



401 N Canyon City Blvd • Canyon City, OR, 97820-6111
Phone: (541) 575-1280 • FAX: (541) 575-3614

Board Meeting Agenda | Revised

Wednesday 05/15/2024 | 7:00PM

ZOOM IN BY USING THE FOLLOWING ACCESS CREDENTIALS:

<https://us02web.zoom.us/j/2595245851?pwd=ZjFIZ2w2eDNPMmhoT1VtS0wvbk1MZz09>

Meeting ID: 259 524 5851 | Passcode: HelloGSD3

[* = supplement enclosed]

- 1) **PRELIMINARY BUSINESS:**
 - 1.1 Call to order
 - 1.1.1 Board Attendance: of 7
 - 1.2 Pledge of Allegiance
 - 1.3 Agenda Review
 - 1.3.1 Motion: ; Second: ; Unanimous:
- 2) **PUBLIC COMMENTS | 3-MINUTE LIMIT:**
 - 2.1 Public Forum:
 - 2.1.1 1)
 - 2.1.2 2)
 - 2.1.3 3)
- 3) **STUDENT BODY REPORT(S):** (Please see 4.1 below)
- 4) **REPORTS:**
 - 4.1 Grant Union Student Body: FBLA Team
 - 4.2 Financial Audit Report/Solutions CPS's/ Representative: Mitch Saul/ *
 - 4.3 Financial/Business Manager/ MJE *
 - 4.3.1 **See: Board Meeting Packet – Addendum | Financial Report – April 2024**
 - 4.4 Current Enrollment | Average Daily Membership (ADM) Reporting) as of last day of previous month/ JM *
 - 4.5 Current Staffing/JY/jm
 - 4.5.1 GU = 37
 - 4.5.2 HES = 41
 - 4.5.3 SES = 4
 - 4.5.4 HCCC = 8
 - 4.5.5 DO = 4
 - 4.5.6 Transportation = 6
 - 4.5.7 **TOTAL: 100**
 - 4.6 Support for Students at GU/Jay Hummel & Team
 - 4.7 Presentation of the Audit/Solutions CPA

Board of Directors:

Kris Beal | M.T. Anderson | Amy Charette, Vice Chair | Chris Labhart | Zac Bailey | Will Blood, Chair | Jake Taylor
Superintendent: Mark W. Witty | Website: <https://www.grantschooldistrict.org/>



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4.8 Administrator's Reports | Previous Month:

- 4.8.1 Principal, Jay Hummel | Vice Principal, Andy Lusco | GU *
- 4.8.2 SpEd Director, Shanna Northway | GU/HES *
- 4.8.3 Principal, Janine Attlesperger | Humbolt (HES)*
- 4.8.4 Principal, Janine Attlesperger | Tina McCormick, Head Teacher | Seneca (SES) *
- 4.8.5 Director, Trina Fell | Humbolt Child Care Center (HCCC) *

4.9 Superintendent's Report/ Superintendent Mark Witty

- 4.9.1 Early Learning Collaborative Update
- 4.9.2 Graduation | Expectation of board of Directors
- 4.9.3 State Testing
- 4.9.4 Greenhouse and Chicken Shed – Revitalization Grant update
- 4.9.5 SRO | COPS Grant
- 4.9.6 2024 OSBA Convention | November 7th – 9th
- 4.9.7 Studer/Huron Education | Leadership Capacity Building/SP Implementation
- 4.9.8 District Golf Party 06/13 – 1:00PM | Board Invitation
- 4.9.9 Oregon Rural School Board Caucus Training Scholarship - \$1,500 Self Assessment

4.10 Construction/Capitol Projects Update/MW

5) CONSENT AGENDA:

- 5.1 Recommend Approving 04/17/2024 Board Meeting Minutes
- 5.2 Recommend Accepting New Hires:
 - 5.2.1 Fred Fell, Interim Asst Baseball Coach
 - 5.2.2 Drew Lusco, JH/SH Social Studies/Math | GU
 - 5.2.3 Gary Vanderstelt, Transportation Coordinator | Transportation Team/District Office
- 5.3 Recommend Accepting Employment Role Transfer:
 - 5.3.1 Mandie McQuown, from Head JH Volleyball Coach → Asst HS Volleyball Coach
- 5.4 Recommend Accepting Employment Role Addition:
 - 5.4.1 Erin Hodge, Social Media Specialist | HES
 - 5.4.2 Elijah Humbird, Head Girls Basketball Coach | GU
- 5.5 Recommend Accepting Employment Resignations:
 - 5.5.1 Erin Beil, SpEd Secretary/Librarian | GU
 - 5.5.2 Marissa Smith, Assistant Volleyball Coach | GU
 - 5.5.3 Jessica Sodorff, Educational Assistant and JH Asst Volleyball Coach | GU
 - 5.5.4 Laney Ulrich, Head Teacher | SES

5.6 Approval Consent Agenda (Section: 4): Motion: ____; Second: ____; Unanimous: ____

6) NEW BUSINESS:

- 6.1 Approve Audit as Presented
 - 6.1.1 Motion: ____; Second: ____; Unanimous: ____
- 6.2 Corrective Action Plan based on audit findings/MJE
- 6.3 Approve Action Plan/Audit Resolution/MJE

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6.3.1 Motion: ____; Second: ____; Unanimous: ____

6.4 APRIL 2024 POLICIES BATCH | READING: 1 of 2 (no action this meeting):

6.4.1 OSBA Policy Update Guide | Vol. 69 No. 2 sch * | See: Board Meeting Packet – Addendum 1

6.4.1.1 Required | See: Policies Packet Addendum | Required

6.5 MOU IDEA and GDS3 Articles IX and X

6.5.1 Motion: ____; Second: ____; Unanimous: ____

6.6 2024/2025 School Year Calendar | GSD3

6.6.1 Motion: ____; Second: ____; Unanimous: ____

6.7 Request to approve Construction Manager/General Contractor (CM/GC) | See: Packet Addendum: GSD3/CB Construction, Inc | GUHS HVAC CMGC Contract

6.7.1 Motion: ____; Second: ____; Unanimous: ____

6.8 Request to approve Collective Bargaining Agreement (CBA) Agreement w/ BMFT (classified staff)/*

6.8.1 See: Board Meeting Packet – Addendum | Collective Bargaining Agreement 2024 - 2028

6.8.2 Motion: ____; Second: ____; Unanimous: ____

7) FUTURE CALENDAR DATES | 2024 | ALL Meetings are held at District Office, unless otherwise specified:

7.1.1 05/15 – Board Meeting | 7:00PM

7.1.2 05/20 – 2024/2025 Budget Committee Meeting | 6:00PM

7.1.3 06/08 – High School Graduation | Time: TBA

7.1.4 06/13 – Golfing party | 1:00PM

7.1.5 06/15 – GU 1964 HS Reunion (also invited: 1961 – 1963 and 1965 – 1967)

7.1.6 06/19 – Board Meeting | 7:00PM

8) BOARD REPORTS:

8.1 KB:

8.2 M.T. A:

8.3 AC:

8.4 CL:

8.5 ZB:

8.6 WB:

8.7 JT:

9) TOTAL IN ATTENDANCE:

9.1 In Person: ____

9.2 Via Zoom: ____

10) ADJOURNED: PM

Board Packet posted on district web site at:

<https://grantsd3.schoolinsites.com/>

Grant School District No.3 does not discriminate in employment, educational programs and activities, on the basis of race, national origin, color, creed, religion, gender, gender identification, sexual orientation or associational preference, age, disability, veteran status. The District also affirms its commitment to providing equal opportunities and equal access to its facilities. For additional information or assistance contact the District office at: (541)575-1280 | 401 N Canyon City Blvd, Canyon City, OR 97820-6111. For telecommunications relay services for the deaf, hearing or speech impaired call 1(800)735-2900 – thank you!

