

GRANT SCHOOL DISTRICT NO. 3
**INDEPENDENT AUDITOR'S REPORT,
AND
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2019



GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
BOARD OF DIRECTORS AND OFFICIALS
June 30, 2019

BOARD OF DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Position</u>
Kelly Stokes	PO Box 182 Mt. Vernon, OR 97865	Director Zone 1
Haley Walker	25196 Hwy 395 S. Canyon City, OR 97820	Vice Chair Zone 2
Colleen Robertson	PO Box 242 John Day, OR 97845	Director Zone 3
Chris Cronin	215 Franke Dr. John Day, OR 97845	Board Chair Zone 4
Zach Williams	PO Box 491 John Day, OR 97845	Director At Large
Amy Stiner	PO Box 522 Mt. Vernon, OR 97865	Director At Large
Tracie Unterwegner	226 SE Franke Dr. John Day, OR 97845	Director

ADMINISTRATIVE STAFF

Bret Uptmor	Superintendent
Ryan Gerry	Grant Union Jr/Sr High School
Darbie Dennison	Humbolt Elementary
Andrea Ashley	Seneca Elementary School
Heidi Hallgarth	Business Manager

Address: 401 N. Canyon Blvd
Canyon City, OR 97820

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 Canyon City, Grant County, Oregon
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Mitch T. Saul, CPA
Amy K. Walker, CPA
Anna K. Bass

Robert M. Armstrong, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Grant School District No. 3
Canyon City, Grant County, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grant School District No. 3, Canyon City, Oregon (the district), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the district's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the district's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the district's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the governmental activities and unmodified audit opinion on each major fund and the aggregate remaining fund information.

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Basis for Qualified Opinion on Governmental Activities

Management did not obtain an actuarial valuation for the implicit rate subsidy for retiree medical insurance coverage. This actuarial valuation was required as a part of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, no net OPEB liability/asset has been recorded for this implicit subsidy. The amount by which this departure would affect the assets, liabilities, net position, and expenses of the governmental activities has not been determined.

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph on governmental activities, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the district as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the Major Funds

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, PERS Debt Service Fund, Facilities Project Fund, and the aggregate remaining fund information of the district as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the district's 2018 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and we expressed a qualified audit opinion on the governmental activities, and an unmodified audit opinion on the major funds and aggregate remaining fund information in our report dated December 31, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedules of PERS proportionate share of net pension liability and PERS contributions, schedules of proportionate share of RHIA Net OPEB liability and RHIA Contributions, and the budget and actual schedule

for the General Fund, as listed in the table of contents, are the responsibility of management and were derived from and relate 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the district's basic financial statements. The accompanying budgetary comparison schedules and the supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated December 19, 2019, on our consideration of the district's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the district's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 19, 2019, on our consideration of the district's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Amy K. Walker

For Solutions, CPAs PC
John Day, Oregon
December 19, 2019

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

This section of the annual report for Grant School District No. 3 presents a discussion and analysis of the district's financial performance during the fiscal year that ended on June 30, 2019. The readers are encouraged to consider the information presented here in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- General Fund revenues decreased \$784,836. General Fund expenditures increased \$335,723 from \$6,670,917 in 2018 to \$7,006,640 in 2019. The district's General Fund balance decreased \$525,411 from \$3,194,048 to \$2,668,637 at June 30, 2019.
- In the government-wide statements, the assets of the district exceeded its liabilities as of June 30, 2019 by \$4,792,794. Of this amount, \$6,017,076 represents the district's investment in capital assets, \$499,970 is restricted for special programs, \$95,714 is invested in inventory, \$1,497,627 is restricted for debt service and the balance of (\$3,317,593) is unrestricted.
- The district's total assets as of June 30, 2019 were \$13,085,396. This was an increase in total assets of \$1,815,310 from the 2018 total of \$11,270,086. The district's total liabilities as of June 30, 2019 were \$9,326,043. This was an increase in total liabilities of \$259,453 from the 2018 total of \$9,066,590.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Activities. The Statement of Activities presents information showing how the net position of the district changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that only result in cash flows in future fiscal periods (e.g., uncollected taxes).

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

Governmental Activities. Most of the district's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

intergovernmental revenues. The government-wide financial statement can be found on pages 12 through 14 of this report.

Fund Financial Statements. The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district can be divided into two categories: governmental funds and fiduciary funds.

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

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

The district maintains 11 individual government funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance for the General Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided as supplemental information. The basic governmental fund financial statements can be found on pages 15 through 21 of this report.

Notes to Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 22 through 47 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This includes the General Fund budget to the actual statement along with budgetary reporting information and required schedules related to Oregon Public Retirement System. Required supplementary information can be found on pages 49 through 52 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented as supplemental information on pages 55 through 70 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Grant School District No. 3, assets exceeded liabilities by \$4,792,794 at June 30, 2019.

Capital assets, which consist of the district's land, buildings, building improvements and equipment, represent about 45 percent of total assets. The district uses these capital assets to provide services to students and

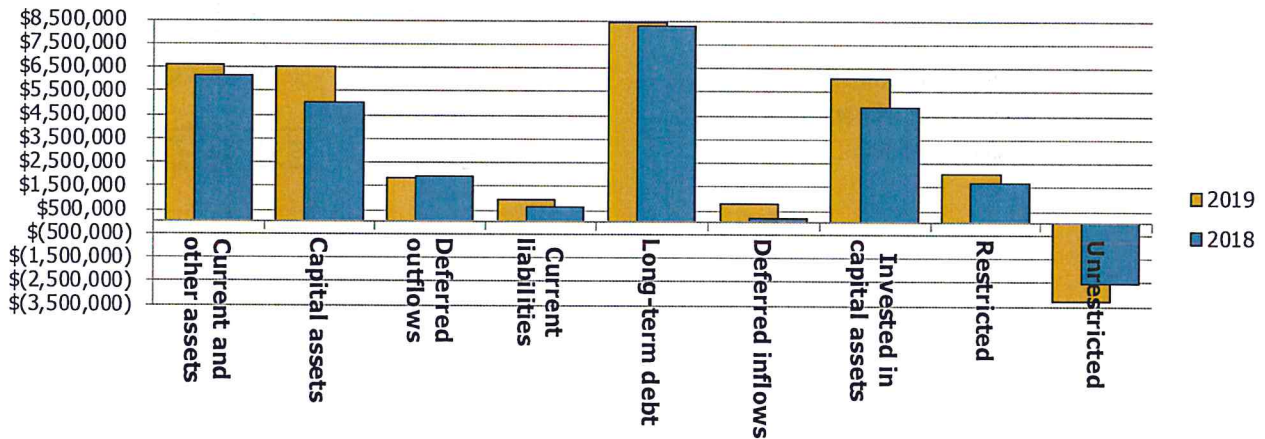
GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

other district residents; consequently, these assets are not available for future spending. The remaining assets consist mainly of cash and investments, grants receivable and property taxes receivable. The district's liabilities consist of accounts payable, accrued liabilities, current portion of long-term debt, long term debt including net pension liability.

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities	
	June 30, 2019	June 30, 2018
Current and other assets	\$ 6,568,740	\$ 6,093,367
Capital assets	6,516,656	5,176,719
Total assets	<u>13,085,396</u>	<u>11,270,086</u>
Deferred outflows of resources	1,796,356	1,746,137
Total assets and deferred outflows	<u>14,881,752</u>	<u>13,016,223</u>
Current liabilities	951,520	666,725
Long-term liabilities	8,374,523	8,399,865
Total liabilities	<u>9,326,043</u>	<u>9,066,590</u>
Deferred inflows of resources	762,915	191,458
Total liabilities and deferred inflows	<u>10,088,958</u>	<u>9,258,048</u>
Net position:		
Invested in capital assets	6,017,076	4,867,144
Restricted	2,093,311	1,793,813
Unrestricted	(3,317,593)	(2,902,782)
Total net position	<u>\$ 4,792,794</u>	<u>\$ 3,758,175</u>

STATEMENT OF NET POSITION



GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

Government Activities. During the current fiscal year, the district's net position increased by \$1,125,568. The key elements of the increase in the district's net position for the year ending June 30, 2019 are as follows:

- An increase in excess county road funds of approximately \$241K.
- An increase in excess ESD tax revenues of approximately \$219K.
- An increase in capital grants of approximately \$810K.

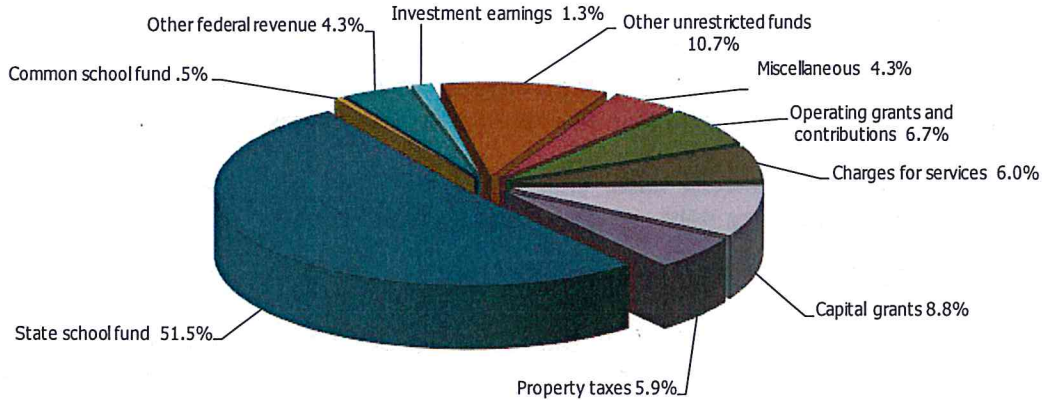
CONDENSED STATEMENT OF ACTIVITIES

For the year ended

	Governmental Activities	
	June 30, 2019	June 30, 2018
Program revenues		
Charges for services	\$ 605,215	\$ 808,808
Operating grants and contributions	674,925	770,889
Capital grants and contributions	890,260	80,498
General revenues		
Property taxes	591,492	573,910
State school fund - general support	5,206,211	6,529,971
Other state and local sources	1,129,870	651,334
Interest on investments	132,014	73,774
Restricted federal revenue	432,935	446,468
Other	434,258	456,408
Gain on disposal of capital assets	-	(948)
Total revenues	10,097,180	10,391,112
Expenses		
Instruction	5,407,893	5,219,387
Support services	2,938,651	3,124,413
Enterprise and community services	329,057	315,232
Debt service	296,011	279,543
Total expenses	8,971,612	8,938,575
Changes in net position	1,125,568	1,452,537
Net position - beginning	3,758,175	2,305,638
Prior period adjustment	(90,949)	-
Net position - ending	\$ 4,792,794	\$ 3,758,175

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

GOVERNMENTAL ACTIVITIES REVENUES BY SOURCE



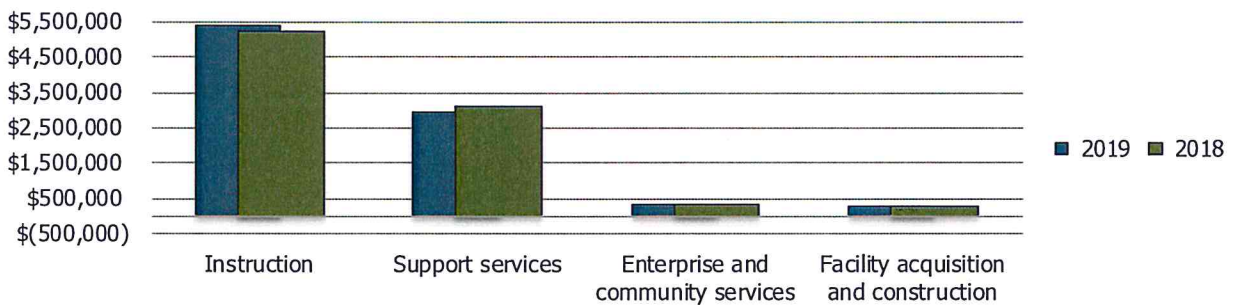
FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

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

At June 30, 2019, the district's governmental funds reported combined ending fund balances of \$5,933,818, an increase of \$275,187.

