TRANSACTIONS

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

	Operating Transfers In	Operating Transfers Out
General Fund	\$ 212,499	\$ 72,499
Capital Projects Fund	50,000	-
Non-Major Funds	<u>60,000</u>	<u>250,000</u>
	<u>\$ 322,499</u>	<u>\$ 322,499</u>

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG TERM DEBT

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

	2002 Bond	QZAB Purchase Agreement	GO Bonds Series 2011A	GO Bonds Series 2011B	Total
Balance 7/1/11	\$ 2,885,000	\$ 1,714,286	\$ -	\$ -	\$ 4,599,286
Additions	-	-	48,000,000	15,000,000	63,000,000
Payments & Deletions	(2,885,000)	(142,857)	(525,000)	-	(3,552,857)
Balance 6/30/12	<u>\$ -</u>	<u>\$ 1,571,429</u>	<u>\$ 47,475,000</u>	<u>\$ 15,000,000</u>	<u>\$ 64,046,429</u>

Amounts Payable
in Fiscal Year:

2012-13	\$ -	\$ 142,857	\$ 1,025,000	\$ -	\$ 1,167,857
2013-14	-	142,857	1,185,000	-	1,327,857
2014-15	-	142,857	1,300,000	-	1,442,857
2015-16	-	142,857	1,405,000	-	1,547,857
2016-17	-	142,857	1,515,000	-	1,657,857
2017-22	-	714,286	9,590,000	-	10,304,286
2022-27	-	142,858	1,035,000	-	1,177,858
2027-32	-	-	13,080,000	15,000,000	28,080,000
2032-37	-	-	17,340,000	-	17,340,000
Total	<u>\$ -</u>	<u>\$ 1,571,429</u>	<u>\$ 47,475,000</u>	<u>\$ 15,000,000</u>	<u>\$ 64,046,429</u>

Changes in long term debt outstanding are as follows:

Issue Date	Interest Rates	Original Issue	Outstanding July 1, 2011	Additions	Matured And Redeemed	Outstanding June 30, 2012	Due Within One Year
January 14, 2002	3.0-5.5%	\$ 17,055,000	\$ 2,885,000	\$ -	\$ 2,885,000	\$ -	\$ -
May 29, 2009	0%	2,000,000	1,714,286	-	142,857	1,571,429	142,857
August 11, 2011	2.0-5.0%	48,000,000	-	48,000,000	525,000	47,475,000	1,025,000
August 11, 2011	4.9%	15,000,000	-	15,000,000	-	15,000,000	-
OPEB Liability	n/a	n/a	1,672,429	367,717	-	2,040,146	-
Total Long Term Debt			<u>\$ 6,271,715</u>	<u>\$ 63,367,717</u>	<u>\$ 3,552,857</u>	<u>\$ 66,086,575</u>	<u>\$ 1,167,857</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

8. RETIREMENT PLAN

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

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

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

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

Members of PERS are required to contribute 6% of their salary covered under the plan. 6% is paid on behalf of the members for the administrative, certified, and classified employees. The District is required by ORS 238.225 to contribute at an actuarially determined rate. The rate effective July 1, 2008 is 19.48% of salary covered under the plan for Tier 1 and Tier 2 employees (PERS) and 17.97% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The contributions to PERS for the years ended June 30, 2012, 2011, and 2010 were \$4,114,022, \$3,597,947, and \$3,874,799, respectively, equal to the required contributions for each year.

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

9. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Early Retirement Liability

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

Currently, the plan provides the retirees a stipend which the retiree can choose to receive in four annual payments, or the retiree can use the stipend to pay the premiums for the retiree and his or her family under the medical and dental insurance programs. Under the medical insurance option, payments continue until the stipend amount is depleted or until the retirees reached age 65. Currently, nineteen retirees meet the eligibility requirements. The amount of health insurance paid on behalf of retirees was \$43,374 and \$41,007 for the 2011-2012 and 2010-2011 fiscal years respectively. Such costs are recorded as expenditures and funded on a budgetary basis. Total retirement stipend expenditures for the fiscal years 2011-2012 and 2010-2011 were \$23,777 and \$40,917 respectively. Future obligations will be funded through annual appropriations.

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

Contributions and Funding Policy – The benefits from this program are fully paid and, consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance. The only obligation is to make current benefit payments due each fiscal year. Consequently, it has not been found necessary to establish a pension trust fund, and payments are made on a pay-as-you-go basis each year out of the General Fund. An estimate of this liability for current retirees is done annually. There is no separately issued financial report for the plan. The total annual expenditures recognized on a budgetary basis were approximately \$67,151 and \$81,924 for the years ended June 30, 2012 and 2011 respectively.

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Early Retirement Liability

The following table shows the components of the annual OPEB cost for the year ending June 30, 2012, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	2012	2011	2010
Annual required contribution	\$ 489,883	\$ 499,117	\$ 460,781
Interest on net pension obligation	34,151	32,973	33,775
Adjustment to annual required contribution	452,677	437,062	447,689
Annual pension cost (APC)	71,357	95,028	46,867
Contributions made	59,017	65,578	66,909
Increase in net pension obligation	12,340	29,450	(20,042)
Net Pension Obligation (Asset) at beginning of year	853,775	824,325	844,367
Net Pension Obligation (Asset) at end of year	\$ 866,115	\$ 853,775	\$ 824,325
Percentage of APC contributed	-83%	-69.01%	-142.76%

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

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Early Retirement Liability (Continued)

Funding Status and Funding Progress

The schedule of funding progress is as follows:

Schedule of Funding Progress

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/1/2008	\$ -	\$ 738,876	\$ 738,876	0.00%	N/A	N/A
10/1/2009	\$ -	\$ 807,461	\$ 807,461	0.00%	N/A	N/A

Program membership consisted on the following at June 30, 2011:

Active Program Members:

Vested	11
Non-vested	236
Spouses of Ineligible Retirees	0
	247

Post Employment Health Insurance Subsidy

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

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

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

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Post Employment Health Insurance Subsidy (Continued)

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

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

	2012	2011	2010
Annual required contribution	\$ 685,121	\$ 649,226	\$ 600,491
Interest on net pension obligation	32,746	19,569	9,096
Adjustment to annual required contribution	55,635	33,248	15,453
Annual OPEB Cost	662,232	635,547	594,134
Contributions made	306,855	306,123	332,293
Increase in net pension obligation	355,377	329,424	261,841
Net OPEB Obligation (Asset) at beginning of year	818,654	489,230	227,389
Net OPEB Obligation (Asset) at end of year	\$ 1,174,031	\$ 818,654	\$ 489,230
Percentage of APC contributed	46%	48.17%	55.93%

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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

Post Employment Health Insurance Subsidy (Continued)

Funding Status and Funding Progress

The schedule of funding progress is as follows:

Schedule of Funding Progress

Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/1/2008	\$ -	\$ 3,972,354	\$3,972,354	0.00%	N/A	N/A
10/1/2009	\$ -	\$ 4,162,481	\$4,162,481	0.00%	N/A	N/A

Program membership consisted on the following at June 30, 2011:

Active Program Members:	
Vested	38
Non-vested	172
Spouses of Ineligible Retirees	3
	213

10. PROPERTY TAX LIMITATION

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

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

11. COMMITMENTS AND CONTINGENCIES

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

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through statewide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate, they can cause increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

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

12. RISK MANAGEMENT

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

REQUIRED SUPPLEMENTAL INFORMATION

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 EARLY RETIREMENT PROGRAM

June 30, 2012

PLAN I (STIPENDS):

SCHEDULE OF FUNDING PROGRESS

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2012	\$ (16,575)	(415.00) %
2011	46,867	143.00
2010	95,028	69.00
2009	71,357	83.00

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3

MULTNOMAH COUNTY, OREGON

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

POST EMPLOYMENT HEALTH CARE

June 30, 2012

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

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

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

MULTNOMAH COUNTY SCHOOL DISTRICT # 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

