

GRANT SCHOOL DISTRICT NO. 3

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

For the Year Ended June 30, 2023



GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
BOARD OF DIRECTORS AND OFFICIALS
June 30, 2023

BOARD OF DIRECTORS

<u>NAME</u>	<u>ADDRESS</u>	<u>POSITION</u>
Alicia Griffin	PO Box 465 Mt Vernon, OR 97865	Acting Board Chair At Large
Jessi Burnson	301 Edgewood Dr. Canyon City, OR 97820	Director Zone 2
Brandon Culley	862 Bridge St. John Day, OR 97845	Director Zone 3
Kelly Stokes	PO Box 182 Mt Vernon, OR 97865	Director Zone 1
Chris Labhart	318 SE Hillcrest Dr. John Day, OR 97845	Director Zone 4
Colleen Robertson	PO Box 242 John Day, OR 97845	Director At Large
Jake Taylor	PO Box 186 Seneca, OR 97873	Director At Large

ADMINISTRATIVE STAFF

Mark Witty	Superintendent
Jay Hummel	Grant Union Jr./Sr. High School Principal
Janine Attlesperger	Humbolt Elementary School Principal
Dana McLean	Seneca Elementary School Principal

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

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 Canyon City, Grant County, Oregon
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of the governmental activities and each major fund of Grant School District No. 3, Canyon City, Oregon (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 as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the district. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinion

We noted multiple flaws in the design of transaction processing controls and related monitoring controls during the 2023 fiscal year that resulted in numerous actual and potential misstatements which are material and pervasive to the district's financial statements. As of the date of our audit report, management was still in the process of rectifying the system deficiencies and correcting the misstatements. We were unable to confirm or verify, by performing other audit procedures, the balances included in the statement of net position, the statement of activities, nor for the various fund balance sheets for governmental funds or statements revenues, expenditures, and changes in fund balance as of and for the year ended June 30, 2023. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded balances, and the elements making up those statements.

Responsibilities of Management for the Financial Statements

The district's 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the district's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the district's financial statements in accordance with auditing standards generally accepted in the United States of America. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of the district and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Report on Summarized Comparative Information

We have previously audited the district's 2022 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information and we expressed a qualified opinion on the governmental activities and an unmodified audit opinion on the major funds and remaining aggregate fund information in those audited financial statements in our report dated December 30, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 required supplementary information 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 to actual schedules for the General and Special Revenues Funds, 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, it is inappropriate to, and we do not express an opinion on the information referred to above.

Report on Supplementary and 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 supplementary 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 budgetary comparison information and supplementary schedules are the responsibility of management and were derived from and relate 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 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. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, it is inappropriate to, and we do not express an opinion on the information referred to above.


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 April 26, 2024, on our consideration of the district's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of 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 April 26, 2024, 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.



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

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

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, 2023. The readers are encouraged to consider the information presented here in conjunction with the financial statements which immediately follow this section.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the district exceeded its liabilities as of June 30, 2023 by \$11,945,322. Of this amount, \$6,325,131 represents the district's investment in capital assets, \$81,041 is invested in inventory, \$690,180 is restricted for special programs, \$2,911,872 is restricted for debt service, and the balance of \$1,937,098 is unrestricted.
- The district's total assets as of June 30, 2023 were \$20,682,853. This was an increase in total assets of \$2,499,184 from the 2022 total of \$18,183,669.
- The district's total liabilities as of June 30, 2023 were \$8,451,820. This was an increase in total liabilities of \$1,937,479 from the 2022 total of \$6,514,341.

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 like private-sector business. These statements include:

The Statement of Net Position: The Statement of Net Position presents information on all 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).

Governmental Activities

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 intergovernmental revenues. The government-wide financial statement can be found on pages 11 through 14 of this report.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

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 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 four 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 each of the major funds which includes the General Fund, Special Revenues Fund, Debt Service Fund, and Facilities Project Fund. 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 the basic financial statements can be found on pages 22 through 48 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 required schedules related to Oregon Public Retirement System and retiree health insurance accounts through PERS, and the General Fund and Special Revenue Fund budget to actual statements. Required supplementary information can be found on pages 51 through 55 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 \$11,945,322 at June 30, 2023.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

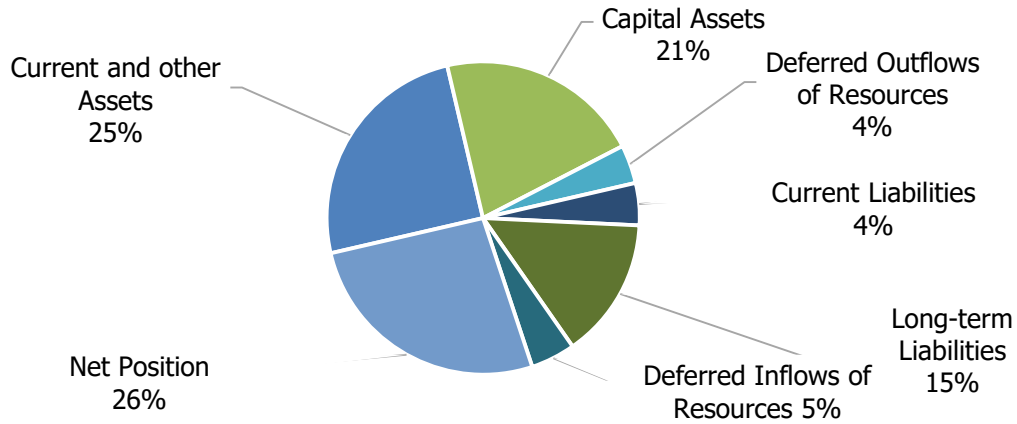
Capital assets, which consist of the district's land, buildings, building improvements and equipment, represent about 46 percent of total assets. The district uses these capital assets to provide services to students and other district residents; consequently, these assets are not available for future 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, 2023	June 30, 2022
Current and other assets	\$11,226,149	\$10,816,986
Capital assets	9,456,704	7,366,683
Total assets	20,682,853	18,183,669
Deferred outflows of resources	1,788,085	1,574,243
Total assets and deferred outflows	22,470,938	19,757,912
Current liabilities	1,948,062	1,046,647
Long-term liabilities	6,503,758	5,467,694
Total liabilities	8,451,820	6,514,341
Deferred inflows of resources	2,073,796	3,158,728
Total liabilities and deferred inflows	10,525,616	9,673,069
Net position:		
Invested in capital assets	6,325,131	6,164,105
Restricted	3,683,093	2,744,866
Unrestricted	1,937,098	1,175,872
Total net position	\$11,945,322	\$10,084,843

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

Governmental Activities

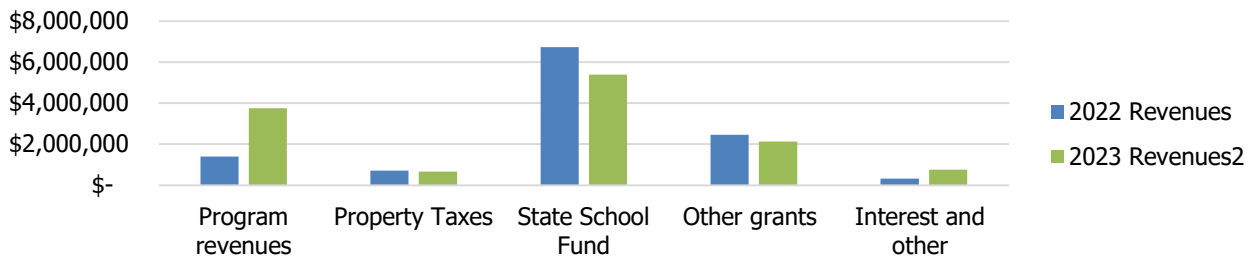


Government Activities

During the current fiscal year, the district's net position increased by \$1,860,479. The key elements of the increase in the district's net position for the year ending June 30, 2023 are as follows:

- An increase in total capital assets of \$2,090,021
- An increase in total liabilities of \$1,937,479
- An increase in revenues of \$1,072,530 that was offset by an increase in total expenses of \$1,734,659

Comparison of Revenues by Category



GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

CONDENSED STATEMENT OF ACTIVITIES

For the year ended

	Governmental Activities	
	June 30, 2023	June 30, 2022
Program revenues		
Charges for services	\$ 691,601	\$ 583,365
Operating grants and contributions	786,448	718,515
Capital grants and contributions	2,262,926	94,955
General revenues		
Property taxes	666,996	705,522
State school fund - general support	5,384,282	6,724,210
Other state and local sources	1,089,548	1,180,449
Restricted federal revenue	1,034,274	1,270,690
Interest on investments	307,929	50,146
Other	429,622	261,566
Gain on disposal of capital assets	9,622	1,300
Total revenues	12,663,248	11,590,718
Expenses		
Instruction	6,241,716	5,477,647
Support services	3,923,978	3,076,893
Enterprise and community services	397,879	353,088
Facilities maintenance	92,818	125
Debt service	146,378	160,357
Total expenses	10,802,769	9,068,110
Changes in net position	1,860,479	2,522,608
Net position - beginning	10,084,843	7,562,235
Net position - ending	\$11,945,322	\$10,084,843

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.