GOVERNMENTAL FUNDS EXPENDITURES BY FUNCTION



General Fund. The General Fund is the primary operating fund of the district. As of June 30, 2019, unassigned fund balance was \$2,455,658. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance represents approximately 38.1 percent of total General Fund expenditures.

BUDGET HIGHLIGHTS

General Fund actual revenues were \$227,957 under budgeted amounts and actual expenditures were \$1,922,389 less than budgeted amounts. There were no changes during the year to the General Fund original adopted budget.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The district's investment in capital assets includes land, buildings and improvements, vehicles and equipment. As of June 30, 2019, the district had invested \$6,017,076 in capital assets, net of accumulated depreciation and related debt. This is an increase of \$1,149,932 over June 30, 2018. Additional information on the district's capital assets can be found in note 4 on pages 30 and 31.

Long-Term Debt. During the current fiscal year, long-term debt decreased by \$49,454. Additional information on the district's long-term debt can be found in notes 5 thru 9 on pages 31 through 35.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant factors facing the district in the future are tied directly to the district enrollments and the state of Oregon's funding of public education through the State School Fund. State funding is distributed on a per student basis (measured by average daily membership-weighted) and changes based on the amount of money appropriated by the legislature and the number of students statewide.

The budget for the 2019-20 fiscal year indicates total appropriations of \$15,498,901 as compared to the 2018-19 year of \$15,716,054, a decrease of 1.4%.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the district's finances and to demonstrate the district's accountability. Questions concerning any of the information provided in this report or requests for additional information can be obtained by calling the district's business office at (541) 575-1280 or by sending a written request to Grant School District No. 3, 401 N. Canyon Blvd., Canyon City, OR 97820.

BASIC FINANCIAL STATEMENTS

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GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
STATEMENT OF NET POSITION
June 30, 2019
(With Comparative Totals for 2018)

	Governmental Activities	
	June 30, 2019	June 30, 2018
ASSETS		
Cash and investments	\$ 4,820,662	\$ 5,348,108
Receivables		
Property taxes	53,411	64,475
Other	1,205,203	289,015
Restricted cash	393,750	321,682
Inventory	95,714	70,087
Capital assets (net of accumulated depreciation)		
Land	330,421	330,421
Construction in progress	663,662	262,865
Buildings and improvements	4,642,404	3,875,053
Equipment and vehicles	880,169	708,380
Total capital assets	6,516,656	5,176,719
Total assets	13,085,396	11,270,086
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions and other OPEB	1,796,356	1,746,137
LIABILITIES		
Current liabilities		
Accounts payable	435,691	208,263
Accrued liabilities	151,531	78,577
Accrued interest payable	9,523	998
Current portion of long-term debt	354,775	378,887
Total current liabilities	951,520	666,725
Long term liabilities		
Net pension and other OPEB liability	4,513,616	4,676,790
Leases payable	499,580	309,575
Bonds payable	3,716,102	3,792,387
Less current portion of long term debt	(354,775)	(378,887)
Total long term liabilities	8,374,523	8,399,865
Total liabilities	9,326,043	9,066,590
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions and other OPEB	762,915	191,458
NET POSITION		
Net investment in capital assets	6,017,076	4,867,144
Restricted for inventory	95,714	70,087
Restricted for special programs	499,970	397,737
Restricted for debt service	1,497,627	1,325,989
Unrestricted (deficit)	(3,317,593)	(2,902,782)
Total net position	\$ 4,792,794	\$ 3,758,175

The Notes to Basic Financial Statements are an integral part of these statements.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2019
(With Comparative Totals for 2018)

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Governmental activities			
Instruction			
Regular programs	\$ 4,114,156	\$ -	\$ 52,610
Special programs	1,293,737	-	436,694
Supporting services			
Students	381,626	-	-
Instructional staff	72,573	-	-
General administration	151,808	-	-
School administration	488,176	-	-
Business services	1,791,455	-	-
Central support services	53,013	-	-
Enterprise and community services			
Food services	328,912	86,084	185,621
Facilities acquisition and construction			
Bldg acq, const, and imp	145	-	-
Debt service	296,011	519,131	-
Total governmental activities	\$ 8,971,612	\$ 605,215	\$ 674,925

General revenues

- Property taxes, levied for general purposes
- State school fund
- Common school fund
- Other federal grants
- Other unrestricted funds
- Unrestricted investment earnings
- Miscellaneous

Total general revenues

Gain (loss) from sale of fixed assets

Changes in net position

Cumulative effect of implementing GASB 75

Prior period adjustment

Net position - beginning

Net position - ending

The Notes to Basic Financial Statements are an integral part of these statements.

Program Revenues	Net (Expense) Revenue and Changes in Net Position	
	Governmental Activities	
Capital Grants and Contributions	June 30, 2019	June 30, 2018
\$ -	\$ (4,061,546)	\$ (3,779,076)
-	(857,043)	(855,817)
-	(381,626)	(463,132)
-	(72,573)	(126,384)
-	(151,808)	(185,987)
-	(488,176)	(466,679)
82,192	(1,709,263)	(1,758,605)
-	(53,013)	(66,053)
-	(57,207)	(42,635)
785,143	784,998	231,717
22,925	246,045	234,271
<u>\$ 890,260</u>	<u>(6,801,212)</u>	<u>(7,278,380)</u>
	591,492	573,910
	5,206,211	6,529,971
	51,939	48,998
	432,935	446,468
	1,077,931	602,336
	132,014	73,774
	434,258	456,408
	<u>7,926,780</u>	<u>8,731,865</u>
	-	(948)
	1,125,568	1,452,537
	-	6,694
	(90,949)	-
	3,758,175	2,298,944
<u>\$ 4,792,794</u>	<u>\$ 4,792,794</u>	<u>\$ 3,758,175</u>

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019
(With Comparative Totals for 2018)

	100 General Fund	305 PERS Debt Service Fund	400 Facilities Project Fund
ASSETS			
Cash and investments	\$ 1,726,267	\$ 1,497,627	\$ 842,761
Inventories	91,979	-	-
Receivables			
Property taxes	53,411	-	-
Other	849,793	-	-
Due from other funds	293,402	-	-
Restricted cash	-	-	-
Total assets	<u>\$ 3,014,852</u>	<u>\$ 1,497,627</u>	<u>\$ 842,761</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 166,640	\$ -	\$ 264,928
Accrued liabilities	131,873	-	-
Due to other funds	-	-	-
Total liabilities	<u>298,513</u>	<u>0</u>	<u>264,928</u>
Deferred inflows of resources			
Unavailable property tax revenue	47,702	-	-
Total deferred inflows of resources	<u>47,702</u>	<u>0</u>	<u>0</u>
Fund balances			
Nonspendable	91,979	-	-
Restricted	-	1,497,627	-
Committed	121,000	-	-
Assigned	-	-	577,833
Unassigned	2,455,658	-	-
Total fund balances	<u>2,668,637</u>	<u>1,497,627</u>	<u>577,833</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,014,852</u>	<u>\$ 1,497,627</u>	<u>\$ 842,761</u>

The Notes to Basic Financial Statements are an integral part of these statements.

Nonmajor Governmental Funds	Total	
	June 30, 2019	June 30, 2018
\$ 908,702	\$ 4,975,357	\$ 5,467,506
3,735	95,714	70,087
-	53,411	64,475
355,410	1,205,203	360,229
-	293,402	94,891
239,057	239,057	202,283
<u>\$ 1,506,904</u>	<u>\$ 6,862,144</u>	<u>\$ 6,259,471</u>

\$ -	\$ 431,568	\$ 208,263
23,781	155,654	149,789
293,402	293,402	94,891
<u>317,183</u>	<u>880,624</u>	<u>452,943</u>

-	47,702	56,948
<u>0</u>	<u>47,702</u>	<u>56,948</u>

3,735	95,714	70,087
499,970	1,997,597	1,723,726
686,016	807,016	734,678
-	577,833	219,001
-	2,455,658	3,002,088
<u>1,189,721</u>	<u>5,933,818</u>	<u>5,749,580</u>

<u>\$ 1,506,904</u>	<u>\$ 6,862,144</u>	<u>\$ 6,259,471</u>
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GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION**
June 30, 2019

Total Fund Balances		\$ 5,933,818
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 13,882,995	
Accumulated depreciation	<u>(7,366,339)</u>	6,516,656
A portion of the district's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		
		47,702
Net pension/OPEB liability is not due and payable in the current period, therefore it is not recorded in the governmental funds.		
		(4,513,616)
Deferred outflows and inflows related to pensions/OPEB are not current financial resources, therefore, they are not reported in the governmental funds.		
		1,033,439
Liabilities not payable in the current year are not reported as governmental fund liabilities. These liabilities consist of:		
Bus leases payable	(499,580)	
Accrued Interest	(9,523)	
Pension bonds payable	<u>(3,716,102)</u>	(4,225,205)
Total Net Position		<u><u>\$ 4,792,794</u></u>

The Notes to Basic Financial Statements are an integral part of these statements.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**

For the Year Ended

June 30, 2019

(With Comparative Totals for 2018)

	100 General Fund	305 PERS Debt Service Fund	400 Facilities Project Fund
Revenues			
Taxes	\$ 600,738	\$ -	\$ -
Intergovernmental	6,947,416	-	785,143
Local sources	231,664	521,008	-
Total revenues	<u>7,779,818</u>	<u>521,008</u>	<u>785,143</u>
Expenditures			
Current			
Instruction			
Regular programs	3,466,405	-	-
Special programs	873,890	-	-
Adult/continuing education programs	-	-	-
Support services			
Students	214,969	-	-
Instructional staff	68,213	-	-
General administration	138,810	-	-
School administration	444,709	-	-
Business services	1,673,960	-	-
Central activities	50,362	-	-
Food services	-	-	-
Facilities acquisition and construction	-	-	140
Capital outlay	75,322	-	1,310,863
Debt service	-	349,370	-
Total expenditures	<u>7,006,640</u>	<u>349,370</u>	<u>1,311,003</u>
Excess of revenues over (under) expenditures	<u>773,178</u>	<u>171,638</u>	<u>(525,860)</u>
Other financing sources (uses)			
Transfer in	-	-	884,692
Transfer out	(1,229,218)	-	-
Capital lease proceeds	-	-	-
Proceeds on sale of assets	-	-	-
Total other financing sources (uses)	<u>(1,229,218)</u>	<u>0</u>	<u>884,692</u>
Net change in fund balances	<u>(456,040)</u>	<u>171,638</u>	<u>358,832</u>
Prior period adjustment	(69,371)	-	-
Available fund balance, July 1	<u>3,194,048</u>	<u>1,325,989</u>	<u>219,001</u>
Available fund balance, June 30 - by category			
Nonspendable	91,979	-	-
Restricted	-	1,497,627	-
Committed	121,000	-	-
Assigned	-	-	577,833
Unassigned	2,455,658	-	-
Available fund balance, June 30 - total	<u>\$ 2,668,637</u>	<u>\$ 1,497,627</u>	<u>\$ 577,833</u>

The Notes to Basic Financial Statements are an integral part of these statements.

