

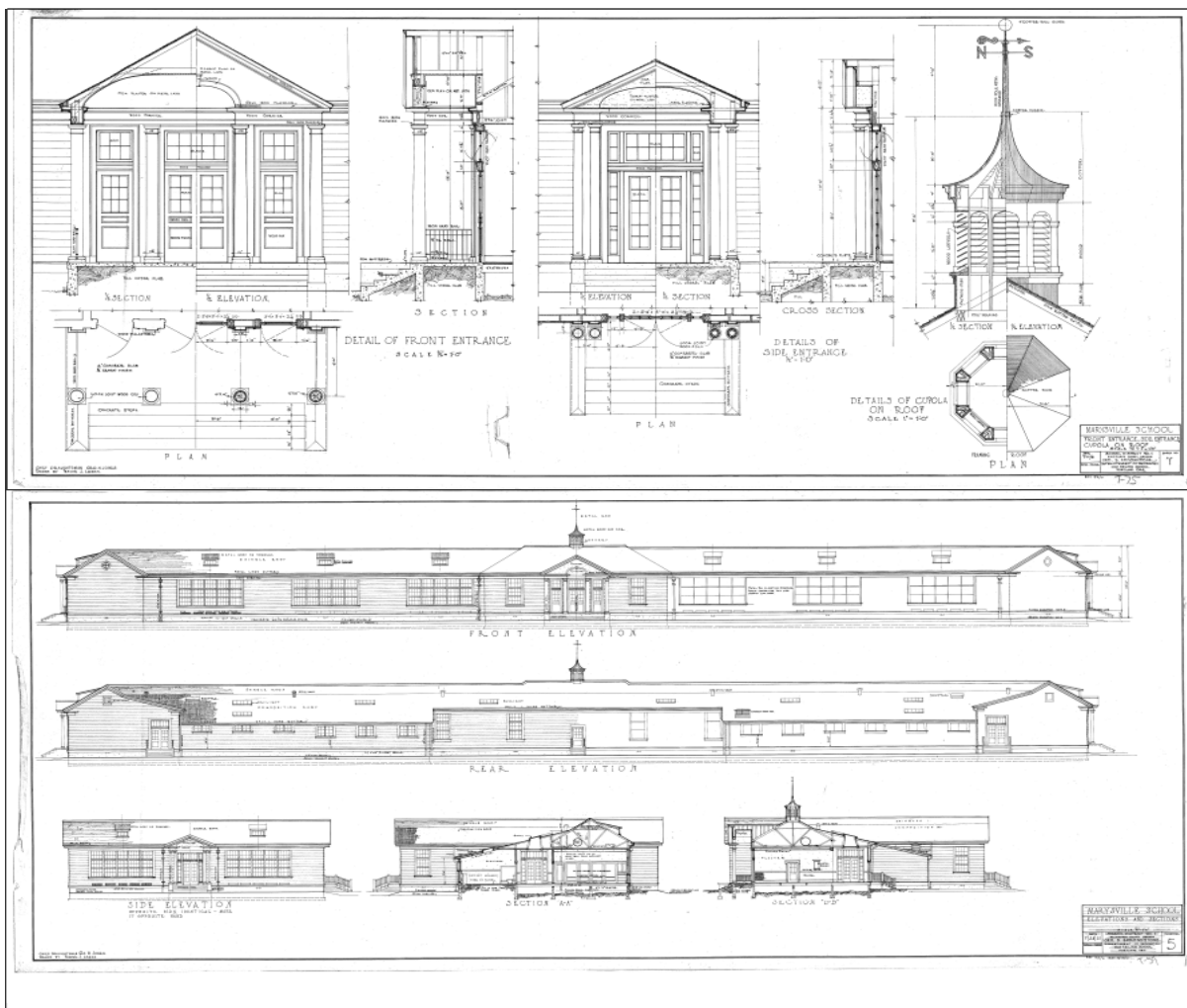
School District No. 1J, Multnomah County, Oregon

# PORTLAND PUBLIC SCHOOLS



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

For the year ended June 30, 2010



Marysville School Architect's elevations (1925)

At Portland Public Schools, this is our goal: By the end of elementary, middle, and high school, every student by name will meet or exceed academic standards and will be fully prepared to make productive life decisions. Portland Public Schools is an equal opportunity educator and employer.

Portland Public Schools

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

**For the year ended June 30, 2010**

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 13, 2010

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, 2010, and have issued our report thereon dated December 13, 2010. 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.

*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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2010-01 that we consider to be a significant deficiency in internal control over financial reporting. *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.

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

\* \* \* \* \*

This report is intended solely for the information and use of 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, Kowola & Warwick LLP*

Certified Public Accountants



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 13, 2010

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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 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, 2010. 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 2010-02 through 2010-08.

**INTERNAL CONTROL OVER COMPLIANCE**

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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)**

the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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. We do not consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2010-02 through 2010-09 to be significant deficiencies.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

We have audited the basic financial statements of the District as of and for the year ended June 30, 2010, and have issued our report thereon dated December 13, 2010. Our audit was performed for the purpose of forming an opinion 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 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.

*Talbot, Kowala & Warwick LLP*

Certified Public Accountants

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2010**



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 AGRICULTURE</b>								
<b>Food And Nutrition Service</b>								
<b>Child Nutrition Cluster</b>								
10.553	<b>School Breakfast Program (SBP)</b>							
	Donated Foods	202		7/1/2009	6/30/2010		\$ 196,629	1
	School Breakfast Program	202	26-555-201	7/1/2009	6/30/2010	Pass-Through	2,597,548	
							<u>2,794,177</u>	
10.555	<b>National School Lunch Program (NSLP)</b>							
	Donated Foods	202		7/1/2009	6/30/2010		550,964	1
	National School Lunch Program	202	26-555-201	7/1/2009	6/30/2010	Pass-Through	7,325,828	
							<u>7,876,792</u>	
10.559	<b>Summer Food Service Program for Children (SFSPC)</b>							
	Summer Food Service Program for Children	202	USDA Food Program Assistance	7/1/2009	6/30/2010	Pass-Through	487,262	
							<u>11,158,231</u>	
<b>Food and Nutrition Services</b>								
10.558	<b>Child and Adult Care Food Program</b>							
	Donated Foods	202		7/1/2009	6/30/2010		\$ 86,712	
	Childcare Food Program for Head Start	G0339	USDA Food Program Assistance	7/1/2009	6/30/2010		430,757	
	Child and Adult Care Food Program	202	USDA Food Program Assistance	7/1/2009	6/30/2010	Pass-Through	739,648	
							<u>1,257,117</u>	
10.579	<b>Child Nutrition Discretionary Grants Limited Availability</b>							
			16008, 16009, 16010, 16011, 16012, 16014, 16016, 16018, 16020					
	<b>ARRA NSLP Equipment</b>	G1043		07/01/09	09/30/10	Pass-Through	\$ 71,900	
							<u>12,487,248</u>	
<b>DEPARTMENT OF AGRICULTURE Total</b>								
							\$ 12,487,248	