On June 30, 2023, the district's governmental funds reported combined ending fund balances of \$9,643,512. This was a decrease in fund balance of \$562,959 from the 2022 total of \$10,206,471.

General Fund: The General Fund is the primary operating fund of the district. As of June 30, 2023, unassigned fund balance was \$2,467,389 and a total fund balance of \$2,543,837. As a measure of the

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The fund balance represents approximately 31 percent of total General Fund expenditures.

BUDGET HIGHLIGHTS

General Fund revenues were \$336,678 under budgeted amounts and expenditures were \$3,471,474 under budgeted amounts.

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, 2023, the district had invested \$6,325,131 in capital assets, net of accumulated depreciation and related debt. This is \$2,090,021 more than amounts reported for June 30, 2022. Additional information on the district's capital assets can be found in note 4 on page 31.

Long-Term Debt: Long-term liabilities as of June 30, 2023 consisted of Net pension and other OPEB liabilities of \$3,819,931, leases payable of \$531,571, and Bonds payable of \$2,600,002. Balances due within the next fiscal year for these liabilities amount to \$447,746. Additional information on the district's long-term debt can be found in notes 5 through 10 on pages 31 through 36.

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 2023-2024 fiscal year indicates total appropriations and reserve amounts of \$24,389,458 as compared to the 2022-2023 year of \$24,305,933.

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

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
STATEMENT OF NET POSITION
June 30, 2023
(With Comparative Totals for 2022)

	Governmental Activities	
	June 30, 2023	June 30, 2022
ASSETS		
Cash and investments	\$ 8,835,057	\$ 9,346,504
Receivables		
Property taxes	55,138	52,728
Other	1,722,890	877,898
Restricted cash	532,023	458,815
Inventory	81,041	81,041
Capital assets (net of accumulated depreciation and amortization)		
Land	330,421	330,421
Construction in progress	1,917,263	14,465
Buildings and improvements	5,758,639	5,893,982
Equipment and vehicles	1,427,668	1,092,713
Leased assets (intangible assets)	22,713	35,102
Total capital assets	9,456,704	7,366,683
Total assets	20,682,853	18,183,669
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions and other OPEB	1,788,085	1,574,243
LIABILITIES		
Current liabilities		
Accounts payable	1,250,799	316,751
Accrued liabilities	240,318	250,457
Accrued interest payable	9,199	10,104
Current portion of long-term debt	448,723	469,335
Total current liabilities	1,949,039	1,046,647
Long term liabilities		
Net pension and other OPEB liability	3,819,931	2,559,449
Leases payable	531,571	467,578
Bonds payable	2,600,002	2,910,002
Less current portion of long term debt	(448,723)	(469,335)
Total long term liabilities	6,502,781	5,467,694
Total liabilities	8,451,820	6,514,341

(Continued on next page)

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 NET POSITION
June 30, 2023
(With Comparative Totals for 2022)

	Governmental Activities	
	June 30, 2023	June 30, 2022
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to grant revenues	\$ 42,530	\$ -
Deferred inflows related to pensions and other OPEB	2,031,266	3,158,728
Total deferred inflows of resources	2,073,796	3,158,728
NET POSITION		
Net investment in capital assets	6,325,131	6,164,105
Restricted for inventory	81,041	81,041
Restricted for special programs	690,180	686,182
Restricted for debt service	2,911,872	1,977,643
Unrestricted	1,937,098	1,175,872
Total net position	\$ 11,945,322	\$ 10,084,843

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2023
(With Comparative Totals for 2022)

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions
Governmental activities		Charges for Services	Operating Grants and Contributions	
Instruction				
Regular programs	\$ 4,903,368	\$ -	\$ 64,943	\$ -
Special programs	1,338,348	-	498,982	-
Supporting services				
Students	276,366	-	-	-
Instructional staff	229,827	-	-	-
General administration	294,631	-	-	-
School administration	705,694	-	-	-
Business services	2,247,226	-	-	-
Central support services	170,233	-	-	-
Enterprise and community services				
Food services	397,879	54,672	222,523	-
Facilities acquisition and construction				
Building acq., const., and imp.	92,818	-	-	2,250,000
Debt service	146,378	636,929	-	12,926
Total governmental activities	\$ 10,802,769	\$ 691,601	\$ 786,448	\$ 2,262,926

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

Net position - beginning

Net position - ending

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

Net (Expense)
Revenue
and Changes
in Net Position

Governmental Activities	
June 30, 2023	June 30, 2022
\$ (4,838,425)	\$ (4,212,199)
(839,366)	(852,460)
(276,366)	(221,185)
(229,827)	(169,630)
(294,631)	(187,197)
(705,694)	(594,110)
(2,247,226)	(1,763,848)
(170,233)	(58,895)
(120,684)	(39,224)
2,157,182	(125)
503,477	427,597
(7,061,794)	(7,671,275)
666,996	705,522
5,384,282	6,724,210
58,474	48,781
1,034,274	1,270,690
1,031,074	1,131,668
307,929	50,146
429,622	261,566
8,912,651	10,192,583
9,622	1,300
1,860,479	2,522,608
10,084,843	7,562,235
\$ 11,945,322	\$ 10,084,843

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023
(With Comparative Totals for 2022)

	100 General Fund	200 Special Revenue Fund	300 Debt Service Fund	400 Facilities Project Fund
ASSETS				
Cash and investments	\$ 2,179,063	\$ (154,081)	\$ 2,911,872	\$ 4,430,227
Inventories	76,448	4,593	-	-
Receivables				
Property taxes	55,138	-	-	-
Other	656,737	1,066,153	-	-
Due from other funds	-	-	-	-
Restricted cash	-	-	-	-
Total assets	<u>\$ 2,967,386</u>	<u>\$ 916,665</u>	<u>\$ 2,911,872</u>	<u>\$ 4,430,227</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 153,665	\$ 115,182	\$ -	\$ 932,604
Accrued liabilities	220,895	68,773	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>374,560</u>	<u>183,955</u>	<u>0</u>	<u>932,604</u>
Deferred inflows of resources				
Unavailable property tax revenue	48,989	-	-	-
Deferred grant revenue	-	42,530	-	-
Total deferred inflows of resources	<u>48,989</u>	<u>42,530</u>	<u>0</u>	<u>0</u>
Fund balances				
Nonspendable	76,448	4,593	-	-
Restricted	-	283,274	2,911,872	-
Committed	-	402,313	-	-
Assigned	-	-	-	3,497,623
Unassigned	2,467,389	-	-	-
Total fund balances	<u>2,543,837</u>	<u>690,180</u>	<u>2,911,872</u>	<u>3,497,623</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,967,386</u>	<u>\$ 916,665</u>	<u>\$ 2,911,872</u>	<u>\$ 4,430,227</u>

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

Total	
June 30, 2023	June 30, 2022
\$ 9,367,081	\$ 9,346,507
81,041	81,041
55,138	52,728
1,722,890	877,898
-	326,373
-	458,815
<u>\$ 11,226,150</u>	<u>\$ 11,143,362</u>
\$ 1,201,451	\$ 316,752
289,668	250,460
-	326,373
<u>1,491,119</u>	<u>893,585</u>
48,989	43,307
42,530	-
<u>91,519</u>	<u>43,307</u>
81,041	81,041
3,195,146	2,831,002
402,313	959,379
3,497,623	3,147,021
2,467,389	3,188,027
<u>9,643,512</u>	<u>10,206,470</u>
<u>\$ 11,226,150</u>	<u>\$ 11,143,362</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, 2023