Board of Directors:

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GRANT SCHOOL DISTRICT #3

401 N. Canyon City Blvd. • Canyon City, OR 97820
Phone: (541) 575-1280 • Fax: (541) 575-3614

PERSONNEL SELECTION FORM

APPLICANT SELECTED: Gary VanderStelt

POSITION: Transportation Supervisor

*FIRST DAY OF WORK: July 1, 2024 WORK HOURS PER DAY: 8

APPLICATIONS RECEIVED: 1 # PERSONS INTERVIEWED: 1

EXPERIENCE: 16 years in a School District as Transportation Supervisor

EDUCATION: LBCC HS Diploma

NAMES OF REFERENCES CHECKED: Graham Huges, Rachel Hansen, Candace Pelt

DISCLOSURE RELEASE FORMS (LICENSED STAFF ONLY) SUBMITTED TO HR: ☐ YES ☐ NO

NAMES OF ALL PERSONS ON INTERVIEW COMMITTEE:

Chris Labhart

Jesse Gosnell

Andy Lusco

Mark Witty

NAMES OF ALL PERSONS INTERVIEWED:

Gary VanderStelt

NAME OF EMPLOYEE FORMERLY HOLDING POSITION: Sharon Flory

REASON FOR LEAVING: ☒ RETIRED ☒ RESIGNED ☐ TERMINATED ☐ NEW POSITION

DATE OF NOTICE OF POSITION: 03/21/2024 DATE APPLICATIONS CLOSED: 05/07/2024

CLASSIFICATION (select one): ☐ CLASSIFIED ☐ LICENSED ☐ ADMINISTRATOR
☒ CONFIDENTIAL ☐ COACH ☐ EXTRA DUTY

LANE: _____ STEP/YEARS: _____ SALARY: \$ _____ (select one) ☐ Hourly
☒ Annually
☐ Contract issued ☐ Season

☒ RECOMMENDED TO THE BOARD FOR HIRE

DATE OF BOARD APPROVAL: _____

**ALL CONTRACTS ARE SUBJECT TO BOARD APPROVAL AND SUCCESSFUL COMPLETION OF MEDICAL EXAMINATIONS/DRUG TESTING PER DISTRICT POLICY GBED.*

SIGNATURE OF SUPERVISOR

05/08/2024

DATE FORM COMPLETED

SIGNATURE OF SUPERINTENDENT

05/08/2024

DATE

Grant School District No. 3

Board Meeting Supplements

Sections 4 & 6:

New Business | 2/2

Addendum: 4.2 *(16 pages)*

Addendum: 6.2 *(6 pages)*

Addendum: 6.3 *(8 pages)*



*Mitch T. Saul, CPA
Amy K. Walker, CPA
Harmony S. Piazza, CPA
Anna K. Bass*

Robert M. Armstrong, CPA

MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of Grant School District No. 3 as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the district's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated April 26, 2024, on the financial statements of the district. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

PRIOR YEAR FINDINGS:

1. Student Body cash activity and related reporting

Condition: Student body activity, including the reconciliation of bank statements and the processing and recording of expenditure and revenue transactions occurs outside of the general ledger software used by the district administration. During testing, it was identified that there was little to no administrative involvement in the student body financial activity and errors were identified as a result.

Current year status: Current year testing of student body activity indicated no material improvement in documentation, transaction processing or reconciliation procedures. Significant effort was required after year end by 3rd party vendors to recreate student body records for the high school. We noted electronic records from prior years were destroyed by former management, and no additional guidance provided to district employees responsible for maintaining electronic student body records. This management point will be repeated in the current year.

*1/16
4.2
Solut. CPA's*

CURRENT YEAR FINDINGS:

2. Student Body cash activity and related reporting

Condition: Student body activity, including the reconciliation of bank statements and the processing and recording of expenditure and revenue transactions occurs outside of the general ledger software used by the district administration. During testing, it was identified that there was little to no administrative involvement in the student body financial activity and errors were identified as a result.

Reason improvement is needed: The district is responsible for implementing a strong internal control structure and for the recording of activity in all funds. This includes the student body activity. Lack of inclusion of the student body activity in the general ledger and lack of appropriate controls over those transactions leaves the district at risk of fraud, misappropriation of funds, or reporting errors.

Further, financial reports made to the governing body throughout the year, which are used to help provide oversight and strategic direction, would have been materially misstated due to this missing activity.

Recommendations: We recommend that the district integrate the student body activity into the general ledger system and apply the same control processes utilized by the rest of the district activities. This should include pre-approval over expenditures and reconciliation of activity at month and fiscal year end by qualified individuals. Qualified personnel, such as the business manager should be more involved in the reviewing of such activity to ensure it is complete and correct.

At a minimum, student body activity should be reconciled monthly. If the district chooses to not integrate transactional processing into the general ledger, a qualified individual, such as the business manager, should record activity into the general ledger with a journal entry so that it can be included in reporting made to the board of directors, and should be involved in the review and approval over reconciliations performed.

This communication is intended solely for the information and use of management, the individuals charged with governance, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Amy K. Walker

For Solutions, CPAs PC
John Day, Oregon
April 26, 2024



Solutions

Certified Public Accountants, PC

*Mitch T. Saul, CPA
Amy K. Walker, CPA
Harmony S. Piazza, CPA
Anna K. Bass*

Robert M. Armstrong, CPA

April 26, 2024

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grant School District No. 3 (the district) for the year ended June 30, 2023, and have issued our report thereon dated April 26, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated January 31, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the district's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the district solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant deficiencies in internal control over financial reporting, and other matters noted during our audit in a separate letter to you dated April 26, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Handwritten signature: [Signature] 4-27-24 J.P. CPA

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Certain safeguards have been applied to eliminate or reduce to an acceptable level the threat to independence related to preparing your annual financial statements. These safeguards include:

- Determining or changing journal entries, account codes or classifications for transactions or other accounting records for the entity without obtaining management's approval.
- Authorizing or approving the entity's transactions.
- Preparing or making changes to source documents without management approval.
- Assigning preparation of the financial statements to firm member not on the engagement team.

Qualitative Aspects of the Organization's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use of appropriate accounting policies. A summary of the significant accounting policies adopted by the organization are described in Note 1 to the financial statements. There has been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022-2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. We identified the following significant estimates in the financial statements: Other Post Employment Benefit Liabilities estimated under GASB 68 and GASB 75 and amortization and depreciation expense.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The attached journal entries that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

Disagreement with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

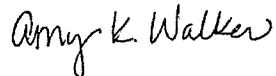
Representations Requested from Management

We have requested certain representations from management that are included in the management representation letter.

Other Significant Findings or Issues

In the normal course of our professional association with the district, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the district's auditors.

This report is intended solely for the information and use of the board of directors and management of the district and is not intended to be and should not be used by anyone other than these specified parties.



For Solutions, CPAs PC
John Day, Oregon
April 26, 2024

Client: Grant School District No. 3
Engagement: 2023 Grant School District #3
Period Ending: 6/30/2023
Trial Balance: 4005 - Trial Balance
Workpaper: 4010 - Adjusting Journal Entries

Account	Description	W/P Ref	Debit	Credit
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Adjusting Journal Entry

Adjusting Journal Entry JE # 6

4005a1

To record Food Service Reclass entry from GF

100.0000.1111.000.000.000	Current Years Taxes		41,564.58	
253.0000.9101.000.000.000	Checking - A/P & P/R		41,564.58	
100.0000.9101.000.000.000	CHECKING			41,564.58
253.0000.3299.000.000.000	State Revenues			4,574.93
253.0000.4505.000.000.000	Federal Reimbursements			10,223.82
253.0000.4505.000.000.000	Federal Reimbursements			26,765.83
Total			<u>83,129.16</u>	<u>83,129.16</u>

Adjusting Journal Entry JE # 7

AUD-816a

To record SB Side of Transfer from GF

208.0000.9102.000.000.000	SB & SCHOLARSHIPS		35,000.00	
208.0000.5200.000.000.000	Transfers			35,000.00
Total			<u>35,000.00</u>	<u>35,000.00</u>

Adjusting Journal Entry JE # 14

6105c

Reclass from ESSER to Capital Project Fund - Client AJE #710

241.0000.9101.000.000.000	Checking - A/P & P/R		100,358.73	
400.4150.0530.110.000.000	Facilities - HVAC - Humbolt		100,358.73	
241.4155.0322.110.291.000	Humbolt HVAC			100,358.73
400.0000.9101.000.000.000	Checking			100,358.73
Total			<u>200,717.46</u>	<u>200,717.46</u>

