

School District No. 1J, Multnomah County, Oregon

## Portland Public Schools



### Report on Requirements of the Single Audit Act and OMB Circular A-133

For the year ended June 30, 2009



Jefferson High School circa 1912-1915

The mission of the Portland Public Schools is to support all students in achieving their very highest educational and personal potential, to inspire in them an enduring love for learning, and prepare them to contribute as citizens of a diverse, multicultural, and international community.

### About the cover

Portland's ambition and dedication to history are evidenced in the innovative design of Jefferson High School, which was reputedly the largest high school in the world at its inception in 1909. The visionary planning goals of that era included education, fire safety and community; all very important goals that are still valued by teachers and students today.

The twelve acre Jefferson campus was acquired for \$157,920 and the massive Renaissance Revival style structure was constructed at a cost of \$321,078. As the oldest remaining high school in Portland, Jefferson has witnessed a century of change but still retains close associations with Humboldt and its surrounding neighborhoods.

Source of information: Blair Fitzgibbon, District Architect

Portland Public Schools

**Report on Requirements of the Single Audit  
Act and OMB Circular A-133**

**For the year ended June 30, 2009**

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Accounting and Payroll Services Department

**School District No. 1J,  
Multnomah County, Oregon  
Portland Public Schools**

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**INDEPENDENT AUDITOR'S 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**

December 7, 2009

To the Board of Education  
School District No. 1J, Multnomah County, Oregon  
Portland, Oregon

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon, (the District), as of and for the year ended June 30, 2009, and have issued our report thereon dated December 7, 2009. 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 the District's 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 District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2009-01 and 2009-02 to be significant deficiencies in internal control over financial reporting.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

**INDEPENDENT AUDITOR'S 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 (Continued)**

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**INTERNAL CONTROL OVER FINANCIAL REPORTING (Continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 2009-01 and 2009-02 to be material weaknesses.

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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*.

We noted a certain matter that we reported to management of the District in a separate letter dated December 7, 2009.

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on it.

\* \* \* \* \*

This report is intended solely for the information and use of the Board of Education, Finance and Audit Committee, management, 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.

*Talbot, Kowala & Warwick LLP*

Certified Public Accountants



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

December 7, 2009

To the Board of Education  
School District No. 1J, Multnomah County, Oregon  
Portland, Oregon

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**COMPLIANCE**

We have audited the compliance of School District No. 1J, Multnomah County, Oregon, (the District) 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, 2009. The District's major federal programs are identified in the Summary of Auditor's Results Section of the accompanying 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 the District's management. Our responsibility is to express an opinion on the District's 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 the District's 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 on the District's compliance with those requirements.

In our opinion, the District 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, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2009-03, 2009-04, 2009-05, 2009-06, 2009-07, 2009-08 and 2009-09.

**INTERNAL CONTROL OVER COMPLIANCE**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with 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 the District's internal control over compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**

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**INTERNAL CONTROL OVER COMPLIANCE (Continued)**

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2009-03, 2009-04, 2009-05, 2009-06, 2009-07, 2009-08 and 2009-09 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by an entity's internal control. We do not consider the deficiencies listed above and described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on it.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 7, 2009. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

\* \* \* \* \*

This report is intended solely for the information and use of the Board of Education, Finance and Audit Committee, management, 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.



Certified Public Accountants



**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2009**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Director Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
<b>DEPARTMENT OF AGRICULTURE</b>								
<b>Food And Nutrition Service</b>								
<b>Child Nutrition Cluster</b>								
10.553	<b>School Breakfast Program</b>							
	Food Donation	202	26-555-201	07/01/08	06/30/09		\$ 198,684 <sup>1</sup>	
	School Breakfast Program					Pass-Through	2,508,047	
							2,706,731	
10.555	<b>National School Lunch Program</b>							
	Food Donation	202	26-555-201	07/01/08	06/30/09		508,379 <sup>1</sup>	
	National School Lunch Program					Pass-Through	6,171,484	
							6,679,863	
10.559	<b>Summer Food Service Program for Children</b>							
	Summer Food Service Program for Children	202	USDA Food Program Assistance	07/01/08	06/30/09	Pass-Through	465,965	
				Total Pass-Through Programs from Child Nutrition Cluster			\$ 9,852,559	
<b>Food and Nutrition</b>								
<b>Child and Adult Care Food Program</b>								
10.558	Childcare Food Program for Head Start	G0339	USDA Food Program Assistance	07/01/08	06/30/09		384,399	
	Child and Adult Care Food Program	202	USDA Food Program Assistance	07/01/08	06/30/09		676,880	
	Food Donation					Pass-Through	82,109 <sup>1</sup>	
							1,143,388	
				Total Pass-Through Programs from Oregon Department of Education			\$ 10,995,947	
<b>DEPARTMENT OF AGRICULTURE Total</b>								
							\$ 10,995,947	