Total Fund Balances		\$ 9,643,512
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 18,068,770	
Accumulated depreciation and amortization	<u>(8,612,065)</u>	9,456,705
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.		48,989
Net pension/OPEB liability is not due and payable in the current period, therefore it is not recorded in the governmental funds.		(3,819,931)
Deferred outflows and inflows related to pensions/OPEB are not current financial resources, therefore, they are not reported in the governmental funds.		(243,181)
Liabilities not payable in the current year are not reported as governmental fund liabilities. These liabilities consist of:		
Leases payable	\$ (531,571)	
Accrued interest	(9,199)	
Pension bonds payable	(1,865,002)	
Bonds payable	<u>(735,000)</u>	<u>(3,140,772)</u>
Total Net Position		<u>\$ 11,945,322</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, 2023
(With Comparative Totals for 2022)

	100 General Fund	200 Special Revenue Fund	300 Debt Service Fund	400 Facilities Project Fund
Revenues				
Taxes	\$ 661,315	\$ -	\$ -	\$ -
Intergovernmental	6,820,117	1,474,436	-	2,250,000
Local sources	429,974	355,839	656,265	-
Total revenues	<u>7,911,406</u>	<u>1,830,275</u>	<u>656,265</u>	<u>2,250,000</u>
Expenditures				
Current				
Instruction				
Regular programs	3,667,488	1,033,954	-	-
Special programs	960,614	330,611	-	-
Adult/cont. education programs	-	-	-	-
Support services				
Students	190,715	75,970	-	-
Instructional staff	201,955	29,910	-	-
General administration	283,807	-	-	-
School administration	659,937	34,521	-	-
Business services	1,992,315	79,122	-	-
Central activities	54,837	108,440	-	-
Food services	-	382,491	-	-
Facilities acquisition and construction	125,328	90,788	-	186
Capital outlay	127,203	810,361	-	1,899,212
Debt service	-	-	456,378	-
Total expenditures	<u>8,264,199</u>	<u>2,976,168</u>	<u>456,378</u>	<u>1,899,398</u>
Excess of revenues over (under) expenditures	<u>(352,793)</u>	<u>(1,145,893)</u>	<u>199,887</u>	<u>350,602</u>
Other financing sources (uses)				
Transfer in	-	356,887	48,160	-
Transfer out	(405,047)	-	-	-
Lease and Loan proceeds	-	369,238	-	-
Proceeds on sale of assets	16,000	-	-	-
Total other financing sources (uses)	<u>(389,047)</u>	<u>726,125</u>	<u>48,160</u>	<u>0</u>
Net change in fund balances	(741,840)	(419,768)	248,047	350,602
Available fund balance, July 1	<u>3,285,677</u>	<u>1,109,948</u>	<u>2,663,825</u>	<u>3,147,021</u>
Available fund balance, June 30 - by category				
Nonspendable	76,448	4,593	-	-
Restricted	-	283,274	2,911,872	-
Committed	-	402,313	-	-
Assigned	-	-	-	3,497,623
Unassigned	2,467,389	-	-	-
Available fund balance, June 30 - total	<u>\$ 2,543,837</u>	<u>\$ 690,180</u>	<u>\$ 2,911,872</u>	<u>\$ 3,497,623</u>

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

Total	
June 30, 2023	June 30, 2022
\$ 661,315	\$ 703,979
10,544,553	9,988,818
1,442,078	895,078
<u>12,647,946</u>	<u>11,587,875</u>
4,701,442	4,141,025
1,291,225	1,142,446
-	168,632
266,685	215,481
231,865	163,769
283,807	181,590
694,458	578,216
2,071,437	1,960,385
163,277	52,784
382,491	339,936
216,302	9,219
2,836,776	65,665
456,378	435,357
<u>13,596,143</u>	<u>9,454,505</u>
<u>(948,197)</u>	<u>2,133,370</u>
405,047	951,736
(405,047)	(951,736)
369,238	-
16,000	1,300
<u>385,238</u>	<u>1,300</u>
(562,959)	2,134,670
<u>10,206,471</u>	<u>8,071,801</u>
81,041	81,041
3,195,146	853,360
402,313	959,379
3,497,623	3,147,021
2,467,389	5,165,670
<u>\$ 9,643,512</u>	<u>\$ 10,206,471</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, 2023

Net Change in Fund Balance \$ (562,959)

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 and amortization expense.

Expenditures for capital assets	\$ 2,539,552	
Disposal of capital assets	(6,378)	
Less current year depreciation and amortization	<u>(443,152)</u>	2,090,022

Current year PERS contributions that will be recognized as an expense in the subsequent period.		331,418
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Change in net OPEB liability is not recognized in the current year in the governmental funds.		(250,596)
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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:

Debt and lease proceeds	(369,238)	
Principal payments	<u>615,245</u>	246,007

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.		905
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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>5,682</u>
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Change in Net Position		<u><u>\$ 1,860,479</u></u>
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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, 2023

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, except for 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.

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:

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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.

Special Revenue Fund – The Special Revenue Fund is used to account for the revenues and expenditures of grant or special purpose related activities. Principal revenue sources are federal and state grants.

Debt Service Fund – The Debt Service Fund provides for the receipt of debt proceeds and the payment of principal and interest on bonded debt.

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

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

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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 leases are reported as other financing sources.

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

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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.

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.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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, 2023 was \$81,041 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 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.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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. Rounding

The district financial statements, notes to the financial statements, and related tables and schedules display dollar amounts rounded to the nearest whole dollar. To improve communication among preparers, reviewers, and auditors during the preparation process, and to avoid excessive workload associated with the resolution of rounding errors, small differences may exist, and totals may not foot. These differences have been reviewed and deemed trivial enough so as to not impact the reader's experience.

M. 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.

N. Unearned Revenues

Unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Revenue is considered earned when all eligibility criteria are met, and the amount is measurable. In the governmental funds, amounts must be available to be recognized as revenue.

O. 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, 2023

P. 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.

Q. 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.

Non-spendable fund balance is the portion of net resources that cannot be spent because they are either (a) in a non-spendable 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, 2023

R. Prior Period Comparative Data

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the district's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Note 2. Deposits and Investments

At June 30, 2023 the carrying amount of the district's deposits was \$1,925,544 and the bank balance was \$2,505,930. 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, 2023 the district had no balances exposed to custodial credit risk.

As of June 30, 2023 the district had the following investments:

Investment	Maturities	Fair Value
Local government investment pool	Varies	\$ 7,288,272
Wells Fargo institutional money market account	Varies	1,371
Bank of NY Mellon investments in federal obligations	Varies	151,893
Total		<u>\$ 7,441,536</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.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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

The following is a reconciliation to cash and investment balances to the financial statements:

Unrestricted cash and investments	\$ 8,835,057
Restricted cash	<u>532,023</u>
Total cash and investments	<u>\$ 9,367,080</u>
Cash carrying amount	\$ 1,925,544
Investments carrying amount	<u>7,441,536</u>
Total cash and investments	<u>\$ 9,367,080</u>

Note 3. Receivables

Receivables are comprised of the following as of June 30, 2023:

Property Taxes	\$ 55,138
Grants	<u>1,722,889</u>
Total	<u>\$ 1,778,027</u>

Note 4. Changes in Capital Assets

The following is a summary of changes in capital assets:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets				
Land	\$ 330,421	\$ -	\$ -	\$ 330,421
Construction in Progress	14,465	1,902,798	-	1,917,263
Buildings	6,372,381	-	-	6,372,381
Improvements	5,840,859	153,450	-	5,994,309
Equipment and Vehicles	3,106,357	483,305	(182,757)	3,406,905
Leased assets (intangible)	<u>47,491</u>	<u>-</u>	<u>-</u>	<u>47,491</u>
Totals	<u>15,711,974</u>	<u>2,539,552</u>	<u>(182,757)</u>	<u>18,068,769</u>
Accumulated Depreciation				
Buildings	4,856,528	128,327	-	4,984,855
Improvements	1,462,730	160,465	-	1,623,195
Equipment and vehicles	2,013,644	141,971	(176,379)	1,979,236
Leased assets (intangible)	<u>12,389</u>	<u>12,389</u>	<u>-</u>	<u>24,778</u>
Totals	<u>8,345,291</u>	<u>443,152</u>	<u>(176,379)</u>	<u>8,612,064</u>
Net fixed assets	<u>\$ 7,366,683</u>	<u>\$ 2,096,400</u>	<u>\$ (6,378)</u>	<u>\$ 9,456,705</u>

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Depreciation and amortization was charged to the following functions:

Instruction	
Regular programs	\$ 203,909
Special programs	55,656
Support services	
Students	11,493
Instructional staff	9,557
General administration	12,252
School administration	29,347
Business services	93,453
Central support services	7,079
Enterprise and community services	
Food services	16,546
Facilities acquisition and construction	
Building acq., const., and impr.	<u>3,860</u>
Total Depreciation Expense	<u>\$ 443,152</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 leases are accounted for in the General Fund.