**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2010**



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 DEFENSE</b>								
<b>Office Of The Assistant Secretary (Strategy And Requirements)</b>								
12.550	<i>National Flagship Language Program Grants to U.S. Institutions of Higher Education</i>							
	Mandarin Chinese Flagship Grant	G0833	270471A	09/01/07	05/31/09		\$ (2,342)	<sup>2,3</sup>
	Mandarin Chinese Flagship Grant	G0845	270741A	09/01/06	08/31/08		(89)	<sup>2</sup>
	Mandarin Chinese Flagship Grant	G1059	270481A	06/01/09	05/31/12		451,207	
						Pass-Through	448,776	
<b>National Security Agency</b>								
<i>Mathematical Sciences Grants Programs</i>								
12.901								
	Starbase	G0753	248000-06006-IGA-5	10/01/06	09/30/07		(228)	<sup>2</sup>
	Starbase	G0836	248000-07004 IGA-07	10/01/07	09/30/08		(1,340)	<sup>2</sup>
	Starbase	G0940	IGA 248000-06006	10/01/08	09/30/09		50,267	
	Starbase	G1013	OMB-248000-09009-IGA-09	10/01/09	09/30/10		263,916	
						Pass-Through	312,615	
								\$ 761,391
<b>DEPARTMENT OF DEFENSE Total</b>								
								\$ 448,776
								\$ 312,615
<b>DEPARTMENT OF LABOR</b>								
<b>Employment Training Administration</b>								
<b>WIA Cluster</b>								
17.260	<i>WIA Dislocated Workers</i>							
	Apprenticeship Preparation Pilot Project	G0864	Contract	06/01/07	06/30/08		(17)	<sup>2</sup>
								\$ (17)
								\$ (17)
<b>DEPARTMENT OF LABOR Total</b>								
								\$ (17)



**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2010**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
<b>Office Of Vocational And Adult Education</b>								
<i>Career and Technical Education - Basic Grants to States</i>								
84.048	Carl Perkins	G0747	7020	07/01/06	09/30/07		\$ (312)	2
	Carl Perkins	G0834	9601	07/01/07	09/30/08		(2,788)	2
	Carl Perkins	G0939	12348	07/01/08	09/30/09		10,930	
	Carl Perkins	G1012	15351	07/01/09	09/30/10		575,560	
						Pass-Through	583,390	
84.243	<b>Tech-Prep Education</b>							
	Carl Perkins	G1011	15351	07/01/09	09/30/10		67,947	
	Carl Perkins	G1039	12348	07/01/08	09/30/09		36,038	
						Pass-Through	103,985	
<b>Office Of Special Education and Rehabilitative Services</b>								
<b>Special Education Cluster (IDEA)</b>								
<i>Special Education_ Grants to States</i>								
84.027	Portland DART Schools	G0628	Contact 7320	07/01/05	06/30/07		(271)	2
84.027	I.D.E.A.	G0743	8234	07/01/06	12/31/07		(20,037)	2
84.027A	Portland DART Schools	G0826	Contract 8052	07/01/07	06/30/09		11,733	
84.027	Columbia Regional	G0832	contract 7992	07/01/07	06/30/09		62	2
84.027	I.D.E.A.	G0842	11472	07/01/07	12/31/08		(27,402)	2
84.027	I.D.E.A. Enhancement Grant	G0859	9426	04/16/07	09/30/07		(86)	2
84.027	Special Education - SPR&I	G0888	10795	08/24/07	06/30/08		(92)	2
84.027	Regional Autism Training	G0889	12001	07/01/07	06/30/08		(1)	2
84.027	Enhancement & Extended Assessment	G0906	11835	10/03/07	06/30/08		(693)	2
84.027	Statewide Resources for Traumatic Brain Injury	G0907	11993	07/15/07	06/30/08		(93)	2
84.027	I.D.E.A.	G0942	13684	07/01/08	12/31/09		2,930,303	
84.027	I.D.E.A. Enhancement Grant 08-09	G0984	14685	01/01/09	09/30/09		19,095	
84.027	I.D.E.A. Part B Sec. 611 Redistributed 07/08 Funds	G0998	14947	07/01/08	09/30/09		6,529	
84.027	I.D.E.A.	G1015	17810	07/01/09	12/31/10		6,696,014	
84.027	Special Education - SPR&I	G1018	17534	08/01/09	06/30/10		22,381	
84.027	Regional Autism Training	G1019	17898	07/01/09	06/30/10		4,542	
84.027	Columbia Regional	G1025	Contract 8608, IGA 55153	07/01/09	06/30/11		2,969,219	
84.027	Portland DART Schools	G1027	Contract 8637 / 57029	07/01/09	06/30/11		159,859	
84.027	Enhancement & Extended Assessment	G1089	18312	09/01/09	06/30/10		10,205	
84.027	IDEA Enhancement Grant 09-10	G1090	18594	10/01/09	09/30/10		18,518	
						Pass-Through	12,799,785	

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2010**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
84.391	<b>Special Education-Grants to States-Recovery Act</b>							
	ARRA - IDEA	G0986	15271	02/17/09	09/30/11		\$ 4,474,596	
	ARRA - Columbia Regional	G1042	16022	02/17/09	09/30/11		2,116,260	
	ARRA - LTCT - IDEA Part B, 611	G1052	15960	02/17/09	09/30/11	Pass-Through	97,666	
							<u>6,688,522</u>	
			Total Pass-Through from Special Education Cluster (IDEA)				\$ 19,488,307	
	<b>Vocational Rehabilitation Cluster</b>							
84.126	<b>Rehabilitation Services-Vocational Rehabilitation Grants to States</b>							
	Oregon Commission For The Blind	G0837	IGA 55153 #4	07/01/07	06/30/08		\$ (277)	2
	Oregon Commission For The Blind	G1014	IGA 55938/101-09	07/01/09	06/30/10		41,500	
			Total Pass-Through from Vocational Rehabilitation Cluster				<u>41,223</u>	
			Total Pass-Through Programs from Oregon Commission for the Blind				\$ 41,223	
84.324S	<b>Research In Special Education</b>							
	Project Success	G0782	Contract 55041	07/01/06	05/31/10	Pass-Through	\$ 30,374	
84.326	<b>Special Education_ Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities</b>							
	Oregon Deafblind Project	G0843	12039	10/01/07	09/30/08	Pass-Through	<u>(49)</u>	2
84.004F	<b>Office Of Elementary and Secondary Education</b>							
	<b>Civil Rights Training and Advisory Services</b>							
	Technical Assistance for Student Assignment Plans	G1060	S004F090014	09/30/09	09/29/11	Direct	<u>105,945</u>	
84.010	<b>Title I , Part A Cluster</b>							
	<b>Title I Grants to Local Education Agencies</b>							
	Impact Aid - PI 874 Project	G0108	47-OR-95-1703	10/01/90	06/30/11		25,421	2
	Title IA/ID - School Improvement - Lane	G0703	6258	10/01/05	09/30/07		(54)	2
	Title I - School Budgets	G0748	7303	07/01/06	09/30/07		(22)	2
	Title I - Central Budget	G0752	7303	07/01/06	06/30/08		(6,845)	2
	Title IA/ID - School Improvement - Benson	G0803	8895	09/01/06	08/31/08		(440)	2
	Title IA/ID - School Improvement - Binnsm	G0804	8896	09/01/06	08/31/08		(294)	2
	Title IA/ID - School Improvement - George	G0805	8905	09/01/06	08/31/08		(146)	2
	Title IA/ID - School Improvement - Gregory Heights	G0806	8909	09/01/06	08/31/08		(67)	2
	Title IA/ID - School Improvement - Lane	G0808	8917	09/01/06	08/31/08		(313)	2
	Title IA/ID - School Improvement - Madison	G0809	8919	09/01/06	08/31/08		(97)	2