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2009**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Director Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
<b>DEPARTMENT OF DEFENSE</b>								
<b>Office Of The Assistant Secretary (Strategy And Requirements)</b>								
12.550	<b>National Flagship Language Program Grants to U.S. Institutions of Higher Education</b>							
	Mandarin Chinese Flagship Grant	G0833	270471A / Contract #54938	09/01/07	05/31/09	Pass-Through	347,484	
							347,484	
<b>National Security Agency</b>								
<b>Mathematical Sciences Grants Programs</b>								
12.901	Starbase	G0836	contract 248000-07004	10/01/07	09/30/08		41,018	
	Starbase	G0940	IGA 248000-06006	10/01/08	09/30/09		255,102	
						Pass-Through	296,120	
								\$ 643,604
<b>DEPARTMENT OF DEFENSE Total</b>								
<b>DEPARTMENT OF LABOR</b>								
<b>Office of the Employee Benefits Security Administration (EBSA)</b>								
17.151	<b>COBRA Premium Assistance</b>	108	American Recovery and Reinvestment Act of 2009	02/17/09	09/30/11	Direct	4,658	
								\$ 4,615
<b>Office of the Employment Training Administration</b>								
<b>WIA Cluster</b>								
17.260	<b>WIA Dislocated Workers</b>	G0864	Contract	06/01/07	06/30/08	Pass-Through	(43)	
	Apprenticeship Preparation Pilot Project						(43)	
								\$ 4,615
<b>DEPARTMENT OF LABOR Total</b>								
								\$ 4,615

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2009**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
<b>DEPARTMENT OF EDUCATION</b>								
State Fiscal Stabilization Fund Cluster								
84.394	State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)							
	SFSF - ARRA - FY 08/09	108	17318	02/17/09	09/30/11		8,815,582	
Total Pass-Through from State Fiscal Stabilization Fund Cluster \$							8,815,582	
Office Of Assistant Secretary for Vocational And Adult Education								
Career and Technical Education - Basic Grants to States								
84.048	Carl Perkins	G0834	9601	07/01/07	09/30/08		53,233	
	Carl Perkins	G0939	12348	07/01/08	09/30/09	Pass-Through	604,110	
							657,343	
84.243	Tech-Prep Education	G1039	12348	07/01/08	09/30/09	Pass-Through	39,953	
Office Of Special Education And Rehabilitative Services								
Special Education Cluster (IDEA)								
Special Education-Grants to States								
84.027	Columbia Regional - Federal Funding	G0832	7992	07/01/07	06/30/09		5,226,744	
84.027	I.D.E.A.	G0842	11472	07/01/07	12/31/08		3,631,016	
84.027	Regional Autism Training	G0889	12001	07/01/07	06/30/08		1,061	
84.027	Enhancement & Extended Assessment	G0906	11835	10/03/07	06/30/08		364	
84.027	I.D.E.A.	G0942	13684	07/01/08	12/31/09		4,714,914	
84.027	Special Education - SPR&I	G0950	13478	08/15/08	06/30/09		2,574	
84.027	Regional Autism Training	G0951	14173	07/15/08	06/30/09		6,992	
84.027	Regional Traumatic Brain Injury Services	G0971	13775	07/15/08	06/30/09		18,228	
84.027	Enhancement & Extended Assessment	G0973	13663	10/01/08	06/30/09		26,153	
84.027	I.D.E.A. Enhancement Grant 08-09	G0984	14685	01/01/09	09/30/09		905	
84.027	I.D.E.A. Part B Sec. 611 Redistributed 07/08 Funds	G0998	14947	07/01/08	09/30/09		3,442	
84.027A	Portland DART Schools - Federal	G0826	Contract 8052	07/01/07	06/30/09	Pass-Through	267,064	
							13,899,457	

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2009**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Director or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
84.391	<b>Special Education-Grants to States-Recovery Act</b> ARRA - IDEA Part B, Section 611	G0986	15271	02-17-09	06-30-10	Pass-Through	1,389,953	
				Total Pass-Through from Special Education Cluster (IDEA)			\$ 15,289,410	
<b>Vocational Rehabilitation Cluster</b>								
84.126	<b>Rehabilitation Services-Vocational Rehabilitation Grants to States</b> Oregon Commission For The Blind	G0941	IGA 55938/101-09	07/01/08	06/30/09		41,500	
				Total Pass-Through from Vocational Rehabilitation Cluster			41,500	
84.324S	<b>Research In Special Education</b> Project Success	G0782	Contract 55041	07/01/06	05/31/10	Pass-Through	37,198	
<b>Office Of Elementary and Secondary Education</b>								
<b>Title I, Part A Cluster</b>								
84.010	<b>Title I Grants to Local Education Agencies</b>							
	Title I - School Budgets	G0814	9995	07/01/07	06/30/09		148,481	
	Title I - Central Budget	G0815	9995	07/01/07	06/30/09		1,213,871	
	Title IA/ID - School Improvement	G0899	11905	09/01/07	08/31/09		22,913	
	Title IA/ID - School Improvement	G0900	11917	09/01/07	08/31/09		19,926	
	Title IA/ID - School Improvement	G0901	11923	09/01/07	08/31/09		4,657	
	Title IA/ID - School Improvement	G0902	11906	09/01/07	08/31/09		5,109	
	Title IA/ID - School Improvement	G0903	11903	09/01/07	08/31/09		17,440	
	Title IA/ID - School Improvement	G0904	11929	09/01/07	08/31/09		19,593	
	Title IA/ID - School Improvement	G0905	11930	09/01/07	08/31/09		20,677	
	Title I - School Budgets	G0925	12853	07/01/08	09/30/09		9,835,377	
	Title I - Central Budget	G0926	12853	07/01/08	09/30/09		6,261,792	
	Title ID	G0935	12916	07/01/08	09/30/09		64,450	
	Title IA/ID - School Improvement	G0977	14499	09/01/08	08/31/10		803	
	Title IA/ID - School Improvement	G0978	14500	09/01/08	08/31/10		45,463	
	Title IA/ID - School Improvement	G0979	14501	09/01/08	08/31/10		47,914	
	Title IA/ID - School Improvement	G0980	14502	09/01/08	08/31/10		4,866	
	Title IA/ID - School Improvement	G0983	14505	09/01/08	08/31/10		3,949	
				Total Pass-Through from Title I, Part A Cluster			\$ 17,737,281	