	Balance June 30, 2022	Issued/ Matured	Retired/ Paid	Balance June 30, 2023	Due in one year
Limited tax pensions bonds	\$ 2,175,002	\$ -	\$ 310,000	\$ 1,865,002	\$ 345,000
QSCB Bonds	235,000	-	-	235,000	-
QZAB Bonds	500,000	-	-	500,000	-
2018 Blue Bird bus lease	49,234	-	49,234	-	-
2019 Blue Bird bus lease	76,045	-	49,684	26,361	-
2019 Chevy Micro Bird bus lease	35,625	-	11,415	24,210	12,341
2020 Blue Bird bus lease	100,972	-	48,519	52,453	-
2022 Blue Bird bus lease	115,805	-	21,865	93,940	22,495
2022 Blue Bird bus lease	54,283	-	10,249	44,034	10,544
2023 Blue Bird bus lease	-	184,619	73,791	110,828	20,928
2023 Blue Bird bus lease	-	184,619	28,291	156,328	24,241
Right to use asset leases	35,614	-	12,197	23,417	13,174
Total long-term debt	<u>\$ 3,377,580</u>	<u>\$ 369,238</u>	<u>\$ 615,245</u>	<u>\$ 3,131,573</u>	<u>\$ 448,723</u>

Interest expense of \$170,106 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

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programs for which borrowing is related.

Note 6. PERS UAL Bonds Payable

On October 9, 2003, the district issued \$3,609,301 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
2024	\$ 345,000	\$ 103,508
2025	385,000	84,360
2026	430,000	62,993
2027	480,000	39,128
2028	225,002	51,613
	\$ 1,865,002	\$ 341,602

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 \$151,893 as of June 30, 2023. The debt service requirements to maturity on June 15, 2025 are as follows:

Fiscal Year Ended	Principal	Interest
2024	\$ -	\$ 12,926
2025	235,000	12,926
TOTAL	\$ 235,000	\$ 25,852

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

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the bond when it matures in 2027. As of June 30, 2023, the balance on deposit was \$380,130. The debt service requirements to maturity are as follows:

Fiscal Year Ended	Principal	Interest
2024	\$ -	\$ -
2025	-	-
2026	-	-
2027	500,000	-
TOTAL	\$ 500,000	\$ 0

Note 9. Bus Leases

The district entered an agreement 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. The district made an additional principal and interest payment during the fiscal year ended June 30, 2023. Future minimum payments are as follows:

Fiscal Year Ended	Principal	Interest
2024	\$ -	\$ -
2025	26,361	1,068
TOTAL	\$ 26,361	\$ 1,068

The district entered an agreement 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 payments are as follows:

Fiscal Year Ended	Principal	Interest
2024	\$ 11,869	\$ 964
2025	12,341	492
TOTAL	\$ 24,210	\$ 1,456

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The district entered an agreement 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. The district made an additional principal and interest payment during the fiscal year ended June 30, 2023. Future minimum payments are as follows:

Fiscal Year Ended	Principal	Interest
2024	\$ -	\$ -
2025	25,717	2,088
2026	26,736	1,069
TOTAL	<u>\$ 52,453</u>	<u>\$ 3,157</u>

The district entered an agreement in July 2020 for a Blue Bird bus with 7 annual payments of \$25,200 starting in November 2020, including interest at 2.88 percent through November 2026. Future minimum payments are as follows:

Fiscal Year Ended	Principal	Interest
2024	\$ 22,495	\$ 2,705
2025	23,142	2,058
2026	23,809	1,391
2027	24,495	705
TOTAL	<u>\$ 93,940</u>	<u>\$ 6,860</u>

The district entered an agreement in July 2020 for a Blue Bird bus with 7 annual payments of \$11,812 starting in November 2020, including interest at 2.88 percent through November 2026. Future minimum payments are as follows:

Fiscal Year Ended	Principal	Interest
2024	\$ 10,544	\$ 1,268
2025	10,847	965
2026	11,160	652
2027	11,483	329
TOTAL	<u>\$ 44,034</u>	<u>\$ 3,214</u>

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The district entered an agreement in July 2022 for a Blue Bird bus with 7 annual payments of \$24,120 starting in August 2022, including interest at 2.88 percent through August 2027. Future minimum payments are as follows:

Fiscal Year Ended	Principal	Interest
2024	\$ 20,928	\$ 3,192
2025	21,531	2,589
2026	22,151	4,502
2027	22,789	1,331
2028	23,429	691
TOTAL	\$ 110,828	\$ 12,305

The district entered a capital lease in July 2022 for a Blue Bird bus with 8 annual payments of \$28,743 starting in August 2022, including interest at 2.88 percent through August 2028. Future minimum lease payments are as follows:

Fiscal Year Ended	Principal	Interest
2024	\$ 24,241	\$ 4,502
2025	24,939	3,804
2026	25,657	3,086
2027	26,396	2,347
2028	27,156	1,587
2029	27,938	805
TOTAL	\$ 156,328	\$ 16,130

Note 10. Leases Payable

The following is a summary of leases payable:

<u>Leases Payable</u>	<u>Balance June 30, 2022</u>	<u>Principal Retired</u>	<u>Balance June 30, 2023</u>	<u>Due within One year</u>
Wells Fargo Copier Lease	\$ 35,614	\$ 12,197	\$ 23,417	\$ 13,174
	<u>\$ 35,614</u>	<u>\$ 12,197</u>	<u>\$ 23,417</u>	<u>\$ 13,174</u>

On April 30, 2020, the district entered into a lease agreement for the use of a copier. The lease term is for 60 months requiring monthly payments of \$1,098 through April 2025. Implicit interest of 3.25% was taken using the federal prime lending interest rate from July 2021. Total payments on the lease totaled \$13,174 during the fiscal year ended June 30, 2023.

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As of June 30, 2023, the district had future minimum payments under this lease as follows:

Fiscal Year Ended	Principal Allocation	Interest Allocation	Total Payments
2024	\$ 12,600	\$ 574	\$ 13,174
2025	10,817	162	10,979
Total	\$ 23,417	\$ 736	\$ 24,153

Note 11. Right to use Leased Assets

The following is a summary of the right to use leased assets:

Right to Use Asset	Balance June 30, 2022	Accumulated Amortization	Balance June 30, 2023	Current Year Amortization
Wells Fargo Copier Lease	\$ 35,102	\$ 24,778	\$ 22,713	\$ 12,389
	\$ 35,102	\$ 24,778	\$ 22,713	\$ 12,389

Note 12. 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 Revenue Fund from the General Fund to support student-body extra-curricular activities. A transfer of \$40,000 was made to the Special Revenue Fund from the General Fund to support future technological upgrades. A transfer of \$100,000 was made to the Special Revenue Fund from the General Fund to fund future bus purchases. A transfer of \$181,887 was made to the Special Revenue Fund from the General Fund for the district's required price-equity match for food-service related activities. A transfer of \$48,160 was made to the Debt Service Fund from the General Fund to fund current year and reserve requirements on debt. The detail of interfund transfers for the fiscal year ended June 30, 2023 is as follows:

Transfer To	Transfer From	Amount
Debt Service Fund	General Fund	\$ 48,160
Special Revenue Fund	General Fund	356,887
Total Transfers		\$ 405,047

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.

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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.

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.

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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.

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.

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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, 2020 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. 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, 2023 were \$281,137, 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, 2023 were:

<u>Rate Category</u>	<u>Normal Cost Rate</u>	<u>Combined UAL Rate</u>	<u>Side Account</u>	<u>Net Rate</u>
PERS general service	13.45%	15.78%	-19.77%	9.46%
PERS police and fire	13.45%	15.78%	-19.77%	9.46%
OPSRP general service	8.64%	15.78%	-18.02%	6.40%
OPSRP police and fire	13.00%	15.78%	-18.02%	10.76%

Pension Plan Annual Comprehensive Financial Report (ACFR)

Oregon PERS produces an independently audited ACFR which can be found at: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-ComprehensiveFinancial-Report.pdf>

Actuarial Valuations

The employer contribution rates effective July 1, 2021, through June 30, 2023, 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

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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.

Actuarial Methods and Assumptions

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of living adjustment (COLA)	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: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</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 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

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Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2020 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: <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-ComprehensiveFinancial-Report.pdf>.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
District’s proportionate share of the net pension liability (asset)	\$ 7,010,908	\$ 3,953,341	\$ 1,394,298

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

At June 30, 2023, the district reported a liability of \$3,953,341 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial

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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, 2022, the district's proportion was 0.02581857 percent.