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2010**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
84.010	<i>Title I Grants to Local Education Agencies, continued</i>							
	Title IA/ID - School Improvement - Ockley Green	G0810	8922	09/01/06	08/31/08		\$ (123)	2
	Title IA/ID - School Improvement - Portsmouth	G0811	8925	09/01/06	08/31/08		(219)	2
	Title IA/ID - School Improvement - Tubman	G0812	8930	09/01/06	08/31/08		(61)	2
	Title I - School Budgets	G0814	9995	07/01/07	06/30/09		(57,992)	2
	Title I - Central Budget	G0815	9995	07/01/07	06/30/09		(25,563)	2
	Distinguished Schools - Hosford	G0896	11962	11/01/07	06/30/08		(13)	2
	Title IA/ID - School Improvement - Binnsmead	G0899	11905	09/01/07	08/31/09		(11)	2
	Title IA/ID - School Improvement - George	G0900	11917	09/01/07	08/31/09		(54)	2
	Title IA/ID - School Improvement - BizTech	G0902	11906	09/01/07	08/31/09		826	
	Title IA/ID - School Improvement - ACT	G0903	11903	09/01/07	08/31/09		2,231	
	Title IA/ID - School Improvement - POWER	G0904	11929	09/01/07	08/31/09		5,937	
	Title IA/ID - School Improvement - SEIS	G0905	11930	09/01/07	08/31/09		4,755	
	Title I - School Budgets	G0925	12853	07/01/08	09/30/09		444,449	
	Title I - Central Budget	G0926	12853	07/01/08	09/30/09		3,080,904	
	Title IA/ID - School Improvement- ACT	G0977	14499	09/01/08	08/31/10		72,034	
	Title IA/ID - School Improvement - BizTech	G0978	14500	09/01/08	08/31/10		46,188	
	Title IA/ID - School Improvement - George	G0979	14501	09/01/08	08/31/10		49,295	
	Title IA/ID - School Improvement - Lane	G0980	14502	09/01/08	08/31/10		95,666	
	Title IA/ID - School Improvement - POWER	G0981	14503	09/01/08	08/31/10		90,086	
	Title IA/ID - School Improvement - Sitton	G0982	14504	09/01/08	08/31/10		54,917	
	Title IA/ID - School Improvement - SEIS	G0983	14505	09/01/08	08/31/10		82,301	
	Title I - School Budgets	G1000	16627	07/01/09	09/30/10		9,128,387	
	Title I - Central	G1001	16627	07/01/09	09/30/10		1,622,251	
	Title ID	G1002	16481	07/01/09	09/30/10		23,611	
	School Improvement - Bridger	G1094	19004	01/01/10	09/30/11		2,782	
	School Improvement - Jefferson	G1096	19006	01/01/10	09/30/11		588	
	School Improvement - Kelly	G1097	19007	01/01/10	09/30/11		16,030	
	School Improvement - King	G1098	19008	01/01/10	09/30/11		7,147	
	School Improvement - POWER	G1099	19009	01/01/10	09/30/11		2,298	
	School Improvement Planning	G1107	19201	04/01/10	06/30/10		31,986	
						Pass-Through	\$ 14,797,782	

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2010**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
84.389	<b>Title I Grants to Local Educational Agencies, Recovery Act</b>							
	ARRA - Title ID	G0985	16919	02/17/09	09/30/10		\$ 11,815	
	ARRA - Title IA	G0987	15722	02/17/09	09/30/10		7,242,595	
	ARRA - School Improvement - ACT	G1066	17975	09/01/09	09/30/11		560	
	ARRA - School Improvement - Bridger	G1068	17977	09/01/09	09/30/11		33,050	
	ARRA - School Improvement - George	G1069	17988	09/01/09	09/30/11		15,068	
	ARRA - School Improvement - Jefferson	G1070	18001	09/01/09	09/30/11		1,887	
	ARRA - School Improvement - Kelly	G1071	18003	09/01/09	09/30/11		28,272	
	ARRA - School Improvement - King	G1072	18004	09/01/09	09/30/11		546	
	ARRA - School Improvement - Sitton	G1073	18026	09/01/09	09/30/11		3,488	
	ARRA - School Improvement - SEIS	G1074	18027	09/01/09	09/30/11		32,762	
						Pass-Through	7,370,042	
<b>Migrant Education_ State Grant Program</b>								
Total Pass-Through from Title I, Part A Cluster							\$ 22,167,824	
84.011A	Title IC - Migrant Education Summer School	G0642	3870	06/01/05	08/31/05		\$ (12)	2
84.011	Title IC - Migrant Education	G0744	8715	07/01/06	09/30/07		(377)	2
84.011	Title IC - Migrant Ed Summer	G0745	8715	07/01/06	09/30/07		(246)	2
84.011	Title IC - Migrant Education	G0819	11218	07/01/07	06/30/09		(844)	2
84.011	Title IC - Migrant Education Summer	G0820	12402	05/01/08	08/31/08		(58)	2
84.011	Title IC - Migrant Education Preschool	G0909	11953	07/01/07	09/30/08		(17)	2
84.011	Title IC - Migrant Education	G0930	12931	07/01/08	06/30/10		8,376	
84.011	Title IC - Migrant Education Summer	G0945	14773	05/01/09	07/31/09		15,741	
84.011	Title IC - Migrant Education	G1003	16203	07/01/09	09/30/10		69,691	
84.011	Title IC - Migrant Ed - Presch	G1004	17610	07/01/09	09/30/10		253	
84.011	Title IC - Summer	G1005	19091	03/01/10	08/31/10		2,992	
84.011	Title IC - Migrant Summer Supplement	G1048	15877	06/01/09	08/31/09	Pass-Through	3,218	
						Pass-Through	98,717	
84.013	<b>Title I State Agency Program for Neglected and Delinquent Children</b>							
	Portland DART Schools	G1053	Contract 8637 / 57029		07/01/09	06/30/10	Pass-Through	72,251

