

School District No. 1J, Multnomah County, Oregon

PORTLAND PUBLIC SCHOOLS



REPORT ON REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)

For the year ended June 30, 2017



About the Cover

After two years of hard work, the new Franklin High School welcomed its staff and students back to a state-of-the-art campus on August 30, 2017. Teachers are already incorporating their new equipment and facilities into their curriculum plans and sports teams are enjoying the new gyms and track and field. The new Student Commons is serving lunches and offering students a gathering space. Students are also taking advantage of the numerous open learning spaces throughout the campus. In the fine arts wing highlights include a new 500 seat theater, black box theater, a dance room with lots of natural lighting and a spacious band room with practice rooms. The historic auditorium was transformed into the new media center with classrooms, including the constitutional law class, located just behind the former stage area.

Portland Public Schools

**Report on Requirements of the
Single Audit Act**

For the year ended June 30, 2017

School District No. 1J, Multnomah County, Oregon

Portland, Oregon

Prepared by the Finance Department



DRAFT
12-11-2017

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

Table of Contents

	<u>Page</u>
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 <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards and accompanying notes	6
Schedule of Findings and Questioned Costs	13
Schedule of Prior Audit Findings	18



DRAFT
12-11-2017

Independent Auditor's Reports





**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**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of School District No. 1J, Multnomah County, Oregon (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated **DATE**.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as Findings 2017-001 through 2017-003 that we consider to be material weaknesses.

**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)**

COMPLIANCE AND OTHER MATTERS

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

RESPONSE TO FINDINGS

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

PURPOSE OF THIS REPORT

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

Lake Oswego, Oregon

DATE

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited School District No. 1J, Multnomah County, Oregon (the District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the Summary of Independent Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE (Continued)**

OTHER MATTERS

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2017-004. Our opinion on each major federal program is not modified with respect to this matter.

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2017-004, which we consider to be a significant deficiency.

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

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

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE (Continued)**

**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM
GUIDANCE**

We have audited the financial statements of the District as of and for the year ended June 30, 2017, and have issued our report thereon dated **DATE**, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 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. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Lake Oswego, Oregon

DATE



DRAFT
12-11-2017

Schedule of Expenditures of Federal Awards





Program	Number of Schools	Start Date	End Date	Program Status
Program for Children	N/A	7/1/16	6/30/17	Pass-Through
Total Child Nutrition				
Food Program				
Program for Head Start	N/A	7/1/16	6/30/17	Pass-Through
Food Program	N/A	7/1/16	6/30/17	Pass-Through
Table Program				
Table Grants	Multiple	7/1/16	6/30/17	Pass-Through
Service				
Schools and Roads Cluster				
Grants to States				
Grants to States	N/A	7/1/16	6/30/17	Pass-Through
Forest Service Schools and Roads				
<div> <div>Pass-Through from Oregon Department of Education</div> <div>Pass-Through from Oregon Nutrition & Food Assistance</div> <div>Pass-Through from Multnomah & Clackamas Counties</div> </div>				

Department of Agriculture						
Office of Food and Nutrition Service						
Child Nutrition Cluster						
10.553	School Breakfast Program					
202	Donated Foods		7/1/16	6/30/17	Pass-Through	98,447 ¹
202	School Breakfast Program	N/A	7/1/16	6/30/17	Pass-Through	2,815,580
						<u>2,914,027</u>
10.555	National School Lunch Program					
202	Donated Foods		7/1/16	6/30/17	Pass-Through	1,034,107 ¹
202	National School Lunch Program	N/A	7/1/16	6/30/17	Pass-Through	7,012,326
						<u>8,046,433</u>
10.559	Summer Food Service Program for Children					
202	Summer Food Service Program for Children	N/A	7/1/16	6/30/17	Pass-Through	604,057
					Total Child Nutrition Cluster	11,564,517
10.558	Child and Adult Care Food Program					
202	Donated Foods		7/1/16	6/30/17	Pass-Through	32,839 ¹
G0339	Childcare Food Program for Head Start	N/A	7/1/16	6/30/17	Pass-Through	479,825
202	Child and Adult Care Food Program	N/A	7/1/16	6/30/17	Pass-Through	719,036
						<u>1,231,700</u>
10.582	Fresh Fruit and Vegetable Program					
202	Fresh Fruit and Vegetable Grants	Multiple	7/1/16	6/30/17	Pass-Through	459,578
	Office of Forest Service					
	Forest Service Schools and Roads Cluster					
10.665	Schools and Roads - Grants to States					
101	Schools and Roads - Grants to States	N/A	7/1/16	6/30/17	Pass-Through	7,016
					Forest Service Schools and Roads Cluster	7,016
					Pass-Through from Oregon Department of Education	12,775,970
					Pass-Through from Oregon Nutrition Services	479,825
					Pass-Through from Multnomah & Clackamas Counties	7,016
Department of Agriculture Total						