Adjusting Journal Entry JE # 21

5105c

To record interest on Wells Fargo to match Confirm

305.0000.9105.000.000.000	Wells Fargo Obligation Account		1,347.69	
305.0000.1510.000.000.000	Interest Income			1,347.69
Total			<u>1,347.69</u>	<u>1,347.69</u>

Client: **Grant School District No. 3**
Engagement: **2023 Grant School District #3**
Period Ending: **6/30/2023**
Trial Balance: **4005 - Trial Balance**
Workpaper: **4010 - Adjusting Journal Entries**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entry JE # 22		8110d		
To record adjustments provided after the initial trial balance was provided - Client AJEs #712-722				
100.0000.1111.000.000.000	Current Years Taxes		36,077.19	
100.0000.1111.000.000.000	Current Years Taxes		97,210.02	
100.0000.1111.000.000.000	Current Years Taxes		25,811.06	
100.0000.1112.000.000.000	Prior Years Taxes		36,077.19	
100.0000.9153.000.000.000	Accounts Receivable		24,160.00	
208.0000.9153.000.000.000	Accounts Receivable Control		11,818.23	
216.0000.9153.000.000.000	Undesignated		196,603.59	
241.0000.4501.000.000.000	COVID-19		100,358.73	
253.0000.3299.000.000.000	State Revenues		11,440.84	
253.0000.4505.000.000.000	Federal Reimbursements		11,440.84	
253.0000.4505.000.000.000	Federal Reimbursements		11,440.84	
100.0000.1111.000.000.000	Current Years Taxes			36,077.19
100.0000.2199.000.000.000	Excess County Road Funds			97,210.02
100.0000.3299.000.000.000	State Restricted Grants			25,811.06
100.0000.3299.000.000.005	OTHER RESTRICTED GRANTS-IN-AID			24,160.00
100.0000.9153.000.000.000	Accounts Receivable			29,984.03
100.0000.9481.000.000.000	Deferred Revenue			6,093.16
208.0000.3299.000.000.000	State Revenues			11,818.23
216.0000.3299.000.000.000	High School Success Funds			196,603.59
241.0000.9153.000.000.000	Accounts Receivable			100,358.73
253.0000.3299.000.000.000	State Revenues			11,440.85
253.0000.3299.000.000.000	State Revenues			11,440.84
253.0000.4505.000.000.000	Federal Reimbursements			11,440.83
Total			562,438.53	562,438.53

Adjusting Journal Entry JE # 23		8105		
To adjust property taxes to match balances confirmed by the county				
100.0000.9121.000.000.000	Property Taxes Receivable		5,736.91	
100.0000.9481.000.000.000	Deferred Revenue			5,736.91
Total			5,736.91	5,736.91

Adjusting Journal Entry JE # 24		8105		
To accrue 60-day property tax turnovers to match balances confirmed by the county				
100.0000.9481.000.000.000	Deferred Revenue		6,148.32	
100.0000.1111.000.000.000	Current Years Taxes			6,148.32
Total			6,148.32	6,148.32

Client: **Grant School District No. 3**
Engagement: **2023 Grant School District #3**
Period Ending: **6/30/2023**
Trial Balance: **4005 - Trial Balance**
Workpaper: **4010 - Adjusting Journal Entries**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entry JE # 27		4005a2		
To record Voucher #723				
100.0000.8421.000.000.000	Accounts Payable Liabilities		162,688.63	
208.0000.8421.000.000.000	Accounts Payable Liabilities		3,764.30	
216.0000.8421.000.000.000	Accounts Payable Liabilities		125.00	
241.0000.8421.000.000.000	Accounts Payable Liabilities		10,440.00	
253.0000.8421.000.000.000	Accounts Payable Liabilities		15,631.77	
100.1111.0310.110.050.000	Professional & Technical			159.00
100.1111.0410.110.050.000	Supplies			499.56
100.1121.0410.608.290.000	Supplies - Other			60.53
100.1131.0460.608.290.000	Nonconsumable - Other			13.38
100.1131.0460.608.551.000	Nonconsumable - Woods			99.80
100.1250.0310.995.320.000	Professional & Technical			127.50
100.2220.0430.131.000.000	Library Books - Seneca			600.57
100.2310.0354.995.000.000	Advertising			650.00
100.2310.0460.995.000.000	Nonconsumable - Board			953.70
100.2320.0324.995.000.000	Copy Machine Lease			991.20
100.2320.0351.995.000.000	Telephone			1,949.28
100.2410.0351.110.000.000	Telephone - Humbolt			2,341.08
100.2410.0351.131.000.000	Telephone - Seneca			1,818.72
100.2410.0351.608.000.000	Telephone - GUHS			5,051.40
100.2410.0410.110.000.000	Supplies - Humbolt			97.11
100.2410.0410.608.000.000	Supplies - GUHS			46.64
100.2410.0460.608.000.000	Nonconsumable - GUHS			549.07
100.2520.0353.995.000.000	Postage			1,954.44
100.2520.0640.995.000.000	Dues & Fees			780.00
100.2540.0322.003.000.000	Repair & Maint - DO			8,345.00
100.2540.0322.110.000.000	Repair & Maint - Humbolt			2,019.98
100.2540.0322.608.000.000	Repair & Maint - GUHS			2,555.98
100.2540.0325.003.000.000	Electricity - DO			819.84
100.2540.0325.110.000.000	Electricity - Humbolt			22,725.60
100.2540.0325.131.000.000	Electricity - Seneca			4,114.08
100.2540.0325.608.000.000	Electricity - GUHS			30,853.80
100.2540.0325.701.000.000	Electricity - 7th Street			3,483.72
100.2540.0327.003.000.000	Water & Sewer - DO			2,385.00
100.2540.0327.110.000.000	Water & Sewer - Humbolt			5,868.36
100.2540.0327.131.000.000	Water & Sewer - Seneca			3,118.92
100.2540.0327.608.000.000	Water & Sewer - GUHS			21,001.44
100.2540.0328.003.000.000	Garbage - District			1,389.96
100.2540.0328.110.000.000	Garbage - Humbolt			8,375.40
100.2540.0328.131.000.000	Garbage - Seneca			431.88
100.2540.0328.608.000.000	Garbage - GUHS			14,063.88
100.2540.0541.608.000.000	New Equipment - GUHS			35.09
100.2550.0322.995.000.000	Repair & Maintenance			1,020.00
100.2550.0323.995.000.000	Copy Machine			991.20
100.2550.0325.002.000.000	Electricity - Bus Shop			8,622.12
100.2550.0351.995.000.000	Telephone			1,724.40
208.2540.0470.995.000.000	Staff Retention Expenses			3,764.30
216.1131.0340.608.000.000	CTE Travel -Career			125.00
241.1111.0470.110.291.000	Computer Software -Humbolt			4,071.60
241.1131.0470.608.291.000	Computer Software -GU			6,368.40

Client: Grant School District No. 3
Engagement: 2023 Grant School District #3
Period Ending: 6/30/2023
Trial Balance: 4005 - Trial Balance
Workpaper: 4010 - Adjusting Journal Entries

Account	Description	W/P Ref	Debit	Credit
253.3100.0322.110.000.000	Repair & Maint - Humbolt			2,512.44
253.3100.0322.131.000.000	Repair & Maintenance - Seneca			824.76
253.3100.0322.608.000.000	Repair & Maint - GUHS			2,642.28
253.3100.0410.110.000.000	Supplies - Humbolt			38.86
253.3100.0410.608.000.000	Supplies - GUHS			308.76
253.3100.0450.110.000.000	Purchased Food - Humbolt			1,016.61
253.3100.0450.608.000.000	Purchased Food - GUHS			8,288.06
Total			192,649.70	192,649.70

Adjusting Journal Entry JE # 28

4005a2

To record district voucher #724 (PERS 1200/1201)

100.0000.9101.000.000.000	CHECKING		46,888.37	
100.0000.9101.000.000.000	CHECKING		51,626.93	
100.0000.8478.000.000.000	ER PERS			46,888.37
100.0000.8478.000.000.000	ER PERS			51,626.93
Total			98,515.30	98,515.30

Adjusting Journal Entry JE # 29

4005a2

To reclass VW funds to state revenues

210.0000.4500.000.000.000	Undesignated		50,000.00	
210.0000.3299.000.000.000	State Revenue			50,000.00
Total			50,000.00	50,000.00

Adjusting Journal Entry JE # 30

4005a2

To record Voucher #726

241.0000.4501.000.000.000	COVID-19		10,440.00	
241.0000.9153.000.000.000	Accounts Receivable			10,440.00
Total			10,440.00	10,440.00

Adjusting Journal Entry JE # 31

5110

Record Scholarship Acct Activity

208.1131.0374.608.290.000	Scholarships		48,626.48	
208.0000.1927.000.000.000	Scholarships			41,826.64
208.0000.9102.000.000.000	SB & SCHOLARSHIPS			6,799.84
Total			48,626.48	48,626.48

Adjusting Journal Entry JE # 33

6105e

Record client AJE 709 to reclass portion of fencing to SIA.