	<u>BUDGET</u>		ACTUAL	VARIANCE TO FINAL BUDGET
	<u>ORIGINAL</u>	<u>FINAL</u>		
GENERAL FUND				
REVENUES:				
From Local Sources:				
Taxes-Current Levy	\$ 13,065,000	\$ 13,065,000	\$ 13,026,866	\$ (38,134)
Taxes-Prior Levies	400,000	400,000	362,568	(37,432)
Tuition	10,000	10,000	3,923	(6,077)
Transportation	20,000	20,000	54,814	34,814
Earnings on Investments	100,000	100,000	43,777	(56,223)
Rental Income	10,000	10,000	7,870	(2,130)
Extra Curricular	35,000	35,000	40,036	5,036
Other Local Revenue	124,000	124,000	176,350	52,350
Total From Local Sources	<u>13,764,000</u>	<u>13,764,000</u>	<u>13,716,204</u>	<u>(47,796)</u>
From Intermediate Sources:				
County School Funds	10,000	10,000	3,001	(6,999)
MESD Reimbursement	135,000	135,000	-	(135,000)
Total From Intermediate Sources	<u>145,000</u>	<u>145,000</u>	<u>3,001</u>	<u>(141,999)</u>
From State Sources:				
School Support Fund	12,265,914	12,265,914	12,339,270	73,356
Common School Fund	344,000	344,000	314,221	(29,779)
Other State Revenue	-	-	-	-
Total From State Sources	<u>12,609,914</u>	<u>12,609,914</u>	<u>12,653,491</u>	<u>43,577</u>
From Federal Sources:				
Federal Grants	-	-	10,608	10,608
Total From Federal Sources	<u>-</u>	<u>-</u>	<u>10,608</u>	<u>10,608</u>
Total Revenues	<u>\$ 26,518,914</u>	<u>\$ 26,518,914</u>	<u>\$ 26,383,304</u>	<u>\$ (135,610)</u>

MULTNOMAH COUNTY SCHOOL DISTRICT # 3
MULTNOMAH COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

		GENERAL FUND				
		BUDGET		SALARIES	EMPLOYEE BENEFITS	PURCHASED SERVICES
		ORIGINAL	FINAL			
EXPENDITURES:						
Instruction:						
Primary, K-3		\$ 4,146,665	\$ 4,631,665	\$ 4,018,863	\$ 2,289,769	\$ 11,898
Intermediate Programs		1,794,770	1,794,770	-	-	-
Elementary Extra-Curricular		6,492	6,492	5,998	1,976	-
Technology		20,581	20,581	5,155	1,978	-
Middle School Programs		3,042,897	3,042,897	2,001,547	1,093,055	5,764
Middle School Extra-Curricular		98,872	98,872	71,108	23,645	-
High School Programs		3,689,353	3,689,353	2,325,290	1,267,891	23,956
High School Extra-Curricular		524,299	524,299	306,919	104,882	36,556
Special Education Tutoring		21,400	21,400	9,578	1,427	-
District Wide Tutoring		7,645	7,645	8,568	2,153	116
Talented and Gifted/Tutoring		15,907	15,907	8,873	3,298	22
Education for Mentally Disabled		1,905,886	1,905,886	1,259,781	854,637	947
Education for Emotionally Disabled		941,843	941,843	129,297	85,314	557,179
Learning Disabled		231,039	231,039	3,899	738	-
Learning Disabled-Autism Program		33,744	33,744	-	-	-
Spec Programs Summer School		5,000	5,000	-	-	13,785
District Alternative Programs		299,111	299,111	196,931	116,232	-
English as a Second Language		832,274	832,274	491,076	288,103	18,216
Teen Parent Programs		-	-	-	-	-
Other Pograms		-	-	-	-	-
	Total Instruction	<u>17,617,778</u>	<u>18,102,778 (1)</u>	<u>10,842,883</u>	<u>6,135,098</u>	<u>668,439</u>
Support Services:						
Student Safety		120,613	120,613	95,829	71,359	-
Counseling Services		1,037,052	1,037,052	634,020	385,581	4,753
Health Services		10,000	10,000	-	-	-
Psychological Services		278,542	278,542	199,110	84,550	-
Psychological Testing Services		1,500	1,500	-	-	-
Speech Pathology and Audiology Services		325,641	325,641	213,761	111,669	18,931
Other Student Treatment Services		2,000	2,000	-	-	-
Director - Student Support Services		317,996	317,996	189,050	113,468	154,291
Staff/Curriculum Development		267,601	267,601	162,109	87,341	5,326
Educational Media Services		275,441	275,441	131,780	99,579	-
Instructional Staff Development		127,488	127,488	-	74,737	150
Board of Education Services		86,000	86,000	-	-	98,854
Graduation		9,000	9,000	-	-	6,378
Office of the Superintendent		333,517	333,517	151,938	85,192	7,617
Office of the Principal		1,811,325	1,811,325	1,104,792	696,539	984
Personal Administration		260,452	260,452	145,600	82,766	15,633
Fiscal Services		692,941	692,941	269,137	196,124	7,397
Care and Upkeep of Buildings		2,596,851	2,596,851	683,285	473,153	1,054,363
Operation & Maintenance of Plant Services		79,672	79,672	29,745	22,442	2,455
Vehicle Operation Services		769,838	769,838	263,315	200,477	44,801
Instructional Field Trip		21,913	21,913	14,493	5,320	-
Special Ed Transportation		466,938	466,938	190,363	153,329	103,436
Transportation/Extracurricular		31,130	31,130	21,879	10,028	-
Printing, Publish, Duplication		80,235	80,235	6,357	7,471	(168)
Technology Services		363,629	363,629	212,556	111,078	809
	Total Support Services	<u>10,367,315</u>	<u>10,367,315 (1)</u>	<u>4,719,119</u>	<u>3,072,203</u>	<u>1,526,010</u>
Community Services						
		100,000	115,000 (1)	-	-	113,614
Contingency						
		250,000	-	-	-	-
Debt Services						
Principal		143,000	143,000	-	-	-
	Total Debt Service	<u>143,000</u>	<u>143,000 (1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures						
		<u>28,478,093</u>	<u>28,728,093</u>	<u>\$ 15,562,002</u>	<u>\$ 9,207,301</u>	<u>\$ 2,308,063</u>
Excess of Revenues Over, -Under Expenditures						
		(1,959,179)	(2,209,179)			
Other Financing Sources, (Uses):						
Transfers In		200,000	200,000			
Transfers Out		(140,000)	(140,000) (1)			
	Total Other Financing Sources, (Uses)	<u>60,000</u>	<u>60,000</u>			
Net Change in Fund Balance						
		(1,899,179)	(2,149,179)			
Beginning Fund Balance						
		<u>2,228,749</u>	<u>2,228,749</u>			
Ending Fund Balance						
		<u>\$ 329,570</u>	<u>\$ 79,570</u>			