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2009**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
84.011	<b>Migrant Education-State Grant Program</b>							
	Title IC - Migrant Education	G0819	11218	07/01/07	06/30/09		55,013	
	Title IC - Migrant Education Summer	G0820	12402	05/01/08	08/31/08		9,679	
	Title IC - Migrant Education Preschool	G0909	11953	07/01/07	09/30/08		22,745	
	Title IC - Migrant Education	G0930	12931	07/01/08	09/30/09		97,281	
	Title IC - Migrant Education Preschool	G0931	14389	07/01/08	09/30/09		11,376	
	Title IC - Migrant Education Summer	G0945	14773	05/01/09	07/31/09		3,259	
	Title IC - Migrant Education	G1038	15395	04/01/09	06/30/09	Pass-Through	1,500	
							<u>200,853</u>	
84.060A	<b>Indian Education-Grants to Local Educational Agencies</b>							
	Indian Education Program	G0827	S060A070938	09/01/07	08/31/08		98,868	
	Indian Education Program	G0947	S060A080938	09/01/08	08/31/09	Direct	105,520	
							<u>204,388</u>	
84.165A	<b>Magnet Schools Assistance</b>							
	Jefferson Cluster Magnet Project	G0583	U165A040120	08/01/04	07/31/07	Direct	(3,135)	<sup>2</sup>
84.186	<b>Safe and Drug-Free Schools and Communities-State Grants</b>							
	Title IV-A Safe & Drug-Free Schools	G0774	8637	07/01/06	09/30/08		23,421	
	Title IV-A Safe & Drug-Free Schools	G0821	11156	07/01/07	12/31/08		99,221	
	Community Service/Skills for Success - Roosevelt	G0533	Contract 6802, 6999	03/19/04	06/30/08		656	
	Title IV - Safe & Drug-Free Schools	G0932	14114	07/01/08	06/30/09	Pass-Through	211,729	
							<u>335,027</u>	
84.196	<b>Education for Homeless Children and Youth</b>							
	McKinney Homeless Grant	G0934	13964	07/01/08	09/30/09		54,160	
	McKinney Homeless Grant	G0823	11004	09/01/07	08/31/08	Pass-Through	8,014	
							<u>62,174</u>	
84.214A	<b>Even Start-Migrant Education</b>							
	Migrant Even Start Program	G0783	S214A060008	10/01/06	09/30/09	Direct	175,320	

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2009**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Director Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
84.282	<b>Charter Schools</b>							
	Title V-B Charter School	G0847	9091	12/07/06	06/07/08		(1,398)	<sup>2</sup>
	Title V-B Charter School	G0858	9244	04/19/07	10/19/08		1,281	
	Title V-B Charter School	G0923	12217	06/14/08	12/14/09		24,286	
	Title V-B Charter School	G1033	15100	04/16/09	07/31/10	Pass-Through	32,962	
							57,131	
84.293B	<b>Foreign Language Assistance</b>							
	Foreign Language Immersion Project	G0792	T293B060084	09/15/06	09/14/09		296,702	
	Portland Roadmap to Superior Programs	G0964	T293B080058	08/01/08	07/31/13	Direct	196,642	
							493,344	
84.XXX	<b>State Grants for Innovative Programs</b>							
	Title V - Innovative Programs - 84.298	G0822	10590	07/01/07	06/30/09	Pass-Through	36,741	
84.310A	<b>Parental Information and Resource Centers</b>							
	SES Community Involvement	G0989	U310A060173	11/01/08	03/31/09	Direct	4,910	
84.318	<b>Education Technology State Grants</b>							
	Title IID - Education through Technology	G0817	10395	07/01/07	06/30/09		45,543	
	Title IID - Education through Technology	G0928	13266	07/01/08	09/30/09	Pass-Through	94,059	
							139,602	
84.330	<b>Advanced Placement Program (Advanced Placement Test Fee, Advanced Placement Incentive Program Grants)</b>							
	Advanced Placement Incentive Program	G0933	14194	10/01/08	09/30/09		3,061	
	Advanced Placement Incentive Program	G0943	14195	10/01/08	09/30/09		5,237	
	Advanced Placement Fee Payment Program	S0073		09/01/98	06/30/10		(5,128)	<sup>5</sup>
	Advanced Placement Incentive Program	G0897	11661	10/01/07	09/30/08		2,576	
	Advanced Placement Incentive Program	G0898	11648	10/01/07	09/30/08	Pass-Through	2,462	
							8,208	