6

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2017

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
			Begin Date	End Date			
Department of Defense							
Office Of The Secretary of Defense							
12.550	The Language Flagship Grants to Institutions of Higher Education						
G1658	Mandarin Chinese Flagship Grant	271880A	6/1/16	5/31/17	Pass-Through	346,919	
National Security Agency							
12.900	Language Grant Program						
G1664	StarTalk	H98230-17-1-0089	6/15/17	2/28/18	Direct	9,075	
						Direct Funding	9,075
						Pass-Through from University of Oregon CASLS	346,919
Department of Defense Total							355,994
Department of Transportation							
Federal Transit Administration							
Federal Transit Cluster							
20.507	Federal Transit Formula Grants						
G1541	Metro and Oregon Walks	933658	7/1/15	7/31/18	Pass-Through	12	
						Total Federal Transit Cluster	12
						Pass-Through from METRO	12
Department of Transportation Total							12
Department of Education and Human Resources							
National Science Foundation							
47.076	Education and Human Resources Project Grants						
G1477	Cornell Lab of Ornithology AISL Award	Letter	11/1/14	9/30/17	Pass-Through	7,117	
						Pass-Through from Cornell University	7,117
Department of Education and Human Resources Total							7,117
Department of Energy							
Bonneville Power Administration							
81.xxx							
G1585	Title VII OMSI STEM Classes	72736	5/4/16	9/30/16	Direct	1,400	
						Direct Funding	1,400
Department of Energy Total							1,400

See accompanying Notes to Schedule of Expenditures of Federal Awards

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2017

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
			Begin Date	End Date			

Department of Education

Office of Career, Technical, and Adult Education

84.048 Career and Technical Education - Basic Grants to States

G1521	Carl Perkins 15/16	36418	7/1/15	9/30/16	Pass-Through	84,204	
G1615	Carl Perkins 16/17	40323	7/1/16	9/30/17	Pass-Through	405,807	
						<u>490,011</u>	

Office of Elementary and Secondary Education

84.010 Title I Grants to Local Education Agencies

G1411	Title I - Central	32666	7/1/14	9/30/16	Pass-Through	287,547	
G1500	Title I - School Budgets	36057	7/1/15	9/30/17	Pass-Through	110,396	
G1501	Title I - Central	36057	7/1/15	9/30/17	Pass-Through	1,126,948	
G1502	Title I Focus/Priority Set Asi	36057	7/1/15	9/30/17	Pass-Through	48,276	
G1507	Priority/Focus Improvement - Cesar Chavez	37113	7/1/15	9/30/16	Pass-Through	15,891	
G1508	Priority/Focus Improvement - Jefferson	37114	7/1/15	9/30/16	Pass-Through	8,150	
G1512	Priority/Focus Improvement - Rosa Parks	37117	7/1/15	9/30/16	Pass-Through	22,374	
G1513	Priority/Focus Improvement - Scott	37118	7/1/15	12/31/16	Pass-Through	19,963	
G1517	Priority/Focus Improvement - Woodmere	37121	7/1/15	9/30/16	Pass-Through	6,503	
G1590	Title I - School Budgets	41141	7/1/16	9/30/17	Pass-Through	4,257,879	
G1591	Title I - Central	41141	7/1/16	9/30/17	Pass-Through	4,730,017	
G1592	Title IA Focus/Priority Set Aside	41141	7/1/16	9/30/17	Pass-Through	347,656	
G1593	Title ID	41209	7/1/16	9/30/17	Pass-Through	96,060	
G1597	Priority/Focus Improvement - Cesar Chavez	41836	7/1/16	9/30/17	Pass-Through	21,221	
G1598	Priority/Focus Improvement - Jefferson	41837	7/1/16	9/30/17	Pass-Through	12,709	
G1599	Priority/Focus Improvement - Lane	41838	7/1/16	9/30/17	Pass-Through	25,638	
G1600	Priority/Focus Improvement - Rigler	41840	7/1/16	9/30/17	Pass-Through	3,437	
G1601	Priority/Focus Improvement - Rosa Parks	41842	7/1/16	9/30/17	Pass-Through	25,406	
G1602	Priority/Focus Improvement - Scott	41843	7/1/16	9/30/17	Pass-Through	25,781	
G1603	Priority/Focus Improvement - Sitton	41844	7/1/16	9/30/17	Pass-Through	15,451	
G1604	Priority/Focus Improvement - Whitman	41846	7/1/16	9/30/17	Pass-Through	17,341	
G1605	Priority/Focus Improvement - Woodmere	41847	7/1/16	9/30/17	Pass-Through	24,919	
						<u>11,249,563</u>	