(1) Appropriation Level

SUPPLIES AND MATERIALS	CAPITAL OUTLAY	OTHER OBJECTS	TOTAL	VARIANCE TO FINAL BUDGET
\$ 89,843	\$ -	\$ -	\$ 6,410,373	\$ (1,778,708)
-	-	-	-	1,794,770
-	-	-	7,974	(1,482)
22,140	-	3,092	32,365	(11,784)
68,773	-	773	3,169,912	(127,015)
4,752	-	-	99,505	(633)
53,821	-	1,668	3,672,626	16,727
38,077	-	8,458	494,892	29,407
-	-	-	11,005	10,395
-	-	-	10,837	(3,192)
287	-	-	12,480	3,427
4,961	-	-	2,120,326	(214,440)
-	-	-	771,790	170,053
457	-	-	5,094	225,945
-	-	-	-	33,744
-	-	-	13,785	(8,785)
128	-	-	313,291	(14,180)
35,252	-	-	832,647	(373)
-	-	-	-	-
-	-	-	-	-
<u>318,491</u>	<u>-</u>	<u>13,991</u>	<u>17,978,902</u>	<u>123,876</u>
-	-	-	167,188	(46,575)
1,054	-	50	1,025,458	11,594
-	-	-	-	10,000
-	-	-	283,660	(5,118)
1,674	-	-	1,674	(174)
718	-	-	345,079	(19,438)
1,956	-	-	1,956	44
11,910	-	9,262	477,981	(159,985)
7,409	-	1,137	263,322	4,279
29,159	307	-	260,825	14,616
669	-	-	75,556	51,932
4,246	-	10,609	113,709	(27,709)
2,448	-	-	8,826	174
8,768	-	4,122	257,637	75,880
14,655	-	1,567	1,818,537	(7,212)
4,312	-	13,921	262,232	(1,780)
8,920	-	180,183	661,761	31,180
128,596	229	12,217	2,351,843	245,008
5,303	-	170	60,115	19,557
107,944	-	98,067	714,604	55,234
-	-	-	19,813	2,100
-	-	-	447,128	19,810
833	-	-	32,740	(1,610)
38,340	-	2,273	54,273	25,962
14,188	-	25,541	364,172	(543)
<u>393,102</u>	<u>536</u>	<u>359,119</u>	<u>10,070,089</u>	<u>297,226</u>
-	-	-	113,614	1,386
-	-	-	-	-
-	-	142,857	142,857	143
-	-	142,857	142,857	143
<u>\$ 711,593</u>	<u>\$ 536</u>	<u>\$ 373,110</u>	<u>28,305,462</u>	<u>422,631</u>
			(1,922,158)	287,021
			200,000	-
			(72,499)	67,501
			127,501	67,501
			(1,794,657)	354,522
			2,230,299	1,550
			435,642	\$ 356,072

RECONCILIATION TO GAAP FUND BALANCE

Early Retirement Fund Ending Fund Balance	343,434
Certified Workshop Fund Ending Fund Balance	-
Technology Replacement Fund Ending Fund Balance	36,789
Textbook Fund Ending Fund Balance	81,324
General Fund Ending Fund Balance	<u>\$ 897,189</u>

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SUPPLEMENTARY INFORMATION

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET -BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

DEBT SERVICE FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources				
Current Year's Taxes	\$ 2,792,475	\$ 2,792,475	\$ 2,777,874	\$ (14,601)
Prior Year's Taxes	85,000	85,000	85,521	521
Interest on Taxes	15,000	15,000	16,908	1,908
Revenues From Local Sources	<u>2,892,475</u>	<u>2,892,475</u>	<u>2,880,303</u>	<u>(12,172)</u>
EXPENDITURES:				
Debt Service-Principal	2,885,000	2,885,000	2,885,000	-
Debt Service-Interest	68,600	68,600	68,600	-
Total Expenditures	<u>2,953,600</u>	<u>2,953,600 (1)</u>	<u>2,953,600</u>	<u>-</u>
Net Change in Fund Balance	(61,125)	(61,125)	(73,297)	(12,172)
Beginning Fund Balance	<u>3,014,725</u>	<u>3,014,725</u>	<u>3,028,429</u>	<u>13,704</u>
Ending Fund Balance	<u>\$ 2,953,600</u>	<u>\$ 2,953,600</u>	<u>\$ 2,955,132</u>	<u>\$ 1,532</u>

(1) Appropriation Level

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MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

CAPITAL PROJECTS G.O. BOND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Interest on Investments	\$ -	\$ -	\$ 335,341	\$ 335,341
Miscellaneous Local Sources	-	-	4,000	4,000
Total Revenues	-	-	339,341	339,341
EXPENDITURES:				
Facilities Acquisition and Construction:				
Salaries	-	-	31,760	(31,760)
Employee Benefits	-	-	18,479	(18,479)
Purchased Services	9,668,267	6,668,267	1,540,608	5,127,659
Materials and Services	852,670	852,670	6,533	846,137
Capital Outlay	52,479,063	52,479,063	781,236	51,697,827
Other	-	-	332,717	(332,717)
Total Facilities Acquisition and Construction	63,000,000	60,000,000 (1)	2,711,333	57,288,667
Debt Service:				
Principal	-	1,046,800	1,046,800	-
Interest and Fees	-	1,953,200	1,544,701	408,499
Total Debt Service	-	3,000,000 (1)	2,591,501	408,499
Total Expenditures	63,000,000	63,000,000	5,302,834	57,697,166
Excess of Revenues Over, -Under Expenditures	(63,000,000)	(63,000,000)	(4,963,493)	58,036,507
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	63,000,000	63,000,000	64,680,584	1,680,584
Total Other Financing Sources (Uses)	63,000,000	63,000,000	64,680,584	1,680,584
Net Change in Fund Balance	-	-	59,717,091	59,717,091
Beginning Fund Balance	63,141,691	63,141,691	-	(63,141,691)
Ending Fund Balance	\$ 63,141,691	\$ 63,141,691	\$ 59,717,091	\$ (3,424,600)

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
ALL NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	THOMPSON SPECIAL FUND	PRIVATE GRANTS FUND	TRANS- PORTATION FUND
ASSETS:					
Cash and Cash Equivalents	\$ 60,894	\$ 75,966	\$ 651,352	\$ (51,474)	\$ 31,483
Accounts and Grants Receivable	-	89,096	-	148,390	-
Total Assets	\$ 60,894	\$ 165,062	\$ 651,352	\$ 96,916	\$ 31,483
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ -	\$ 44,415	\$ 3,234	\$ 49,046	\$ -
Total Liabilities	-	44,415	3,234	49,046	-
Fund Balances:					
Restricted	60,894	120,647	-	47,870	-
Committed	-	-	648,118	-	31,483
Total Fund Balances	60,894	120,647	648,118	47,870	31,483
Total Liabilities and Fund Balances	\$ 60,894	\$ 165,062	\$ 651,352	\$ 96,916	\$ 31,483

COMMUNITY CENTER FUND	BEFORE/ AFTER SCHOOL CHILD CARE FUND	RISK MANAGEMENT FUND	CAPITAL EQUIPMENT FUND	CAPITAL PROJECTS FUND	NONMAJOR FEDERAL SPECIAL REVENUE FUNDS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ (24,880) 26,001	\$ - -	\$ 329,304 -	\$ 104,689 -	\$ 358,707 8,589	\$ (1,325,138) 1,326,445	\$ 210,903 1,598,521
<u>\$ 1,121</u>	<u>\$ -</u>	<u>\$ 329,304</u>	<u>\$ 104,689</u>	<u>\$ 367,296</u>	<u>\$ 1,307</u>	<u>\$ 1,809,424</u>
\$ -	\$ -	\$ 6,509	\$ -	\$ 7,063	\$ 1,307	\$ 111,574
-	-	6,509	-	7,063	1,307	111,574
- 1,121	- -	- 322,795	- 104,689	360,233 -	- -	589,644 1,108,206
<u>1,121</u>	<u>-</u>	<u>322,795</u>	<u>104,689</u>	<u>360,233</u>	<u>-</u>	<u>1,697,850</u>
<u>\$ 1,121</u>	<u>\$ -</u>	<u>\$ 329,304</u>	<u>\$ 104,689</u>	<u>\$ 367,296</u>	<u>\$ 1,307</u>	<u>\$ 1,809,424</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, 2012