Nonmajor Governmental Funds	Total	
	June 30, 2019	June 30, 2018
\$ -	\$ 600,738	\$ 578,101
601,642	8,334,201	8,711,026
418,815	1,171,487	1,107,125
<u>1,020,457</u>	<u>10,106,426</u>	<u>10,396,252</u>
9,818	3,476,223	3,368,560
314,588	1,188,478	1,185,291
301,031	301,031	66,685
113,559	328,528	408,228
-	68,213	120,960
-	138,810	164,947
-	444,709	409,440
342,104	2,016,064	2,065,786
-	50,362	62,546
310,397	310,397	306,515
-	140	-
-	1,386,185	263,009
22,925	372,295	353,598
<u>1,414,422</u>	<u>10,081,435</u>	<u>8,775,565</u>
<u>(393,965)</u>	<u>24,991</u>	<u>1,620,687</u>
344,526	1,229,218	341,507
-	(1,229,218)	(341,507)
250,196	250,196	334,085
-	-	4,797
<u>594,722</u>	<u>250,196</u>	<u>338,882</u>
200,757	275,187	1,959,569
(21,578)	(90,949)	56,680
<u>1,010,542</u>	<u>5,749,580</u>	<u>3,733,331</u>
3,735	95,714	70,087
499,970	1,997,597	1,723,726
686,016	807,016	734,678
-	577,833	219,001
-	2,455,658	3,002,088
<u>\$ 1,189,721</u>	<u>\$ 5,933,818</u>	<u>\$ 5,749,580</u>

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES**

For the Year Ended
June 30, 2019

Net Change in Fund Balance	\$	275,187
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for capital assets	\$ 1,664,776	
Less current year depreciation	<u>(324,840)</u>	1,339,936
Difference between current year PERS contributions that will be recognized as an expense in the subsequent period and prior year PERS contributions recognized in the current year.		
		(376,870)
Change in net OPEB liability is not recognized in the current year in the governmental funds.		
		18,807
Debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. This is the amount by which repayments exceeded proceeds:		
Bus lease proceeds	(250,196)	
Principal payments	<u>136,475</u>	(113,721)
In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due.		
		(8,525)
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.		
		<u>(9,246)</u>
Change in Net Position	\$	<u><u>1,125,568</u></u>

The Notes to Basic Financial Statements are an integral part of these statements.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 1. Summary of Significant Accounting Policies

School districts in the state of Oregon are created by legislative action. Grant School District No. 3 was organized in 1958 under authority of Chapter 619, Oregon Laws 1957. The administration of Grant School District No. 3 is vested in a seven-member board of directors, principals at each school location, with the exception of Seneca, and superintendent and business manager at the district office in Canyon City.

The accounting policies of the district conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following summary of significant accounting policies is presented to assist the reader in evaluating the district's financial statements.

A. Reporting Entity

A seven-member board of directors exercises governance responsibilities over all entities related to public elementary and secondary school education within the jurisdiction of the district as set by the state of Oregon. The board receives funding from local, state, and federal sources. However, the district is not included in any other governmental reporting entity as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

In evaluating how to define the district for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the primary government's financial accountability. The criteria used to determine financial accountability include whether the primary government appoints a voting majority, the primary government can impose its will on the component unit, whether there is financial benefit or burden on the primary government, and if the component unit has a fiscal dependency on the primary government. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the district is financially accountable. No other entities met requirements for inclusion in the district.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the district. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

The statement of Net Position presents the district's non-fiduciary assets, deferred outflows, deferred inflows and liabilities, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints place on net position use are either externally imposed or imposed by law through constitutional provision or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or other for tuition, fees, rentals, material, supplies or services provided and (2) operating grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the district's funds including those of a fiduciary nature. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The district reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the district. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

PERS Debt Service Fund – The PERS Debt Service Fund is used exclusively to service the PERS Bond debt.

Facilities Projects Fund - This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Additionally, the district reports the following fund types:

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Debt service funds are used to account for the servicing of general long-term debt not being financed by proprietary or nonexpendable funds.

C. Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the district receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the district funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the district's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The district considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

D. Budgets and Budgetary Accounting

A budget is prepared for each district fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, inter-agency fund transactions, contingencies, and debt service by fund are the levels of control. The detail budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse at June 30.

Unexpected additional resources may be added to the budget by a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by using appropriations transfers between the levels of control. Such transfers require approval by the board of directors. The budget for the General Fund and special revenue funds includes capital outlay expenditures in each program for capital outlay applicable to that program.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in governmental funds. Encumbrances outstanding at the year-end are reported as accounts payable and constitute expenditures and liabilities of the present year.

E. Deposits and Investments

The district's cash and cash equivalents are considered cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in savings accounts and the Oregon State Treasury Local Government Investment Pool and allocated to each fund based on the excess cash each fund has deposited.

Oregon statutes and local ordinances authorize the district to invest (short-term and long-term) in certificates of deposit (considered investments for risk categorization purposes), certain bond obligations of civil subdivisions, general obligations of the United States, U.S. agency issues, general obligations of the states of Oregon, Washington, Idaho and California, certain interest bearing bonds of a county, port or school district, certain interest bearing bonds on any city in the state of Oregon, life insurance and annuity contracts, pooled deferred compensation trusts, banker's acceptances, and certain corporate bonds. All investments are stated at cost, which approximates market value.

F. Receivables and Payables

The district levies taxes on a fiscal year from July 1 to June 30. The current levy becomes a lien on July 1. Taxes are due November 15, and become delinquent May 15. Foreclosure is started three years after taxes become delinquent. The district turns all tax collection duties over to Grant County, Oregon.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Uncollected property taxes are recorded on the Statement of Net position. Uncollected taxes are deemed to be substantially collected or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the district.

The district reports deferred inflows on its governmental fund balance sheet. Deferred inflows arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows also arise when resources are received by the district before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the district has a legal claim to the resources, the liability for deferred inflows is removed from the balance sheet and revenue is recognized.

G. Inventory

Inventories of supplies are charged to expenditures when purchased. The items in inventory remain at a relatively constant level and the amount is not material. Inventory at June 30, 2019 was \$95,714 and consisted of fuel and food.

H. Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The district defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. The cost of normal maintenance and repairs that do not add value to the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 to 60 years
Equipment	5 to 30 years

I. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

No provision is made for accumulated unpaid vacation, sick pay, and other employee benefits. The district's vacation policy varies by employee classification. A liability for accumulated sick pay does exist; however, it is not able to be estimated. Each employee may accumulate sick leave and carry it over to the succeeding year. In a year when sick leave is used, the teacher is paid the regular contract salary during the absence to the extent of sick leave earned. Substitutes must be hired by the district. When a teacher becomes employed by another district, the accumulated sick leave is transferred to that district.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The district has one item that qualifies for reporting in this category. It is the deferred amounts relating to

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

pensions/OPEB. This amount is deferred and recognized as an outflow of resources in the period when the district recognizes pension/OPEB expense. Deferred outflows are included in the government-wide Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The district has two items that qualify for reporting in this category. Unavailable revenue from property taxes is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available. The district also reports deferred amounts related to pensions/OPEB. This amount is deferred and recognized as an inflow of resources in the period when the district recognizes pension/OPEB income. Deferred inflows are included in the government-wide Statement of Net Position.

K. Use of Estimates

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

L. Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether withheld from the actual debt proceeds received or not, are reported as debt service expenditures.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

N. Other Post-Employment Benefits (OPEB)

PERS – Retirement Health Insurance Account

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oregon Public Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Fund Balances

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable fund balance is the portion of net resources that cannot be spent because they are either (a) in a nonspendable form or (b) legally or contractually required to be maintained intact. Fund balance is reported as restricted when the constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the board of directors passes an ordinance or resolution that places specific constraints on how the resources may be used. The board action that imposed the limitation would need to occur no later than the close of the reporting period. The board of directors can modify or rescind the legislative action at any time through passage of an additional ordinance or resolution.

The net resources that are constrained by the district's intent to use them are reported as assigned fund balance. Intent is expressed when the board of directors approves which resources should be set aside for specific purposes during the adoption of the annual budget. The board of directors and business manager use that information to determine whether those resources should be classified as assigned in the district's financial statements. Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund.

The district applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 2. Deposits and Investments

At June 30, 2019 the carrying amount of the district's deposits was \$805,952 and the bank balance was \$1,060,600. The district maintains depository relationships with area financial institutions that are Federal Depository Insurance Corporation (FDIC) insured institutions. The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. FDIC insurance of \$250,000 applies to the deposits in each depository. Where balances continually exceed \$250,000, ORS 295 requires the depositor to verify that deposit accounts are only maintained at financial institutions on the list of qualified depositories found on the state treasurer's Oregon Public Funds Collateralization Program (PFCP) web site. Oregon Revised Statute Chapter 295 requires all Oregon bank depositories holding public fund deposits to maintain securities totaling a value not less than 110 percent of the greater of:

- a. All public funds held by the bank depository; or
- b. The average of the balances of public funds held by the bank depository, as shown on the last four immediately preceding treasurer reports.

Custodial credit risk is the risk that in the event of a financial institution failure, the district's deposits may not be returned to it. The district does not have a policy for custodial credit risk. However, the balances in excess of the FDIC insurance are considered collateralized by PFCP. As of June 30, 2019 the district had no balances exposed to custodial credit risk.

As of June 30, 2019 the district had the following investments:

Investment	Maturities	Fair Value
Local government investment pool	Varies	\$ 4,250,170
Wells Fargo investments in federal obligations	Varies	3,597
Bank of NY Mellon investments in federal obligations	Varies	154,693
Total		<u>\$ 4,408,460</u>

The district's position in the pool is stated at cost which approximates fair value.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The district has no policy for managing interest rate or credit risk. Investments by the district held in the Local Government Investment Pool are not rated. Investments with Wells Fargo are rated AAA/Aa1 by Standard and Poor's and Moody's respectively.

The Oregon Short Term Fund is the LGIP for local governments and was established by the Oregon State Treasurer. It was created to meet the financial and administrative responsibilities

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

of federal arbitrage regulations. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council.

Reconciliation to financial statements:

Unrestricted cash and investments	\$	4,820,662
Restricted cash		<u>393,750</u>
Total cash and investments		<u>\$ 5,214,412</u>
Cash carrying amount	\$	805,952
Investments carrying amount		<u>4,408,460</u>
Total cash and investments		<u>\$ 5,214,412</u>

Note 3. Receivables

Receivables are comprised of the following as of June 30, 2019:

Property Taxes	\$	53,411
Grants		<u>1,205,203</u>
Total		<u>\$1,258,614</u>

Note 4. Changes in Capital Assets

The following is a summary of changes in capital assets:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital Assets				
Land	\$ 330,421	\$ -	\$ -	\$ 330,421
Construction in Progress	262,865	1,365,504	(964,706)	663,663
Buildings	6,139,083	-	-	6,139,083
Improvements	2,987,619	1,008,043	-	3,995,662
Equipment and Vehicles	<u>2,498,230</u>	<u>255,936</u>	-	<u>2,754,166</u>
Totals	<u>12,218,218</u>	<u>2,629,483</u>	<u>(964,706)</u>	<u>13,882,995</u>
Accumulated Depreciation				
Buildings	4,350,947	123,661	-	4,474,608
Improvements	900,702	117,031	-	1,017,733
Equipment and vehicles	<u>1,789,850</u>	<u>84,148</u>	-	<u>1,873,998</u>
Totals	<u>7,041,499</u>	<u>324,840</u>	<u>0</u>	<u>7,366,339</u>
Net fixed assets	<u>\$ 5,176,719</u>	<u>\$ 2,304,643</u>	<u>\$ (964,706)</u>	<u>\$ 6,516,656</u>

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Depreciation was charged to the following functions:

Instruction	
Regular programs	\$ 154,048
Special programs	48,441
Support services	
Students	14,289
Instructional staff	2,717
General administration	5,684
School administration	18,279
Business services	67,077
Central support services	1,985
Enterprise and community services	
Food services	12,315
Facilities acquisition and construction	
Building acquisition, construction, and improvement	5
	<u>\$ 324,840</u>

Note 5. Changes in Long-Term Debt

The following represents changes in long-term liabilities. Current requirements for principal and interest expenditures for bonds are accounted for in the Debt Service Fund. Principal and interest expenditures for the capital leases are accounted for in the General Fund.

	Balance July 01, 2018	Issued/ Matured	Retired/ Paid	Balance June 30, 2019	Due in one year
Limited tax pensions bonds	\$ 2,602,387	\$ -	\$ 76,285	\$ 2,526,102	\$ 76,100
Tax pension bond refunding	255,000	-	-	255,000	-
QSCB Bonds	435,000	-	-	435,000	200,000
QZAB Bonds	500,000	-	-	500,000	-
Blue Bird bus lease	140,303	-	21,882	118,421	22,462
Blue Bird bus lease	169,272	-	25,720	143,552	21,615
Chevy Micro Bird bus lease	-	79,904	12,589	67,315	10,154
Blue Bird bus lease	-	170,292	-	170,292	24,444
Total long-term debt	<u>\$ 4,101,962</u>	<u>\$ 250,196</u>	<u>\$ 136,476</u>	<u>\$ 4,215,682</u>	<u>\$ 354,775</u>

Interest expense of \$310,207 on long-term debt has been included in the direct expense of individual functions on the government-wide Statement of Activities. Authorization for general long-term debt is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the programs for which borrowing is related.