84.011 Migrant Education - State Grant Program

G1504	Title IC - Migrant Education	37725	7/1/15	9/30/16	Pass-Through	14,290	
G1505	Title IC - Migrant Education Preschool	37744	7/1/15	9/30/16	Pass-Through	7,837	
G1506	Title IC - Migrant Education Summer	40021	4/15/16	9/30/16	Pass-Through	31,745	
G1594	Title IC - Migrant Education	41226	7/1/16	9/30/17	Pass-Through	85,366	
G1596	Title IC - Migrant Education Summer	43688	7/1/16	9/30/17	Pass-Through	2,349	
						<u>141,587</u>	

84.013 Title I State Agency Program for Neglected and Delinquent Children and Youth

G1613	Title I N&D - Portland DART Schools 16/17	42105	7/1/16	6/30/17	Pass-Through	204,214	
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See accompanying Notes to Schedule of Expenditures of Federal Awards

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2017

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
			Begin Date	End Date			
Department of Education - (Continued)							
84.196	Education for Homeless Children and Youth						
G1546	McKinney-Vento Homeless Education	36744	7/1/15	6/30/17	Pass-Through	9,925	
G1607	McKinney-Vento Homeless Education	40511	7/1/16	9/30/17	Pass-Through	9,090	
							19,015
84.287	Twenty-First Century Community Learning Centers (CLCs)						
G1425	21st Century CLCs Cohort 3 Yr 2	32279	7/1/14	9/30/16	Pass-Through	24,616	
G1525	21st Century CLCs Cohort 3 Yr 3	36391	7/1/15	9/30/17	Pass-Through	337,486	
G1612	21st Century CLCs Cohort 3 Yr 4	40529	7/1/16	9/30/17	Pass-Through	6,683	
							368,785
84.330	Advanced Placement Test Fee; Advanced Placement Incentive Program Grants						
G0972	International Baccalaureate (IB) Fee Payment Program	Agreement	7/1/09	6/30/17	Pass-Through	48,892	
84.365	English Language Acquisition State Grants						
G1520	Title III - English Language Acquisition	36356	7/1/15	9/30/17	Pass-Through	87,167	
G1610	Title III - English Language Acquisition	41792	7/1/16	9/30/17	Pass-Through	507,543	
							594,710
84.367	Supporting Effective Instruction State Grants						
G1416	Title IIA - Teacher Quality	32990	7/1/14	9/30/16	Pass-Through	160,311	
G1458	Title IIA - Private School Allocation	32990	7/1/14	9/30/16	Pass-Through	1,473	
G1518	Title IIA - Teacher Quality	36254	7/1/15	9/30/16	Pass-Through	868,786	
G1519	Title IIA - Private School Allocation	36254	7/1/15	9/30/17	Pass-Through	192,050	
G1543	OMP New Facilitators Professional Learning	35547	4/1/15	6/30/17	Pass-Through	9,939	
G1608	Title IIA - Teacher Quality	41396	7/1/16	9/30/17	Pass-Through	1,418,763	
G1609	Title IIA - Private School Allocation	41396	7/1/16	9/30/17	Pass-Through	75,634	
							2,726,956
84.060A	Indian Education - Grants to Local Education Agencies						
G1611	Indian Education	S060A160938	7/1/16	6/30/17	Direct	122,476	
84.377	School Improvement Grants						
G1566	School Improvement - Woodlawn	38987	6/1/15	9/30/16	Pass-Through	946	
G1606	School Improvement - Woodlawn	41815	7/1/16	9/30/17	Pass-Through	229,976	
							230,922