	TAX ANTICIPATION NOTE FUND	FOOD SERVICE FUND	THOMPSON SPECIAL FUND	PRIVATE GRANTS FUND	TRANS- PORTATION FUND
REVENUES:					
Intergovernmental-Federal	\$ -	\$ 1,632,951	\$ -	\$ 57,667	\$ -
Intergovernmental-State	-	-	-	127,460	-
Charges for Services	-	205,210	441,225	-	-
Earnings on Investments	317	-	-	-	-
Miscellaneous	-	23,778	16,990	137,335	75,000
Total Revenues	317	1,861,939	458,215	322,462	75,000
EXPENDITURES:					
Current:					
Instruction	-	-	-	44,168	-
Support Services	-	-	254,179	287,206	124,295
Enterprise and Community Services	-	1,894,667	-	-	-
Facilities Acquisition and Construction	-	-	-	-	-
Total Expenditures	-	1,894,667	254,179	331,374	124,295
Excess of Revenues Over, - Under Expenditures	317	(32,728)	204,036	(8,912)	(49,295)
Other Financing Sources, (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	-	(250,000)	-	-
Total Other Financing Sources, (Uses)	-	-	(250,000)	-	-
Net Change in Fund Balance	317	(32,728)	(45,964)	(8,912)	(49,295)
Beginning Fund Balance	60,577	153,375	694,082	56,782	80,778
Ending Fund Balance	\$ 60,894	\$ 120,647	\$ 648,118	\$ 47,870	\$ 31,483

COMMUNITY CENTER FUND	BEFORE/ AFTER SCHOOL CHILD CARE FUND	RISK MANAGEMENT FUND	CAPITAL EQUIPMENT FUND	CAPITAL PROJECTS FUND	NONMAJOR FEDERAL SPECIAL REVENUE FUNDS	TOTAL NONMAJOR SPECIAL REVENUE FUNDS
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,394,745	\$ 4,085,363
-	-	-	-	-	-	127,460
44,173	35,281	-	-	-	-	725,889
-	-	-	-	-	-	317
31,384	-	417,278	-	203,117	-	904,882
<u>75,557</u>	<u>35,281</u>	<u>417,278</u>	<u>-</u>	<u>203,117</u>	<u>2,394,745</u>	<u>5,843,911</u>
-	-	-	2,404	-	2,045,363	2,091,935
-	-	413,830	2,237	70,454	341,856	1,494,057
186,563	48,423	-	-	-	7,526	2,137,179
-	-	-	-	297,898	-	297,898
<u>186,563</u>	<u>48,423</u>	<u>413,830</u>	<u>4,641</u>	<u>368,352</u>	<u>2,394,745</u>	<u>6,021,069</u>
(111,006)	(13,142)	3,448	(4,641)	(165,235)	-	(177,158)
60,000	-	-	-	50,000	-	110,000
-	-	-	-	-	-	(250,000)
<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>(140,000)</u>
(51,006)	(13,142)	3,448	(4,641)	(115,235)	-	(317,158)
52,127	13,142	319,347	109,330	475,468	-	2,015,008
<u>\$ 1,121</u>	<u>\$ -</u>	<u>\$ 322,795</u>	<u>\$ 104,689</u>	<u>\$ 360,233</u>	<u>\$ -</u>	<u>\$ 1,697,850</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING BALANCE SHEET
ALL NONMAJOR FEDERAL SPECIAL REVENUE FUNDS
June 30, 2012

	<u>IDEA</u>	<u>TITLE IA</u>	<u>TITLE IV DRUG AND ALCOHOL</u>	<u>CARL PERKINS</u>	<u>TITLE IIA QUALITY TEACHER</u>
ASSETS:					
Cash and Cash Equivalents	\$ (312,678)	\$ (884,289)	\$ -	\$ (4,298)	\$ (92,660)
Accounts and Grants Receivable	- 312,971	884,919	-	4,298	92,660
Total Assets	\$ 293	\$ 630	\$ -	\$ -	\$ -
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 293	\$ 630	-	-	-
Total Liabilities	293	630	-	-	-
Fund Balance	-	-	-	-	-
Total Liabilities and Fund Balances	\$ 293	\$ 630	\$ -	\$ -	\$ -

TITLE III LANGUAGE INSTRUCTION	SYSTEM PERFORMANCE REVIEW	MCKINNEY VENTO GRANT	ARRA SCHOOL IMPROVEMENT FUND	TOTAL NONMAJOR FEDERAL SPECIAL REVENUE FUNDS
\$ (20,560)	\$ (1,816)	\$ (4,266)	\$ (4,571)	\$ (1,325,138)
20,590	2,170	4,266	4,571	1,326,445
<u>\$ 30</u>	<u>\$ 354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,307</u>
\$ 30	\$ 354	\$ -	\$ -	\$ 1,307
30	354	-	-	1,307
-	-	-	-	-
<u>\$ 30</u>	<u>\$ 354</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,307</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL NONMAJOR FEDERAL SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2012

	IDEA	TITLE IA	TITLE IV DRUG/ ALCOHOL	CARL PERKINS	TITLE IIA TEACHER QUALITY
REVENUES:					
Federal Sources	\$ 653,694	\$ 1,381,233	\$ 1,600	\$ 48,469	\$ 138,466
Total Revenues	653,694	1,381,233	1,600	48,469	138,466
EXPENDITURES:					
Current:					
Instruction	644,635	1,327,018	-	-	-
Support Services	9,059	48,817	1,600	48,469	136,338
Community Services	-	5,398	-	-	2,128
Total Expenditures	653,694	1,381,233	1,600	48,469	138,466
Net Change in Fund Balance	-	-	-	-	-
Beginning Fund Balance	-	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -

TITLE III LANGUAGE INSTRUCTION	SYSTEMS PERFORMANCE GRANT	MCKINNEY VENO GRANT	ARRA SCHOOL IMPROVEMENT GRANT	TOTAL
\$ 93,500	\$ 4,073	\$ 16,125	\$ 57,585	\$ 2,394,745
93,500	4,073	16,125	57,585	2,394,745
-	-	16,125	57,585	2,045,363
93,500	4,073	-	-	341,856
-	-	-	-	7,526
93,500	4,073	16,125	57,585	2,394,745
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

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, 2012

TAX ANTICIPATION NOTE FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources				
Earnings on Investments	\$ 20,000	\$ 20,000	\$ 317	\$ (19,683)
Total Revenues	<u>20,000</u>	<u>20,000</u>	<u>317</u>	<u>(19,683)</u>
EXPENDITURES:				
Support Services-Fiscal Services				
Purchased Services	5,578	5,578	-	5,578
Total Support Services	<u>5,578</u>	<u>5,578 (1)</u>	<u>-</u>	<u>5,578</u>
Debt Services				
Principal	4,035,000	4,035,000	-	4,035,000
Interest	75,000	75,000	-	75,000
Total Debt Services	<u>4,110,000</u>	<u>4,110,000 (1)</u>	<u>-</u>	<u>4,110,000</u>
Total Expenditures	<u>4,115,578</u>	<u>4,115,578</u>	<u>-</u>	<u>4,115,578</u>
Excess of Revenues Over, -Under Expenditures	(4,095,578)	(4,095,578)	317	4,095,895
Other Financing Sources, (Uses):				
TAN Proceeds	4,035,000	4,035,000	-	(4,035,000)
Total Other Financing Sources, (Uses)	<u>4,035,000</u>	<u>4,035,000</u>	<u>-</u>	<u>(4,035,000)</u>
Net Change in Fund Balance	(60,578)	(60,578)	317	60,895
Beginning Fund Balance	<u>60,578</u>	<u>60,578</u>	<u>60,577</u>	<u>(1)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,894</u>	<u>\$ 60,894</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, 2012

FOOD SERVICE FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources:				
Sales of Meals	\$ 275,000	\$ 275,000	\$ 205,210	\$ (69,790)
Miscellaneous	5,000	5,000	8,381	3,381
State Sources:				
State School Lunch Match	23,080	23,080	15,397 (2)	(7,683)
Federal Sources:				
School Nutrition	1,400,000	1,400,000	1,543,364	143,364
Commodities	75,000	75,000	89,587	14,587
Total Revenues	<u>1,778,080</u>	<u>1,778,080</u>	<u>1,861,939</u>	<u>83,859</u>
EXPENDITURES:				
Enterprise and Community Services:				
Food Services:				
Salaries	399,608	399,608	382,589	17,019
Employee Benefits	327,419	327,419	314,440	12,979
Purchased Services	192,800	192,800	202,062	(9,262)
Supplies and Materials	831,700	831,700	975,369	(143,669)
Capital Outlay	88,000	88,000	16,900	71,100
Other Objects	4,000	4,000	3,307	693
Total Enterprise and Community Services	<u>1,843,527</u>	<u>1,843,527</u> (1)	<u>1,894,667</u>	<u>(51,140)</u>
Contingency	<u>100,000</u>	<u>100,000</u> (1)	<u>-</u>	<u>100,000</u>
Total Expenditures	<u>1,943,527</u>	<u>1,943,527</u>	<u>1,894,667</u>	<u>48,860</u>
Net Change in Fund Balance	(165,447)	(165,447)	(32,728)	132,719
Beginning Fund Balance	<u>296,440</u>	<u>296,440</u>	<u>153,375</u>	<u>(143,065)</u>
Ending Fund Balance	<u>\$ 130,993</u>	<u>\$ 130,993</u>	<u>\$ 120,647</u>	<u>\$ (10,346)</u>