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2009**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
84.357	<b>Reading First State Grants</b>							
	Reading First	G0788	8740	07/01/06	08/31/08		10,937	
	Reading First	G0838	11329	08/01/07	08/31/09		294,647	
	K-3 Statewide Literacy Outreach	G0952	14306	08/01/08	06/30/09		1,365	
	Reading First	G0953	14219	08/01/08	09/30/10		438,178	
	Humboldt Beacon School Reading First	G0975	14213	08/01/08	09/30/10	Pass-Through	148,127	
							893,254	
84.361A	<b>Voluntary Public School Choice</b>							
	Voluntary Public School Choice	G0427	S361A020029, -03, -06	10/01/02	09/30/08		586,005	
	Voluntary Public School Choice	G0882	U361A070010	10/01/07	09/30/12	Direct	1,514,247	
							2,100,252	
84.364A	<b>Literacy Through School Libraries</b>							
	Improving Libraries - Improving Literacy	G0965	S364A080334	09/01/08	04/30/10	Direct	378,069	
84.359B	<b>Early Reading First</b>							
	Portland Early Reading First Initiative	G0671	S359B050109A	10/01/05	06/30/09	Direct	870,370	
84.366	<b>Mathematics and Science Partnerships</b>							
	Title IIB - Math & Science Partnership	G0885	11267	07/01/07	07/31/09		140,813	
	Title IIB - Math & Science Partnership	G0970	13326	08/01/08	09/30/09	Pass-Through	84,703	
							225,516	
84.367	<b>Improving Teacher Quality State Grants</b>							
	Title IIA - Teacher Quality	G0816	10212	07/01/07	06/30/09		664,327	
	Title IIA transfer to Title IV	G0835	10212	07/01/07	06/30/09		10,759	3
	Title IIA transfer to Title V	G0890	10212	07/01/07	06/30/09		20,831	3
	Title IIA transfer to Title IV	G0954	13083	07/01/08	09/30/09		2,566,631	3
	Title IIA - Teacher Quality	G0927	13083	07/01/08	09/30/09		302,285	
	Title IIA transfer to Title V	G0955	13083	07/01/08	09/30/09	Pass-Through	101,300	
							3,666,133	

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2009**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
84.371A	<b>Striving Readers</b> Striving Readers Project	G0718	S371A060053-07A	03/01/06	02/28/11	Direct	4,930,507	
84.377	<b>School Improvement Grants</b> Title IA/ID - School Improvement G Funds Title IA/ID - School Improvement G Funds Title IA/ID - School Improvement G Funds Title IA/ID - School Improvement G Funds Title IA/ID - School Improvement G Funds Title IA/ID - School Improvement G Funds	G0913 G0914 G0915 G0916 G0917 G0992	12143 12150 12144 12155 12154 15042	07/01/07 07/01/07 07/01/07 07/01/07 07/01/07 07/01/08	06/30/09 06/30/09 06/30/09 06/30/09 06/30/09 06/30/10	Direct     Pass-Through	23,952 57,586 50,000 50,000 46,682 506 228,726	
<b>Office Of Innovation And Improvement</b> <b>Fund for the Improvement of Education</b>								
84.215L	Smaller Learning Communities (OVAE)	G0887	S215L070492	10/01/07	09/30/10		559,472	
84.215S	Partnerships in Character Education	G0504	Q215S030155	10/01/03	09/30/08		23,265	
84.215X	Teaching American History	G0687	U215X050249	10/01/05	09/30/09		318,208	
84.215E	Elementary School Counseling	G0856	Q215E070005	05/01/07	04/30/10	Direct	401,092	
							1,302,037	
<b>Office Of Education Research and Improvement</b> <b>Twenty-First Century Community Learning Centers</b>								
84.287	21st Century Community Learning Centers	G0948	12527	07/01/08	09/30/09		419,344	
	21st Century Community Learning Centers	G0963	12509	07/01/08	09/30/09		366,113	
	21st Century Community Learning Centers	G0879	9832	07/01/07	09/30/08	Pass-Through	251,728	
							1,037,185	
<b>Office Of Postsecondary Education</b> <b>Gaining Early Awareness and Readiness for Undergraduate Programs</b>								
84.334A	Roosevelt Cluster Gear Up Partnership	G0677	P334A050242	09/01/05	08/31/11	Direct	269,159	
84.334S	Gear-up Roosevelt	G0839	SG 2008-10	09/18/07	09/17/08	Pass-Through	14,734	
84.334	Gear-up Marshall	G0840	SG-2008-09	09/18/07	09/17/08	Pass-Through	17,632	
84.334S	Gear-up Madison	G0841	SG-2008-11	09/18/07	09/17/08	Pass-Through	(505)	<sup>2</sup>
							301,020	