222.4150.0530.995.000.000	Undesignated		684.00	
400.0000.9101.000.000.000	Checking		684.00	
222.0000.9101.000.000.000	Checking A/P & P/R			684.00
400.4150.0530.995.000.000	Facility Improvements - Dist.			684.00
Total			1,368.00	1,368.00

Client: Grant School District No. 3
Engagement: 2023 Grant School District #3
Period Ending: 6/30/2023
Trial Balance: 4005 - Trial Balance
Workpaper: 4010 - Adjusting Journal Entries

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entry JE # 34				
5110				
To record student body activity				
208.1111.0410.110.290.000	Supplies -Student Body		9,377.92	
208.1132.0410.608.290.000	Supplies -Student Body		186,903.74	
208.2120.0410.110.290.000	Supplies & Materials		3,629.68	
208.2120.0410.608.290.000	Supplies & Materials		72,340.31	
208.0000.1760.000.000.000	Student Body Accounts - Humbolt			7,728.13
208.0000.1768.000.000.000	Student Body Accounts - Grant Union			251,611.95
208.0000.9102.000.000.000	SB & SCHOLARSHIPS			7,632.10
208.0000.9102.000.000.000	SB & SCHOLARSHIPS			5,279.47
Total			<u>272,251.65</u>	<u>272,251.65</u>
Adjusting Journal Entry JE # 35				
5105				
To record QSCB BNY Mellon Account Activity				
301.5110.0621.995.008.000	Interest Expense - QSCB		12,925.00	
301.0000.1510.000.000.000	Interest Income			4,343.82
301.0000.9105.000.000.000	Bank of NY Mellon			8,581.18
Total			<u>12,925.00</u>	<u>12,925.00</u>
Adjusting Journal Entry JE # 38				
7115				
To record debt proceeds and purchase of bus on capital lease				
210.2550.0541.000.000.000	INITIAL & ADDITIONAL EQUIPMENT PURCHASE		369,238.00	
210.0000.5110.000.000.000	DEBT PROCEEDS			369,238.00
Total			<u>369,238.00</u>	<u>369,238.00</u>
Adjusting Journal Entry JE # 39				
5110				
To adjust scholarship account to proof of cash balance				
208.0000.1927.000.000.000	Scholarships		10,000.00	
208.0000.9102.000.000.000	SB & SCHOLARSHIPS			10,000.00
Total			<u>10,000.00</u>	<u>10,000.00</u>
Total Adjusting Journal Entry			<u>1,960,532.20</u>	<u>1,960,532.20</u>
Total All Journal Entries			<u>1,960,532.20</u>	<u>1,960,532.20</u>

I have reviewed the above Adjusting Audit Entries and approve of their posting to the Grant School District No. 3's Trial Balance at June 30, 2023.

Mary Jo Evers, CPA, Fiscal Services Contractor

Date

Client: Grant School District No. 3
Engagement: 2023 Grant School District #3
Period Ending: 6/30/2023
Trial Balance: 4005 - Trial Balance
Workpaper: 4015 - Modified Accrual Journal Entries

Account	Description	W/P Ref	Debit	Credit
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Modified Accrual Adjusting Entry

Modified Accrual Adjusting Entry JE # 1

5505

To record beginning balance inventory

253.0000.9200.000.000.000	Inventory		4,593.44	
999.0000.9200.000.000.000	Inventory		76,447.96	
100.0000.5400.000.000.000	Beginning Cash Balance			76,447.96
253.0000.5400.000.000.000	Beginning Cash Balance			4,593.44
Total			81,041.40	81,041.40
	Total Modified Accrual Adjusting Entry		81,041.40	81,041.40
	Total All Journal Entries		81,041.40	81,041.40

I have reviewed the above Modified Accrual Adjusting Audit Entries and approve of their posting to the Grant School District No. 3's Trial Balance at June 30, 2023.

Mary Jo Evers, CPA, Fiscal Services Contractor

Date

Client: Grant School District No. 3
Engagement: 2023 Grant School District #3
Period Ending: 6/30/2023
Trial Balance: 4005 - Trial Balance
Workpaper: 4020 - Accrual Journal Entries

Account	Description	W/P Ref	Debit	Credit
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Accrual Adjusting Entry

Accrual Adjusting Entry JE # 2

6105

To record beginning balance fixed assets

999.0000.915.000.000.000	Vehicles		1,540,000.18	
999.0000.9150.000.000.000	Land		330,421.00	
999.0000.9152.000.000.000	Equipment		1,566,356.97	
999.0000.9153.000.000.000	Construction in Progress		14,465.00	
999.0000.9154.000.000.000	Buildings		6,372,381.04	
999.0000.9155.000.000.000	Improvements		5,840,858.91	
800.0000.9222.000.000.000	Accumulated Depreciation - Improvements			1,462,729.96
800.0000.9232.000.000.000	Accumulated Depreciation - Buildings			4,856,528.49
800.0000.9242.000.000.000	Accumulated Depreciation - Equipment and Vehicles			2,013,644.28
999.0000.9510.000.000.000	Invested in Net Capital Assets			7,331,580.37
Total			<u>15,664,483.10</u>	<u>15,664,483.10</u>

Accrual Adjusting Entry JE # 3

7105

To record beginning balances debt

305.0000.5400.000.000.000	Beginning Cash Balance		3,352,069.79	
305.0000.09511.000.000.000	Long term bond payable			2,175,001.70
998.0000.9431.000.000.000	Capital lease obligation LT			431,963.81
998.0000.9432.000.000.000	Accrued Interest Payable			10,104.28
998.0000.9481.000.000.000	QSBC Bond payable LT			235,000.00
998.0000.9491.000.000.000	QZAB - LT			500,000.00
Total			<u>3,352,069.79</u>	<u>3,352,069.79</u>

Accrual Adjusting Entry JE # 4

7205

To record beginning balance right to use assets

998.0000.9251.000.000.000	Right to Use Asset - Copier Lease		47,491.35	
999.0000.9510.000.000.000	Invested in Net Capital Assets		511.87	
800.0000.9240.000.000.000	Accumulated Amortization			12,389.05
998.0000.9451.000.000.000	Copier Lease Payable			35,614.17
Total			<u>48,003.22</u>	<u>48,003.22</u>

Accrual Adjusting Entry JE # 5

9655

To record beginning balances GASB 68/75

100.0000.4830.000.000.000	Net Difference PERS Investment		1,574,243.00	
100.0000.5400.000.000.000	Beginning Cash Balance		4,143,934.00	
100.0000.1610.000.000.000	CY PERS Contributions			3,158,728.00
100.0000.4820.000.000.000	Net Pension Liability			2,559,449.00
Total			<u>5,718,177.00</u>	<u>5,718,177.00</u>

Accrual Adjusting Entry JE # 8

7105

Record WF principal payment

305.0000.09511.000.000.000	Long term bond payable		310,000.00	
305.5110.0610.995.000.000	Principal Expense			310,000.00
Total			<u>310,000.00</u>	<u>310,000.00</u>

Client: Grant School District No. 3
Engagement: 2023 Grant School District #3
Period Ending: 6/30/2023
Trial Balance: 4005 - Trial Balance
Workpaper: 4020 - Accrual Journal Entries