(1) Appropriation Level

(2) Amount represents the District's required State School Support Match of \$15,397 for the Lunch Fund.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

THOMPSON SPECIAL FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources				
Rental/Lease	\$ 437,558	\$ 437,558	\$ 441,225	\$ 3,667
Contributions from Private Sources	-	-	14,350	14,350
Miscellaneous	17,500	17,500	2,640	(14,860)
Total Revenues	<u>455,058</u>	<u>455,058</u>	<u>458,215</u>	<u>3,157</u>
EXPENDITURES:				
Support Services:				
Operations and Maintenance of Plant:				
Salaries	132,271	132,271	83,208	49,063
Employee Benefits	56,831	56,831	31,634	25,197
Purchased Services	433,589	433,589	114,294	319,295
Supplies and Materials	1,100	1,100	10,693	(9,593)
Other Objects	24,000	24,000	14,350	9,650
Total Support Services	<u>647,791</u>	<u>647,791</u> (1)	<u>254,179</u>	<u>393,612</u>
Facilities Acquisition and Construction:				
Capital Outlay	150,000	150,000	-	150,000
Total Facilities Acquisition and Construction	<u>150,000</u>	<u>150,000</u> (1)	<u>-</u>	<u>150,000</u>
Contingency	50,000	50,000 (1)	-	50,000
Total Expenditures	<u>847,791</u>	<u>847,791</u>	<u>254,179</u>	<u>593,612</u>
Excess of Revenues Over, -Under Expenditures	(392,733)	(392,733)	204,036	596,769
Other Financing Sources, (Uses):				
Transfers In	15,000	15,000	-	(15,000)
Transfers Out	(250,000)	(250,000) (1)	(250,000)	-
Total Other Financing Sources, (Uses)	<u>(235,000)</u>	<u>(235,000)</u>	<u>(250,000)</u>	<u>(15,000)</u>
Net Change in Fund Balance	(627,733)	(627,733)	(45,964)	581,769
Beginning Fund Balance	<u>715,353</u>	<u>715,353</u>	<u>694,082</u>	<u>(21,271)</u>
Ending Fund Balance	<u>\$ 87,620</u>	<u>\$ 87,620</u>	<u>\$ 648,118</u>	<u>\$ 560,498</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, 2012

PRIVATE GRANTS FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ 250,000	\$ 434,325	\$ 137,335	\$ (296,990)
State Sources	-	-	127,460	127,460
Federal Sources	-	-	57,667	57,667
Total Revenues	<u>250,000</u>	<u>434,325</u>	<u>322,462</u>	<u>(111,863)</u>
EXPENDITURES:				
Instruction:				
Salaries	14,185	14,185	8,241	5,944
Employee Benefits	4,815	4,815	2,769	2,046
Purchased Services	55,665	55,665	16,999	38,666
Supplies and Materials	11,700	26,025	7,762	18,263
Other objects	-	-	8,397	(8,397)
Total Instruction	<u>86,365</u>	<u>100,690</u> (1)	<u>44,168</u>	<u>56,522</u>
Support Services:				
Salaries	19,130	73,349	87,479	(14,130)
Employee Benefits	7,300	7,300	22,245	(14,945)
Purchased Services	40,200	109,200	77,896	31,304
Supplies and Materials	132,448	134,554	49,627	84,927
Other objects	-	44,675	49,959	(5,284)
Total Support Services	<u>199,078</u>	<u>369,078</u> (1)	<u>287,206</u>	<u>81,872</u>
Enterprise/Community Services:				
Supplies and Materials	197	197	-	197
Total Enterprise/Community Services	<u>197</u>	<u>197</u> (1)	<u>-</u>	<u>197</u>
Total Expenditures	<u>285,640</u>	<u>469,965</u>	<u>331,374</u>	<u>138,591</u>
Net Change in Fund Balance	(35,640)	(35,640)	(8,912)	26,728
Beginning Fund Balance	<u>35,640</u>	<u>35,640</u>	<u>56,782</u>	<u>21,142</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,870</u>	<u>\$ 47,870</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, 2012

TRANSPORTATION FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
State Sources:				
SSF-Transportation	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
EXPENDITURES:				
Support Services:				
Capital Outlay	<u>155,000</u>	<u>155,000 (1)</u>	<u>124,295</u>	<u>30,705</u>
Total Expenditures	<u>155,000</u>	<u>155,000</u>	<u>124,295</u>	<u>30,705</u>
Net Change in Fund Balance	(80,000)	(80,000)	(49,295)	30,705
Beginning Fund Balance	<u>80,777</u>	<u>80,777</u>	<u>80,778</u>	<u>1</u>
Ending Fund Balance	<u>\$ 777</u>	<u>\$ 777</u>	<u>\$ 31,483</u>	<u>\$ 30,706</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, 2012

COMMUNITY CENTER FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources:				
Swim Pool	\$ 51,000	\$ 51,000	\$ 33,568	\$ (17,432)
Rentals	30,000	30,000	10,605	(19,395)
Miscellaneous	45,000	45,000	31,384	(13,616)
Total Revenues	<u>126,000</u>	<u>126,000</u>	<u>75,557</u>	<u>(50,443)</u>
 EXPENDITURES:				
Enterprise and Community Services:				
Salaries	151,806	151,806	121,833	29,973
Employee Benefits	62,208	62,208	58,305	3,903
Purchased Services	2,280	2,280	1,915	365
Supplies and Materials	898	898	1,017	(119)
Other	-	-	3,493	(3,493)
Total Expenditures	<u>217,192</u>	<u>217,192 (1)</u>	<u>186,563</u>	<u>30,629</u>
Excess of Revenues Over, -Under Expenditures	(91,192)	(91,192)	(111,006)	(19,814)
 Other Financing Sources, (Uses):				
Transfers In	<u>100,000</u>	<u>100,000</u>	<u>60,000</u>	<u>40,000</u>
Total Other Financing Sources, (Uses)	<u>100,000</u>	<u>100,000</u>	<u>60,000</u>	<u>40,000</u>
Net Change in Fund Balance	8,808	8,808	(51,006)	(59,814)
Beginning Fund Balance	<u>25,326</u>	<u>25,326</u>	<u>52,127</u>	<u>26,801</u>
Ending Fund Balance	<u>\$ 34,134</u>	<u>\$ 34,134</u>	<u>\$ 1,121</u>	<u>\$ (33,013)</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

BEFORE AND AFTER SCHOOL CHILD CARE FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Local Sources:				
Child Care Revenue	\$ 86,400	\$ 86,400	\$ 35,281	\$ (51,119)
Total Revenues	86,400	86,400	35,281	(51,119)
 EXPENDITURES:				
Enterprise and Community Services				
Salaries	33,104	33,104	24,059	9,045
Employee Benefits	20,846	20,846	21,927	(1,081)
Supplies and Materials	2,500	2,500	157	2,343
Other	-	-	2,280	(2,280)
Total Enterprise and Community Services	56,450	56,450 (1)	48,423	8,027
Contingency	10,000	10,000 (1)	-	10,000
Total Expenditures	66,450	66,450	48,423	18,027
Excess of Revenues Over, -Under Expenditures	19,950	19,950	(13,142)	(33,092)
 OTHER FINANCING SOURCES (USES)				
Transfer Out	(15,000)	(15,000) (1)	-	15,000
Total Other Financing Sources (Uses)	(15,000)	(15,000)	-	15,000
Net Change in Fund Balance	4,950	4,950	(13,142)	(18,092)
Beginning Fund Balance	13,782	13,782	13,142	(640)
Ending Fund Balance	\$ 18,732	\$ 18,732	\$ -	\$ (18,732)