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2010**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
84.060A	<b>Indian Education_ Grants to Local Educational Agencies</b>							
	Indian Education Program	G0742	S060A060938	09/01/06	08/31/07		\$ (223)	2
	Indian Education Program	G0827	S060A070938	09/01/07	08/31/08		(610)	2
	Indian Education Program	G0947	S060A080938	09/01/08	08/31/09		87,436	
	Indian Education Program	G1016	S060A090938	08/31/09	08/30/10	Direct	115,259	
							<u>201,863</u>	
	<b>Safe and Drug-Free Schools and Communities_ State Grants</b>							
84.186A	Community Service/Skills for Success - Roosevelt	G0533	Contract 6802, 6999	03/19/04	06/30/11		578	2
84.186	Title IV-A Safe & Drug-Free Schools	G0774	8637	07/01/06	09/30/08		(373)	2
84.186	Title IV-A Safe & Drug-Free Schools	G0821	11156	07/01/07	12/31/08		(1,060)	2
84.186	Title IV - Safe & Drug-Free Schools	G0932	14114	07/01/08	12/31/09		45,364	
84.186	Title IV - Safe & Drug-Free Schools	G1009	17129	07/01/09	09/30/10	Pass-Through	183,548	
							<u>228,057</u>	
84.196	<b>Education of Homeless Children and Youth Cluster</b>							
	<b>Education of Homeless Children and Youth</b>							
	McKinney Homeless Grant	G0771	6972	08/01/06	08/31/07		(38)	2
	McKinney Homeless Grant	G0823	11004	09/01/07	08/31/08		(332)	2
	McKinney Homeless Grant	G0934	13964	07/01/08	09/30/09		(3,129)	5
							<u>(3,500)</u>	
84.214A	<b>Even Start_Migrant Education</b>							
	Migrant Even Start Program	G0783	S214A060008	10/01/06	09/30/09	Direct	40,132	
84.293B	<b>Foreign Language Assistance</b>							
	Foreign Language Immersion Project	G0792	T293B060084	09/15/06	09/14/09		2,571	
	Foreign Language Assiatance Project	G0938	T293B090123	09/01/09	08/31/12		151,087	
	Portland Roadmap to Superior Programs	G0964	T293B080058	08/01/08	07/31/13	Direct	323,014	
							<u>476,671</u>	
84.XXX	<b>State Grants for Innovative Programs</b>							
	Title V - Innovative Programs - 84,298	G0750	8439	07/01/06	06/30/08		(259)	2
	Title V - Innovative Programs - 84,298	G0822	10590	07/01/07	06/30/09		(20)	2
	Summer Math Coaching Institute - 84,298	G1040	15458	06/01/09	09/30/09	Pass-Through	1,801	
							<u>1,522</u>	

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2010**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
<b>Education Technology State Grants Cluster</b>								
<i>Education Technology State Grants</i>								
84.318X	Title IID - Enhancing Education through Technology	G0754	8010	07/01/06	06/30/08		\$ (330)	2
84.318	Title IID - Enhancing Education through Technology	G0817	10395	07/01/07	06/30/09		(485)	2
84.318	Title IID - Enhancing Education through Technology	G0928	13266	07/01/08	09/30/09		90,515	
84.318	Title IID - Enhancing Education through Technology	G1007	16413	07/01/09	09/30/10		137,736	
Total Pass-Through Programs from Education Technology State Grants Cluster							\$ 227,435	
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	09/30/10		1,606	
	Advanced Placement Incentive Program	G0943	14195	10/01/08	09/30/10		4,845	
	Advance Placement Fee Payment Program	G0972	Agreement	09/01/98	06/30/10	Pass-Through	95,297	
							101,747	
84.357	<b>Reading First State Grants</b>							
	Reading First	G0788	8740	07/01/06	08/31/08		(1,512)	2
	Reading First	G0838	11329	08/01/07	08/31/09		(5,575)	2
	K-3 Statewide Literacy Outreach	G0891	10958	09/01/07	05/31/08		(3)	2
	Reading First	G0953	14219	08/01/08	09/30/10		195,499	
	Humboldt Beacon School Reading First	G0975	14213	08/01/08	09/30/10	Pass-Through	71,522	
							259,931	
84.359B	<b>Early Reading First</b>							
	Portland Early Reading First Initiative	G0671	S359B050109A	10/01/05	06/30/09	Direct	(1,846)	2
84.364A	<b>Improving Literacy Through School Libraries</b>							
	Improving Libraries - Improving Literacy	G0965	S364A080334	09/01/08	04/30/10	Direct	111,756	
84.365	<b>English Language Acquisition Grants</b>							
	Title III - Language Instruction	G0755	9028	07/01/06	06/30/08		(648)	2
	Title III - Language Instruction	G0818	11570	07/01/07	09/30/08		(1,351)	2
	Title III - Language Instruction	G0929	13932	07/01/08	09/30/09		56,559	
	Title III - Language Instruction	G1008	16252	07/01/09	09/30/10	Pass-Through	598,301	
							652,861	
84.366	<b>Mathematics and Science Partnerships</b>							
	Title IIB - Math & Science Partnership	G0885	11267	07/01/07	07/31/09		42,805	
	Title IIB - Math & Science Partnership	G0970	13326	08/01/08	06/30/10		213,435	
	Title IIB - Math & Science Partnership	G1056	16188	08/01/09	09/30/10	Pass-Through	127,419	
							383,660	