Account	Description	W/P Ref	Debit	Credit
Accrual Adjusting Entry JE # 9		7115		
Reclass Principal payments on bus leases				
998.0000.9431.000.000.000	Capital lease obligation LT		293,047.34	
210.2554.0564.995.000.000	Vehicle Replacement			293,047.34
Total			<u>293,047.34</u>	<u>293,047.34</u>
Accrual Adjusting Entry JE # 10		7115		
To adjust accrued interest on bus leases				
998.0000.9432.000.000.000	Accrued Interest Payable		905.01	
210.2554.0622.995.000.000	Vehicle Interest Expense			905.01
Total			<u>905.01</u>	<u>905.01</u>
Accrual Adjusting Entry JE # 11		7115		
To record new bus leases				
210.0000.5110.000.000.000	DEBT PROCEEDS		369,238.00	
999.0000.915.000.000.000	Vehicles		369,238.00	
210.2550.0541.000.000.000	INITIAL & ADDITIONAL EQUIPMENT PURCHASE			369,238.00
998.0000.9431.000.000.000	Capital lease obligation LT			369,238.00
Total			<u>738,476.00</u>	<u>738,476.00</u>
Accrual Adjusting Entry JE # 12		7205		
To reclass payments on the lease liability				
998.0000.9451.000.000.000	Copier Lease Payable		12,197.49	
100.2410.0324.110.000.000	Copy Machine Lease - Humbolt			6,098.75
100.2410.0324.608.000.000	Copy Machine Lease - GUHS			6,098.74
Total			<u>12,197.49</u>	<u>12,197.49</u>
Accrual Adjusting Entry JE # 13		7205		
To record amortization on Right to Use Asset				
800.0000.2540.665.000.000	Amortization Expense		12,389.05	
800.0000.9240.000.000.000	Accumulated Amortization			12,389.05
Total			<u>12,389.05</u>	<u>12,389.05</u>
Accrual Adjusting Entry JE # 15		6105		
Record asset disposals				
100.0000.5300.000.000.000	Sale of Fixed Assets		16,000.00	
800.0000.9242.000.000.000	Accumulated Depreciation - Equipment and Vehicles		176,379.13	
999.0000.915.000.000.000	Vehicles			182,757.00
999.0000.9156.000.000.000	Gain/Loss on Sale			9,622.13
Total			<u>192,379.13</u>	<u>192,379.13</u>
Accrual Adjusting Entry JE # 20		8105		
To clear deferred revenues for GAAP financial statement presentation				
100.0000.9481.000.000.000	Deferred Revenue		48,989.20	
100.0000.1112.000.000.000	Prior Years Taxes			5,681.75
100.0000.5400.000.000.000	Beginning Cash Balance			43,307.45
Total			<u>48,989.20</u>	<u>48,989.20</u>

Client: Grant School District No. 3
Engagement: 2023 Grant School District #3
Period Ending: 6/30/2023
Trial Balance: 4005 - Trial Balance
Workpaper: 4020 - Accrual Journal Entries

Account	Description	W/P Ref	Debit	Credit
Accrual Adjusting Entry JE # 25		6105		
To record CY Additions				
999.0000.915.000.000.000	Vehicles		12,000.00	
999.0000.9152.000.000.000	Equipment		102,066.64	
999.0000.9153.000.000.000	Construction in Progress		1,902,798.32	
999.0000.9155.000.000.000	Improvements		153,449.60	
100.2540.0541.608.000.000	New Equipment - GUHS			12,269.00
100.2540.0541.608.000.000	New Equipment - GUHS			5,245.00
100.2540.0541.608.000.000	New Equipment - GUHS			11,000.00
100.2540.0542.995.000.000	Replacement Equip - District			12,000.00
100.2550.0322.995.000.000	Repair & Maintenance			8,172.49
100.4155.0322.608.000.000	Building Impv Projects - GUHS			123,757.60
208.2540.0470.995.000.000	Staff Retention Expenses			29,692.00
216.1131.0541.608.520.000	New Equipment - Business			12,947.98
216.1131.0541.608.552.000	New Equipment - Auto			8,499.00
216.1131.0541.608.552.000	New Equipment - Auto			5,799.00
216.1131.0541.608.552.000	New Equipment - Auto			5,648.09
216.1131.0541.608.552.000	New Equipment - Auto			5,550.00
216.1131.0541.608.552.000	New Equipment - Auto			15,791.08
222.2210.0460.110.050.000	Non consumables - Humbolt			11,145.00
222.4150.0530.995.000.000	Undesignated			90,787.57
400.4150.0530.110.000.000	Facilities - HVAC - Humbolt			499,881.23
400.4150.0530.995.000.000	Facility Improvements - Dist.			24,796.75
400.4150.0531.110.000.000	Facilities-Seismic-Humbolt			748,643.40
400.4150.0531.608.000.000	Facilities-Seismic-Grant Union			538,689.37
210.2554.0564.995.000.000	Vehicle Replacement			
Total			2,170,314.56	2,170,314.56

Accrual Adjusting Entry JE # 26		6105		
To record CY depreciation expense				
800.0000.2540.662.000.000	Depreciation Expense - Buildings		128,327.16	
800.0000.2540.663.000.000	Depreciation Expense - Improvements		160,464.95	
800.0000.2540.664.000.000	Depreciation Expense - Equipment		141,971.32	
800.0000.9222.000.000.000	Accumulated Depreciation - Improvements			160,464.95
800.0000.9232.000.000.000	Accumulated Depreciation - Buildings			128,327.16
800.0000.9242.000.000.000	Accumulated Depreciation - Equipment and Vehicles			141,971.32
Total			430,763.43	430,763.43

Accrual Adjusting Entry JE # 32		9665		
To record adjustment to GASB 75 balances				
100.0000.1610.000.000.000	CY PERS Contributions		9,082.00	
100.0000.4820.000.000.000	Net Pension Liability		42,606.00	
100.0000.4830.000.000.000	Net Difference PERS Investment			28,186.00
100.1111.0241.110.050.000	Health Insurance			23,502.00
Total			51,688.00	51,688.00

Client: Grant School District No. 3
Engagement: 2023 Grant School District #3
Period Ending: 6/30/2023
Trial Balance: 4005 - Trial Balance
Workpaper: 4020 - Accrual Journal Entries

Account	Description	W/P Ref	Debit	Credit
Accrual Adjusting Entry JE # 36		9655		
To record current year adjustments for GASB 68				
100.0000.1610.000.000.000	CY PERS Contributions		1,118,380.00	
100.0000.4830.000.000.000	Net Difference PERS Investment		242,028.00	
100.0000.4820.000.000.000	Net Pension Liability			1,303,088.00
100.1111.0211.110.050.000	PERS - Employer Cont			34,222.00
100.1210.0211.995.000.000	PERS - Employer Contribution			8,533.00
100.2120.0211.608.000.000	PERS - Employer Contribution			1,812.00
100.2210.0211.995.001.000	PERS - Employer (EE/CCSS)			450.00
100.2320.0211.000.000.000	EMPLOYER CONTRIBUTION			1,428.00
100.2410.0211.995.000.000	PERS - Employer Contribution			5,914.00
100.2520.0211.995.000.000	PERS - Employer Cont			3,400.00
100.2630.0211.995.000.000	PERS - Employer Cont			123.00
253.3100.0211.110.000.000	PERS - Humbolt			1,438.00
Total			<u>1,360,408.00</u>	<u>1,360,408.00</u>
Total Accrual Adjusting Entry			<u>30,404,290.32</u>	<u>30,404,290.32</u>
Total All Journal Entries			<u>30,404,290.32</u>	<u>30,404,290.32</u>

I have reviewed the above Accrual Audit Entries and approve of their posting to the Grant School District No. 3's Trial Balance at June 30, 2023.

Mary Jo Evers, CPA, Fiscal Services Contractor

Date



Solutions

Certified Public Accountants, PC

Mitch T. Saul, CPA
Amy K. Walker, CPA
Harmony S. Piazza, CPA
Anna K. Bass

Robert M. Armstrong, CPA

April 29, 2024

Grant School District No. 3
401 N. Canyon Blvd.
Canyon City, OR 97820

Along with this note you will find thirteen copies of the Independent Auditor's Report and Financial Statements for Grant School District No. 3 for the year ended June 30, 2023. The report will need to be presented at a regular board meeting for approval. The copies can be distributed in this way . . .

Board of directors	7
Superintendent	1
Deputy clerk	1
Extra copies	<u>2</u>
Total for district	11
Reports to be distributed to other governmental agencies (list attached)	<u>2</u>
Total copies	13

Please mail the enclosed Plan of Action and the 297.466 Resolution (along with a copy of the minutes showing their approval) along with the GAS Report and Findings, and the Summary of Revenues and Expenditures and a check for \$350.00 made payable to Secretary of State in the envelope provided within 30 days of receipt. Let us know if you have any questions.