(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, 2012

RISK MANAGEMENT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources:				
Cobra / Self Paid Insurance	\$ 400,000	\$ 400,000	\$ 259,006	\$ (140,994)
Unemployment Insurance	60,000	60,000	51,368	(8,632)
Other Income	75,000	75,000	106,904	31,904
Total Revenues	<u>535,000</u>	<u>535,000</u>	<u>417,278</u>	<u>(117,722)</u>
EXPENDITURES:				
Support Services:				
Reimbursed Replacement Insurance:				
Salaries	7,260	7,260	66	7,194
Employee Benefits	1,913	1,913	27	1,886
Purchased Services	25,000	25,000	-	25,000
Supplies and Materials	2,000	2,000	27,009	(25,009)
Capital Outlay	75,500	75,500	-	75,500
Other Objects	25,000	25,000	645	24,355
Staff Services:				
Employee Benefits	500,000	500,000	386,083	113,917
Total Expenditures	<u>636,673</u>	<u>636,673 (1)</u>	<u>413,830</u>	<u>222,843</u>
Net Change in Fund Balance	(101,673)	(101,673)	3,448	105,121
Beginning Fund Balance	<u>327,177</u>	<u>327,177</u>	<u>319,347</u>	<u>(7,830)</u>
Ending Fund Balance	<u>\$ 225,504</u>	<u>\$ 225,504</u>	<u>\$ 322,795</u>	<u>\$ 97,291</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, 2012

CAPITAL EQUIPMENT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources	\$ 25,000	\$ 25,000	\$ -	\$ (25,000)
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
EXPENDITURES:				
Instruction	112,195	112,195 (1)	2,404	109,791
Support Services	20,164	20,164 (1)	2,237	17,927
Total Expenditures	<u>132,359</u>	<u>132,359</u>	<u>4,641</u>	<u>127,718</u>
Net Change in Fund Balance	(107,359)	(107,359)	(4,641)	102,718
Beginning Fund Balance	<u>107,359</u>	<u>107,359</u>	<u>109,330</u>	<u>1,971</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,689</u>	<u>\$ 104,689</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, 2012

CAPITAL PROJECTS FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Revenue:				
Construction Excise Tax	\$ 10,000	\$ 10,000	\$ 14,076	\$ 4,076
Miscellaneous Local Revenue	112,000	112,000	189,041	77,041
Total Revenues	<u>122,000</u>	<u>122,000</u>	<u>203,117</u>	<u>81,117</u>
EXPENDITURES:				
Support:				
Purchased Services	223,000	223,000	38,379	184,621
Supplies & Materials	-	-	12,603	(12,603)
Capital Outlay	-	-	18,354	
Other	-	-	1,118	(18,354)
Total Support	<u>223,000</u>	<u>223,000 (1)</u>	<u>70,454</u>	<u>153,664</u>
Facilities Acquisition & Construction				
Purchased Services	<u>415,000</u>	<u>415,000 (1)</u>	<u>297,898</u>	<u>117,102</u>
Total Expenditures	<u>638,000</u>	<u>638,000</u>	<u>368,352</u>	<u>269,648</u>
Excess of Revenues Over, -Under Expenditures	(516,000)	(516,000)	(165,235)	350,765
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net Change in Fund Balance	(466,000)	(466,000)	(115,235)	350,765
Beginning Fund Balance	<u>466,000</u>	<u>466,000</u>	<u>475,468</u>	<u>9,468</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 360,233</u>	<u>\$ 360,233</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, 2012

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>IDEA (PL 101-476) GRANTS</u>				
REVENUES:				
Federal Sources:				
Grants-in-aid	\$ 725,000	\$ 725,000	\$ 653,694	\$ (71,306)
Total Revenues	<u>725,000</u>	<u>725,000</u>	<u>653,694</u>	<u>(71,306)</u>
EXPENDITURES:				
Instruction:				
Salaries	390,921	390,921	305,785	85,136
Employee Benefits	261,079	261,079	218,321	42,758
Purchased Services	12,500	12,500	114,197	(101,697)
Materials and Services	52,500	52,500	6,332	46,168
Total Instruction	<u>717,000</u>	<u>717,000</u> (1)	<u>644,635</u>	<u>72,365</u>
Support Services:				
Salaries	4,480	4,480	4,307	173
Employee Benefits	1,520	1,520	1,262	258
Purchased Services	-	-	1,999	(1,999)
Materials and Services	2,000	2,000	-	2,000
Other	-	-	1,491	(1,491)
Total Support Services	<u>8,000</u>	<u>8,000</u> (1)	<u>9,059</u>	<u>(1,059)</u>
Total Expenditures	<u>725,000</u>	<u>725,000</u>	<u>653,694</u>	<u>71,306</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

	<u>TITLE IA GRANT FUND</u>			VARIANCE TO FINAL BUDGET
	<u>BUDGET</u>		<u>ACTUAL</u>	
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 1,480,000	\$ 1,480,000	\$ 1,381,233	\$ (98,767)
EXPENDITURES:				
Instruction:				
Special Programs/Title IA:				
Salaries	655,418	755,418	684,156	71,262
Employee Benefits	433,048	433,048	421,733	11,315
Purchased Services	11,079	11,079	156,455	(145,376)
Supplies and Materials	188,283	188,283	50,792	137,491
Other Objects	5,500	5,500	13,882	(8,382)
Total Instruction	1,293,328	1,393,328 (1)	1,327,018	66,310
Support Services:				
Attendance and Social Services				
Salaries	104,937	20,462	25,572	(5,110)
Employee Benefits	36,803	21,278	11,844	9,434
Purchased Services	-	-	10,428	(10,428)
Supplies and Materials	21,222	21,222	973	20,249
Other Objects	-	-	-	-
Total Support Services	162,962	62,962 (1)	48,817	14,145
Community Service:				
Salaries	7,800	7,800	725	7,075
Employee Benefits	2,200	2,200	246	1,954
Purchased Services	3,890	3,890	2,620	1,270
Supplies & Materials	9,820	9,820	1,807	8,013
Total Community Services	23,710	23,710 (1)	5,398	18,312
Total Expenditures	1,480,000	1,480,000	1,381,233	98,767
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

TITLE IV DRUG/ALCOHOL GRANT FUND

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES:				
Federal Sources:				
Grants-in-aid	\$ -	\$ 1,940	\$ 1,600	\$ (340)
EXPENDITURES:				
Support Services:				
Improvement of Instruction:				
Purchased Services	-	1,940	1,600	340
Total Support Services	-	1,940 (1)	1,600	340
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

CARL PERKINS GRANT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources:				
Grants-in-aid	\$ 65,000	\$ 65,000	\$ 48,469	\$ (16,531)
EXPENDITURES:				
Support Services:				
Improvement of Instruction:				
Salaries	34,940	34,940	9,329	25,611
Employee Benefits	17,560	17,560	2,551	15,009
Purchased Services	1,500	1,500	2,130	(630)
Supplies and Materials	9,000	9,000	31,101	(22,101)
Other Objects	2,000	2,000	3,358	(1,358)
Total Support Services	65,000	65,000 (1)	48,469	16,531
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