**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2010**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
<b>Improving Teacher Quality State Grants</b>								
84.367A	Title IIA transfer to Title V	G0709	6207	07/01/05	06/30/07		\$ (1) <sup>2,3</sup>	
84.367A	Title IIA - Teacher Quality	G0751	7826	07/01/06	06/30/08		(6,069) <sup>2</sup>	
84.367	Title IIA - Teacher Quality	G0816	10212	07/01/07	06/30/09		(14,901) <sup>2</sup>	
84.367	Title IIA transfer to Title IV	G0835	10212	07/01/07	06/30/09		(312) <sup>2,3</sup>	
84.367B	Developing a Statewide Teacher Network	G0862	PSU cont #207LEN022	05/01/07	06/30/08		(65) <sup>2</sup>	
84.367	Title IIA transfer to Title V	G0890	10212	07/01/07	06/30/09		(318) <sup>2,3</sup>	
84.367	Title IIA - Teacher Quality	G0927	13083	07/01/08	06/30/10		347,973	
84.367	Title IIA transfer to Title IV	G0954	13083	07/01/08	09/30/09		58,331 <sup>3</sup>	
84.367	Title IIA - Teacher Quality	G1006	16824	07/01/09	09/30/10		2,825,466	
84.367	Title IIA transfer to Title IV	G1010	16824	07/01/09	09/30/10		26,888 <sup>3</sup>	
84.367	Moving Math Education Forward	G1086	18051	10/01/09	09/30/10	Pass-Through	11,322	
							<u>3,248,316</u>	
84.371A	<b>Striving Readers</b> Striving Readers Project	G0718	S371A060053-07A	03/01/06	02/28/11	Direct	3,664,910	
<b>School Improvement Grants Cluster</b>								
84.377	<b>School Improvement Grants</b>							
	Title IA/ID - School Improvement G Funds - POWER	G0917	12154	07/01/07	06/30/09		3,318	
	Title IA/ID - School Improvement G Funds - Sitton	G0991	15045	07/01/08	09/30/10		33,345	
	Title IA/ID - School Improvement G Funds - George	G0992	15042	07/01/08	09/30/10		79,494	
	Title IA/ID - School Improvement G Funds - Lane	G0993	15043	07/01/08	09/30/10		59,643	
	Title IA/ID - School Improvement G Funds - BizTech	G0994	15041	07/01/08	09/30/10		75,285	
	Title IA/ID - School Improvement G Funds - ACT	G0995	15040	07/01/08	09/30/10		57,707	
	Title IA/ID - School Improvement G Funds - SEIS	G0996	15046	07/01/08	09/30/10		81,050	
	Title IA/ID - School Improvement G Funds - POWER	G0997	15044	07/01/08	09/30/10		68,502	
	School Improvement - ACT	G1075	18097	09/01/09	09/30/10		8,368	
	School Improvement - G Funds - BizTech	G1076	18098	09/01/09	09/30/10		1,854	
	School Improvement - G Funds - George	G1077	18100	09/01/09	09/30/10		26,660	
	School Improvement - G Funds - Jefferson	G1078	18101	09/01/09	09/30/10		20,028	
	School Improvement - G Funds - Kelly	G1079	18102	09/01/09	09/30/10		26,950	
	School Improvement - G Funds - King	G1080	18103	09/01/09	09/30/10		26,950	
	School Improvement - G Funds - Sitton	G1081	18105	09/01/09	09/30/10		26,950	
	School Improvement - G Funds - SEIS	G1082	18106	09/01/09	09/30/10		15,286	
	School Improvement - G Funds - POWER	G1083	18104	09/01/09	09/30/10		26,950	
	School Improvement - G Funds - Bridger	G1084	18099	09/01/09	09/30/10		25,227	
							<u>663,568</u>	

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2010**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
84.165A	<b>Office of Innovation and Improvement</b> <i>Magnet Schools Assistance</i> Jefferson Cluster Magnet Project	G0583	U165A040120	08/01/04	07/31/07	Direct	\$ (640)	2
84.215S	<b>Fund for the Improvement of Education</b> Partnerships in Character Education	G0504	Q215S030155, -04, -05, -06	10/01/03	09/30/08		(894)	2
84.215L	Smaller Learning Communities	G0512	V215L032014	09/01/03	08/31/07		(104)	2
84.215X	Teaching American History	G0687	U215X050249	10/01/05	09/30/09		11,021	
84.215E	Elementary School Counseling	G0856	Q215E070005-09	05/01/07	10/31/10		420,043	
84.215L	Smaller Learning Communities (OVAE)	G0887	S215L070492A-10	10/01/07	09/30/12	Direct	610,769	
							<u>1,040,834</u>	
84.282	<b>Charter Schools</b>							
	Title V-B Charter School (Emerald)	G0923	12217	06/14/08	12/14/09		25,563	
	Title V-B Charter School (Global Learning)	G1032	15099	04/16/09	07/31/10		55,706	
	Title V-B Charter School (HS of Recording Arts)	G1033	15100	04/16/09	07/31/10		23,038	
	Title V-B Charter School (Golden Leaf)	G1091	18369	12/14/09	07/31/10	Pass-Through	36,010	
							<u>140,316</u>	
84.361A	<b>Voluntary Public School Choice</b>							
	Voluntary Public School Choice	G0427	S361A020029, -03, -06	10/01/02	09/30/08		(5,744)	2
	Voluntary Public School Choice	G0882	U361A070010	10/01/07	09/30/12		1,323,753	
						Direct	<u>1,318,009</u>	
84.287	<b>Office of Education Research and Improvement</b> <i>Twenty-First Century Community Learning Centers</i>							
	21st Century Community Learning Centers	G0775	7166	07/01/06	09/30/07		(323)	2
	21st Century Community Learning Centers	G0879	9832	07/01/07	09/30/08		(681)	2
	21st Century Community Learning Centers	G0948	12527	07/01/08	09/30/09		337,932	
	21st Century Community Learning Centers	G0963	12509	07/01/08	09/30/09		133,879	
	21st Century Community Learning Centers	G1020	16112	07/01/09	09/30/10		302,127	
	21st Century Community Learning Centers	G1057	16930	07/01/09	09/30/10		341,483	
	21st Century Community Learning Centers	G1058	16884	07/01/09	09/30/10	Pass-Through	396,090	
							<u>1,510,507</u>	

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2010**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
84.332	<b>Office of Postsecondary Education</b> <i>Comprehensive School Reform Demonstration</i> (CSR) - Madison	G0768	7076	07/01/06	09/30/07	Pass-Through	\$ (249)	2
84.334A	<i>Gaining Early Awareness and Readiness for Undergraduate Programs</i> Roosevelt Cluster Gear Up Partnership	G0677	P334A050242 - 06-07-08-09-10	09/01/05	08/31/11	Direct	\$ 281,504	
84.334S	Gear-up Marshall	G0785	Agreement SG-2006-016	10/01/06	09/30/07	Pass-Through	(29)	
84.334S	Gear-up Madison	G0786	Agreement SG-2006-014	10/01/06	09/30/07	Pass-Through	(5)	
84.334S	Gear-up Roosevelt	G0839	SG 2008-10	09/18/07	09/17/08	Pass-Through	(97)	
84.334S	Gear-up Madison	G0841	SG-2008-11	09/18/07	09/17/08	Pass-Through	(81)	
84.334	Gear-up Marshall	G0840	SG-2008-09	09/18/07	09/17/08	Pass-Through	(99)	
							281,193	
							Total Direct Programs \$ 7,239,138	
							Total Pass-Through Programs from Oregon Department of Education \$ 62,165,048	
							Total Pass-Through Programs from Oregon University System \$ (311)	
							Total Pass-Through Programs from Portland State University \$ 30,374	
							Total Pass-Through Programs from Oregon Commission for the Blind \$ 41,223	
<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 (State Grant)	G1017	IGAR 56790 / ED 10-064	07/01/09	06/30/10		\$ 22,000	
							Total Pass-Through Programs CCDF Cluster \$ 22,000	
<b>Head Start Cluster</b>								
93.600	<i>Head Start</i> Head Start	G0746	10CH0004/32	11/01/06	10/31/07		\$ (3,123)	2
	Head Start	G0830	10CH0004/33	11/01/07	10/31/08		(14,623)	2
	Head Start	G0937	10CH0004/34	11/01/08	10/31/09		1,286,015	
	Head Start	G1023	10CH0004/35	11/01/09	10/31/10	Direct	2,430,720	
							3,688,989	
							\$ 69,475,471	