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Note 6. PERS UAL Bonds Payable

On October 9, 2003, the district issued \$4,551,352 in limited tax pension bonds to finance the unfunded pension liability to the Oregon Public Employees Retirement System. These bonds have interest rates that range from 2.06 to 5.55 percent. Interest payments are to be made semiannually on June 30 and December 30. Principal payments are to be made on June 30 of each year. Debt service is financed by a self-imposed pension expense based on a percentage of payroll costs. The debt service requirements to maturity on June 30, 2028 are as follows:

Fiscal Year Ended	Principal	Interest
2020	\$ 76,100	\$ 279,496
2021	-	135,597
2022	275,000	135,597
2023	310,000	120,527
2024	345,000	103,508
2025-2028	<u>1,520,002</u>	<u>198,961</u>
	<u>\$ 2,526,102</u>	<u>\$ 973,686</u>

On September 26, 2011, the district participated in a partial redemption of the 2002 PERS Series B obligation bonds. The district's portion of the bond refinance was \$255,000 and was refinanced to cover a 10-year period beginning in the 2011-12 fiscal year. The refinanced bond is referred to as the 2011 PERS Series B. The agreement will reduce the PERS debt by \$72,662 over the duration of the bonds. The debt service requirements to maturity on June 30, 2021 are as follows:

Fiscal Year Ended	Principal	Interest
2020	\$ -	\$ 10,493
2021	255,000	10,493
TOTAL	<u>\$ 255,000</u>	<u>\$ 20,986</u>

Note 7. Qualified School Construction Bond

On July 1, 2010, the district issued a general obligation bond for \$690,000. This Qualified School Construction Bond helped finance the construction of a science lab and multi-purpose room at Grant Union High School and replaced single pane windows at Humbolt Elementary. This federally subsidized bond has a fixed rate of 5.19%. The federal government will pay the interest in full. Interest is due and payable December 15th and June 15th. These bonds are to be repaid with State School funds intercepted and deposited into an account held by Bank of New York Mellon and then distributed to investors at various dates. The funds are held in a restricted district account at the Bank of New York Mellon with a balance of \$154,693 as of

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June 30, 2019. The debt service requirements to maturity on June 15, 2025 are as follows:

Fiscal Year		
Ended	Principal	Interest
2020	\$ 200,000	\$ 22,926
2021	-	12,926
2022	-	12,926
2023	-	12,926
2024	-	12,926
2025	235,000	12,926
TOTAL	<u>\$ 435,000</u>	<u>\$ 87,556</u>

Note 8. Qualified Zone Academy Bond

In October 2011, the district issued a Qualified Zone Academy Bond for \$500,000. The Qualified Zone Academy bond proceeds were used to purchase a highly efficient bio-mass boiler. This bond has a fixed rate of 0%. Required annual deposits of \$33,333 to a Public Funds time certificate of deposit held at Umpqua Bank were to begin October 19, 2012 and end October 19, 2026. These deposits are classified as restricted cash and will be used to pay the bond when it matures in 2027. As of June 30, 2019, the balance on deposit was \$239,057. The debt service requirements to maturity in October 2026 are as follows:

Fiscal Year		
Ended	Principal	Interest
2020	\$ -	\$ -
2021	-	-
2022	-	-
2023	-	-
2024	-	-
2025-2027	500,000	-
TOTAL	<u>\$ 500,000</u>	<u>\$ 0</u>

Note 9. Capital Lease Obligations

The district entered a capital lease in February 2017 for a Blue Bird bus with 7 annual payments of \$25,600 starting in July 2017, including interest at 2.48 percent through July 2023. Future minimum lease payments are as follows:

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Fiscal Year	Principal	Interest
<u>Ended</u>		
2020	\$ 22,462	\$ 3,138
2021	23,057	2,543
2022	23,668	1,932
2023	24,295	1,305
2024	<u>24,939</u>	<u>662</u>
TOTAL	<u>\$ 118,421</u>	<u>\$ 9,580</u>

The district entered a capital lease in April 2018 for a Blue Bird bus with 7 annual payments of \$27,429 starting in July 2018, including interest at 4.05 percent through July 2024. Future minimum lease payments are as follows:

Fiscal Year	Principal	Interest
<u>Ended</u>		
2020	\$ 21,615	\$ 5,814
2021	22,491	4,938
2022	23,401	4,028
2023	24,349	3,080
2024	25,335	2,094
2025	<u>26,361</u>	<u>1,068</u>
TOTAL	<u>\$ 143,552</u>	<u>\$ 21,022</u>

The district entered a capital lease in August 2018 for a Chevy Micro Bird bus with 7 annual payments of \$12,833 starting in March 2019, including interest at 3.98 percent through March 2025. Future minimum lease payments are as follows:

Fiscal Year	Principal	Interest
<u>Ended</u>		
2020	\$ 10,154	\$ 2,679
2021	10,558	2,275
2022	10,978	1,855
2023	11,415	1,418
2024	11,869	964
2025	<u>12,341</u>	<u>492</u>
TOTAL	<u>\$ 67,315</u>	<u>\$ 9,683</u>

The district entered a capital lease in October 2018 for a Blue Bird bus with 7 annual payments of \$27,805 starting in July 2019, including interest at 3.98 percent through July 2025. Future minimum lease payments are as follows:

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Fiscal Year	Principal	Interest
<u>Ended</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 24,444	\$ 3,361
2021	22,000	5,805
2022	22,876	4,929
2023	23,786	4,019
2024	24,733	3,072
2025-2026	52,453	3,157
TOTAL	<u>\$ 170,292</u>	<u>\$ 24,343</u>

Note 10. Operating Lease Obligations

The district leases certain property and equipment from others. Leased property not having elements of ownership is classified as an operating lease. Operating lease payments are recorded as expenditures when payable. Total expenditures on such leases for the fiscal year ended June 30, 2019 was \$13,088.

As of June 30, 2019, the district had future minimum payments under operating leases as follows:

Fiscal Year	Principal
<u>Ended</u>	<u>Principal</u>
2020	\$ 8,726
Total	<u>\$ 8,726</u>

Note 11. Interfund Transfers

Transfers between funds provide support for various district programs in accordance with budgetary authorizations.

A transfer of \$35,000 was made to the Special Projects Fund from the General Fund to support extra-curricular activities. A transfer of \$30,000 was made to the Technology and Curriculum Fund from the General Fund to support future upgrades. A transfer of \$50,000 was made to the Food Service Fund from the General Fund for the district's required price-equity match. A transfer of \$129,526 was made to the Debt Service Fund from the General Fund to fund current year and reserve requirements on debt. A transfer of \$100,000 was made to the Bus Reserve Fund from the General Fund to fund future bus purchases. A transfer of \$884,692 was made from the General Fund to the Capital Projects Fund to provide for capital projects. The detail of interfund transfers for the fiscal year ended June 30, 2019 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
Facilities Project Fund	General Fund	\$ 884,692
Nonmajor Funds	General Fund	344,526
	Total Transfers	<u>\$ 1,229,218</u>

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Note 12. Interfund Receivables and Payables

Due to/from other funds at June 30, 2019 are as follows:

Transfer To	Due to	Due from
General Fund	\$ 293,402	\$ -
Nonmajor Funds	-	293,402
	\$ 293,402	\$ 293,402

Note 13. Pension Plan

Name of pension plan

The Oregon Public Employees Retirement System consists of a single cost-sharing multiple employer defined benefit pension plan.

Description of benefit terms

Plan Benefits

All benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A.

A. PERS Pension Chapter 238 (Tier One/Tier Two Retirement Benefit).

1. Pension Benefits

The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members on or after August 29, 2003.

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

2. Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- member was employed by a PERS employer at the time of death,
- member died within 120 days after termination of PERS-covered employment,
- member died as a result of injury sustained while employed in a PERS-covered job, or
- member was on an official leave of absence from a PERS-covered job at the time of death.

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3. Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

4. Benefit Changes After Retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

B. OPSRP Pension Program (OPSRP DB)

1. Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

- General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

2. Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

3. Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

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4. Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit.

C. OPSRP Individual Account Program (OPSRP IAP)

1. Pension Benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

2. Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

3. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Post-Employment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2016 actuarial valuation as subsequently modified by 2017 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum unfunded actuarial liability payments to establish side accounts and their rates have been reduced.

Employer contributions for the year ended June 30, 2019 were \$617,798, excluding amounts to fund employer specific liabilities. The rates, presented as a percentage of covered payroll, for the district in effect for the fiscal year ended June 30, 2019 were:

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Rate Category	Normal Cost Rate	Combined UAL Rate	Net Rate
PERS general services	13.35%	0.83%	14.18%
OPSRP general services	8.02%	0.83%	8.85%

Pension Plan Comprehensive Annual Financial Report (CAFR)

Oregon PERS produces an independently audited CAFR which can be found at:
<http://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>.

Actuarial Valuations

The employer contribution rates effective July 1, 2017, through June 30, 2019, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

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Actuarial Methods and Assumptions

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study	2016, published July 26, 2017
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.5 percent
Long-term expected rate of return	7.2 percent
Discount Rate	7.2 percent
Projected Salary Increases	3.5 percent
Cost of living adjustments (COLA) Healthcare cost trend rate	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

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<https://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>

Discount Rate

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

Sensitivity of the District's Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the district's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the district's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease 6.20%	Discount Rate 7.20%	1% Increase 8.20%
District's proportionate share of the net pension liability (asset)	\$ 7,602,693	\$ 4,549,272	\$ 2,028,923

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the district reported a liability of \$4,549,272 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The district's proportion of the net pension liability was based on a projection of the district's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the district's proportion was .03003081 percent.

For the year ended June 30, 2019, the district recognized \$1,513,800 in pension expense. Pension expense includes district expense of \$785,707 related to 2018 district's proportionate share of system pension expense, self-imposed expense for PERS bond retirement of \$519,131, and employee contributions picked up by the district of \$208,962.

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At June 30, 2019, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 154,753	\$ -
Changes in assumptions	1,057,697	-
Net difference between projected and actual earnings on pension plan investments	-	202,013
Changes in proportion and differences between District contributions and proportionate share of contributions	165,515	550,603
District contributions subsequent to the measurement date	418,042	-
Total	\$ 1,796,007	\$ 752,616

\$418,042 reported as deferred outflows of resources related to pensions resulting from district contributions subsequent to the measurement date will be recognized as PERS expense in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Deferred outflow or (inflow) of Resources
2020	\$ 469,329
2021	312,387
2022	(124,635)
2023	(38,321)
2024	6,589
Thereafter	-
Total	\$ 625,349

Changes in Plan Provisions Subsequent to Measurement Date

Subsequent to the June 30, 2018 measurement date, Oregon Senate Bill 1049 was passed. This bill re-amortized Tier 1 and Tier 2 Unfunded Accrued Liabilities, on a one-time basis, from

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20-years to 22-years after which point the amortization schedule for these two benefit plans revert to 20-years on January 2, 2020.

Note 14. Other Post-Employment Benefits (OPEB) - RHIA

Plan Description

Organization

The Oregon Public Employees Retirement System administers the Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined benefit Other Post-Employment Benefit (OPEB) plan (the plan) for political subdivisions such as the district. Plan assets may be used to pay the benefits of the employees of any employer that provides OPEB through the plan.

Plan Membership

RHIA was established by ORS 238.420. The plan was closed to new entrants hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan.

Contribution

Contributions are mandatory for each employer that is a member of PERS. For the fiscal year ended June 30, 2019, the district's contribution rate was 0.43 percent of PERS subject to wages. Employees are not required to contribute to the plan.

Net OPEB Liability

The district's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 21, 2015.

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Actuarial Methods and Assumptions

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study	2016, published July 26, 2017
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.5 percent
Long-term expected rate of return	7.2 percent
Discount Rate	7.2 percent
Projected Salary Increases	3.5 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%)
Healthcare cost trend rate	in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Discount Rate

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

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June 30, 2019

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan’s portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS’ audited financial statements at <http://www.oregon.gov/pers/Documents/Financials/CAFR/2018-CAFR.pdf>.