For the year ended June 30, 2023, the district recognized \$1,038,874 in pension expense. Pension expense includes district expense of \$223,815 related to 2022 district's proportionate share of system pension expense, self-imposed expense for PERS bond retirement of \$575,028 and employee contributions picked up by the district of \$240,031

At June 30, 2023, 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	\$ 191,903	\$ 24,654
Changes in assumptions	620,301	5,667
Net difference between projected and actual earnings on pension plan investments	-	706,781
Changes in proportion and differences between District contributions and proportionate share of contributions	624,327	1,259,016
District contributions subsequent to the measurement date	331,418	-
Total	\$ 1,767,949	\$ 1,996,118

\$331,418 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Fiscal Year	Deferred outflow or (inflow) of Resources
2024	\$ (248,410)
2025	(191,009)
2026	(407,859)
2027	283,397
2028	4,293
Thereafter	-
Total	\$ (559,588)

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2022 measurement date that would require a brief description under GASB 68.

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, 2023, the district's contribution rate was 0.05 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, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020.

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Actuarial Methods and Assumptions

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Retiree Healthcare Participation	Healthy retirees: 27.5%; Disabled retirees: 15%
Healthcare cost trend rate	Not Applicable
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active Members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</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 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 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

GRANT SCHOOL DISTRICT NO. 3
 Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
 June 30, 2023

plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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 <https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-ComprehensiveFinancial-Report.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 6.90 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 (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease 5.90%	Discount Rate 6.90%	1% Increase 7.90%
District's proportionate share of the net OPEB liability (asset)	\$ (120,240)	\$ (133,410)	\$ (144,700)

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

At June 30, 2023, the district reported an asset of \$133,410 for its proportionate share of the net OPEB liability (asset). The net OPEB liability was measured as of June 30, 2022, 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, 2022, the district’s proportion was 0.03754487 percent.

For the year ended June 30, 2023, the district recognized income of \$22,578. At June 30, 2023, the district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,615
Changes in assumptions	1,045	4,447
Net difference between projected and actual earnings on OPEB plan investments	-	10,174
Changes in proportion and differences between District contributions and proportionate share of contributions	19,091	16,912
Total	\$ 20,136	\$ 35,148

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
2024	\$ (20)
2025	(11,831)
2026	(6,420)
2027	3,259
2028	-
Thereafter	-
Total	\$ (15,012)

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2022 measurement date that would require a brief description under GASB 68.

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.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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. Risk Management

The district is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the district carries commercial insurance. Settled claims have not exceeded commercial coverage in any of the past three years.

The district is exposed to risk of loss due to unemployment claims. Unemployment claims are administered through the state employment division and the district reimburses the state for all employment benefits paid out through the General Fund as claims are filed. The district does not have a policy for determining accruals for benefits or evaluating the adequacy of the cash balance. No accruals have been made for unpaid insurance claims.

Note 17. 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, 2023.

Note 18. Subsequent Events

The district is subject to potential liability related to outstanding tort claims against the district. The liability of the district or potential financial impact cannot be estimated at this time.

Note 19. Fund Balance Classification

Below is a schedule of the ending fund balance, based on GASB Statement No. 54 categories.

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

Fund Balances:	100 General Fund	200 Special Revenue Fund	300 Debt Service Fund	400 Facilities Project Fund	Total
Restricted fund balance					
<u>Non-spendable:</u>					
Total Non-spendable	\$ 76,448	\$ 4,593	\$ -	\$ -	\$ 81,041
<u>Restricted:</u>					
Student body funds	-	258,751	-	-	258,751
School lunch	-	61,261	-	-	61,261
Debt service	-	-	2,911,873	-	2,911,873
Education - grants	-	(36,739)	-	-	(36,739)
Total Restricted	0	283,273	2,911,873	0	3,195,146
Unrestricted fund balance					
<u>Committed To:</u>					
Capital outlay	-	402,313	-	-	402,313
Total Committed	0	402,313	0	0	402,313
<u>Assigned to:</u>					
Capital outlay	-	-	-	3,497,623	3,497,623
Total Assigned	0	0	0	3,497,623	3,497,623
<u>Unassigned:</u>					
Total unassigned	2,467,389	-	-	-	2,467,389
Total fund balances	<u>\$ 2,543,837</u>	<u>\$ 690,179</u>	<u>\$ 2,911,873</u>	<u>\$ 3,497,623</u>	<u>\$ 9,643,512</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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
2023	0.02581857%	\$ 3,953,341	\$ 4,178,387	94.61%	84.50%
2022	0.02214731%	\$ 2,650,253	\$ 3,958,295	66.95%	87.60%
2021	0.02520729%	\$ 5,501,098	\$ 3,739,068	147.12%	75.80%
2020	0.02327524%	\$ 4,026,059	\$ 3,482,724	115.60%	80.20%
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.

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
2023	\$ 281,137	\$ 281,137	\$ -	\$ 4,853,036	5.79%
2022	\$ 288,231	\$ 288,231	\$ -	\$ 4,178,387	6.90%
2021	\$ 393,910	\$ 393,910	\$ -	\$ 3,958,295	9.95%
2020	\$ 403,748	\$ 403,748	\$ -	\$ 3,739,068	10.80%
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.

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
2023	0.03754487%	\$ (133,410)	\$ 4,178,387	-3.19%	194.60%
2022	0.02644265%	\$ (90,804)	\$ 3,958,295	-2.29%	183.90%
2021	0.06425112%	\$ (130,918)	\$ 3,739,068	-3.50%	150.10%
2020	0.02538309%	\$ (49,049)	\$ 3,482,724	-1.41%	64.90%
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
2023	\$ 923	\$ 923	\$ -	\$ 4,853,036	0.02%
2022	\$ 784	\$ 784	\$ -	\$ 4,178,387	0.02%
2021	\$ 4,086	\$ 4,086	\$ -	\$ 3,958,295	0.10%
2020	\$ 12,594	\$ 12,594	\$ -	\$ 3,739,068	0.34%
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.

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, 2023

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Taxes	\$ 661,315	\$ 664,921	\$ 664,921	\$ 3,606
Local sources	429,974	98,000	98,000	(331,974)
Intermediate sources	784,470	1,047,747	1,047,747	263,277
State sources	5,659,680	5,881,995	5,881,995	222,315
Federal sources	375,966	555,420	555,420	179,454
Total revenues	<u>7,911,405</u>	<u>8,248,083</u>	<u>8,248,083</u>	<u>336,678</u>
Expenditures				
1000 Instruction	4,628,101	6,173,279	6,173,279	1,545,178
2000 Supporting services	3,510,769	4,983,473	4,983,473	1,472,704
4000 Facilities acquisition and const	125,328	148,920	148,920	23,592
6000 Contingency	-	430,000	430,000	430,000
Total expenditures	<u>8,264,198</u>	<u>11,735,672</u>	<u>11,735,672</u>	<u>3,471,474</u>
Excess of revenues over (under) expenditures	<u>(352,793)</u>	<u>(3,487,589)</u>	<u>(3,487,589)</u>	<u>(3,134,796)</u>
Other financing (uses)				
Transfers out	(405,047)	(516,451)	(516,451)	(111,404)
Sale of capital assets	16,000	-	-	(16,000)
Total other financing (uses)	<u>(389,047)</u>	<u>(516,451)</u>	<u>(516,451)</u>	<u>(127,404)</u>
Net change in fund balance	(741,840)	(4,004,040)	(4,004,040)	(3,262,200)
Available fund balance, July 1	<u>3,209,229</u>	<u>4,004,040</u>	<u>4,004,040</u>	<u>794,811</u>
Available fund balance, June 30	<u>\$ 2,467,389</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,467,389)</u>

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 200 SPECIAL REVENUE FUND

For the Year Ended
June 30, 2023

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Local sources	\$ 355,839	\$ 663,934	\$ 663,934	\$ 308,095
State sources	803,469	821,945	821,945	18,476
Federal sources	670,967	1,607,621	1,607,621	936,654
Total revenues	<u>1,830,275</u>	<u>3,093,500</u>	<u>3,093,500</u>	<u>1,263,225</u>
Expenditures				
1000 Instruction	1,474,543	2,527,226	2,527,226	1,052,683
2000 Supporting services	1,028,067	914,994	914,994	(113,073)
3000 Food services	382,771	487,897	487,897	105,126
4000 Facilities acquisition and const	90,788	550,276	550,276	459,488
6000 Contingency	-	151,567	151,567	151,567
Total expenditures	<u>2,976,169</u>	<u>4,631,960</u>	<u>4,631,960</u>	<u>1,655,791</u>
Excess of revenues over (under) expenditures	<u>(1,145,894)</u>	<u>(1,538,460)</u>	<u>(1,538,460)</u>	<u>(392,566)</u>
Other financing (uses)				
Transfers in	356,887	361,887	361,887	5,000
Debt proceeds	369,238	-	-	(369,238)
Total other financing (uses)	<u>726,125</u>	<u>361,887</u>	<u>361,887</u>	<u>(364,238)</u>
Net change in fund balance	(419,769)	(1,176,573)	(1,176,573)	(756,804)
Available fund balance, July 1	<u>1,105,355</u>	<u>1,176,573</u>	<u>1,176,573</u>	<u>71,218</u>
Available fund balance, June 30	<u>\$ 685,586</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (685,586)</u>

GRANT SCHOOL DISTRICT #3
Canyon City, Grant County, Oregon
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended
June 30, 2023

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, 2023, disbursements in the General Fund were within certified budget amounts in all functions but the major Special Revenue Fund Supporting Services function had overexpenditures of \$113,073.