**School District No. 1J, Multnomah County, Oregon**  
**Schedule of Expenditures of Federal Awards**  
**for the Year Ended June 30, 2010**



CFDA #	Grant Description	Fund/ Grant	Pass-Through Grantor's No.	Grant		Direct or Pass-Through	Expenditures	Agency Total
				Begin Date	End Date			
93.708	<b>ARRA - Head Start</b>							
	ARRA - Head Start - Expansion	G0946	10CH0004/35	09/30/09	09/30/11		226,896	
	ARRA - Head Start - COLA	G1035	10CH0004/35	07/01/09	09/30/10	Direct	302,799	
							\$ 529,695	
<b>Total Direct Programs from Head Start Cluster</b>							<b>\$ 4,228,684</b>	
93.676	<b>Unaccompanied Alien Children Program</b>							
	Morrison Center DUCS Program	G1087	Contract	11/01/09	08/31/10	Pass-Through	\$ 205,926	
	<b>Centers for Medicare and Medicaid Services</b>							
	<b>Medicaid Cluster</b>							
93.778	<b>Medical Assistance Program</b>							
	Third Party Medical-DART Program	S0054	Medicaid Revenue	07/01/98	06/30/11		97,604	
	Regional Durable Medical Equipment	S0027	Medicaid Revenue	07/01/97	06/30/10		47,612	
<b>Total Pass-Through Programs from Medicaid Cluster</b>							<b>\$ 145,216</b>	
93.XXX	<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>							
	Inner-City Youth Institute - Middle Schools 93.169	G0004	MOU60399014	02/11/99	08/31/10		\$ 337	
	Inner-City Youth Institute - High School 93.169	G0038	MOU60399014	09/01/99	08/31/10	Pass-Through	157	
							493	
<b>Total Direct Programs</b>							<b>\$ 4,228,684</b>	
<b>Total Pass-Through Programs from Morrison Child and Family Services</b>							<b>\$ 205,926</b>	
<b>Total Pass-Through Programs from Oregon Department of Education</b>							<b>\$ 167,709</b>	
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES Total</b>							<b>\$ 4,602,319</b>	
<b>GRAND TOTAL</b>							<b>\$ 87,611,605</b>	<b>\$ 87,611,605</b>

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 food is valued at their estimated fair value. Donated food was allocated between 10.553, 10.555, 10.558 and 10.559 due to 10.550 being deleted.

<sup>2</sup> Credits represent adjustments made due to prior period audit adjustment for FY 08/09.

<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>5</sup>

<sup>4</sup> This amount includes \$307,603.90 that was paid to nine charter schools - that are sub-recipients.

<sup>5</sup> Refunds / credits due to final reporting issues.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2010**

**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?	None reported
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
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:

<b>CFDA NUMBER(S)</b>	<b>NAME OF FEDERAL PROGRAM OR CLUSTER</b>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.010, 84.389	Title I, Part A Cluster
84.027, 84.027A, 84.391	Special Education Cluster (IDEA)
84.367, 84.367A, 84.367B	Improving Teacher Quality State Grants
84.371	Striving Readers
84.394	State Fiscal Stabilization Fund Cluster
93.600, 93.708	Head Start Cluster

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

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

Dollar threshold used to distinguish between type A and B programs:	\$ 2,634,864
Auditee qualified as low-risk auditee?	No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2010-01**

Criteria:	A system of internal control should be in place such that misstatements are prevented or detected and corrected in a timely manner.
Condition:	The District did not perform a timely bank reconciliation for the January 2010 Payroll Account. The bank reconciliation was not performed until September 2010.
Context:	The volume and dollar value of the transactions being processed through this account are significant.
Effect:	Errors in the financial reporting system that are normally identified through the bank reconciliation would not be detected and corrected in a reasonable timeframe.
Cause:	The staff member responsible for this reconciliation was assigned to another project and did not complete the reconciliation in the normal timeframe.
Recommendation:	We recommend that the District perform reconciliations of bank accounts within one month of receiving the bank statement.
View of responsible official:	We understand and concur with the finding and recommendation.

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

**Finding 2010-02**

Federal Program:	Title I, Part A Cluster
Federal Agency:	Department of Education
Award Year:	2009-10
Criteria:	In the case of a school that is in its first year of school improvement under Section 1116(b)(1)(A), the LEA is required to provide choice-related transportation under Section 1116(b)(9). In the case of a school that is in its second year of school improvement under Section 1116(b)(5), corrective action under Section 1116(b)(7), or restructuring under Section 1116(b)(8), the LEA is required to provide choice-related transportation under Section 1116(b)(9) and supplemental educational services under Section 1116(e). An LEA that is

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

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

**Finding 2010-02 (Continued)**

Criteria (continued): obligated to provide choice-related transportation or choice-related transportation and supplemental educational services must spend an amount equal to at least 20 percent of its allocation under subpart 2 of Part A (“20 percent obligation”) to provide such transportation and supplemental educational services, unless a lesser amount is needed to satisfy all requests (Title I, Section 1116(b)(10)(A) of ESEA (20 USC 6316(b)(10)(A)). Of this amount, the LEA must spend a minimum of an amount equal to 5 percent on choice-related transportation (Title I, Section 1116(b)(10)(A)(i)) of ESEA (20 USC 6316(b)(10)(A)(i)), and a minimum of an amount equal to 5 percent for supplemental educational services (Title I, Section 1116(b)(10)(A)(ii)) of ESEA (20 USC 6316(b)(10)(A)(ii)). The LEA may spend the remaining 10 percent for either or both of these activities (Title I, Section 1116(b)(10)(A)(iii) of ESEA (20 USC 6316(b)(10)(A)(iii)).

Condition: The District was unable to provide the calculation for the amount of funds spent on choice-related transportation.

Questioned Costs: It is not possible to determine if there are questioned costs.

Context: The District provides transportation for students but they do not track it in the way necessary to perform this calculation.

Effect: The District might not spend the required amount on choice-related transportation.

Cause: The District’s records are not kept in a way that enables them to make this calculation.

Recommendation: We recommend the District implement a tracking system of funds spent on choice-related transportation.

View of responsible official: We understand and concur with the finding and recommendation.