**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2009**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Director or Pass-Through	Expenditures	Agency Total										
				Begin Date	End Date													
84.365	Office of English Language Acquisition <i>English Language Acquisition Grants</i>																	
	Title III - Language Instruction	G0929	13932	07/01/08	09/30/09		537,844											
	Title III - Language Instruction	G0818	11570	07/01/07	09/30/08	Pass-Through	309,412											
							847,256											
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Total Direct Programs</td> <td style="text-align: right;">\$ 10,725,221</td> </tr> <tr> <td>Total Pass-Through Programs from Oregon Department of Education</td> <td style="text-align: right;">\$ 50,277,375</td> </tr> <tr> <td>Total Pass-Through Programs from Oregon University System</td> <td style="text-align: right;">\$ 31,861</td> </tr> <tr> <td>Total Pass-Through Programs from Portland State University</td> <td style="text-align: right;">\$ 37,198</td> </tr> <tr> <td>Total Pass-Through Programs from Oregon Commission for the Blind</td> <td style="text-align: right;">\$ 41,500</td> </tr> </table>								Total Direct Programs	\$ 10,725,221	Total Pass-Through Programs from Oregon Department of Education	\$ 50,277,375	Total Pass-Through Programs from Oregon University System	\$ 31,861	Total Pass-Through Programs from Portland State University	\$ 37,198	Total Pass-Through Programs from Oregon Commission for the Blind	\$ 41,500	<b>\$ 61,113,155</b>
Total Direct Programs	\$ 10,725,221																	
Total Pass-Through Programs from Oregon Department of Education	\$ 50,277,375																	
Total Pass-Through Programs from Oregon University System	\$ 31,861																	
Total Pass-Through Programs from Portland State University	\$ 37,198																	
Total Pass-Through Programs from Oregon Commission for the Blind	\$ 41,500																	
<b>DEPARTMENT OF EDUCATION Total</b>																		
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>																		
<b>Administration For Children And Families</b>																		
<b>CCDF Cluster</b>																		
93.575	<i>Child Care and Development Block Grant</i>																	
	Teen Parent Services (Block Grant)	G0828		07-01-07	06-30-08		(3)											
	Teen Parent Services (State Grant)	G0936		07-01-08	06-30-09		30,000											
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Total Pass-Through Programs CCDF Cluster</td> <td style="text-align: right;">\$ 29,997</td> </tr> </table>								Total Pass-Through Programs CCDF Cluster	\$ 29,997									
Total Pass-Through Programs CCDF Cluster	\$ 29,997																	
<b>Head Start Cluster</b>																		
<b>Head Start</b>																		
93.600	Head Start - Federal Funding	G0937	10CH0004/34	11-01-08	10-31-09		2,126,479											
	Head Start - Federal Funding	G0830	10CH0004/33	11-01-07	10-31-08		769,679											
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Total Direct Programs from Head Start Cluster</td> <td style="text-align: right;">\$ 2,896,158</td> </tr> </table>								Total Direct Programs from Head Start Cluster	\$ 2,896,158									
Total Direct Programs from Head Start Cluster	\$ 2,896,158																	

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2009**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Director or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
<b>Centers For Medicare And Medicaid Services</b>								
<b>Medicaid Cluster</b>								
93.778	<i>Medical Assistance Program (Medicaid)</i> Regional Durable Medical Equipment	S0027	Medicaid Revenue	07-01-97	06-30-10		43,917	
				Total Pass- Through Programs from Medicaid Cluster			\$ 43,917	
<b>Substance Abuse And Mental Health Services Administration</b>								
<b>Demonstration Grants on Model Projects for Pregnant and Postpartum Women and Their Infants (Substance Abuse)</b>								
93.XXX	Inner-City Youth Institute - Middle Schools 93.169	G0004	MOU60399014	02-11-99	08-31-09		2,073	
	Inner-City Youth Institute - High School 93.169	G0038	MOU60399014	09-01-99	08-31-09	Pass-Through	5,277	
							7,350	
				Total Direct Programs			\$ 2,896,158	
				Total Pass-Through Programs from Oregon Department of Education			\$ 81,264	
							\$ 75,734,743	\$ 2,977,422
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES Total</b>							\$ 75,734,743	\$ 75,734,743
<b>GRAND TOTAL</b>							\$ 75,734,743	\$ 75,734,743

This schedule is prepared on the modified accrual basis of accounting.

CFDA Numbers ending with "XXX" are deleted programs and updated CFDA information is not available.

<sup>1</sup> Donated commodities are valued at their estimated fair value. Commodities are allocated between 10.553, 10.555, 10.558 and 10.559 due to 10.550 being deleted.

<sup>2</sup> Refunds/credits due to final reporting issues.