Sensitivity of the District’s Proportionate Share of Net OPEB Liability to Changes in the Discount Rate

The following presents the district’s proportionate share of the net OPEB liability calculated using the discount rate of 7.20 percent, as well as what the district’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease 6.20%	Discount Rate 7.20%	1% Increase 8.20%
District’s proportionate share of the net OPEB liability (asset)	\$ (20,761)	\$ (35,656)	\$ (48,335)

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the district reported an asset of \$35,656 for its proportionate share of the net OPEB liability (asset). The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The district’s proportion of the net OPEB liability was based on a projection of the district’s long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the district’s proportion was .03194224 percent.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

For the year ended June 30, 2019, the district recognized income of \$3,476. At June 30, 2019, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,021
Changes in assumptions	-	113
Net difference between projected and actual earnings on OPEB plan investments	-	7,687
Changes in proportion and differences between District contributions and proportionate share of contributions	348	478
Total	\$ 348	\$ 10,299

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Deferred outflow or (inflow) of Resources
2020	\$ (3,364)
2021	(3,280)
2022	(2,542)
2023	(765)
2024	-
Thereafter	-
Total	\$ (9,951)

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2018 measurement date that would require a brief description under GASB standard.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

Note 15. Commitments and Contingencies

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

The district is dependent on the state of Oregon for a substantial portion of its operating funds. Due to funding uncertainties at the state level, future funding for school districts may be reduced. The ultimate effect of this possible reduction in funding on the district's future operations is not yet determinable.

Note 16. Tax Abatement Disclosures

The GASB issued Statement No. 77, Tax Abatement Disclosures in August 2015. GASB 77 requires governments that enter into tax abatement agreements to disclose information about those agreements. GASB Statement No. 77 is effective for the district for fiscal year ending June 30, 2017. The district did not have any tax abatements at June 30, 2019.

Note 17. Prior Period Adjustment

A prior period adjustment was made to account for additional 2017-18 expenses (expenditures) that were not accrued at June 30, 2018.

REQUIRED SUPPLEMENTARY INFORMATION

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 100 GENERAL FUND

For the Year Ended
June 30, 2019

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 600,738	\$ 523,000	\$ 523,000	\$ (77,738)
Local sources	231,665	98,000	98,000	(133,665)
Intermediate sources	1,077,930	929,790	929,790	(148,140)
State sources	5,420,958	6,004,097	6,004,097	583,139
Federal sources	448,527	452,888	452,888	4,361
Total revenues	<u>7,779,818</u>	<u>8,007,775</u>	<u>8,007,775</u>	<u>227,957</u>
Expenditures				
1000 Instruction	4,340,295	4,995,558	4,995,558	655,263
2000 Supporting services	2,618,558	3,735,106	3,735,106	1,116,548
4000 Facilities acquisition and const	75,322	225,900	225,900	150,578
Total expenditures	<u>7,034,175</u>	<u>8,956,564</u>	<u>8,956,564</u>	<u>1,922,389</u>
Excess of revenues over (under) expenditures	<u>745,643</u>	<u>(948,789)</u>	<u>(948,789)</u>	<u>(1,694,432)</u>
Other financing (uses)				
Transfers out	<u>(1,229,218)</u>	<u>(1,229,218)</u>	<u>(1,229,218)</u>	<u>-</u>
Total other financing (uses)	<u>(1,229,218)</u>	<u>(1,229,218)</u>	<u>(1,229,218)</u>	<u>0</u>
Net change in fund balance	(483,575)	(2,178,007)	(2,178,007)	(1,694,432)
Prior period adjustment	(69,371)	-	-	69,371
Available fund balance, July 1	<u>3,129,604</u>	<u>2,178,007</u>	<u>2,178,007</u>	<u>(951,597)</u>
Available fund balance, June 30	<u>\$ 2,576,658</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,576,658)</u>

GRANT SCHOOL DISTRICT #3
Canyon City, Grant County, Oregon
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended
June 30, 2019

Budgetary Reporting

In accordance with Oregon Revised Statutes, the board of directors annually adopts a budget following required public notice and hearing for all funds except private purpose trust and agency funds. The budget may be amended during the year through statutorily prescribed procedures. The district's budget is prepared on the modified accrual or GAAP basis of accounting. Appropriations lapse at year end.

Formal and legal budgetary control for the certified budget is based upon major classes of expenditures known as functions within each fund. The functions include: instruction, support services, enterprise and community services, facilities acquisition and construction, debt services, contingencies and transfers. The district did not adopt any budget amendments during the year as authorized by local budget law.

During the year ended June 30, 2019, disbursements in the General Fund were within certified budget amounts in all functions.

GRANT SCHOOL DISTRICT #3
Canyon City, Grant County, Oregon
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
OREGON PUBLIC RETIREMENT SYSTEM
Last 10 Fiscal Years*

Year Ended, June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (asset) (NPL/A)	(c) District covered payroll	(b/c) NPL/A as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.03003081%	\$ 4,549,272	\$ 3,265,420	139.32%	82.10%
2018	0.03479999%	\$ 4,691,052	\$ 3,525,641	133.06%	83.10%
2017	0.03201385%	\$ 4,806,022	\$ 3,409,771	140.95%	80.50%
2016	0.03243714%	\$ 1,862,366	\$ 3,281,019	56.76%	91.88%
2015	0.03790788%	\$ (859,263)	\$ 3,328,950	-25.81%	103.59%
2014	0.00032437%	\$ 260,629	\$ 3,328,950	7.83%	91.97%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

SCHEDULE OF DISTRICT CONTRIBUTIONS
OREGON PUBLIC RETIREMENT SYSTEM
Last 10 Fiscal Years*

Year Ended, June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District covered payroll	Contributions as a percent of covered payroll
2019	\$ 408,835	\$ 408,835	\$ -	\$ 3,482,724	11.74%
2018	\$ 370,915	\$ 370,915	\$ -	\$ 3,265,420	11.36%
2017	\$ 230,395	\$ 230,395	\$ -	\$ 3,525,641	6.53%
2016	\$ 343,403	\$ 343,403	\$ -	\$ 3,409,771	10.07%
2015	\$ 320,416	\$ 320,416	\$ -	\$ 3,281,019	9.77%
2014	\$ 288,697	\$ 288,697	\$ -	\$ 3,328,950	8.67%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

GRANT SCHOOL DISTRICT #3
Canyon City, Grant County, Oregon
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET OPEB LIABILITY
RETIREE HEALTH INSURANCE ACCOUNT PERS
Last 10 Fiscal Years*

Year Ended, June 30,	(a) Employer's proportion of the net OPEB liability (NPL)	(b) Employer's proportionate share of the net OPEB liability (asset) (NPL/A)	(c) District covered payroll	(b/c) NPL/A as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.03194224%	\$ (35,656)	\$ 3,265,420	-1.09%	123.99%
2018	0.03417344%	\$ (14,262)	\$ 3,525,641	-0.40%	108.90%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

SCHEDULE OF DISTRICT CONTRIBUTIONS
OREGON PUBLIC RETIREMENT SYSTEM
Last 10 Fiscal Years*

Year Ended, June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	District covered payroll	Contributions as a percent of covered payroll
2019	\$ 14,864	\$ 14,864	\$ -	\$ 3,482,724	0.43%
2018	\$ 14,012	\$ 14,012	\$ -	\$ 3,265,420	0.43%

* The amounts presented for each fiscal year were determined as of June 30. Additional years will be added to the schedule as information becomes available.

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SUPPLEMENTARY SCHEDULES

GRANT SCHOOL DISTRICT NO. 3
 Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 305 PERS DEBT SERVICE FUND

For the Year Ended
 June 30, 2019

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
1500 Investment earnings	\$ 1,877	\$ 500	\$ 500	\$ (1,377)
1970 Services provided other funds	519,131	569,833	569,833	50,702
Total revenues	521,008	570,333	570,333	49,325
Expenditures				
5100 Debt service				
5110 Long-term debt service				
600 Other objects	349,370	351,090	351,090	1,720
Total expenditures	349,370	351,090	351,090	1,720
Excess of revenues over (under) expenditures and net change in fund balance	171,638	219,243	219,243	47,605
Available fund balance, July 1	1,325,989	1,339,357	1,339,357	13,368
Available fund balance, June 30	\$ 1,497,627	\$ 1,558,600	\$ 1,558,600	\$ 60,973

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 400 FACILITIES PROJECT FUND

For the Year Ended
June 30, 2019

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
3299 Restricted state grants	\$ 785,143	\$ 2,095,526	\$ 2,095,526	\$ 1,310,383
Total revenues	<u>785,143</u>	<u>2,095,526</u>	<u>2,095,526</u>	<u>1,310,383</u>
Expenditures				
4000 Facilities acquisition and construction				
4150 Bldg acq, const, and imp				
300 Purchased services	140	-	-	(140)
500 Capital outlay	<u>1,310,863</u>	<u>3,230,218</u>	<u>3,230,218</u>	<u>1,919,355</u>
Total expenditures	<u>1,311,003</u>	<u>3,230,218</u>	<u>3,230,218</u>	<u>1,919,215</u>
Excess of revenues over (under) expenditures	<u>(525,860)</u>	<u>(1,134,692)</u>	<u>(1,134,692)</u>	<u>(608,832)</u>
Other financing (uses)				
Transfers in	<u>884,692</u>	<u>884,692</u>	<u>884,692</u>	<u>-</u>
Total other financing (uses)	<u>884,692</u>	<u>884,692</u>	<u>884,692</u>	<u>0</u>
Net change in fund balance	358,832	(250,000)	(250,000)	(608,832)
Available fund balance, July 1	<u>219,001</u>	<u>250,000</u>	<u>250,000</u>	<u>30,999</u>
Available fund balance, June 30	<u>\$ 577,833</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (577,833)</u>

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 100 GENERAL FUND

For the Year Ended
June 30, 2019

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Local sources				
1110 Taxes	\$ 600,738	\$ 523,000	\$ 523,000	\$ (77,738)
1300 Tuition	-	2,000	2,000	2,000
1510 Interest on investments	138,869	60,000	60,000	(78,869)
1910 Rentals	11,949	6,000	6,000	(5,949)
1920 Donations	3,569	10,000	10,000	6,431
1990 Miscellaneous income	77,278	20,000	20,000	(57,278)
Total local sources	832,403	621,000	621,000	(211,403)
Intermediate sources				
2101 County school fund	-	6,000	6,000	6,000
2102 ESD apportionment	837,073	692,663	692,663	(144,410)
2199 Other intermediate sources	240,857	231,127	231,127	(9,730)
Total intermediate sources	1,077,930	929,790	929,790	(148,140)
State sources				
3101 Basic school support	5,206,211	5,655,668	5,655,668	449,457
3103 Common school fund	51,939	61,962	61,962	10,023
3199 Other unrestricted grants-in-aid	52,610	65,000	65,000	12,390
3299 Other restricted state grants	110,198	221,467	221,467	111,269
Total state sources	5,420,958	6,004,097	6,004,097	583,139
Federal sources				
4500 Restricted revenue through state	15,592	26,920	26,920	11,328
4801 Federal forest fees	432,935	425,968	425,968	(6,967)
Total federal sources	448,527	452,888	452,888	4,361
Total revenues	7,779,818	8,007,775	8,007,775	227,957
Expenditures				
1000 Instruction				
100 Salaries	2,532,394	2,667,340	2,667,340	134,946
200 Associated payroll costs	1,625,575	1,967,451	1,967,451	341,876
300 Purchased services	116,569	164,367	164,367	47,798
400 Supplies and materials	62,426	189,450	189,450	127,024
600 Other objects	3,331	6,950	6,950	3,619
Total instruction	4,340,295	4,995,558	4,995,558	655,263

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GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 100 GENERAL FUND