See accompanying Notes to Schedule of Expenditures of Federal Awards

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2017

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
			Begin Date	End Date			

Department of Education - (Continued)

Office Of Special Education and Rehabilitative Services

Special Education Cluster (IDEA)

84.027 Special Education - Grants to States

G1533	IDEA Part B, 611 15/16	36948	7/1/15	9/30/17	Pass-Through	4,249,021	
G1560	IDEA Enhancement - 15/16	38413	10/1/15	9/30/16	Pass-Through	9,696	
G1617	Special Ed - SPR&I 16/17	40934	7/1/16	6/30/17	Pass-Through	19,709	
G1618	Extended Assessment- 16/17	42002	7/1/16	6/30/17	Pass-Through	22,500	
G1619	TBI Liaison 16/17	42535	7/1/16	6/30/17	Pass-Through	21,250	
G1620	IDEA Part B, 611 16/17	41603	7/1/16	9/30/18	Pass-Through	4,902,820	
G1622	IDEA Enhancement - 16/17	42736	10/1/16	9/30/17	Pass-Through	933	
G1630	Columbia Regional 15/17 - IDEA	IGA/R 59939	7/1/15	6/30/17	Pass-Through	4,854,013	
G1623	Audiology Support	40749	7/1/16	6/30/17	Pass-Through	503,334	
G1640	IDEA Portland Dart - LTCT 16/17	42082	7/1/16	6/30/17	Pass-Through	105,780	
						<u>14,689,056</u>	

84.173 Special Education Preschool Grants

G1534	IDEA Part B, 619 15/16	37239	7/1/15	9/30/17	Pass-Through	51,764	
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Total Special Education (IDEA) Cluster 14,740,820

84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States

G1616	Oregon Commission for the Blind	IGAR63443	7/1/16	9/30/17	Pass-Through	232,543	
G1496	YTP Vocational Rehabilitation	IGAR 61967	7/1/15	6/30/17	Pass-Through	150,528	
						<u>383,071</u>	

84.326 Special Education - Personal Development to Improve Services and Results for Children with Disabilities

G1407	SWIFT Schools 15/16	34982	1/15/15	10/14/16	Pass-Through	14,954	
G1645	SWIFT Schools 16/17	42965	1/15/15	10/14/17	Pass-Through	15,784	
						<u>30,738</u>	

Institute of Education Sciences

84.324A Paths 2 the Future Program

G1589	Paths 2 the Future	IGA/R63337	8/15/16	6/30/18	Pass-Through	4,918	
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Office of Postsecondary Education

84.334A Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)

G1188	GEAR-UP - College Ahead Program	P334A110243-16	9/26/11	9/25/17	Direct	284,895	
G1455	GEAR-UP - Mobilizing for College	P334A140180	9/25/14	9/24/21	Direct	1,110,341	
						<u>1,395,236</u>	

Direct Funding	1,517,712
Pass-Through from Oregon Department of Education	30,846,213
Pass-Through from Oregon Commission for the Blind	232,543
Pass-Through from University of Oregon	4,918
Pass-Through from Oregon Department of Human Services	150,528

Department of Education Total

32,751,914

See accompanying Notes to Schedule of Expenditures of Federal Awards

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2017

CFDA/ Grant	Grant Description	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
			Begin Date	End Date			

Department of Health and Human Services

Administration for Children and Families

Child Care and Development Fund (CCDF) Cluster

93.575 CCDF Block Grant

G1377	Teen Parent Services	9965	7/1/13	6/30/17	Pass-Through	77,624	
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Total Child Care and Development Fund Cluster 77,624

93.600 Head Start

G1527	Head Start 14/15	10CH0193-03-00	11/1/15	10/30/16	Direct	93,230	
G1626	Head Start 16/17	10CH0193-04-00	11/1/16	10/31/17	Direct	3,647,611	
G1663	Head Start Duration Grant - Start Up	10CH0193-04-00	11/1/16	10/31/17	Direct	57,855	
						<u>3,798,696</u>	

93.658 Foster Care - Title IV-E Recovery Act

G1234	Foster Care Transportation	IGAR 58988	9/1/11	9/1/17	Pass-Through	80,160	
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Centers for Medicare and Medicaid Services

Medicaid Cluster

93.778 Medical Assistance Program

S0027	Medicaid Revenue - Regional Durable Medical Equipment		7/1/16	6/30/17	Pass Through	84,452	
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Total Medicaid Cluster 84,452

Direct Funding	3,798,696
Pass-Through from OR Dept. of Education Child Care Division	77,624
Pass-Through from Oregon Department of Human Services	164,612

Department of Health and Human Services Total

4,040,932

Grand Total

50,420,180 50,420,180

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

¹ Donated food is valued at estimated fair value. Donated food was allocated between 10.553, 10.555 and 10.558.