SUPPLEMENTARY SCHEDULES

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, 2023

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Local sources				
1110 Taxes	\$ 661,315	\$ 664,921	\$ 664,921	\$ 3,606
1300 Tuition	1,665	2,000	2,000	335
1510 Interest on investments	301,519	60,000	60,000	(241,519)
1700 Extracurricular activities	300	-	-	(300)
1910 Rentals	2,631	6,000	6,000	3,369
1920 Donations	1,625	10,000	10,000	8,375
1990 Miscellaneous income	122,234	20,000	20,000	(102,234)
Total local sources	1,091,289	762,921	762,921	(328,368)
Intermediate sources				
2101 County school fund	-	6,120	6,120	6,120
2102 ESD apportionment	687,260	810,500	810,500	123,240
2199 Other intermediate sources	97,210	231,127	231,127	133,917
Total intermediate sources	784,470	1,047,747	1,047,747	263,277
State sources				
3101 Basic school support	5,384,282	5,547,292	5,547,292	163,010
3103 Common school fund	58,474	58,613	58,613	139
3199 Other unrestricted grants-in-aid	26,965	80,000	80,000	53,035
3299 Other restricted state grants	189,959	196,090	196,090	6,131
Total state sources	5,659,680	5,881,995	5,881,995	222,315
Federal sources				
4500 Restricted revs through state	14,238	131,100	131,100	116,862
4801 Federal forest fees	361,728	424,320	424,320	62,592
Total federal sources	375,966	555,420	555,420	179,454
Total revenues	7,911,405	8,248,083	8,248,083	336,678
Expenditures				
1000 Instruction				
100 Salaries	2,780,394	3,257,749	3,257,749	477,355
200 Associated payroll costs	1,588,009	2,491,990	2,491,990	903,981
300 Purchased services	93,293	135,400	135,400	42,107
400 Supplies and materials	125,994	257,890	257,890	131,896
500 Capital outlay	2,079	2,900	2,900	821
600 Other objects	38,332	27,350	27,350	(10,982)
Total instruction	4,628,101	6,173,279	6,173,279	1,545,178

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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, 2023

	Actual	Budget		(Over) Under Budget
		Original	Final	
2000 Support services				
100 Salaries	\$ 1,456,894	\$ 1,445,744	\$ 1,445,744	\$ (11,150)
200 Associated payroll costs	769,120	1,166,309	1,166,309	397,189
300 Purchased services	594,954	970,250	970,250	375,296
400 Supplies and materials	356,956	571,932	571,932	214,976
500 Capital outlay	125,124	660,625	660,625	535,501
600 Other objects	207,721	168,613	168,613	(39,108)
Total support services	3,510,769	4,983,473	4,983,473	1,472,704
4000 Facilities acquisition and construction				
300 Purchased services	125,328	142,920	142,920	17,592
500 Capital outlay	-	6,000	6,000	6,000
Total facilities acquisition and const.	125,328	148,920	148,920	23,592
6000 Contingency				
800 Planned Reserve	-	430,000	430,000	430,000
Total Contingency	0	430,000	430,000	430,000
Total expenditures	8,264,198	11,735,672	11,735,672	3,471,474
Excess of revenues over (under) expenditures	(352,793)	(3,487,589)	(3,487,589)	(3,134,796)
Other financing sources (uses)				
Transfers out	(405,047)	(516,451)	(516,451)	(111,404)
Sale of capital assets	16,000	-	-	(16,000)
Total other financing sources	(389,047)	(516,451)	(516,451)	(127,404)
Net change in fund balance	(741,840)	(4,004,040)	(4,004,040)	(3,262,200)
Available fund balance, July 1	3,209,229	4,004,040	4,004,040	794,811
Available fund balance, June 30	2,467,389	\$ 0	\$ 0	\$ (2,467,389)
Reconciliation to GAAP:				
Inventory	76,448			
GAAP fund balance	\$ 2,543,837			

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 200 SPECIAL REVENUE FUND

For the Year Ended
June 30, 2023

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Local sources				
1610 Daily Sales - Reimbursable	\$ 53,118	\$ 85,000	\$ 85,000	\$ 31,882
1620 Daily Sales - Non Reimbursable	1,554	13,500	13,500	11,946
1630 Special Functions	-	3,111	3,111	3,111
1760 Club Fund Raising	259,340	517,000	517,000	257,660
1920 Private Fundraising	41,827	28,000	28,000	(13,827)
1990 Miscellaneous	-	17,323	17,323	17,323
Total local sources	355,839	663,934	663,934	308,095
State sources				
3222 SSF Transportation equipment	-	118,953	118,953	118,953
3299 Other restricted state grants	803,469	702,992	702,992	(100,477)
Total state sources	803,469	821,945	821,945	18,476
Federal sources				
4500 Restricted revs through state	293,798	351,876	351,876	58,078
4501 Medicaid Reimbursement for EI	318,225	1,175,731	1,175,731	857,506
4502 Medicaid Reimbursement for SE	35,141	24,387	24,387	(10,754)
4300 Restricted Revenue Direct	-	25,627	25,627	25,627
4900 Revenue for the district	23,803	30,000	30,000	6,197
Total federal sources	670,967	1,607,621	1,607,621	936,654
Total revenues	1,830,275	3,093,500	3,093,500	1,263,225
Expenditures				
1000 Instruction				
100 Salaries	467,792	917,476	917,476	449,684
200 Associated payroll costs	276,127	697,645	697,645	421,518
300 Purchased services	149,724	223,700	223,700	73,976
400 Supplies and materials	468,798	659,905	659,905	191,107
500 Capital outlay	109,978	24,500	24,500	(85,478)
600 Other objects	2,124	4,000	4,000	1,876
Total instruction	1,474,543	2,527,226	2,527,226	1,052,683

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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 - 200 SPECIAL REVENUE FUND

For the Year Ended
June 30, 2023

	Actual	Budget		(Over) Under Budget
		Original	Final	
2000 Support services				
100 Salaries	\$ 22,411	\$ 89,022	\$ 89,022	\$ 66,611
200 Associated payroll costs	12,111	59,596	59,596	47,485
300 Purchased services	9,771	37,177	37,177	27,406
400 Supplies and materials	259,038	444,600	444,600	185,562
500 Capital outlay	700,103	250,000	250,000	(450,103)
600 Other objects	24,633	34,599	34,599	9,966
Total support services	<u>1,028,067</u>	<u>914,994</u>	<u>914,994</u>	<u>(113,073)</u>
3000 Food services				
100 Salaries	124,112	139,437	139,437	15,325
200 Associated payroll costs	90,676	116,410	116,410	25,734
300 Purchased services	6,236	15,550	15,550	9,314
400 Supplies and materials	161,159	208,000	208,000	46,841
500 Capital outlay	280	5,000	5,000	4,720
600 Other objects	308	3,500	3,500	3,192
Total Food services	<u>382,771</u>	<u>487,897</u>	<u>487,897</u>	<u>105,126</u>
4000 Facilities acquisition and construction				
300 Purchased services	-	485,542	485,542	485,542
500 Capital outlay	90,788	64,734	64,734	(26,054)
Total facilities acquisition and const.	<u>90,788</u>	<u>550,276</u>	<u>550,276</u>	<u>459,488</u>
6000 Contingency				
800 Planned Reserve	-	151,567	151,567	151,567
Total 6000 Contingency	<u>0</u>	<u>151,567</u>	<u>151,567</u>	<u>151,567</u>
Total expenditures	<u>2,976,169</u>	<u>4,631,960</u>	<u>4,631,960</u>	<u>1,655,791</u>
Excess of revenues over (under) expenditures	<u>(1,145,894)</u>	<u>(1,538,460)</u>	<u>(1,538,460)</u>	<u>(392,566)</u>
Other financing sources (uses)				
Transfers in	356,887	361,887	361,887	5,000
Debt proceeds	369,238	-	-	(369,238)
Total other financing sources	<u>726,125</u>	<u>361,887</u>	<u>361,887</u>	<u>(364,238)</u>
Net change in fund balance	(419,769)	(1,176,573)	(1,176,573)	(756,804)
Available fund balance, July 1	<u>1,105,355</u>	<u>1,176,573</u>	<u>1,176,573</u>	<u>71,218</u>
Available fund balance, June 30	685,586	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (685,586)</u>
Reconciliation to GAAP:				
Inventory	<u>4,594</u>			
GAAP fund balance	<u>\$ 690,180</u>			