For the Year Ended
June 30, 2019

	Actual	Budget		(Over) Under Budget
		Original	Final	
2000 Support services				
100 Salaries	\$ 1,063,806	\$ 1,125,234	\$ 1,125,234	\$ 61,428
200 Associated payroll costs	726,348	939,481	939,481	213,133
300 Purchased services	489,938	767,230	767,230	277,292
400 Supplies and materials	205,461	475,517	475,517	270,056
500 Capital outlay	42,492	295,611	295,611	253,119
600 Other objects	90,513	132,033	132,033	41,520
Total support services	<u>2,618,558</u>	<u>3,735,106</u>	<u>3,735,106</u>	<u>1,116,548</u>
4000 Facilities acquisition and construction				
300 Purchased services	75,322	219,900	219,900	144,578
500 Capital outlay	-	6,000	6,000	6,000
Total facilities acquisition and construction	<u>75,322</u>	<u>225,900</u>	<u>225,900</u>	<u>150,578</u>
Total expenditures	<u>7,034,175</u>	<u>8,956,564</u>	<u>8,956,564</u>	<u>1,922,389</u>
Excess of revenues over (under) expenditures	<u>745,643</u>	<u>(948,789)</u>	<u>(948,789)</u>	<u>(1,694,432)</u>
Other financing sources (uses)				
Transfers out	<u>(1,229,218)</u>	<u>(1,229,218)</u>	<u>(1,229,218)</u>	<u>-</u>
Total other financing sources	<u>(1,229,218)</u>	<u>(1,229,218)</u>	<u>(1,229,218)</u>	<u>0</u>
Net change in fund balance	(483,575)	(2,178,007)	(2,178,007)	(1,694,432)
Prior period adjustment	(69,371)	-	-	69,371
Available fund balance, July 1	<u>3,129,604</u>	<u>2,178,007</u>	<u>2,178,007</u>	<u>(951,597)</u>
Available fund balance, June 30	<u>2,576,658</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,576,658)</u>
Reconciliation to GAAP:				
Inventory	<u>91,979</u>			
GAAP fund balance	<u>\$ 2,668,637</u>			

GRANT SCHOOL DISTRICT #3
Canyon City, Grant County, Oregon
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2019

	208 Special Projects	209 Technology and Curriculum	210 Bus Replacement	240 Title I
ASSETS				
Cash and investments	\$ 243,855	\$ 110,000	\$ 267,427	\$ -
Accounts receivable	-	-	-	198,911
Inventory	-	-	-	-
Restricted cash	-	-	-	-
Total assets	<u>\$ 243,855</u>	<u>\$ 110,000</u>	<u>\$ 267,427</u>	<u>\$ 198,911</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accrued liabilities	\$ -	\$ -	\$ -	\$ 11,788
Due to other funds	-	-	-	187,123
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>198,911</u>
Fund balance				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Comitted	243,855	110,000	267,427	-
Total fund balance	<u>243,855</u>	<u>110,000</u>	<u>267,427</u>	<u>0</u>
Total liabilities and fund balances	<u>\$ 243,855</u>	<u>\$ 110,000</u>	<u>\$ 267,427</u>	<u>\$ 198,911</u>

<u>243 Medicaid Grant</u>	<u>253 School Lunch</u>	<u>260 IDEA</u>	<u>301 Debt Service</u>	<u>Totals June 30, 2019</u>
\$ 64,761	\$ 22,068	\$ -	\$ 200,591	\$ 908,702
410	44,096	111,993	-	355,410
-	3,735	-	-	3,735
-	-	-	239,057	239,057
<u>\$ 65,171</u>	<u>\$ 69,899</u>	<u>\$ 111,993</u>	<u>\$ 439,648</u>	<u>\$ 1,506,904</u>
\$ 437	\$ 5,842	\$ 5,714	\$ -	\$ 23,781
-	-	106,279	-	293,402
<u>437</u>	<u>5,842</u>	<u>111,993</u>	<u>0</u>	<u>317,183</u>
-	3,735	-	-	3,735
-	60,322	-	439,648	499,970
64,734	-	-	-	686,016
<u>64,734</u>	<u>64,057</u>	<u>0</u>	<u>439,648</u>	<u>1,189,721</u>
<u>\$ 65,171</u>	<u>\$ 69,899</u>	<u>\$ 111,993</u>	<u>\$ 439,648</u>	<u>\$ 1,506,904</u>

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended
June 30, 2019

	208 Special Projects	209 Technology and Curriculum	210 Bus Replacement	240 Title I
Revenues				
Local sources	\$ 330,183	\$ -	\$ -	\$ -
State sources	-	-	82,192	-
Federal sources	-	-	-	198,911
Total revenues	<u>330,183</u>	<u>0</u>	<u>82,192</u>	<u>198,911</u>
Expenditures				
Instruction				
Regular programs	9,818	-	-	-
Special programs	-	-	-	209,112
Adult/continuing education programs	301,031	-	-	-
Support services				
Students	113,559	-	-	-
Business	-	-	316,058	-
Food services	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>424,408</u>	<u>0</u>	<u>316,058</u>	<u>209,112</u>
Excess of revenues over (under) expenditures	<u>(94,225)</u>	<u>0</u>	<u>(233,866)</u>	<u>(10,201)</u>
Other financing sources				
Transfers in	35,000	30,000	100,000	-
Debt proceeds	-	-	250,196	-
Total other financing sources	<u>35,000</u>	<u>30,000</u>	<u>350,196</u>	<u>0</u>
Net change in fund balance	(59,225)	30,000	116,330	(10,201)
Prior period adjustment	-	-	-	-
Available fund balance, July 1	<u>303,080</u>	<u>80,000</u>	<u>151,097</u>	<u>10,201</u>
Available fund balance, June 30	<u><u>\$ 243,855</u></u>	<u><u>\$ 110,000</u></u>	<u><u>\$ 267,427</u></u>	<u><u>\$ 0</u></u>

243 Medicaid Grant	253 School Lunch	260 IDEA	301 Debt Service	Totals June 30, 2019
\$ 11,279	\$ 86,085	\$ -	\$ (8,732)	\$ 418,815
-	8,017	-	-	90,209
-	177,604	111,993	22,925	511,433
<u>11,279</u>	<u>271,706</u>	<u>111,993</u>	<u>14,193</u>	<u>1,020,457</u>
-	-	-	-	9,818
-	-	105,476	-	314,588
-	-	-	-	301,031
-	-	-	-	113,559
26,046	-	-	-	342,104
-	310,397	-	-	310,397
-	-	-	22,925	22,925
<u>26,046</u>	<u>310,397</u>	<u>105,476</u>	<u>22,925</u>	<u>1,414,422</u>
<u>(14,767)</u>	<u>(38,691)</u>	<u>6,517</u>	<u>(8,732)</u>	<u>(393,965)</u>
-	50,000	-	129,526	344,526
-	-	-	-	250,196
<u>0</u>	<u>50,000</u>	<u>0</u>	<u>129,526</u>	<u>594,722</u>
(14,767)	11,309	6,517	120,794	200,757
-	(21,578)	-	-	(21,578)
<u>79,501</u>	<u>74,326</u>	<u>(6,517)</u>	<u>318,854</u>	<u>1,010,542</u>
<u>\$ 64,734</u>	<u>\$ 64,057</u>	<u>\$ 0</u>	<u>\$ 439,648</u>	<u>\$ 1,189,721</u>

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 208 SPECIAL PROJECTS FUND
For the Year Ended
June 30, 2019

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
1760 Club fund raising	\$ 319,453	\$ 517,000	\$ 517,000	\$ 197,547
1920 Donations	10,730	28,000	28,000	17,270
Total revenues	<u>330,183</u>	<u>545,000</u>	<u>545,000</u>	<u>214,817</u>
Expenditures				
1000 Instruction				
1111 Elementary, K-5 or K-6				
400 Supplies and materials	9,818	60,000	60,000	50,182
1131 High school programs				
300 Purchased services	17,451	123,000	123,000	105,549
1132 High school extracurricular				
400 Supplies and materials	283,580	450,000	450,000	166,420
Total instruction	<u>310,849</u>	<u>633,000</u>	<u>633,000</u>	<u>322,151</u>
2000 Support services				
2120 Guidance services				
400 Supplies and materials	113,559	238,000	238,000	124,441
2540 Operation and maintenance of plant services				
400 Supplies and materials	-	2,000	2,000	2,000
2543 Care and upkeep of grounds services				
300 Purchased services	-	5,000	5,000	5,000
Total support services	<u>113,559</u>	<u>245,000</u>	<u>245,000</u>	<u>131,441</u>
Total expenditures	<u>424,408</u>	<u>878,000</u>	<u>878,000</u>	<u>453,592</u>
Excess of revenues over (under) expenditures	<u>(94,225)</u>	<u>(333,000)</u>	<u>(333,000)</u>	<u>(238,775)</u>
Other financing sources				
Transfers in	35,000	35,000	35,000	-
Total other financing sources	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>0</u>
Net change in fund balance	(59,225)	(298,000)	(298,000)	(238,775)
Available fund balance, July 1	<u>303,080</u>	<u>298,000</u>	<u>298,000</u>	<u>(5,080)</u>
Available fund balance, June 30	<u>\$ 243,855</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (243,855)</u>

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 209 TECHNOLOGY AND CURRICULUM FUND
For the Year Ended
June 30, 2019

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
1990 Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
2000 Support services				
2660 Technology services				
400 Supplies and materials	-	100,000	100,000	100,000
Total support services	<u>0</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total expenditures	<u>0</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Excess of revenues over (under) expenditures	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>
Other financing sources				
Transfers in	30,000	25,000	25,000	(5,000)
Total other financing sources	<u>30,000</u>	<u>25,000</u>	<u>25,000</u>	<u>(5,000)</u>
Net change in fund balance	30,000	(75,000)	(75,000)	(105,000)
Available fund balance, July 1	<u>80,000</u>	<u>75,000</u>	<u>75,000</u>	<u>(5,000)</u>
Available fund balance, June 30	<u>\$ 110,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (110,000)</u>

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 210 BUS REPLACEMENT FUND
For the Year Ended
June 30, 2019

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
3222 State school fund transportation	\$ 82,192	\$ 45,327	\$ 45,327	\$ (36,865)
Total revenues	<u>82,192</u>	<u>45,327</u>	<u>45,327</u>	<u>(36,865)</u>
Expenditures				
2000 Support services				
2554 Bus replacement				
500 Capital outlay	310,387	47,882	47,882	(262,505)
600 Other objects	5,671	8,000	8,000	2,329
Total support services	<u>316,058</u>	<u>55,882</u>	<u>55,882</u>	<u>(260,176)</u>
Total expenditures	<u>316,058</u>	<u>55,882</u>	<u>55,882</u>	<u>(260,176)</u>
Excess of revenues over (under) expenditures	<u>(233,866)</u>	<u>(10,555)</u>	<u>(10,555)</u>	<u>223,311</u>
Other financing sources				
Transfers in	100,000	100,000	100,000	-
Capital lease proceeds	250,196	-	-	(250,196)
Total other financing sources	<u>350,196</u>	<u>100,000</u>	<u>100,000</u>	<u>(250,196)</u>
Net change in fund balance	116,330	89,445	89,445	(26,885)
Available fund balance, July 1	<u>151,097</u>	<u>121,000</u>	<u>121,000</u>	<u>(30,097)</u>
Available fund balance, June 30	<u>\$ 267,427</u>	<u>\$ 210,445</u>	<u>\$ 210,445</u>	<u>\$ (56,982)</u>

GRANT SCHOOL DISTRICT NO. 3
 Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 240 TITLE I FUND

For the Year Ended
 June 30, 2019

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
4500 Restricted federal revenue	\$ 198,911	\$ 251,055	\$ 251,055	\$ 52,144
Total revenues	<u>198,911</u>	<u>251,055</u>	<u>251,055</u>	<u>52,144</u>
Expenditures				
1000 Instruction				
1272 Title I/AD				
100 Salaries	106,885	134,791	134,791	27,906
200 Associated payroll costs	87,362	111,457	111,457	24,095
300 Purchased services	4,163	1,500	1,500	(2,663)
400 Supplies and materials	10,702	5,010	5,010	(5,692)
Total support services	<u>209,112</u>	<u>252,758</u>	<u>252,758</u>	<u>43,646</u>
Total expenditures	<u>209,112</u>	<u>252,758</u>	<u>252,758</u>	<u>43,646</u>
Excess of revenues over (under) expenditures and net change in fund balance	(10,201)	(1,703)	(1,703)	8,498
Available fund balance, July 1	<u>10,201</u>	<u>1,703</u>	<u>1,703</u>	<u>(8,498)</u>
Available fund balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 243 MEDICAID GRANT FUND
For the Year Ended
June 30, 2019