See accompanying Notes to Schedule of Expenditures of Federal Awards

SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2017

Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for State, Local and Indian Tribal Governments, where applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

Federal Financial Assistance

Pursuant to Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. The Schedule includes all federal programs administered by the District for the year ended June 30, 2017.

Expenditure Recognition

Expenditures of federal awards are accounted for under the modified accrual basis of accounting. Expenditures are recorded when the liability is incurred. Donated commodities are valued at their estimated fair value.



DRAFT
12-11-2017

Schedule of Findings and Questioned Costs





SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

SECTION I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of <i>Uniform Guidance</i> ?	Yes

Identification of major programs:

CFDA NUMBER(S)	NAME OF PROGRAM OR CLUSTER
10.553, 10.555, 10.559	Child Nutrition Cluster
10.558	Child and Adult Care Food Program
84.010	Title 1 Grants to Local Education Agencies
84.334A	Gaining Early Awareness and Readiness for Undergraduate Programs

SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2017

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

Dollar threshold used to distinguish between type A and type B programs	\$ 1,512,605
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2017-001

Criteria:	The District should have in place a system of internal controls over financial reporting to ensure complete and accurate reporting of amounts reported in the financial statements.
Condition:	When the District presented the original trial balance and financial statements for audit, the District did not recognize an accounts payable of approximately \$2.05 million for the construction of capital assets.
Context:	The District's internal control over the processing of year-end accounts payable failed to recognize the asset and accounts payable for fiscal 2017 and instead recorded the transaction in fiscal 2018.
Effect:	As a result, assets and liabilities were understated in the District's Statement of Net Position and the GO Bond Fund liabilities were understated and fund balance was overstated by the \$2.05 million.
Cause:	District personnel miscoded the fiscal year of accounts payable for this item.
Recommendation:	We recommend the District enhance its internal control review process over accounts payable to prevent miscoding of fiscal year accounting.
Management Response:	We understand and concur with the finding and recommendation. The District has researched and reviewed the current internal control processes and implemented additional and repetitive training for the Accounts Payable team. Over the past two months four sessions of training have been held. We will continue to provide periodic training to ensure the staff has the knowledge and skills to perform this task. The District is also implementing multi-departmental strategies to ensure all expenses are recorded in the correct fiscal year.

Finding 2017-002

Criteria:	The District should have in place a system of internal controls over financial reporting to ensure complete and accurate reporting of amounts reported in the financial statements.
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SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2017

Condition: When the District presented the original trial balance and financial statements for audit, deferred outflows and net position were overstated by approximately \$18 million.

Context: The District enlisted an outside contractor to assist in calculating GASB 68 pension journal entries and disclosures. This calculation incorrectly included \$18 million in pension contributions subsequent to measurement date that had not actually been made.

Effect: As a result, deferred outflows and net position were overstated in the District's Statement of Net Position by approximately \$18 million.

Cause: Incorrect data was used in preparing journal entries and District personnel review was not sufficient to detect and correct the work completed.

Recommendation: We recommend the District thoroughly review all work completed by outside contractors.

Management Response: We understand and concur with the finding and recommendation. Management will implement two levels of review for CAFR preparation; including all work completed by outside contractors.

Finding 2017-003

Criteria: The District should have in place a system of internal controls over financial reporting to ensure complete and accurate reporting of amounts reported in the financial statements.

Condition: When the District presented the original trial balance and financial statements for audit, accrued interest was overstated by approximately \$5.6 million.

Context: The District incorrectly calculated accrued interest at year end.

Effect: As a result, liabilities were overstated and net position understated in the District's Statement of Net Position by \$5.6 million.

Cause: There was an error in the calculation performed by District personnel and review was not sufficient to detect and correct the work completed.

Recommendation: We recommend the District enhance its internal control review process over accrued interest calculations to prevent misstatements in fiscal year end accounting.