**Finding 2010-03**

Federal Program: Special Education Cluster

Federal Agency: Department of Education

Award Year: 2009-10

Pass Through Entity: State of Oregon

Criteria: Section 1605 of ARRA prohibits the use of ARRA funds for a project for the construction, alteration, maintenance, or repair of a public building or work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States. ARRA provides for waiver of these requirements under specified circumstances. An award term is required in all ARRA-funded awards

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

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

**Finding 2010-03 (Continued)**

Criteria (continued): for construction, alteration, maintenance, or repair of a public building or public work (2 CFR section 176.140).

Condition: The District expended ARRA funds for construction, alteration, maintenance, or repair of a modular building and did not include Buy-American terms in one contract.

Questioned Costs: The contract was for \$58,600; approximately \$46,600 was expended in the year ended June 30, 2010.

Context: One out of two construction contracts for Modular Buildings did not contain a Buy-American Term or documentation that the iron, steel, and manufactured goods used in the project were produced in the United States.

Effect: Iron, steel, and manufactured goods used in the project may not have been produced in the United States.

Cause: The District failed to include a Buy-American term in their contract for the construction and installation of the Modular Building.

Recommendation: We recommend the District add Buy-American terms to all contracts for construction, alteration, maintenance, or repair of a public building or work, which are funded with ARRA grants.

View of responsible official: We understand and concur with the finding and recommendation.

**Finding 2010-04**

Federal Program: Special Education Cluster

Federal Agency: Department of Education

Award Year: 2009-10

Pass Through Entity: State of Oregon

Criteria: The amount of IDEA- B funds used in a school-wide program, may not exceed the amount received by the LEA under IDEA-B for that fiscal year divided by the number of children with disabilities in the jurisdiction of the LEA multiplied by the number of children with disabilities participating in the school-wide program (34 CFR section 300.206).

Condition: The District was unable to provide the calculation of the amount of IDEA-B funds used in school-wide programs.

Questioned Costs: It was not possible to determine the amount of IDEA-B funds used in school-wide programs; therefore, it is not possible to determine if there are questioned costs.



**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

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

**Finding 2010-04 (continued)**

Context: The District does not perform this calculation.

Effect: More IDEA-B funds could be used in school-wide programs than allowed.

Cause: The District's records are not kept in a way that enables them to make this calculation.

Recommendation: We recommend the District implement a tracking system of IDEA-B funds spent in school-wide programs.

View of responsible official: We understand and concur with the finding and recommendation.

**Finding 2010-05**

Federal Program: Title 1, Part A Cluster

Federal Agency: Department of Education

Award Year: 2009-10

Pass Through Entity: State of Oregon

Criteria: To operate a school-wide program, a school must include three core elements; comprehensive needs assessment of the entire school (34 CFR section 200.26(a)), comprehensive plan based on data from the needs assessment (34 CFR section 200.26(b)), and annual evaluation of the results achieved by the school-wide program and revision of the school-wide plan based on that evaluation (34 CFR section 200.26(c)). A school-wide plan also must include the following components; school-wide reform strategies (34 CFR section 200.28(a)), instruction by highly qualified professional staff (34 CFR section 200.28(b)), strategies to increase parental involvement (34 CFR section 200.28(c)), additional support to students experiencing difficulty (34 CFR section 200.28(d)), and transition plans for assisting preschool children in the successful transition to the school-wide program (34 CFR section 200.28(e)).

Condition: Two of six schools tested were in school improvement and did not prepare school-wide plans. The school improvement plans included three core elements and some additional elements of a school-wide plan. One plan omitted one element; the other omitted two elements.

Questioned Costs: None noted.

Context: The District prepared school improvement plans, but not school-wide plans for these two schools.

Effect: There appears to be no effect as a result of this non compliance.

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

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

**Finding 2010-05 (Continued)**

Cause: The District submitted school improvement plans but did not prepare school-wide plans for these two schools.

Recommendation: We recommend schools that are in school improvement fill out a school-wide plan, in addition to the school improvement plan.

View of responsible official: We understand and concur with the finding and recommendation.

**Finding 2010-06**

Federal Program: 84.367 Improving Teacher Quality

Federal Agency: Department of Education

Award Year: 2009-10

Pass Through Entity: State of Oregon

Criteria: In accordance with Circular A-87, charges for salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which reflects an after the fact distribution of the actual activity of each employee, they must account for the total activity for which each employee is compensated, they must be prepared at least monthly and must coincide with one or more pay periods, and they must be signed by the employee.

Condition: 1 timecard of 6 selected for control testing was not signed by the employee or supervisor. No instances of noncompliance were noted in a sample of 60 payroll transactions.

Questioned Costs: None noted.

Context: The District processes thousands of timecards monthly.

Effect: There appears to be no effect from this control deficiency; the employee was performing work under this grant.

Cause: The failure to sign the timecard was an oversight.

Recommendation: We recommend the District continue to review timecards for employees working on federal programs.

View of responsible official: We understand and concur with the finding and recommendation.

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

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

**Finding 2010-07**

Federal Program: 84.371 Striving Readers

Federal Agency: Department of Education

Award Year: 2009-10

Pass Through Entity: N/A

Criteria: In accordance with Circular A-87, charges for salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which reflects an after the fact distribution of the actual activity of each employee, they must account for the total activity for which each employee is compensated, they must be prepared at least monthly and must coincide with one or more pay periods, and they must be signed by the employee.

Condition: 1 timecard of 35 selected for control testing was not signed by the employee or supervisor. No instances of noncompliance were noted in a sample of 60 payroll transactions.

Questioned Costs: None noted.

Context: The District processes thousands of timecards monthly.

Effect: There appears to be no effect from this control deficiency; the employee was performing work under this grant.

Cause: The failure to sign the timecard was an oversight.

Recommendation: We recommend the District continue to review timecards for employees working on federal programs.

View of responsible official: We understand and concur with the finding and recommendation.

**Finding 2010-08**

Federal Program: Head Start Cluster

Federal Agency: Department Health and Human Services

Award Year: 2009-10

Pass Through Entity: N/A

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

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

**Finding 2010-08 (Continued)**

Criteria: In accordance with Circular A-87, charges for salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which reflects an after the fact distribution of the actual activity of each employee, they must account for the total activity for which each employee is compensated, they must be prepared at least monthly and must coincide with one or more pay periods, and they must be signed by the employee.

Condition: 1 of 8 timecards selected for control testing was not signed by the employee or supervisor. No instances of noncompliance were noted in a sample of 60 payroll transactions.

Questioned Costs: None noted.

Context: The District processes thousands of timecards monthly.

Effect: There appears to be no effect from this control deficiency; the employee was performing work under this grant.

Cause: The failure to sign the timecard was an oversight.

Recommendation: We recommend the District continue to review timecards for employees working on federal programs.

View of responsible official: We understand and concur with the finding and recommendation.

**Finding 2010-09**

Federal Program: Child Nutrition Cluster

Federal Agency: Department of Agriculture

Award Year: 2009-10

Pass Through Entity: State of Oregon

Criteria: The District should have a system of internal controls such that misstatements of the accounting records would be prevented, detected and corrected by employees in the normal course of their duties. Duties should be segregated to the extent possible in order to separate the initiation, authorization and review of transactions.