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - 300 DEBT SERVICE FUND

For the Year Ended
June 30, 2023

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
Local sources				
1500 Investment earnings	\$ 6,410	\$ 1,042	\$ 1,042	\$ (5,368)
1970 Services provided other funds	636,929	614,798	614,798	(22,131)
Total local sources	<u>643,339</u>	<u>615,840</u>	<u>615,840</u>	<u>(27,499)</u>
Federal sources				
4300 Rest. Rev. direct from feds	<u>12,926</u>	<u>22,925</u>	<u>22,925</u>	<u>9,999</u>
Total Federal sources	<u>12,926</u>	<u>22,925</u>	<u>22,925</u>	<u>9,999</u>
Total revenues	<u>656,265</u>	<u>638,765</u>	<u>638,765</u>	<u>(17,500)</u>
Expenditures				
5100 Debt service				
5110 Long-term debt service				
600 Other objects	<u>456,378</u>	<u>928,025</u>	<u>928,025</u>	<u>471,647</u>
Total 5100 Debt service	<u>456,378</u>	<u>928,025</u>	<u>928,025</u>	<u>471,647</u>
Total expenditures	<u>456,378</u>	<u>928,025</u>	<u>928,025</u>	<u>471,647</u>
Excess of revenues over (under) expenditures	<u>199,887</u>	<u>(289,260)</u>	<u>(289,260)</u>	<u>(489,147)</u>
Other financing sources (uses)				
Transfers in	<u>48,160</u>	<u>159,564</u>	<u>159,564</u>	<u>111,404</u>
Total other financing (uses)	<u>48,160</u>	<u>159,564</u>	<u>159,564</u>	<u>111,404</u>
Net change in fund balance	248,047	(129,696)	(129,696)	(377,743)
Available fund balance, July 1	<u>2,663,825</u>	<u>2,223,521</u>	<u>2,223,521</u>	<u>(440,304)</u>
Available fund balance, June 30	<u>\$ 2,911,872</u>	<u>\$ 2,093,825</u>	<u>\$ 2,093,825</u>	<u>\$ (818,047)</u>

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, 2023

	Actual	Budget		(Over) Under Budget
		Original	Final	
Revenues				
State sources				
3299 Other restricted state grants	\$ 2,250,000	\$ 4,150,000	\$ 4,150,000	\$ 1,900,000
Total state sources	<u>2,250,000</u>	<u>4,150,000</u>	<u>4,150,000</u>	<u>1,900,000</u>
Total revenues	<u>2,250,000</u>	<u>4,150,000</u>	<u>4,150,000</u>	<u>1,900,000</u>
Expenditures				
4000 Facilities acquisition and construction				
4150 Bldg acq, const, and imp.				
300 Purchased services	186	-	-	(186)
500 Capital outlay	<u>1,899,212</u>	<u>4,400,000</u>	<u>4,400,000</u>	<u>2,500,788</u>
Total 4000 Facilities acquisition and const.	<u>1,899,398</u>	<u>4,400,000</u>	<u>4,400,000</u>	<u>2,500,602</u>
Total expenditures	<u>1,899,398</u>	<u>4,400,000</u>	<u>4,400,000</u>	<u>2,500,602</u>
Excess of revenues over (under) expenditures and net change in fund balance	350,602	(250,000)	(250,000)	(600,602)
Available fund balance, July 1	<u>3,147,021</u>	<u>250,000</u>	<u>250,000</u>	<u>(2,897,021)</u>
Available fund balance, June 30	<u>\$ 3,497,623</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,497,623)</u>

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, 2023

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials
1000 Instruction				
1111 Primary, K-3	\$ 1,128,179	\$ 642,672	\$ 2,247	\$ 53,928
1121 Middle and junior high programs	264,857	145,713	1,114	2,907
1122 Middle and junior - extracurricular	32,716	12,151	-	-
1131 High school programs	702,837	371,508	4,021	41,399
1132 High school extracurricular	141,896	45,010	27,924	5,998
1140 Pre-kindergarten programs	-	-	-	-
1210 Programs for talented and gifted	-	-	-	593
1250 Resource rooms	496,470	365,401	35,987	20,279
1271 Remediation	11,201	4,320	22,000	890
1291 English second language programs	2,238	1,234	-	-
Total 1000 instruction	<u>2,780,394</u>	<u>1,588,009</u>	<u>93,293</u>	<u>125,994</u>
2000 Support services				
2115 Student safety	-	-	1	-
2120 Guidance services	-	-	-	125
2130 Health services	-	-	-	140
2190 Student direction support	125,833	59,662	4,004	304
2210 Improvement of instruction	-	1,270	8,000	124,877
2220 Educational media	35,930	24,335	-	7,091
2240 Instructional staff development	-	-	452	-
2310 Board of education	-	-	69,537	2,263
2320 Executive administration	102,652	50,003	34,077	7,627
2410 Office of the principal	384,305	204,372	58,229	10,627
2520 Fiscal services	129,153	73,982	32,002	8,502
2528 Risk management services	-	-	-	-
2529 Other fiscal services	-	100	-	-
2540 Operation and maintenance of plant	255,500	123,444	320,316	54,260
2545 Maintenance	-	-	-	-
2550 Student transportation	344,202	187,444	56,144	77,829
2555 Co-curricular transportation	44,892	21,724	8,652	16,588
2558 Special education transportation	27,327	19,259	-	6,051
2620 Planning, research, dev., and evaluatio	-	-	-	-
2660 Technology services	7,100	3,525	3,540	40,672
Total 2000 support services	<u>1,456,894</u>	<u>769,120</u>	<u>594,954</u>	<u>356,956</u>
4000 Facilities acquisition and construction				
4120 Site acquisition and develop. services	-	-	-	-
4150 Building acquisition, const., and impr.	-	-	125,328	-
Total 4000 facilities acquisition and const	<u>0</u>	<u>0</u>	<u>125,328</u>	<u>0</u>
5000 Other financing uses				
5200 Transfers out	-	-	-	-
Total 5000 Other financing uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
6000 Contingency				
6110 Contingency	-	-	-	-
Total 6000 contingency	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>\$ 4,237,288</u>	<u>\$ 2,357,129</u>	<u>\$ 813,575</u>	<u>\$ 482,950</u>