Thank you so much for all the assistance we received during the audit from everyone involved. As you look things over, if you have questions, please feel free to give me a call.

Amy K. Walker

Amy K. Walker
For Solutions, CPAs PC
John Day, Oregon

1/6
16.2

GRANT SCHOOL DISTRICT NO. 3
**DISTRIBUTION OF AUDIT REPORTS
TO OTHER GOVERNMENTAL AGENCIES**
June 30, 2023

Filing of audit report required by the Oregon Department of Education:

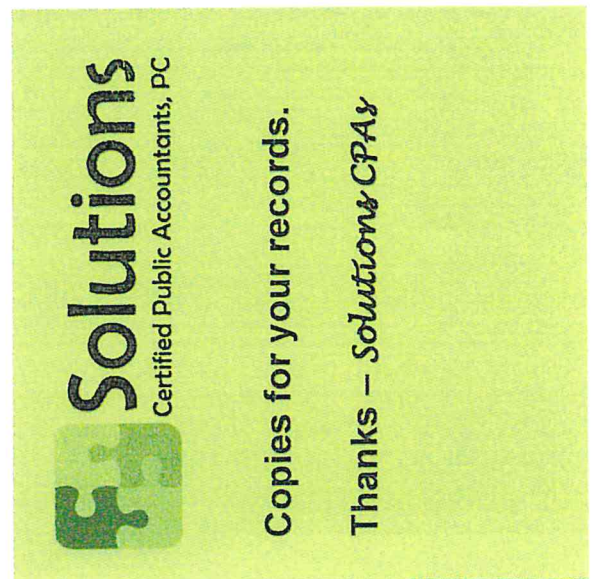
Solutions, CPAs will email a final PDF copy to ODE.

Address to use for the filing of audit report with county agencies:

Grant County Clerk
201 S. Humbolt, Suite 290
Canyon City, OR 97820

Grant County Education Service District
835 South Canyon Blvd.
John Day, OR 97845

Note: We will provide the Secretary of State with the required PDF file of the June 30, 2023 audit.





COPY

GRANT SCHOOL DISTRICT #3

401 N. Canyon City Blvd. • Canyon City, OR 97820
Phone: (541) 575-1280 • Fax: (541) 575-3614

April 26, 2024

Office of the Secretary of State
Audits Division
255 Capitol St. NE, Suite #500
Salem, OR 97310

Plan of Action for Grant School District No. 3

Grant School District No. 3 respectfully submits the following corrective action plan in response to deficiencies reported in our audit of fiscal year ended June 30, 2023. The audit was completed by the independent auditing firm Solutions, CPAs PC, John Day, Oregon.

The deficiencies are discussed below with the Action Plan listed for each.

Segregation of Duties – Material Weakness

Criteria: Custody, recording, and authorization functions should be segregated among different personnel over each significant transaction cycle when possible, to provide adequate internal control for the prevention, detection, and correction of error or fraud.

Condition and Context: Our evaluation of the district's internal control structure disclosed that the district does not have adequate segregation of duties. Accounting duties for main transaction cycles were concentrated on one individual which results in incompatible functions to provide proper segregation of duties.

Cause: The number of district employees has been limited due to the extent of various program activities.

Effect or Potential Effect: Without separation of critical duties, accounting errors or fraud may not be prevented, detected, or corrected in a timely manner.

Recommendations: We acknowledge that a complete separation of duties (such as treasury functions from accounting functions) is not possible due to staffing limitations. We recommend, however, that management review accounting positions and functions to identify specific duties that could be separated among the available personnel to achieve the strongest control possible under the circumstances. If necessary, additional involvement from the Board of Directors would provide additional oversight to help segregate some functions.

To achieve adequate segregation of duties the internal control structure will need to be distributed among all available employees and directors. Those whose duties have traditionally been limited to oversight duties will need to be involved at some level with the treasury or accounting function.

With some thought and creativity, we are confident that you will be able to identify specific areas where segregation should occur and the steps necessary to achieve this segregation. We are available to assist you in this process through analysis and training where needed.

Views of Responsible Official(s) and Planned Corrective Actions: Management understands the importance of segregation of duties and the need to address these matters 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 in order to provide additional segregation of duties does not justify the cost. In the future, we will continue to review our processes and attempt to identify ways to involve other employees and directors in order to improve our segregation.

General Ledger Maintenance and Reconciliation – Material Weakness

Criteria: A sound system of internal control must include timely and accurate reconciliation of all balance sheet accounts from cash, accounts receivable, liabilities, etc. One of the most important internal control functions to ensure transactions are reported appropriately, accurately, and correctly is the reconciliation of all activity and major accounts at the district on a timely basis.

Condition and Context: Audit procedures identified multiple material and pervasive errors related to the transactional processing of expenditures, revenues, and other major transactional cycles. Material adjustment was required to correct year-end balances across nearly every major account balance during audit field work. Normal procedures in place for yearend cut-off, including reconciliation of cash accounts, reconciliation of accounts receivable, reconciliation of accounts payable, inventory counts, and reconciliation of capital assets did not occur or were significantly delayed.

Cause: Intentional management override of internal controls or general lack of adherence to controls in place over transactional processing were significant causes for these issues. A lack of timely, complete, and accurate reconciliations of account balances, limited review and approval over transactions, and significant errors in account coding and general ledger maintenance were all present and causal factors.

Effect or Potential Effect: These issues can result in material misstatement whether due to fraud or error. Known management override of controls during the fiscal year has resulted in the inability for an opinion to be provided over the financial statements.

Recommendations: Significant strides towards improvement were taken when key members of the managing team were replaced with qualified individuals. We strongly recommended the board of directors continue to reassess the processes and procedures at the district office and develop an action plan to assist the management team in correcting the issues identified. We understand that turnover in the business manager position has resulted in significantly improved processes, but the board's involvement and oversight is imperative to achieve a strong control environment.

Views of Responsible Official(s) and Planned Corrective Actions: The district has had complete turnover in the key positions involved in the weaknesses referenced. The district has contracted with a Certified Public Accountant for the business manager position and has hired a new superintendent to oversee district operations. The district board has worked with these individuals to develop new transactional processing procedures, reviewed the conditions referenced above, and are working to correct issues for the 2024 fiscal year. This has involved working with third parties to correct required reporting, changing procedures that were in place during the 2023 fiscal year, and implementing additional oversight over the key positions to ensure a stronger system of internal control.

Processing of Payroll – Material Weakness

Criteria: Employers are responsible for the reporting of wages and related payroll taxes and benefits on behalf of their employees. The Internal Revenue Service, the Oregon Department of Revenue, and other third-party vendors for employee benefits (such as the Oregon Public Employees' Retirement System and the Oregon Educators Benefit Board) require employers to report on payroll and make payments on a scheduled and regular basis. A complete and accurately documented accounting of wages, tax withholdings, Social Security,

Medicare, and other taxes, deductions, and benefits must be made to support the amounts reported and recorded.

Condition and Context: Testing of the district's payroll during the 2023 fiscal year identified several material errors. Incorrectly processed and documented employee draws were made, multiple instances of employees paid wages outside of the approved and documented employment contracts, and multiple other issues related to the accrual and payment of employee wages, taxes, and benefits were noted. Further investigation into the district's processing of payroll identified several instances where the controls within the payroll software utilized by the district were circumvented or went unused. No reconciliations of wages, taxes, or benefits occurred during the fiscal year and significant errors were identified as a result.

Cause: Significant errors in the reporting and transactional process occurred because of lack of internal controls over the payroll process or the overriding of those controls by management. The Board of Directors should have been sufficiently involved to identify that such material errors were occurring. Several instances occurred where the issues were publicly made available or were brought directly to the attention of management that should have identified a need for immediate change.

Effect or Potential Effect: Mistakes in the calculation of payroll may result in lost funds from the overpayment of employees, the district being responsible for making wage restitution to its employees in cases of underpayment, the submission of revised or corrected payroll reports, the assessment of penalties and interest from federal or state agencies, and in extreme cases, civil or criminal action against the district. These issues can also result in material misstatement within the financial statements whether due to fraud or error and known management overriding of controls during the fiscal year has resulted in the inability for an opinion to be provided over the financial statements for the 2022-23 fiscal year.