<sup>3</sup> Based on the A-133 Compliance Supplement, Section IV, *Transferability* (SEAs and LEAs), expenditures were transferred from CFDA 84.367 and 84.367A to CFDA 84.298 and 84.186 as described in II.B.1, "What funds may an LEA transfer" - *Transferability* (SEAs and LEAs)"

<sup>4</sup> Per ARRA, this premium assistance of 65% is paid by the employer through a payroll tax credit.

<sup>5</sup> The balance was carried over due to expenditures being covered by other funding sources.

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
 Portland, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2009**

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements:**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	None reported

**Federal Awards:**

Internal control over major programs:	
Material weakness(es) identified?	None reported
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510 (a) of <i>Circular A-133</i> ?	Yes

Identification of major programs:

CFDA NUMBER(S)	NAME OF FEDERAL PROGRAM OR CLUSTER
12.550	National Flagship Language Program Grants to U.S. Institutions of Higher Education
84.027, 84.027A, 84.391	Special Education Cluster (IDEA)
84.364A	Literacy Through School Libraries
84.366	Mathematics and Science Partnerships
84.367	Improving Teacher Quality State Grants
84.394	State Fiscal Stabilization Fund Cluster

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
Portland, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2009**

**SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS (Continued)**

Dollar threshold used to distinguish between type A and B programs:	\$ 2,272,042
Auditee qualified as low-risk auditee?	Yes

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2009-01**

Criteria:	Liabilities should be recorded to the extent that an obligation has been incurred for past services and future payment is expected.
Condition:	Certain payroll and other liabilities were overstated by a material amount at June 30, 2008 and 2009.
Context:	The District recorded certain expenditures based on estimates.
Effect:	Liabilities were overstated at June 30, 2008 and 2009, resulting in material misstatements of opening fund balance and net assets.
Cause:	These liabilities were based on budgeted or estimated amounts and were not adjusted to actual at year-end.
Recommendation:	We recommend that the District review the rates used to make estimates and review the year-end balances to ensure that they are materially correct.
Views of Responsible Officials and Corrective Action Plan:	The District has modified its closing procedure for reporting payroll benefits to include a "true up" to ensure the liabilities and expenses/expenditures are correctly reported for each fiscal period and in conformity with accounting principles generally accepted in the United States of America (GAAP). The District has also modified its closing procedure for other current liabilities to ensure that any liabilities relating to governmental revenues are in conformity with GAAP.

**Finding 2009-02**

Criteria:	The District is required to record a liability for Other Post Employment Benefits (OPEB) in accordance with the provisions of Government Accounting Standards Board (GASB) 45.
Condition:	The District did not correctly account for the implicit subsidy when recording OPEB.
Context:	The District implemented GASB 45 for the year ended June 30, 2008.
Effect:	The liability for OPEB was overstated by approximately \$5.6 million at June 30, 2008.

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**

Portland, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2009**

**SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)**

**Finding 2009-02 (Continued)**

Cause: When calculating the liability for OPEB, the implicit subsidy was not included with District contributions.

Recommendation: We recommend that the District implement a high level review of complex accounting matters.

Views of Responsible Officials and Corrective Action Plan: The District, the auditors and the OPEB actuary have agreed on the reporting methodology the District will use to report the District's GASB 45 actuarial liability in future periods. The District believes communications among the three parties involved and its internal review processes will reduce the risk of future misstatements of the OPEB liability. A similar process will also be developed to review other future complex accounting issues before they are implemented.

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

**Finding 2009-03**

Federal Program: 84.367 Improving Teacher Quality State Grants

Federal Agency: Department of Education

Award Year: 2008-09

Pass Through Entity: State of Oregon

Criteria: In accordance with OMB Circular A-102, the District is required to ensure that contractors are not on the excluded parties list maintained by the General Services Administration.

Condition: The District did not check the excluded parties list before entering into contracts exceeding \$25,000 as required.

Questioned Costs: None noted

Context: None of the contractors selected for testing were on the excluded parties list.

Effect: The District could enter into a contract with a debarred or suspended vendor.

Cause: The District's contract checklist to approve new contracts included the requirement to check for suspension and debarment; however the District failed to properly check and document the check for suspension and debarment.

Recommendation: We recommend that the District utilize the checklist for approving new contracts as intended.

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
Portland, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2009**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

**Finding 2009-03 (Continued)**

Views of Responsible Officials and Corrective Action Plan: In order to strengthen procedures to ensure compliance with federal suspension and debarment requirements, the District has initiated the following:

1. Redesign of actual contract routing documents to include signature and date of person accomplishing the suspension and debarment check on each contract before contract execution. This process was implemented in July 2009.
2. Designing information technology solutions to ensure automatic checks of suspension and debarment for all contracts. This process will be implemented in July 2010.

**Finding 2009-04**

Federal Program: 84.027 Special Education Grants to States

Federal Agency: Department of Education

Award Year: 2008-09

Pass Through Entity: State of Oregon

Criteria: In accordance with 31 CFR Section 205, interest earned in excess of \$250 should be remitted to the Department of Education.