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
1990 Miscellaneous	\$ 11,279	\$ 44,000	\$ 44,000	\$ 32,721
Total revenues	11,279	44,000	44,000	32,721
Expenditures				
2000 Support services				
2550 Student transportation				
100 Salaries	13,234	14,443	14,443	1,209
200 Associated payroll costs	7,480	9,496	9,496	2,016
300 Purchased services	859	2,500	2,500	1,641
400 Supplies and materials	4,083	1,000	1,000	(3,083)
600 Other objects	390	500	500	110
Total support services	26,046	27,939	27,939	1,893
4000 Facilities acquisition and construction				
4150 Bldg acq, const, and imp svcs				
500 Capital outlay	-	81,061	81,061	81,061
Total facilities acquisition and construction	0	81,061	81,061	81,061
Total expenditures	26,046	109,000	109,000	82,954
Excess of revenues over (under) expenditures and net change in fund balance	(14,767)	(65,000)	(65,000)	(50,233)
Available fund balance, July 1	79,501	65,000	65,000	(14,501)
Available fund balance, June 30	\$ 64,734	\$ 0	\$ 0	\$ (64,734)

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 253 SCHOOL LUNCH FUND

For the Year Ended
June 30, 2019

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
1660 Food service	\$ 86,085	\$ 88,111	\$ 88,111	\$ 2,026
3299 State grant	8,017	6,400	6,400	(1,617)
4500 Restricted federal revenue	157,922	160,000	160,000	2,078
4900 Commodities received	19,682	25,000	25,000	5,318
Total revenues	<u>271,706</u>	<u>279,511</u>	<u>279,511</u>	<u>7,805</u>
Expenditures				
3000 Enterprise and community services				
3100 Food services				
100 Salaries	79,300	83,083	83,083	3,783
200 Associated payroll costs	69,658	96,289	96,289	26,631
300 Purchased services	11,184	15,550	15,550	4,366
400 Supplies and materials	146,741	208,500	208,500	61,759
500 Capital outlay	-	15,000	15,000	15,000
600 Other objects	1,605	4,500	4,500	2,895
Total enterprise and community services	<u>308,488</u>	<u>422,922</u>	<u>422,922</u>	<u>114,434</u>
Total expenditures	<u>308,488</u>	<u>422,922</u>	<u>422,922</u>	<u>114,434</u>
Excess of revenues over (under) expenditures	(36,782)	(143,411)	(143,411)	(106,629)
Other financing sources				
Transfers in	50,000	95,000	95,000	45,000
Total other financing sources	<u>50,000</u>	<u>95,000</u>	<u>95,000</u>	<u>45,000</u>
Net change in fund balance	13,218	(48,411)	(48,411)	(61,629)
Prior period adjustment	(21,578)	-	-	21,578
Available fund balance, July 1	<u>68,682</u>	<u>48,411</u>	<u>48,411</u>	<u>(20,271)</u>
Available fund balance, June 30	60,322	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (60,322)</u>
Reconcile to GAAP basis:				
Inventory	<u>3,735</u>			
	<u>\$ 64,057</u>			

GRANT SCHOOL DISTRICT NO. 3
 Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 260 IDEA FUND

For the Year Ended
 June 30, 2019

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
4500 Restricted federal revenue	\$ 111,993	\$ 104,376	\$ 104,376	\$ (7,617)
Total revenues	111,993	104,376	104,376	(7,617)
Expenditures				
1000 Instruction				
1250 Less restrictive programs				
100 Salaries	53,949	59,524	59,524	5,575
200 Associated payroll costs	51,527	44,751	44,751	(6,776)
300 Purchased services	-	400	400	400
400 Supplies and materials	-	801	801	801
Total instruction	105,476	105,476	105,476	0
Total expenditures	105,476	105,476	105,476	0
Excess of revenues over (under) expenditures and net change in fund balance	6,517	(1,100)	(1,100)	(7,617)
Available fund balance, July 1	(6,517)	1,100	1,100	7,617
Available fund balance, June 30	\$ 0	\$ 0	\$ 0	\$ 0

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 301 DEBT SERVICE FUND

For the Year Ended
June 30, 2019

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
1510 Interest on investments	\$ (8,732)	\$ 100	\$ 100	\$ 8,832
4300 Restricted federal revenue	22,925	20,632	20,632	(2,293)
Total revenues	14,193	20,732	20,732	6,539
Expenditures				
5000 Debt service				
5110 Bond payment				
600 Other objects	22,925	24,926	24,926	2,001
Total debt service	22,925	24,926	24,926	2,001
Total expenditures	22,925	24,926	24,926	2,001
Excess of revenues over (under) expenditures	(8,732)	(4,194)	(4,194)	4,538
Other financing sources				
Transfers in	129,526	129,526	129,526	-
Total other financing sources	129,526	129,526	129,526	0
Net change in fund balance	120,794	125,332	125,332	4,538
Available fund balance, July 1	318,854	262,004	262,004	(56,850)
Available fund balance, June 30	\$ 439,648	\$ 387,336	\$ 387,336	\$ (52,312)

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - 100 GENERAL FUND
For the Year Ended
June 30, 2019

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services
1000 Instruction			
1111 Primary, K-3	\$ 1,013,039	\$ 646,307	\$ 1,878
1121 Middle and junior high programs	328,980	196,175	560
1122 Middle and junior high school extracurricular	21,887	8,682	-
1131 High school programs	602,931	359,956	26,179
1132 High school extracurricular	127,767	49,557	26,904
1140 Pre-kindergarten programs	-	-	-
1210 Programs for talented and gifted	-	-	-
1250 Resource rooms	375,451	328,023	36,800
1271 Remediation	34,077	14,212	6,831
1283 Alternative education	11,462	11,713	16,667
1291 English second language programs	16,800	10,950	750
Total 1000 instruction	<u>2,532,394</u>	<u>1,625,575</u>	<u>116,569</u>
2000 Support services			
2115 Student safety	-	-	45,000
2120 Guidance services	25,981	14,435	911
2130 Health services	-	-	-
2190 Student direction support	74,815	48,693	3,560
2210 Improvement of instruction	-	13,060	4,635
2220 Educational media	17,823	20,944	-
2240 Instructional staff development	-	-	1,679
2310 Board of education	-	-	19,372
2320 Executive administration	59,425	36,244	8,059
2410 Office of the principal	230,277	152,779	53,902
2520 Fiscal services	94,567	40,125	3,404
2528 Risk management services	-	-	-
2529 Other fiscal services	-	26	-
2540 Operation and maintenance of plant	183,717	144,410	259,759
2545 Maintenance	-	-	1,470
2550 Student transportation	294,715	184,390	78,254
2555 Co-curricular transportation	48,098	41,064	7,523
2558 Special education transportation	28,988	27,061	2,410
2620 Planning, research, development, and evaluation	-	-	-
2660 Technology services	5,400	3,117	-
Total 2000 support services	<u>1,063,806</u>	<u>726,348</u>	<u>489,938</u>

(Continued on next page)

400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total	Budget		(Over)Under Budget
				Original	Final	
\$ 26,247	\$ -	\$ -	\$ 1,687,471	\$ 1,985,618	\$ 1,985,618	\$ 298,147
4,156	-	-	529,871	528,077	528,077	(1,794)
-	-	-	30,569	71,461	71,461	40,892
19,615	-	3,331	1,012,012	1,206,268	1,206,268	194,256
2,254	-	-	206,482	235,833	235,833	29,351
-	-	-	-	7,000	7,000	7,000
-	-	-	-	5,200	5,200	5,200
4,138	-	-	744,412	806,699	806,699	62,287
562	-	-	55,682	60,096	60,096	4,414
5,454	-	-	45,296	56,367	56,367	11,071
-	-	-	28,500	32,939	32,939	4,439
<u>62,426</u>	<u>0</u>	<u>3,331</u>	<u>4,340,295</u>	<u>4,995,558</u>	<u>4,995,558</u>	<u>655,263</u>
-	-	-	45,000	45,000	45,000	-
53	-	-	41,380	66,630	66,630	25,250
202	-	-	202	1,200	1,200	998
320	-	999	128,387	137,865	137,865	9,478
5,349	-	-	23,044	119,300	119,300	96,256
4,723	-	-	43,490	61,526	61,526	18,036
-	-	-	1,679	13,650	13,650	11,971
5,283	-	8,102	32,757	66,930	66,930	34,173
616	-	1,709	106,053	130,071	130,071	24,018
5,973	-	1,778	444,709	476,470	476,470	31,761
5,307	-	5,524	148,927	191,226	191,226	42,299
-	-	14,091	14,091	22,400	22,400	8,309
-	-	400	426	49,100	49,100	48,674
53,462	42,492	44,562	728,402	1,209,409	1,209,409	481,007
-	-	-	1,470	3,600	3,600	2,130
64,078	-	13,348	634,785	840,097	840,097	205,312
13,059	-	-	109,744	86,203	86,203	(23,541)
5,191	-	-	63,650	66,885	66,885	3,235
-	-	-	-	11,000	11,000	11,000
41,845	-	-	50,362	136,544	136,544	86,182
<u>205,461</u>	<u>42,492</u>	<u>90,513</u>	<u>2,618,558</u>	<u>3,735,106</u>	<u>3,735,106</u>	<u>1,116,548</u>

GRANT SCHOOL DISTRICT NO. 3
 Canyon City, Grant County, Oregon
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended
 June 30, 2019

Function	<u>100</u>	<u>200</u>	<u>300</u>
	Salaries	Associated Payroll Costs	Purchased Services
4000 Facilities acquisition and construction			
4120 Site acquisition and development services	\$ -	\$ -	\$ -
4150 Building acquisition, construction, and improvement	-	-	75,322
Total 4000 facilities acquisition and construction	<u>0</u>	<u>0</u>	<u>75,322</u>
Total expenditures	<u>\$ 3,596,200</u>	<u>\$ 2,351,923</u>	<u>\$ 681,829</u>

400 Supplies & Materials	500 Capital Outlay	600 Other Objects	Total	Budget		(Over)Under Budget
				Original	Final	
\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ 6,000	\$ 6,000
-	-	-	75,322	219,900	219,900	144,578
0	0	0	75,322	225,900	225,900	150,578
<u>\$ 267,887</u>	<u>\$ 42,492</u>	<u>\$ 93,844</u>	<u>\$ 7,034,175</u>	<u>\$ 8,956,564</u>	<u>\$ 8,956,564</u>	<u>\$ (1,922,389)</u>

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Pass Through Organization	Federal CFDA Number	Grant Award Number	Period Covered	2019 Expenditures
U.S. Treasury Department					
Direct Program					
QSCB Interest Direct Payment	US Treasury Dept	na	na	na	\$ 22,925
Total U.S. Treasury Department					<u>22,925</u>
U.S. Department of Agriculture					
<u>Child Nutrition Cluster</u>					
National School Lunch Program, School Breakfast	Or Dept of Education	10.553	1207001	7/1/18-6/30/19	44,682
National School Lunch Program, Sec 4 and 11	Or Dept of Education	10.555	1207001	7/1/18-6/30/19	112,714
Child Nutrition Programs - Commodity Distribution	Or Dept of Education	10.555	1207001	7/1/18-6/30/19	<u>19,682</u>
Total Child Nutrition Cluster					<u>177,078</u>
State Admin Expenses for Child Nutrition	Or Dept of Education	10.560	1207001	7/1/18-6/30/19	526
Schools and Roads - Grants to Counties	Grant County, Oregon	10.666	na	na	<u>432,935</u>
Total Forest Service Schools and Roads Cluster					<u>432,935</u>
Total Department of Agriculture					<u>610,539</u>
U.S. Department of Education					
Title IA - Low Income	Or Dept of Education	84.010	50412	7/1/18-6/30/19	187,934
<u>Special Education Cluster</u>					
Special Education - Grants to States	Or Dept of Education	84.027	52256	7/1/18-9/30/18	195
Special Education - Grants to States	Grant County ESD	84.027	49983	7/1/18-9/30/20	<u>111,798</u>
Total Special Education Cluster					<u>111,993</u>
Rehab Svcs Vocational Rehabilitation to States	Or Employment Dept	84.126	154907	7/1/17-6/30/19	15,592
Supporting Effective Instruction State Grants	Or Dept of Education	84.367	49330	7/1/18-9/30/19	8,122
Student Support and Academic Enrichment Program	Or Dept of Education	84.424	50746	7/1/18-9/30/20	<u>2,855</u>
Total U.S. Department of Education					<u>326,496</u>
Total Federal Assistance					<u>\$ 959,960</u>

See accompanying notes to schedule of expenditures of federal awards

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019

Purpose of the schedule

The accompanying schedule of expenditures of federal awards (SEFA) is a supplementary schedule to the district financial statements and is presented for purposes of additional analysis. Because the schedule presents only a selected portion of the activities of the district, it is not intended to and does not present the financial position or changes in fund balances of the district.