Recommendations: Significant strides towards improvement were taken when key members of the management team were replaced with qualified individuals. We strongly recommend the board of directors continue to reassess the processes and procedures at the district office and develop an action plan to assist management in correcting the issues identified. We understand that turnover in the business manager position has resulted in significantly improved processes, but the board's involvement and oversight is imperative to achieve a strong control environment.

To ensure appropriate calendar year end 2023 payroll reporting, we strongly encourage the district to review every payroll transaction that occurred within the year to ensure wages and taxes are appropriately recorded and included in quarterly reports. We also recommend the district review accruals and reporting made for employee benefits such as retirement and health insurance and implement reconciliation procedures over all areas of payroll related transactions and balances.

Views of Responsible Official(s) and Planned Corrective Actions: The district has had complete turnover in the key positions involved in the weaknesses referenced. The district has contracted with a Certified Public Accountant for the business manager position and has hired a new superintendent to oversee district operations. The district board has worked with these individuals to develop new transactional processing procedures, reviewed the conditions referenced above, and are working to correct issues for the 2024 fiscal year. This has involved working with third parties to correct required reporting, changing procedures that were in place during the 2023 fiscal year, and implementing additional oversight over the key positions to ensure a stronger system of internal control.

Control Environment and Management Oversight

Criteria: One of the main components of a strong and functioning internal control system comes from the control environment and tone of key members of management and the governing body. Due to the size of the district, the Board of Directors and its management are essential in establishing an organization that is focused on prioritizing ethics, values, and the appropriate overall tone to emphasize these standards.

Condition and Context: The Board of Director's response to inappropriately processed transactions, management override of internal control, instances of noncompliance and other indications of incompetence from key members of management were insufficient. Continued lack of oversight and incompetence during the transactional processing resulted in pervasive material errors during the audit. Audit testing identified several instances where controls that were in place and effective during the 2022 fiscal year were no longer being implemented during the 2023 fiscal year or where past procedures and policies were overridden or ignored. These controls included, but were not limited to, the review of monthly financial reports, superintendent review and approval over purchase orders, back up documentation to support recorded expenditure transactions, as well as many others.

Cause: It is evident that management and key employees in place during the 2023 fiscal year placed limited importance on a sound control structure and were significantly underqualified for the roles they held. Lack of involvement in transactional processing, limited oversight of district operations, and multiple instances of overriding controls with limited involvement from the board of directors contributed to a poor control environment.

Effect or Potential Effect: These issues can result in material misstatement whether due to fraud or error. Known management overriding of controls during the fiscal year has resulted in the inability for an opinion to be provided over the financial statements for the 2022-23 fiscal year.

Recommendations: Significant strides towards improvement were taken when key members of the managing team were replaced with qualified individuals. We strongly recommended the board of directors continue to reassess the processes and procedures at the district office and develop an action plan to assist the new management in correcting the issues identified. We understand that turnover in the business manager position has resulted in significantly improved processes, but the board's involvement and oversight is imperative to achieve a strong control environment.

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Approved by Board of Directors on _____.

Board Chair



Solutions

Certified Public Accountants, PC

COPY

Mitch T. Saul, CPA
Amy K. Walker, CPA
Harmony S. Piazza, CPA
Anna K. Bass

Robert M. Armstrong, CPA

**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, 2023, and the related notes to the financial statements, which collectively comprise the district's basic financial statements, and have issued our report thereon dated April 24, 2024. In our report we did not express an opinion on the financial statements due to matters outlined in the Basis for Disclaimer of Opinion paragraph.

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 four deficiencies 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 2023-001, 2023-002, 2023-003, and 2023-004 to be material weaknesses.

11/8 → NDE
6.3.1

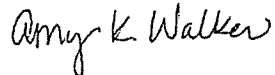
As part of obtaining reasonable assurance about whether the district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified 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
April 26, 2024

MATERIAL WEAKNESS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

2023-001 - Segregation of Duties

Criteria: Custody, recording, and authorization functions should be segregated among different personnel over each significant transaction cycle when possible, to provide adequate internal control for the prevention, detection, and correction of error or fraud.

Condition and Context: Our evaluation of the district's internal control structure disclosed that the district does not have adequate segregation of duties. Accounting duties for main transaction cycles were concentrated on one individual which results in incompatible functions to provide proper segregation of duties.

Cause: The number of district employees has been limited due to the extent of various program activities.

Effect or Potential Effect: Without separation of critical duties, accounting errors or fraud may not be prevented, detected, or corrected in a timely manner.

Recommendations: We acknowledge that a complete separation of duties (such as treasury functions from accounting functions) is not possible due to staffing limitations. We recommend, however, that management review accounting positions and functions to identify specific duties that could be separated among the available personnel to achieve the strongest control possible under the circumstances. If necessary, additional involvement from the Board of Directors would provide additional oversight to help segregate some functions.

To achieve adequate segregation of duties the internal control structure will need to be distributed among all available employees and directors. Those whose duties have traditionally been limited to oversight duties will need to be involved at some level with the treasury or accounting function.

With some thought and creativity, we are confident that you will be able to identify specific areas where segregation should occur and the steps necessary to achieve this segregation. We are available to assist you in this process through analysis and training where needed.

Views of Responsible Official(s) and Planned Corrective Actions: Management understands the importance of segregation of duties and the need to address these matters 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 in order to provide additional segregation of duties does not justify the cost. In the future, we will continue to review our processes and attempt to identify ways to involve other employees and directors in order to improve our segregation.

2023-002 – General Ledger Maintenance and Reconciliation

Criteria: A sound system of internal control must include timely and accurate reconciliation of all balance sheet accounts from cash, accounts receivable, liabilities, etc. One of the most important internal control functions to ensure transactions are reported appropriately, accurately, and correctly is the reconciliation of all activity and major accounts at the district on a timely basis.

Condition and Context: Audit procedures identified multiple material and pervasive errors related to the transactional processing of expenditures, revenues, and other major transactional cycles. Material adjustment was required to correct year-end balances across nearly every major account balance during audit field work. Normal procedures in place for yearend cut-off, including reconciliation of cash accounts,

reconciliation of accounts receivable, reconciliation of accounts payable, inventory counts, and reconciliation of capital assets did not occur or were significantly delayed.

Cause: Intentional management override of internal controls or general lack of adherence to controls in place over transactional processing were significant causes for these issues. A lack of timely, complete, and accurate reconciliations of account balances, limited review and approval over transactions, and significant errors in account coding and general ledger maintenance were all present and causal factors.

Effect or Potential Effect: These issues can result in material misstatement whether due to fraud or error. Known management override of controls during the fiscal year has resulted in the inability for an opinion to be provided over the financial statements.

Recommendations: Significant strides towards improvement were taken when key members of the managing team were replaced with qualified individuals. We strongly recommended the board of directors continue to reassess the processes and procedures at the district office and develop an action plan to assist the management team in correcting the issues identified. We understand that turnover in the business manager position has resulted in significantly improved processes, but the board's involvement and oversight is imperative to achieve a strong control environment.

Views of Responsible Official(s) and Planned Corrective Actions: The district has had complete turnover in the key positions involved in the weaknesses referenced. The district has contracted with a Certified Public Accountant for the business manager position and has hired a new superintendent to oversee district operations. The district board has worked with these individuals to develop new transactional processing procedures, reviewed the conditions referenced above, and are working to correct issues for the 2024 fiscal year. This has involved working with third parties to correct required reporting, changing procedures that were in place during the 2023 fiscal year, and implementing additional oversight over the key positions to ensure a stronger system of internal control.

2023-003 - Processing of Payroll

Criteria: Employers are responsible for the reporting of wages and related payroll taxes and benefits on behalf of their employees. The Internal Revenue Service, the Oregon Department of Revenue, and other third-party vendors for employee benefits (such as the Oregon Public Employees' Retirement System and the Oregon Educators Benefit Board) require employers to report on payroll and make payments on a scheduled and regular basis. A complete and accurately documented accounting of wages, tax withholdings, Social Security, Medicare, and other taxes, deductions, and benefits must be made to support the amounts reported and recorded.