Condition: Receipts from advance funded grants were deposited in an interest-bearing account.

Questioned costs: Likely questioned costs are approximately \$19,700.

Context: The District receives two advance funded grants.

Effect: Interest income was not remitted to the federal awarding agency.

Cause: The contract between the State of Oregon and the District permits the District to retain the interest earned on advanced funds and use it to enhance services funded by the grant.

Recommendation: Excess interest should be remitted quarterly. Policies and procedures should be written to provide guidance for treatment of interest earned on advances.

Views of Responsible Officials and Corrective Action Plan: The District understands the specification of 31 CFR Section 205. However, per the State contract, the District is allowed to accrue interest which is then used for the benefit of the program. For fiscal years 2009-2011 the District has asked the Oregon Department of Education to modify their contract so the District is not in the position of being advance funded, which has been the State's standard contracting procedure.

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**

Portland, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2009**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

**Finding 2009-05**

Federal Program: 84.010 Title I Grants to Local Education Agencies

Federal Agency: Department of Education

Award Year: 2007-08

Pass Through Entity: State of Oregon

Criteria: In accordance with OMB Circular A-87, expenditures charged to federal programs should directly benefit that program.

Condition: Estimated costs for payroll benefits exceeded actual costs; the District did not revise the estimates to more closely match actual costs.

Questioned Costs: Likely questioned costs are estimated to be \$91,900. The estimate is based on the total over-charge to all grant programs, allocated based on expenditures for the year ended June 30, 2008.

Context: Total over charges to all Federal grants were approximately \$274,000 for the year ended June 30, 2008. Of that amount, approximately \$58,000 related to numerous grants which did not reach the threshold for reporting.

Effect: Excess payroll benefit costs were charged to Federal grants and not corrected when actual costs were known.

Cause: The District has a complex financial structure and records payroll benefit costs based on estimates. Rates are adjusted annually as part of the budget process; at the end of fiscal year 2008, adjustments to actual were not made.

Recommendation: The District should review estimates throughout the year for reasonableness and make adjustments as circumstances change and actual costs become known.

Views of Responsible Officials and Corrective Action Plan: The District has modified its closing procedure for reporting payroll benefits to include a "true up" to ensure the liabilities and expenses/expenditures are correctly reported for each fiscal period and in conformity with GAAP.

**Finding 2009-06**

Federal Program: 84.027 Special Education Grants to States

Federal Agency: Department of Education

Award Year: 2007-08

Pass Through Entity: State of Oregon

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**

Portland, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2009**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

**Finding 2009-06 (Continued)**

Criteria: In accordance with OMB Circular A-87, expenditures charged to federal programs should directly benefit that program.

Condition: Estimated costs for payroll benefits exceeded actual costs; the District did not revise the estimates to more closely match actual costs.

Questioned Costs: Likely questioned costs are estimated to be \$71,300. Estimates are based on the total over-charge to all grant programs, allocated based on expenditures for the year ended June 30, 2008.

Context: Total over charges to all Federal grants were approximately \$274,000 for the year ended June 30, 2008. Of that amount, approximately \$58,000 related to numerous grants which did not reach the threshold for reporting.

Effect: Excess payroll benefit costs were charged to Federal grants and not corrected when actual costs were known.

Cause: The District has a complex financial structure and records payroll benefit costs based on estimates. Rates are adjusted annually as part of the budget process; at the end of fiscal year 2008, adjustments to actual were not made.

Recommendation: The District should review estimates throughout the year for reasonableness and make adjustments as circumstances change and actual costs become known.

Views of Responsible Officials and Corrective Action Plan: The District has modified its closing procedure for reporting payroll benefits to include a "true up" to ensure the liabilities and expenses/expenditures are correctly reported for each fiscal period and in conformity with GAAP.

**Finding 2009-07**

Federal Program: 84.367 Improving Teacher Quality State Grants

Federal Agency: Department of Education

Award Year: 2007-08

Pass Through Entity: State of Oregon

Criteria: In accordance with OMB Circular A-87, expenditures charged to federal programs should directly benefit that program.

Condition: Estimated costs for benefits exceeded actual costs; the District did not revise the estimates to more closely match actual costs.



**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
Portland, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2009**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

**Finding 2009-07 (Continued)**

**Questioned Costs:** Likely questioned costs are estimated to be \$15,500. This estimate is based on the total over-charge to all grant programs, allocated based on expenditures for the year ended June 30, 2008.

**Context:** Total over charges to all Federal grants were approximately \$274,000 for the year ended June 30, 2008. Of that amount, approximately \$58,000 related to numerous grants which did not reach the threshold for reporting.

**Effect:** Excess payroll benefit costs were charged to Federal grants and not corrected when actual costs were known.

**Cause:** The District has a complex financial structure and records payroll benefit costs based on estimates. Rates are adjusted annually as part of the budget process; at the end of fiscal year 2008, adjustments to actual were not made.

**Recommendation:** The District should review estimates throughout the year for reasonableness and make adjustments as circumstances change and actual costs become known.