Significant accounting policies

Basis of presentation

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Federal financial assistance

Pursuant to the 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.

Federal forest fees are considered federal revenue and are included on the Schedule of Expenditures of Federal Awards. However, there are no applicable compliance requirements once these funds are passed to the district. Based on guidance from the oversight agency, Oregon Department of Education, a single audit has not been completed because the total federal revenues, not including forest fees, are less than \$750,000.

Reporting entity

The reporting entity is fully described in the notes to financial statements. The schedule includes all federal programs administered by the district for the year ended June 30, 2019.

Revenue and expenditure recognition

The receipt and expenditure of federal awards are accounted for using the modified accrual basis of accounting. Revenues are recognized when measurable and available. Expenditures are recorded when a liability is incurred.

Indirect Cost Rate

The district has not elected to use the 10% de minimis indirect cost rate.

Subrecipients

The district did not pass any federal funds to subrecipients during the year ended June 30, 2019.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT
For the Year Ended
June 30, 2019

2018-19 Assessed valuation of taxable property	\$375,237,695
Tax rate (Dollars per \$1,000 assessed value)	\$1.6468

Ratio of annual debt service requirements for bonded debt to total General Fund Expenditures and Transfers:

	Principal	Interest	Total Bonded Debt Service	General Fund Expenditures and Transfers	Ratio of Debt Service to General Fund Expenditures and Transfers
2018-19	\$ 74,056	\$ 246,541	\$ 320,597	\$ 8,263,393	3.88%

Ratio of Net Bonded Debt to Assessed Value:

	Assessed Valuation	Net Bonded Debt (1)	Ratio of Net Bonded Debt to Assessed Value
2018-19	\$ 375,237,695	\$ 1,778,827	0.47%

1) Computed as gross bonded debt less amount available for retirement of debt in Debt Service Fund

Principal Taxpayers for Grant School District No. 3

	Assessed Valuation	Percent of Total County Value
<u>Private Enterprises</u>		
CenturyLink	\$ 15,064,000	4.01%
Malheur Lumber Co.	9,526,240	2.54%
Silvies Valley Ranch LLC	9,409,681	2.51%
Gene Powell	4,302,910	1.15%
John Conley	2,498,488	0.67%
Valley View Holding Co, LLC	2,191,281	0.58%
B Dianne Mathisen	2,081,254	0.55%
IZ Ranch, LLC	1,900,432	0.51%
Pravin & Panna Patel	1,558,470	0.42%
<u>Public Utilities</u>		
Oregon Telephone Corp.	7,866,400	2.10%
<u>All other taxpayers</u>	318,838,539	84.96%
Total	\$ 375,237,695	100.00%

Continued on next page

GRANT SCHOOL DISTRICT NO. 3
 Canyon City, Grant County, Oregon
CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT
 For the Year Ended
 June 30, 2019

Summary of General Fund State Revenue:

	State Sources	State Sources as % of Total Revenues	Total Revenues
2018-19	\$ 5,206,211	66.92%	\$ 7,779,818

Computation of Legal Debt Margin:

Real Market Value	\$	712,932,200
Allowable proportion		0.0795
Debt limit: 7.95% of real market value (1)		56,678,110
Amount of debt applicable to debt limit:		
Bonded debt		3,716,102
Less: amount available in debt service funds		(1,937,275)
Amount of debt applicable to debt limit		1,778,827
Legal debt margin	\$	54,899,283

Allowable percentage of real market value:

A Kindergarten through eighth grade, 9 x .0055	4.95%
B Ninth through twelfth, 4 x .0075	3.00%
Allowable percentage	7.95%

(1) ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Aggregates are governed by real market values of all taxable properties within the district based on the following:

A. For each grade from kindergarten to eighth for which the district operates schools, fifty-five one-hundredths of one percent of the real market value.

B. For each grade from ninth to twelfth for which the district operates schools, seventy-five one-hundredths of one percent of the real market value.

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INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS**

Board of Directors
Grant School District No. 3
Canyon City, Oregon

We have audited, 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, the basic financial statements of Grant School District No. 3 (the district) as of and for the year ended June 30, 2019, and have issued our report thereon dated December 19, 2019.

COMPLIANCE

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 grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the district was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

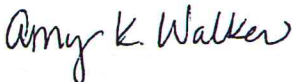
OAR 162-10-0230 INTERNAL CONTROL

In planning and performing our audit of the financial statements, we considered the district's internal control over financial reporting 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.

Our 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* dated December 19, 2019, is presented under separate cover.

RESTRICTIONS ON USE

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



For Solutions, CPAs PC
John Day, Oregon
December 19, 2019



Oregon Secretary of State – Audits Division

Summary of Revenues and Expenditures

Please refer to instructions on next page.

A. Municipal corporation information			
Municipality name:	Grant School District No. 3		
Address line 1:	401 North Canyon Blvd	Reporting period: From	07/01/2018
Address line 2:		To	06/30/2019
City, state, ZIP:	Canyon City	OR	97820
Check if new address:	<input type="checkbox"/>	Report type:	Audit
If this is the final report, please enter the last date of operations:		Opinion issued:	Qualified
		Basis of accounting:	GAAP

B. Financial statement audit – Reported deficiencies	
1. Regarding internal controls over financial reporting, how many significant deficiencies and material weaknesses were reported? _____ 1 _____	3. How were deficiencies communicated? Check all that apply. <input checked="" type="checkbox"/> Report issued in accordance with Government Auditing Standards <input type="checkbox"/> Communication in accordance with Statements on Auditing Standards AU-C 265 "Communicating Internal Control Related Matters Identified in an Audit" <input type="checkbox"/> Other (specify communication): _____ <input type="checkbox"/> No deficiencies
2. Of those control deficiencies reported, how many resulted in the following: Accounting errors/Misstatements: _____ 0 _____ Noncompliance: _____ 0 _____	Per OAR 162-010-0230, a copy must be filed with Secretary of State.

C. Summary of revenues and expenditures

Revenues and/or receipts		Expenditures and/or disbursements	
a. Revenues from government-wide statement of activities:	\$ 10,097,180	a. Expenditures from government-wide statement of activities:	\$ 8,971,612
b. Fiduciary fund additions:		b. Fiduciary fund deductions:	
c. Gross revenues subtotal (a + b):	\$ 10,097,180	c. Gross expenditures subtotal (a + b):	\$ 8,971,612
d. Revenues of component units:		d. Component unit expenditures reported with primary government:	
e. Taxes, assessments and other collections to be distributed to other governments:		e. Turnovers to other municipal corporations:	
f. Exempt revenue subtotal (d + e):	\$ 0	f. Exempt expenditures subtotal (d + e):	\$ 0
g. Net revenues (c – f):	\$ 10,097,180	g. Net expenditures (c – f):	\$ 8,971,612

D. Filing fee:	\$ 300
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E. Submitted by	
Auditor name: Amy K. Walker, CPA	Municipal license number: 1604
Firm name: Solutions, CPAs PC	Date: 12/19/2019
Municipal contact name, title: Heidi Hallgarth, Business Manager	Municipal phone: (541) 575-1280

Within 30 days of delivering the audit report to the municipal corporation, one copy of this summary must be filed with the Secretary of State, Audits Division, and one copy must be delivered to the municipal corporation. If deficiencies are communicated in a separate letter or in a report issued in accordance with *Government Auditing Standards*, a copy of that communication must also be filed. (OAR 162-010-0230)

OREGON DEPARTMENT OF EDUCATION
REQUIRED INFORMATION

FORM 581-3211 - SUPPLEMENTAL INFORMATION

GRANT SCHOOL DISTRICT NO. 3
 Canyon City, Grant County, Oregon
OREGON DEPARTMENT OF EDUCATION REQUIRED INFORMATION
FORM 581-3211 - SUPPLEMENTAL INFORMATION
 June 30, 2019

A. Energy bills for heating – Enter expenditures for electricity and heating fuel for these functions and objects.

Function	Objects 325, 326 and 327
2540	\$ 147,447
2550	\$ 16,999

B. Replacement of equipment - General Fund: Include all General Fund expenditures for objects 542, except for the following exclusions:

\$ -

Exclude these functions:

- 1113 Co-curricular activities
- 1122 Co-curricular activities
- 1132 Co-curricular activities
- 1140 Pre-kindergarten
- 1300 Adult/continuing education
- 1400 Summer school
- 4150 Facilities, acquisition and construction
- 2550 Student transportation
- 3100 Food services

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

**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***

Board of Directors
Grant School District No. 3
Canyon City, Grant County, Oregon

We have audited, 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, the financial statements of the governmental activities and each major fund of Grant School District No. 3 (the district, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the district's basic financial statements, and have issued our report thereon dated December 19, 2019. Our report contained a qualified opinion for the governmental activities and an unmodified opinion on the major funds. The modification was the result of not having performed a valuation of the implicit rate subsidy associated with retiree health insurance.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified one deficiency in internal control that we consider to be a material weakness.

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 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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-001 to be a material weakness.

Compliance and Other Matters

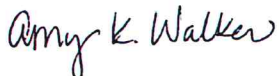
As part of obtaining reasonable assurance about whether the district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial 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 that are required to be reported under *Government Auditing Standards*. See Independent Auditor's Report Required by Oregon State Regulations for instances of noncompliance, if any, with matters related to Oregon statutes.

District's Response to Findings

The district's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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.



For Solutions, CPAs PC
John Day, Oregon
December 19, 2019

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SCHEDULE OF FINDINGS AND RESPONSES

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019

MATERIAL WEAKNESS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2019-001

Financial Statement Preparation

Criteria: The financial statements are the responsibility of the district's management, including the prevention or detection of material misstatements in the presentation and disclosure of the financial statements. Non-attest services performed by the auditor in the preparation of the financial statements cannot be considered compensating controls.

Condition: The district engages their auditors to provide non-attest services for the preparation of its financial statements. Although common for municipalities the size of the district, this condition represents a control deficiency over the financial reporting process that is required to be reported under professional standards as long as management makes all financial reporting decisions, and accepts responsibility for the content of the financial statements. However, those activities performed by the auditor are not a substitute for, or extension of, internal controls over the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP).

Cause: The district's accounting personnel do not possess the advanced training that would provide the expertise necessary to prepare the financial statements and related notes in accordance with GAAP, and therefore may not be able to prevent or detect a material misstatement in the preparation and disclosure of the financial statements. Misstatements in financial statements may include not only misstated financial amounts, but also the omission of disclosures required by GAAP.

Effect: Material misstatement in the preparation and disclosure of the financial statements in accordance with GAAP may not be prevented or detected. Misstatements in financial statements include not only misstated dollar amounts, but also the omission of disclosures required under GAAP.

Recommendations: We understand that it may not be practical to acquire or allocate the internal resources to perform all of the controls necessary over financial reporting. However, management (including the Board of Directors) should mitigate this deficiency by keeping informed about the district's internal controls, performing supervisory reviews, studying the financial statements and related footnote disclosures, and understanding its responsibility for the financial statements as a whole.

This deficiency is related specifically to the preparation of GAAP basis financial statements and does not adversely affect the district's ability to initiate, authorize, record, process, or report financial data reliably in accordance with their budget basis of accounting.

Responsible Official's Response: We understand the importance of risk management and the need to address risks in an informed, cost-beneficial way. As a result of our cost-benefit analysis we have determined the value of incurring the additional expense of hiring a staff person or another firm to prepare our financial statements does not justify the cost.