Condition: During our testing of controls over compliance we noted that 3 purchase orders were initiated and approved by the same person.

**SCHOOL DISTRICT NO. 1J, MULTNOMAH COUNTY, OREGON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**YEAR ENDED JUNE 30, 2010**

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

**Finding 2010-09 (Continued)**

Questioned Costs:	None noted.
Context:	3 of 40 expenditures tested were initiated and approved by the same person.
Effect:	Individuals may make unallowable purchases.
Cause:	The employee had unlimited approval access in the purchasing system.
Recommendation:	We recommend the District require all purchases to be approved by someone other than the person initiating the purchase and that limits be placed on the ability to authorize purchases.
View of responsible official:	We understand and concur with the finding and recommendation.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2010**

**Finding 2009-01**

Condition: Certain payroll and other liabilities were overstated by a material amount at June 30, 2008 and 2009.

Corrective Action: 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**

Condition: The District did not correctly account for the implicit subsidy when recording OPEB.

Corrective Action: 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.

**Finding 2009-03**

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

Corrective Action: 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 was implemented in July 2010.

**Finding 2009-04**

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

Corrective action: The District understands it is now on the reimbursement basis for all federally funded grants.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)**

**YEAR ENDED JUNE 30, 2010**

**Finding 2009-05**

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

Corrective Action: 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**

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

Corrective Action: 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**

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

Corrective Action: 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**

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

Corrective Action: 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**

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

Corrective Action: 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.



**PORTLAND PUBLIC SCHOOLS**

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**ACCOUNTING & PAYROLL SERVICES**

**Carol Ann Kirby**  
Director

**DISTRICT CORRECTIVE ACTION PLAN  
FOR  
SECTION II – FINANCIAL STATEMENT FINDINGS, AND  
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2010-01**

**Condition:** The District did not perform a timely bank reconciliation for the January 2010 Payroll Account. The bank reconciliation was not performed until September 2010. The auditor’s recommendation was that the District prepare bank account reconciliations within one month of receiving the bank statement.

**Corrective Action:** Corrective action has been completed. There were multiple non-recurring factors that caused the break in the District’s scheduled bank reconciliation cycle. Accounting staff have been assigned the responsibility to ensure that all bank reconciliations are performed within the one-month cycle recommended by the auditors, and all bank reconciliations are current.

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

**Finding 2010-02 Title 1, Part A Cluster**

**Condition:** The District was unable to provide the calculation for the amount of funds spent on choice-related transportation. The District is therefore out of compliance with Title 1 requirements that it determine that spending for choice-related transportation meets the minimum threshold percentages specified. The auditors could not determine if there were questioned costs. The auditor’s recommendation was that the District implement a tracking system of funds spent on choice-related transportation.

**Corrective Action:** The District expects to complete the corrective action in the current fiscal year. The District will develop a process to track transportation requests, and calculate and expend the appropriate transportation set-side based on those requests. The District will comply with the carryover requirements for any funds that may have been under-expended in the current year, and will work with the State Education Agency to inform them how the funds were used. The District will provide documentation on what outside agencies they partner with to inform eligible students and families with opportunities to transfer or to receive supplemental educational services, ensure students and families have the opportunity to sign up for services and transfers, and then show that eligible supplemental educational service providers were given access to school facilities.



## **DISTRICT CORRECTIVE ACTION PLAN (continued)**

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

#### **Finding 2010-03 Special Education Cluster**

Condition: The District expended ARRA funds for construction, alteration, maintenance or repair of a modular building and did not include the Buy-American contract terms required by the ARRA act in one of its contracts. The auditor's recommendation was that the District add Buy-American terms to all contracts for construction, alteration, maintenance, or repair of a public building or work, which are funded with ARRA grants.

Corrective Action: The District expects to complete the corrective action in the current fiscal year. This was the first ARRA contract in which funds were being spent on construction, therefore an oversight. The District has coordinated with the legal office to include the Buy-American clause for future contracts requiring Buy-American terms. The District will also coordinate with ARRA program administrators, who have primary responsibility for contract execution, to ensure the Buy-American clause is included in their District ARRA contracts.

#### **Finding 2010-04 Special Education Cluster**

Condition: The District was unable to provide the calculation of the amount of IDEA-B funds used in school-wide programs. The District is therefore unable to determine whether it has exceeded spending requirements specified in the guidance. The auditors noted that it was not possible to determine the amount of IDEA-B used in school-wide programs; therefore, it is not possible to determine if there are questioned costs. The auditor's recommendation was that the District implement a tracking system of IDEA-B funds spent in school-wide programs.

Corrective Action: The District expects to complete the corrective action in the current fiscal year. The District was not aware that this calculation was necessary, therefore an oversight. The District will begin tracking IDEA-B fund to assure it does not exceed the spending requirements specified in the guidance.

#### **Finding 2010-05 Title 1, Part A Cluster**

Condition: Two schools tested were in school improvement and had not prepared school-wide plans as required by federal regulations. For schools that are in school improvement, the auditor's recommended that the District complete a school-wide plan in addition to the school improvement plan.

Corrective Action: Corrective Action has been completed. The schools who are in school improvement status typically submit an application to the State and within that application it would include all the components of the school-wide plan requirements. Recently the State changed the application template and the new template left off some of the requirements such as the transition plan. The District's Title IA Director has discussed this with the State who advised it was an oversight. The District will work with the State to ensure all the necessary components of the school-wide plan are included in the future.

**DISTRICT CORRECTIVE ACTION PLAN (continued)**

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

**Finding 2010-06 84.367 Improving Teacher Quality**

**Finding 2010-07 84.371 Striving Readers**

**Finding 2010-08 Head Start Cluster**

Condition: Some time cards in the auditor's control testing samples were not signed by the employee or supervisor, as required by Circular A-87, which mandates certification of all time records. The auditor noted that these were oversights and recommended that the District continue to review timecards for employees on federal programs.

Corrective Action: Corrective action has been completed. Non-compliant time approvers have been identified and advised. The District has implemented an automated Time & Attendance system for all school based programs during the current fiscal year. As such, electronic records will be available, rather than paper timecards, with an electronic approval methodology that will certify time records.

**Finding 2010-09 Child Nutrition Cluster**

Condition: Purchase orders were initiated and approved by the same person, which breached internal controls that require an adequate separation of duties. The auditor's recommendation was that the District require that all purchases to be approved by someone other than the person initiating the purchase and that limits be placed on the ability to authorize purchases.

Corrective Action: Corrective action has been completed. During the audit the Nutrition department changed their approval process and communicated the new process to address the auditor's finding.

## **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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### **2009-10 Single Audit Act and OMB Circular A-133 Preparation**

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