TITLE IIA QUALITY TEACHER GRANT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 240,000	\$ 240,000	\$ 138,466	\$ (101,534)
EXPENDITURES:				
Support Services:				
Salaries	106,820	106,820	69,229	37,591
Employee Benefits	45,192	45,192	23,881	21,311
Purchased Services	31,000	31,000	13,351	17,649
Supplies and Materials	20,000	20,000	2,968	17,032
Other Objects	30,000	30,000	26,909	3,091
Total Support Services	<u>233,012</u>	<u>233,012 (1)</u>	<u>136,338</u>	<u>96,674</u>
Community Services:				
Nonpublic School Students:				
Purchased Services	-	-	1,500	(1,500)
Other Objects	6,988	6,988	628	6,360
Total Community Services	<u>6,988</u>	<u>6,988 (1)</u>	<u>2,128</u>	<u>4,860</u>
Total Expenditures	<u>240,000</u>	<u>240,000</u>	<u>138,466</u>	<u>101,534</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

TITLE III LANGUAGE INSTRUCTION GRANT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ 145,000	\$ 145,000	\$ 93,500	\$ (51,500)
Total Revenues	<u>145,000</u>	<u>145,000</u>	<u>93,500</u>	<u>(51,500)</u>
EXPENDITURES:				
Support Services:				
Improvement of Instruction:				
Salaries	74,280	74,280	53,358	20,922
Employee Benefits	27,443	27,443	16,555	10,888
Purchased Services	14,000	14,000	10,971	3,029
Supplies and Materials	28,000	28,000	12,245	15,755
Other Objects	1,277	1,277	371	906
Total Support Services	<u>145,000</u>	<u>145,000 (1)</u>	<u>93,500</u>	<u>51,500</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, 2012

SYSTEM PERFORMANCE REVIEW GRANT

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources:				
Restricted through State	\$ 4,427	\$ 4,427	\$ 4,073	\$ (354)
Total Revenues	<u>4,427</u>	<u>4,427</u>	<u>4,073</u>	<u>(354)</u>
EXPENDITURES:				
Support Services:				
Instructional Staff Development:				
Salaries	2,900	2,935	2,964	(29)
Employee Benefits	977	942	768	174
Purchased Services	100	100	80	20
Supplies and Materials	450	450	261	189
Total Support Services	<u>4,427</u>	<u>4,427 (1)</u>	<u>4,073</u>	<u>354</u>
Total Expenditures	<u>4,427</u>	<u>4,427</u>	<u>4,073</u>	<u>354</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

MCKINNEY-VENTO GRANT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources				
Grants-in-aid	\$ -	\$ 19,700	\$ 16,125	\$ (3,575)
Total Revenues	-	19,700	16,125	(3,575)
EXPENDITURES:				
Instruction				
Salaries	-	13,043	13,236	(193)
Employee Benefits	-	1,109	1,786	(677)
Purchased Services	-	5,300	-	5,300
Supplies & Materials	-	248	1,103	(855)
Total Instruction	-	19,700 (1)	16,125	3,575
Total Expenditures	-	19,700	16,125	3,575
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

ARRA SCHOOL IMPROVEMENT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Federal Sources				
Restricted through State	\$ 20,000	\$ 118,878	\$ 57,585	\$ (61,293)
Total Revenues	<u>20,000</u>	<u>118,878</u>	<u>57,585</u>	<u>(61,293)</u>
EXPENDITURES:				
Instruction:				
Salaries	7,625	13,625	25,901	(12,276)
Employee Benefits	2,375	8,575	8,302	273
Purchased Services	-	10,000	1,921	8,079
Supplies & Materials	9,000	85,678	21,461	64,217
Other	1,000	1,000	-	1,000
Total Expenditures	<u>20,000</u>	<u>118,878 (1)</u>	<u>57,585</u>	<u>61,293</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

EARLY RETIREMENT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES:				
Support Services:				
Supplemental Retirement Program:				
Salaries	\$ 150,000	\$ 150,000	\$ 141,099	\$ 8,901
Employee Benefits	119,125	119,125	14,480	104,645
Total Support Services	<u>269,125</u>	<u>269,125</u>	(1) <u>155,579</u>	<u>113,546</u>
Contingency	<u>125,000</u>	<u>125,000</u>	(1) <u>-</u>	<u>125,000</u>
Total Expenditures	<u>394,125</u>	<u>394,125</u>	<u>155,579</u>	<u>238,546</u>
Net Change in Fund Balance	(394,125)	(394,125)	(155,579)	238,546
Beginning Fund Balance	<u>501,758</u>	<u>501,758</u>	<u>499,013</u>	<u>(2,745)</u>
Ending Fund Balance	<u>\$ 107,633</u>	<u>\$ 107,633</u>	<u>\$ 343,434</u>	<u>\$ 235,801</u>

(1) Appropriation Level

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

CERTIFIED WORKSHOP FUND

	BUDGET			VARIANCE TO
REVENUES:	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
Local Sources:				
Miscellaneous Local Revenue	\$ 20,000	\$ 20,000	\$ 8,359	\$ (11,641)
Total Revenues	20,000	20,000	8,359	(11,641)
EXPENDITURES:				
Support Services:				
Instructional Staff Development:				
Salaries	\$ 21,059	\$ 21,059	\$ 15,132	\$ 5,927
Employee Benefits	58,609	58,609	5,666	52,943
Purchased Services	-	-	218	(218)
Other Objects	-	-	7,162	(7,162)
Total Expenditures	79,668	79,668 (1)	28,178	51,490
Excess of Revenues Over, -Under Expenditures	(59,668)	(59,668)	(19,819)	39,849
Other Financing Sources, (Uses):				
Transfers In	40,000	40,000	12,499	27,501
Total Other Financing Sources, (Uses)	40,000	40,000	12,499	27,501
Net Change in Fund Balance	(19,668)	(19,668)	(7,320)	12,348
Beginning Fund Balance	19,668	19,668	7,320	(12,348)
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

(1) Appropriation Level

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

TECHNOLOGY REPLACEMENT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES:				
Local Sources:				
Miscellaneous Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
EXPENDITURES:				
Support Services				
Supplies and Materials	10,000	10,000	-	10,000
Total Expenditures	10,000	10,000 (1)	-	10,000
Net Change in Fund Balance	(10,000)	(10,000)	-	10,000
Beginning Fund Balance	<u>12,365</u>	<u>12,365</u>	<u>36,789</u>	<u>24,424</u>
Ending Fund Balance	<u>\$ 2,365</u>	<u>\$ 2,365</u>	<u>\$ 36,789</u>	<u>\$ 34,424</u>

(1) Appropriation Level

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

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
 For the Year Ended June 30, 2012

	<u>TEXTBOOK FUND</u>			
	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES:				
Instruction:				
Instructional Staff:				
High School Programs - Materials and Supplies	\$ 135,145	\$ 135,145	\$ 53,820	\$ 81,325
Total Expenditures	<u>135,145</u>	<u>135,145 (1)</u>	<u>53,820</u>	<u>81,325</u>
Net Change in Fund Balance	(135,145)	(135,145)	(53,820)	81,325
Beginning Fund Balance	<u>135,145</u>	<u>135,145</u>	<u>135,144</u>	<u>(1)</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 81,324</u></u>	<u><u>\$ 81,324</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 resources being derived primarily from General Fund transfers.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2012

SACRAEMENTO READING GRANT FUND

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
EXPENDITURES:				
Support Services				
Support	\$ 4,261	\$ 4,261	\$ -	\$ 4,261
Total Expenditures	<u>4,261</u>	<u>4,261 (1)</u>	<u>-</u>	<u>4,261</u>
Net Change in Fund Balance	(4,261)	(4,261)	-	4,261
Beginning Fund Balance	<u>4,261</u>	<u>4,261</u>	<u>-</u>	<u>(4,261)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