Management Response: We understand and concur with the finding and recommendation. Management will implement two levels of review for CAFR preparation.

SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2017

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2017-004

CFDA: 84.334A

Program Title: Gaining Early Awareness and Readiness for Undergraduate Programs
(GEAR UP)

Criteria: 2 CFR Section 215.23 (a) states "All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria, (1) Are verifiable from the recipient's records."

2 CFR Section 215.23 (c) states "Values for recipient contributions of services and property shall be established in accordance with the applicable cost principles. If a Federal awarding agency authorizes recipients to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching shall be the lesser of paragraphs (c)(1) or (2) of this section"

2 CFR Section 215.23 (h) (5) states "The following requirements pertain to the recipient's supporting records for in-kind contributions from third parties. (i) Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by the recipient for its own employees."

Condition: Matching contributions from the District and from in-kind services provided by a subcontractor for the College Ahead Program and Mobilizing for College were incorrectly determined and reported. The errors occurred in the Annual Performance Reports (APR) for the reporting period from October 1, 2015 through September 30, 2016. The matching contributions tested in our sample (7 of 55) were incorrectly calculated or did not have supporting documentation. Our tests determined there were \$20,409 of known and \$82,099 of likely questioned matching contributions reported on the APRs. The District is required to meet its matching contribution requirement by the end of the 7th year of the award. Therefore, future matching contributions could be adjusted to correct the aforementioned questioned contributions.

Context: The control over recording and reporting matching information was not designed to review invoices from external vendors for amounts claimed as matching contributions. In addition, the control failed to identify a spreadsheet calculation error.

Effect: The District has over reported its matching contributions for the College Ahead Program and Mobilizing for College in their Annual Performance Reports.

SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2017

Cause: District personnel did not provide adequate training or oversight of the subcontractor covering appropriate accounting and reporting of in-kind matching contributions for this program. In addition, District personnel responsible for reviewing and approving invoices from the subcontractor were not sufficiently trained in the regulations of this program in order to determine if the matching contributions were appropriate. The error for District service matching was the result of a basic spreadsheet error.

Recommendation: We recommend that management take the necessary steps to ensure that subcontractors are appropriately informed of the rules and regulations over the accounting and reporting of in-kind matching contributions. We further recommend that management take the necessary actions to ensure that in-kind contributions from external vendors are reviewed and approved by individuals with adequate knowledge of the program. Further, we recommend management require that spreadsheet formulas be reviewed for accuracy.

Management Response: We understand and concur with the finding and recommendation. Management will implement monthly review meetings between the Grant Accounting team and the GEAR UP Program team to improve information flow. In addition, Management is evaluating options for improvement of tracking of grant matching requirements and implementing procedures to better document matching contributions.



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12-11-2017

Schedule of Prior Audit Findings





SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON

SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2016-001 84.287 Twenty-First Century Community Learning Centers (CLCs)

Condition: From a population of 11 draws totaling \$425,953, 4 draws totaling \$149,818 were selected for testing. In one draw, \$1,548 was found not to have been paid prior to the reimbursement request. The amount of questioned costs for findings related to this requirement is the interest calculated for the time between the draw and the payment of the cost. Using the error rate of 1.03%, the amount of questioned costs calculated using a reasonable interest rate of 0.875% is negligible.

Corrective Action: Corrective action has been completed.

Finding 2016-002 93.600 Head Start

Condition: The District is required to submit a semi-annual SF-425, due 90 days after the end of the first six month grant period, as well as a final SF-425, due 90 days after the end of the grant period. Due to the timing of the reports, the first report submitted in the fiscal year was the final SF-425 for the prior year grant. This was selected for testing along with the semi-annual SF-425 submitted during the fiscal year for the first six months of the grant period. The final report tested was found to have been submitted late. The semi-annual report was found to contain inaccuracies with regard to the amount of local funds expended. Therefore, the control over the reporting function failed in both instances.

Corrective Action: Corrective action has been completed.

Finding 2016-003 93.600 Head Start

Condition: From a population of three cash drawdowns, two were selected for testing. Both were found to be noncompliant due to the accrual of wages not paid prior to the reimbursement request. This cash management noncompliance applies to the entire population. As payroll expenditures are allowable, the expenditures themselves are not questioned costs. The purpose of the cash management requirements are to minimize interest earned on Federal dollars, therefore the questioned costs are interest earned on Federal dollars which were retained and not returned to the Treasury. Estimated likely questioned costs were calculated using an interest rate equal to the current Local Government Investment Pool rate earned by the District, as this is the largest interest bearing account held. With accrued payroll costs ranging over a period of 7 months, the estimated interest earned on Federal monies is \$1,071.