**Views of Responsible Officials and Corrective Action Plan:** The District has modified its closing procedure for reporting payroll benefits to include a "true up" to ensure the liabilities and expenses/expenditures are correctly reported for each fiscal period and in conformity with GAAP.

**Finding 2009-08**

**Federal Program:** 84.371 Striving Readers

**Federal Agency:** Department of Education

**Award Year:** 2007-08

**Criteria:** In accordance with OMB Circular A-87, expenditures charged to federal programs should directly benefit that program.

**Condition:** Estimated costs for payroll benefits exceeded actual costs; the District did not revise the estimates to more closely match actual costs.

**Questioned Costs:** Likely questioned costs are estimated to be \$19,400. This estimate is based on the total over-charge to all grant programs, allocated based on expenditures for the year ended June 30, 2008.

**Context:** Total over charges to all Federal grants were approximately \$274,000 for the year ended June 30, 2008. Of that amount, approximately \$58,000 related to numerous grants which did not reach the threshold for reporting.

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
Portland, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2009**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

**Finding 2009-08 (Continued)**

Effect: Excess payroll benefit costs were charged to Federal grants and not corrected when actual costs were known.

Cause: The District has a complex financial structure and records payroll benefit costs based on estimates. Rates are adjusted annually as part of the budget process; at the end of fiscal year 2008, adjustments to actual were not made.

Recommendation: The District should review estimates throughout the year for reasonableness and make adjustments as circumstances change and actual costs become known.

Views of Responsible Officials and Corrective Action Plan: The District has modified its closing procedure for reporting payroll benefits to include a "true up" to ensure the liabilities and expenses/expenditures are correctly reported for each fiscal period and in conformity with GAAP.

**Finding 2009-09**

Federal Program: 93.600 Head Start

Federal Agency: Department of Health and Human Services

Award Year: 2007-08

Criteria: In accordance with OMB Circular A-87, expenditures charged to federal programs should directly benefit that program.

Condition: Estimated costs for payroll benefits exceeded actual costs; the District did not revise the estimates to more closely match actual costs.

Questioned Costs: Likely questioned costs are estimated to be \$17,700. This estimate is based on the total over-charge to all grant programs, allocated based on expenditures for the year ended June 30, 2008.

Context: Total over charges to all Federal grants were approximately \$274,000 for the year ended June 30, 2008. Of that amount, approximately \$58,000 related to numerous grants which did not reach the threshold for reporting.

Effect: Excess payroll benefit costs were charged to Federal grants and not corrected when actual costs were known.

Cause: The District has a complex financial structure and records payroll benefit costs based on estimates. Rates are adjusted annually as part of the budget process; at the end of fiscal year 2008, adjustments to actual were not made.

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**

Portland, Oregon

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

**YEAR ENDED JUNE 30, 2009**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)**

**Finding 2009-09 (Continued)**

Recommendation:      The District should review estimates throughout the year for reasonableness and make adjustments as circumstances change and actual costs become known.

Views of Responsible      The District has modified its closing procedure for reporting payroll benefits to  
Officials and              include a "true up" to ensure the liabilities and expenses/expenditures are  
Corrective Action        correctly reported for each fiscal period and in conformity with GAAP.  
Plan:

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**

Portland, Oregon

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2009**

**Finding 08-01**

Condition: Deferred revenue and account receivable balances were not correctly recorded on the Grant Fund Balance Sheet.

Corrective Action: The District made the correction in the financial statements for the year ended June 30, 2008.

**Finding 08-02**

Condition: The District did not check the excluded parties list before entering into contracts exceeding \$25,000 as required.

Corrective Action Taken and Further Corrective Action Plan: The Contract Agreement Form was changed to include an initial and date field on the line for the contract/procurement specialist who verified compliance with checking for suspension and debarment. However, the District did not check the excluded parties list as required – see finding 2009-03.

In order to strengthen procedures to ensure compliance with federal suspension and debarment requirements, the District has initiated the following:

1. Redesign of actual contract routing documents to include signature and date of person accomplishing the suspension and debarment check on each contract before contract execution. This process was implemented in July 2009.
2. Designing information technology solutions to ensure automatic check of suspension and debarment for all contracts. This process will be implemented in July 2010.

## **Portland Public Schools Nondiscrimination Statement**

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Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society. All individuals and groups shall be treated with fairness in all activities, programs and operations, without regard to age, color, creed, disability, marital status, national origin, race, religion, sex, or sexual orientation.

Board of Education Policy 1.80.020-P

### **Contact Information for Civil Rights Matters**

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District Title VI and Title IX: Carolyn M. Leonard	Phone: 503-916-3183
District 504: Carolyn M. Leonard	Phone: 503-916-3183
American Disabilities Act: Jeff Fish, HR Legal Counsel	Phone: 503-916-3246

### **2008-09 CAFR Preparation**

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Mike Gunter, MBA, Interim Chief Financial Officer  
Carol Ann Kirby, CPA, Director, Accounting and Payroll Services

#### **Grant Accounting**

Sharie Lewis, CPA, Assistant Director  
Brandy Berg, Grant Accountant  
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