MULTNOMAH COUNTY SCHOOL DISTRICT NO.3
MULTNOMAH, OREGON

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Year Ended June 30, 2012

<u>STUDENT ACTIVITY FUNDS</u>	<u>BALANCE</u> <u>7/1/11</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>6/30/12</u>
ASSETS:				
Cash	\$ 181,297	\$ 501,250	\$ 513,640	\$ 168,907
Total Assets	<u>\$ 181,297</u>	<u>\$ 501,250</u>	<u>\$ 513,640</u>	<u>\$ 168,907</u>
LIABILITIES:				
Due to Student Organizations	\$ 181,297	\$ 501,250	\$ 513,640	\$ 168,907
Total Liabilities	<u>\$ 181,297</u>	<u>\$ 501,250</u>	<u>\$ 513,640</u>	<u>\$ 168,907</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2012

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/11	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/12
GENERAL FUND:						
Current:						
2011-12	\$ 13,865,835	\$ 346,904	\$ (70,763)	\$ 6,126	\$ 13,017,583	\$ 436,711
Prior Years:						
2010-2011	382,997	(2,185)	(33,711)	14,920	131,505	234,886
2009-2010	191,464	(1,643)	(25,930)	14,334	21,947	159,564
2008-2009	114,157	(22)	(17,310)	17,021	56,139	57,751
2007-2008	48,471	(21)	(15,547)	9,573	25,504	17,014
Prior	35,009	-	(11,638)	2,624	3,867	22,128
Total Prior	772,098	(3,871)	(104,136)	58,472	238,962	491,343
Total General Fund	\$ 14,637,933	\$ 343,033	\$ (174,899)	\$ 64,598	\$ 13,256,545	\$ 928,054

RECONCILIATION TO REVENUE:

	FUND
Cash Collections by County Treasurers Above	\$ 13,256,545
June 30, 2011	(64,842)
June 30, 2012	67,446
Taxes In Lieu	130,285
Total Revenue	\$ 13,389,434

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2012

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/11	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/12
DEBT SERVICE FUND:						
Current:						
2011-2012	\$ 2,975,916	\$ 74,453	\$ (15,187)	\$ 1,315	\$ 2,793,862	\$ 93,729
Prior Years:						
2010-2011	90,727	(518)	(7,986)	3,534	31,151	55,642
2009-2010	42,536	(365)	(5,761)	3,184	4,876	35,448
2008-2009	24,334	(5)	(3,690)	3,628	11,967	12,310
2007-2008	10,824	(5)	(3,472)	2,138	5,695	3,800
Prior	10,606	-	(4,805)	652	960	5,493
Total Prior	179,027	(893)	(25,714)	13,136	54,649	112,693
Total Debt Service Fund	\$ 3,154,943	\$ 73,560	\$ (40,901)	\$ 14,451	\$ 2,848,511	\$ 206,422

RECONCILIATION TO REVENUE:	SERVICE FUND
Cash Collections by County Treasurers Above	\$ 2,848,511
Accrual of Receivables:	
June 30, 2011	(15,178)
June 30, 2012	20,396
Taxes In Lieu	9,666
Total Revenue	\$ 2,863,395

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S ID NUMBER	GRANT PERIOD	GRANT AWARD	EXPENDITURES
U.S. Department of Education:					
Passed Through Oregon Department of Education:					
ECIA Title 1A					
	84.010	22683	7/1/11-9/30/12	1,241,510	\$ 1,129,741
	84.010	19473	7/1/10-9/30/11	1,247,830	<u>251,490</u>
Total ECIA Title 1A					<u>1,381,231</u>
I.D.E.A					
	84.027	23873	10/1/11-9/30/12	7,957	7,957
	84.027	21383	10/1/10-9/30/11	7,957	1,138
	84.027	23666	7/1/11-9/30/13	641,601	641,601
	84.173	24265	7/1/10-9/30/13	2,998	2,998
System Performance Review					
	84.027	23150	8/1/11-6/30/12	3,527	3,527
	84.027	24067	9/1/11-6/30/12	900	<u>546</u>
Total Public Law 101-477 I.D.E.A.					<u>657,767</u>
Title IV - Drug & Alcohol					
	84.186	22944	7/15/11-9/30/11	1,600	<u>1,600</u>
Total Title IV - Drug & Alcohol					<u>1,600</u>
Perkins School/Work					
	84.048	22139	7/1/11-9/30/12	45,372	38,688
	84.243	19162	7/1/10-9/30/12	5,531	5,531
	84.048	19162	7/1/10-9/30/11	44,802	<u>4,250</u>
Total Perkins School/Work					<u>48,469</u>
School Improvement					
	84.389	18025	9/1/11-9/30/12	35,050	12,536
	84.389	20528	9/1/10-9/30/12	34,669	24,118
	84.389	21701	9/1/10-9/30/12	66,400	<u>20,930</u>
Total School Improvement					<u>57,584</u>
Title IIA					
	84.367	19684	7/1/10-9/30/11	181,563	18,554
	84.367	22872	7/1/11-9/30/12	136,201	<u>119,912</u>
Total Title IIA					<u>138,466</u>

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S ID NUMBER	GRANT PERIOD	GRANT AWARD	EXPENDITURES
Title IID Education Through Technology	84.318	16,401	7/1/09-9/30/10	11,391	-
Total Title IID Education Through Technology					-
Title III - Language Instruction	84.365	23002	7/1/11-9/30/12	108,711	62,706
	84.365	20200	7/1/10-9/30/11	99,963	30,793
Total Title Language Instruction					93,499
Advanced Placement Incentive	84.330	14193	10/1/08-9/30/09	20,426	-
Total Advanced Placement Incentive					-
McKinney Homless	84.196	22333	7/1/11-9/30/12	19,700	16,125
Total McKinney Homeless					16,125
Total U.S. Department of Education					2,394,741
U. S. Department of Agriculture					
Passed Through Oregon Department of Education:					
National School Breakfast	10.553	N/A	N/A	N/A	422,777 (1)
National School Lunch	10.555	N/A	N/A	N/A	865,770 (1)
Child Care - Food	10.558	N/A	N/A	N/A	105,347
Summer Lunch	10.559	N/A	N/A	N/A	43,944 (1)
Fresh Fruit and Vegetables	10.582	N/A	N/A	N/A	94,957
Donated USDA Commodities	10.555	N/A	N/A	N/A	89,587 (1)
Total U. S. Department of Agriculture					1,622,382
American Recovery and Reinvestment Act:					
Passed Through Oregon Department of Education:					
Education Jobs	84.410	N/A	N/A	N/A	10,608
Total American Recovery and Reinvestment Act Passed Through Oregon Department of Education					10,608
Passed Through Multnomah County:					
Prevention and Wellness Grant	93.724	N/A	N/A	N/A	57,667
Schools and Roads Grants to States	10.665	N/A	N/A	N/A	2,305
Total American Recovery and Reinvestment Act Passed Through Multnomah County					59,972
Total Federal Financial Assistance					\$ 4,087,703

(1) - Major Program

INDEPENDENT AUDITORS' REPORT AS REQUIRED BY
OREGON STATE REGULATIONS

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

October 31, 2012

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, 2012, and have issued our report thereon dated October 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

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

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

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

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

1. Expenditures exceeded appropriation levels as noted on page 17.

OAR 162-10-0230 Internal Control

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

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

Pauly, Rogers and Co., P.C.
PAULY, ROGERS AND CO., P.C.

GRANT COMPLIANCE REVIEW

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PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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October 31, 2012

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

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

We have audited the financial statements of Multnomah County School District No. 3, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Pauly, Rogers and Co., P.C.
PAULY, ROGERS AND CO., P.C.



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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October 31, 2012

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

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

Compliance

We have audited the compliance of Multnomah County School District No. 3 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The major federal programs are identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of management. Our responsibility is to express an opinion on compliance based on our audit.

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

In our opinion, Multnomah County School District No. 3 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Pauly, Rogers and Co., P.C.

PAULY, ROGERS AND CO., P.C.

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

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

Noncompliance material to financial statements noted? yes no

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

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? yes no

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

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, section 510(a)? yes no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER **NAME OF FEDERAL PROGRAM CLUSTER**

10.553, 10.555, & 10.559 Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? yes no

MULTNOMAH COUNTY SCHOOL DISTRICT NO. 3
MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS

NONE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.