Corrective Action: Corrective action has been completed, all payroll expenditures are now requested for reimbursement only after being paid.

SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON

SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

Finding 2016-004

84.367 Improving Teacher Quality State Grants

Condition: From a population of 13 cash drawdowns, four were selected for testing. All 4 were found to be noncompliant due to the accrual of wages not paid prior to the reimbursement request. This cash management noncompliance applies to the entire population. As payroll expenditures are allowable, the expenditures themselves are not questioned costs. The purpose of the cash management requirements are to minimize interest earned on Federal dollars, therefore the questioned costs are interest earned on Federal dollars which were retained and not returned to the Treasury. Estimated likely questioned costs were calculated using an interest rate equal to the current Local Government Investment Pool rate earned by the District, as this is the largest interest bearing account held. With accrued payroll costs ranging over a period of 10 months, the estimated interest earned on Federal monies is \$2,767.

Corrective Action: Corrective action has been completed, all payroll expenditures are now requested for reimbursement only after being paid.

Finding 2016-005

84.334A Gaining Early Awareness and Readiness for Undergraduate Programs - College Ahead Program (GEAR UP CAP)

Condition: Matching contributions for year 4 – College Ahead Program (4th year of a 7 year award) Annual Performance Report (APR) and year 1 – Mobilizing for College (1st year of a 7 year award) were incorrectly determined and reported. The matching contributions tested in our sample (31 of 60) did not have supporting documentation or the documentation did not support the amounts reported and/or the calculation of the amount was inaccurately computed. Our tests determined there were \$145,171 of known questioned and \$278,403 of likely questioned matching contributions reported on the APRs. The District is required to meet the matching contribution requirement by the end of the 7th year of the award. Therefore, future matching contributions could be adjusted to correct the aforementioned questioned contributions.

Corrective Action: Corrective action has been implemented with additional reviews of amounts used as matching contributions. All reported matching contributions are reviewed and signed off by the Program Director, Grant Accounting Manager and the Grant Accountant.

SCHOOL DISTRICT No. 1J, MULTNOMAH COUNTY, OREGON

SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

Finding 2016-006 – 84.367 Improving Teacher Quality State Grants

Condition: From a population of 251 employees paid with grant funds, 40 were selected for testing. Of the 40, 12 were salaried employees for which the time and effort certification requirement applies. 4 of the 12 had not completed the time and effort certifications prior to audit fieldwork. As the District was able to obtain certifications for all selected, there are no likely questioned costs.

Corrective Action: Corrective action has been completed. New processes are now in place to collect certification of time and effort on a monthly basis.

Finding 2016-07 – 93.600 Head Start

Condition: From a population of 195 employees paid with grant funds, 40 were selected for testing. Of the 40, 11 had not completed the time and effort certifications on a timely basis. As the District was able to obtain certifications for all selected, there are no likely questioned costs.

Corrective Action: Corrective action has been completed. New processes are now in place to collect certification of time and effort on a monthly basis.



Portland Public Schools Nondiscrimination Statement

Portland Public Schools recognizes the diversity and worth of all individuals and groups and their roles in society.

The District is committed to equal opportunity and nondiscrimination in all its educational and employment activities. The District prohibits discrimination based on race; national or ethnic origin; color; sex; religion; age; sexual orientation; gender expression or identity; pregnancy; marital status; familial status; economic status or source of income; mental or physical disability or perceived disability; or military service.

Board of Education Policy 1.80.020-P

Contact Information for Civil Rights Matters

District Title VI and Title IX:
Elisa Schorr

Phone: 503-916-3963

District 504:
James Loveland

Phone: 503-916-2000 x71004

American Disabilities Act:
Human Resources Department

Phone: 503-916-3544

2016-17 Single Audit Act and OMB Circular A-133 Preparation

Chief Financial Officer
Fiscal Operations Mgr III, Accounting

Mei Lee, CPA
David Shick

Grant Accounting

Fiscal Operations Mgr I, Grant Accounting
Sr. Accountant/Analyst
Sr. Accountant/Analyst
Sr. Accountant/Analyst

Ruby Beecham
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