Condition and Context: Testing of the district's payroll during the 2023 fiscal year identified several material errors. Incorrectly processed and documented employee draws were made, multiple instances of employees paid wages outside of the approved and documented employment contracts, and multiple other issues related to the accrual and payment of employee wages, taxes, and benefits were noted. Further investigation into the district's processing of payroll identified several instances where the controls within the payroll software utilized by the district were circumvented or went unused. No reconciliations of wages, taxes, or benefits occurred during the fiscal year and significant errors were identified as a result.

Cause: Significant errors in the reporting and transactional process occurred because of lack of internal controls over the payroll process or the overriding of those controls by management. The Board of Directors should have been sufficiently involved to identify that such material errors were occurring.

Several instances occurred where the issues were publicly made available or were brought directly to the attention of management that should have identified a need for immediate change.

Effect or Potential Effect: Mistakes in the calculation of payroll may result in lost funds from the overpayment of employees, the district being responsible for making wage restitution to its employees in cases of underpayment, the submission of revised or corrected payroll reports, the assessment of penalties and interest from federal or state agencies, and in extreme cases, civil or criminal action against the district. These issues can also result in material misstatement within the financial statements whether due to fraud or error and known management overriding of controls during the fiscal year has resulted in the inability for an opinion to be provided over the financial statements for the 2022-23 fiscal year.

Recommendations: Significant strides towards improvement were taken when key members of the management team were replaced with qualified individuals. We strongly recommend the board of directors continue to reassess the processes and procedures at the district office and develop an action plan to assist management in correcting the issues identified. We understand that turnover in the business manager position has resulted in significantly improved processes, but the board's involvement and oversight is imperative to achieve a strong control environment.

To ensure appropriate calendar year end 2023 payroll reporting, we strongly encourage the district to review every payroll transaction that occurred within the year to ensure wages and taxes are appropriately recorded and included in quarterly reports. We also recommend the district review accruals and reporting made for employee benefits such as retirement and health insurance and implement reconciliation procedures over all areas of payroll related transactions and balances.

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2023-004 - Control Environment and Management Oversight

Criteria: One of the main components of a strong and functioning internal control system comes from the control environment and tone of key members of management and the governing body. Due to the size of the district, the Board of Directors and its management are essential in establishing an organization that is focused on prioritizing ethics, values, and the appropriate overall tone to emphasize these standards.

Condition and Context: The Board of Director's response to inappropriately processed transactions, management override of internal control, instances of noncompliance and other indications of incompetence from key members of management were insufficient. Continued lack of oversight and incompetence during the transactional processing resulted in pervasive material errors during the audit. Audit testing identified several instances where controls that were in place and effective during the 2022 fiscal year were no longer being implemented during the 2023 fiscal year or where past procedures and policies were overridden or ignored. These controls included, but were not limited to, the review of monthly financial reports, superintendent review and approval over purchase orders, back up documentation to support recorded expenditure transactions, as well as many others.

Cause: It is evident that management and key employees in place during the 2023 fiscal year placed limited importance on a sound control structure and were significantly underqualified for the roles they held. Lack of involvement in transactional processing, limited oversight of district operations, and multiple instances of overriding controls with limited involvement from the board of directors contributed to a poor control environment.

Effect or Potential Effect: These issues can result in material misstatement whether due to fraud or error. Known management overriding of controls during the fiscal year has resulted in the inability for an opinion to be provided over the financial statements for the 2022-23 fiscal year.

Recommendations: Significant strides towards improvement were taken when key members of the managing team were replaced with qualified individuals. We strongly recommended the board of directors continue to reassess the processes and procedures at the district office and develop an action plan to assist the new management in correcting the issues identified. We understand that turnover in the business manager position has resulted in significantly improved processes, but the board's involvement and oversight is imperative to achieve a strong control environment.

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Oregon Secretary of State – Audits Division
Summary of Revenues and Expenditures

COPY

A. Municipal corporation information			
Municipality name: <u>Grant School District No. 3</u>			
Address line 1: <u>401 North Canyon Blvd</u>		Reporting period: From <u>07/01/2022</u>	
Address line 2: _____		To <u>06/30/2023</u>	
City, state, ZIP: <u>Canyon City</u> <u>OR</u> <u>97820</u>		Report type: <u>Audit</u>	
Check if new address: <input type="checkbox"/>		Opinion issued: <u>Disclaimer</u>	
If this is the final report, please enter the last date of operations: _____		Basis of accounting: <u>GAAP</u>	

B. Financial statement audit – Reported deficiencies	
1. Regarding internal controls over financial reporting, how many significant deficiencies and material weaknesses were reported? <u>4</u>	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: <u>0</u> Noncompliance: <u>0</u>	Per OAR 162-010-0230, a copy must be filed with Secretary of State.

C. Summary of revenues and expenditures	
Revenues and/or receipts	
a. Revenues from government-wide statement of activities:	\$ 12,663,248
b. Fiduciary fund additions:	
c. Gross revenues subtotal (a + b):	\$ 12,663,248
d. Revenues of component units:	
e. Taxes, assessments and other collections to be distributed to other governments:	
f. Exempt revenue subtotal (d + e):	\$ 0
g. Net revenues (c – f):	\$ 12,663,248
Expenditures and/or disbursements	
a. Expenditures from government-wide statement of activities:	\$ 10,802,769
b. Fiduciary fund deductions:	
c. Gross expenditures subtotal (a + b):	\$ 10,802,769
d. Component unit expenditures reported with primary government:	
e. Turnovers to other municipal corporations:	
f. Exempt expenditures subtotal (d + e):	\$ 0
g. Net expenditures (c – f):	\$ 10,802,769

D. Filing fee:	\$ 350
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E. Submitted by	
Auditor name: <u>Amy K. Walker, CPA</u>	Municipal license number: <u>1604</u>
Firm name: <u>Solutions, CPAs PC</u>	Date: <u>04/26/2024</u>
Municipal contact name, title: <u>Mary Jo Evers, Business Manager</u>	Municipal phone: <u>(541) 575-1280</u>

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)

SRE (9/2017)

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**GRANT SCHOOL DISTRICT No. 3
ORS 297.466 RESOLUTION**

**RESOLUTION SETTING FORTH PROPOSED PLAN OF ACTION PERTAINING TO
DEFICIENCIES NOTED IN ANNUAL AUDIT REPORT**

WHEREAS, Grant School District No. 3 was independently audited by the accounting firm of Solutions, CPAs PC for the fiscal year ended June 30, 2023; and,

WHEREAS, the auditors identified the district did not conform to legal requirements of Local Budget Law (ORS Chapter 294); and,

WHEREAS, the auditors identified the district did not conform to legal requirements of Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C); and,

WHEREAS, the auditors identified the district did not conform to requirements related to the timely maintenance of grant documentation related to the drawings and coding as required by ODE grant requirements; and,

WHEREAS, ORS 297.466 requires every municipal corporation to determine the measures it considers necessary to correct any deficiencies disclosed in the report and to adopt a resolution setting forth the plan of action and the period of time estimated to complete them.

NOW, THEREFORE, GRANT SCHOOL DISTRICT NO. 3 RESOLVES AS FOLLOWS:

1. The district will follow ORS Chapter 294 as follows:
 - a. Adopting the budget with correct account coding within budget categories (294.441)
 - b. Adopting budget with transfers of resources between funds balanced (294.463(3))
 - c. Comply with 5-30 day window for publication of budget committee meeting notices (294.426(5)(b))
 - d. Maintain documentation of publication notices for the budget hearing (294.438(1))
 - e. Reconcile projected ending fund balance of the current year with budgeted beginning fund balances of subsequent year budget (294.388)
2. The district will document compliance with the following Public Procurement Requirements:
 - a. Maintain documentation to support compliance with intermediate procurement requirements (297B.070)
 - b. Follow procurement law requirements in obtaining bids/quotes for procurement projects in a manner that avoids circumventing bid requirement thresholds (297B.070)
3. The district will timely document expenditures and related drawings and implement controls over transaction coding to ensure compliance with ODE requirements for programs funded by outside sources.
4. This resolution shall take effect upon adoption of this Resolution.

ADOPTED by Grant School District No. 3 at a regular meeting thereof this ____ day
of _____, 20____.

Signed: _____
Will Blood, Board Chairman