500 Capital Outlay	600 Other Objects	700 Transfers	Total	Budget		(Over)Under Budget
				Original	Final	
\$ -	\$ -	\$ -	\$1,827,026	\$ 2,403,153	\$ 2,403,153	\$ 576,127
-	267	-	414,858	565,708	565,708	150,850
-	-	-	44,867	64,195	64,195	19,328
2,079	11,319	-	1,133,163	1,458,662	1,458,662	325,499
-	26,746	-	247,574	338,768	338,768	91,194
-	-	-	-	7,000	7,000	7,000
-	-	-	593	2,000	2,000	1,407
-	-	-	918,137	1,268,998	1,268,998	350,861
-	-	-	38,411	58,297	58,297	19,886
-	-	-	3,472	6,498	6,498	3,026
<u>2,079</u>	<u>38,332</u>	<u>0</u>	<u>4,628,101</u>	<u>6,173,279</u>	<u>6,173,279</u>	<u>1,545,178</u>
-	-	-	1	80,000	80,000	79,999
-	-	-	125	1,300	1,300	1,175
-	-	-	140	1,200	1,200	1,060
-	645	-	190,448	173,001	173,001	(17,447)
-	-	-	134,147	147,415	147,415	13,268
-	-	-	67,356	101,095	101,095	33,739
-	-	-	452	14,900	14,900	14,448
-	14,666	-	86,466	82,250	82,250	(4,216)
-	2,982	-	197,341	258,440	258,440	61,099
-	2,405	-	659,938	619,640	619,640	(40,298)
-	4,227	-	247,866	236,364	236,364	(11,502)
-	78,603	-	78,603	22,400	22,400	(56,203)
-	300	-	400	49,100	49,100	48,700
125,124	75,477	-	954,121	1,787,819	1,787,819	833,698
-	-	-	-	26,300	26,300	26,300
-	28,416	-	694,035	981,117	981,117	287,082
-	-	-	91,856	144,083	144,083	52,227
-	-	-	52,637	69,733	69,733	17,096
-	-	-	-	11,000	11,000	11,000
-	-	-	54,837	176,316	176,316	121,479
<u>125,124</u>	<u>207,721</u>	<u>-</u>	<u>3,510,769</u>	<u>4,983,473</u>	<u>4,983,473</u>	<u>1,472,704</u>
-	-	-	-	6,000	6,000	6,000
-	-	-	125,328	142,920	142,920	17,592
<u>0</u>	<u>0</u>	<u>0</u>	<u>125,328</u>	<u>148,920</u>	<u>148,920</u>	<u>23,592</u>
-	-	405,047	405,047	516,451	516,451	111,404
<u>0</u>	<u>0</u>	<u>405,047</u>	<u>405,047</u>	<u>516,451</u>	<u>516,451</u>	<u>111,404</u>
-	-	-	-	430,000	430,000	430,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>430,000</u>	<u>430,000</u>	<u>430,000</u>
<u>\$ 127,203</u>	<u>\$ 246,053</u>	<u>\$ 405,047</u>	<u>\$8,669,245</u>	<u>\$ 12,252,123</u>	<u>\$ 12,252,123</u>	<u>\$ 3,582,878</u>

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL - 200 SPECIAL REVENUE FUND

For the Year Ended
June 30, 2023

Function	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies & Materials
1000 Instruction				
1111 Primary, K-3	\$ 103,763	\$ 62,592	\$ 10,378	\$ 68,492
1122 Middle and junior - extracurricular	-	-	-	-
1131 High school programs	185,364	92,435	139,346	173,563
1132 High school extracurricular	-	-	-	186,904
1140 Pre-kindergarten programs	5,898	3,094	-	-
1252 Less restr. prgrms for students with dis.	64,744	53,613	-	11
1272 Title IA/D	108,023	64,393	-	39,828
Total 1000 instruction	<u>467,792</u>	<u>276,127</u>	<u>149,724</u>	<u>468,798</u>
2000 Support services				
2120 Guidance services	-	-	-	75,970
2210 Improvement of instruction	-	-	9,771	20,139
2240 Instructional staff development	-	-	-	-
2300 Support services - general admin.	-	-	-	-
2410 Office of the principal	22,410	12,111	-	-
2540 Operation and maintenance of plant	-	-	-	54,489
2543 Care and upkeep of grounds	-	-	-	-
2545 Maintenance	-	-	-	-
2550 Student transportation	-	-	-	-
2554 Other student transportation	-	-	-	-
2660 Technology services	-	-	-	108,440
Total 2000 support services	<u>22,410</u>	<u>12,111</u>	<u>9,771</u>	<u>259,038</u>
3000 Enterprise and community services				
3100 Food service	124,112	90,676	6,236	161,159
Total 3000 Enterprise and community serv.	<u>124,112</u>	<u>90,676</u>	<u>6,236</u>	<u>161,159</u>
4000 Facilities acquisition and const.				
4150 Building acquisition, const., and impr.	-	-	-	-
Total 4000 facilities acquisition and const.	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
6000 Contingency				
6110 Contingency	-	-	-	-
Total 6000 contingency	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenditures	<u>\$ 614,314</u>	<u>\$ 378,914</u>	<u>\$ 165,731</u>	<u>\$ 888,995</u>

500 Capital Outlay	600 Other Objects	Total	Budget		(Over)Under Budget
			Original	Final	
\$ -	\$ -	\$ 245,225	\$ 416,059	\$ 416,059	\$ 170,834
5,513	-	5,513	-	-	(5,513)
104,465	2,124	697,297	1,134,786	1,134,786	437,489
-	-	186,904	450,000	450,000	263,096
-	-	8,992	-	-	(8,992)
-	-	118,368	181,018	181,018	62,650
-	-	212,244	345,363	345,363	133,119
<u>109,978</u>	<u>2,124</u>	<u>1,474,543</u>	<u>2,527,226</u>	<u>2,527,226</u>	<u>1,052,683</u>
-	-	75,970	255,323	255,323	179,353
-	-	29,910	59,476	59,476	29,566
-	-	-	1,000	1,000	1,000
-	-	-	15,000	15,000	15,000
-	-	34,521	109,695	109,695	75,174
31,697	-	86,186	2,000	2,000	(84,186)
-	-	-	5,000	5,000	5,000
8,131	-	8,131	-	-	(8,131)
369,238	-	369,238	-	-	(369,238)
291,037	24,633	315,670	280,000	280,000	(35,670)
-	-	108,440	187,500	187,500	79,060
<u>700,103</u>	<u>24,633</u>	<u>1,028,066</u>	<u>914,994</u>	<u>914,994</u>	<u>(113,072)</u>
<u>280</u>	<u>308</u>	<u>382,771</u>	<u>487,897</u>	<u>487,897</u>	<u>105,126</u>
<u>280</u>	<u>308</u>	<u>382,771</u>	<u>487,897</u>	<u>487,897</u>	<u>105,126</u>
<u>90,788</u>	<u>-</u>	<u>90,788</u>	<u>550,276</u>	<u>550,276</u>	<u>459,488</u>
<u>90,788</u>	<u>0</u>	<u>90,788</u>	<u>550,276</u>	<u>550,276</u>	<u>459,488</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>151,567</u>	<u>151,567</u>	<u>151,567</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>151,567</u>	<u>151,567</u>	<u>151,567</u>
<u>\$ 901,149</u>	<u>\$ 27,065</u>	<u>\$ 2,976,168</u>	<u>\$ 4,631,960</u>	<u>\$ 4,631,960</u>	<u>\$ 1,655,792</u>

GRANT SCHOOL DISTRICT NO. 3
John Day, Oregon
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

Program Title	Pass Through Organization	Federal ALN	Grant Award Number	Period Covered	Expenditures
U.S. Treasury Department					
QSCB Interest Direct Payment	Direct	Unknown	Unknown	7/1/22-6/30/23	\$ 12,926
Total U.S. Treasury Department					<u>12,926</u>
U.S. Department of Agriculture					
Child Nutrition Cluster					
National School Breakfast Program	ODE	10.553	1207001	7/1/22-6/30/23	43,991
National School Lunch Program	ODE	10.555	1207001	7/1/22-6/30/23	105,656
Child Nutrition Programs - Commodity Distribution	ODE	10.555	1207001	7/1/22-6/30/23	23,803
Child Nutrition Programs - Supply Chain	ODE	10.555	1207001	7/1/22-6/30/23	14,117
Total Child Nutrition Cluster					<u>187,567</u>
Forest Service Schools and Roads Cluster					
Schools and Roads - Grants to Counties	Grant County	10.666	N/A	7/1/22-6/30/23	361,728
Total Forest Service Schools and Roads Cluster					<u>361,728</u>
Total U.S. Department of Agriculture					<u>549,295</u>
U.S. Department of Education					
ESSER	ODE	84.425	64909	3/13/20-9/30/24	152,789
Title IA - Low Income	ODE	84.010	58287	7/1/20-9/30/21	23,696
Title IA - Low Income	ODE	84.010	66996	7/1/21-9/30/22	22,955
Title IA - Low Income	ODE	84.010	72536	7/1/22-9/30/23	118,785
Supporting Effective Instruction - State Grant	ODE	84.367	58779	7/1/20-9/30/21	12,243
Supporting Effective Instruction - State Grant	ODE	84.367	58779	7/1/21-9/30/22	22,898
Student Support and Academic Enrichment Program	ODE	84.424	66785	7/1/21-9/30/22	11,666
Special Education Cluster (IDEA)					
Special Education - Grants to States (IDEA Part B)		84.027	68653	7/1/21-9/30/22	118,368
Total Special Education Cluster					<u>118,368</u>
Total U.S. Department of Education					<u>483,400</u>
U.S. Department of Homeland Security					
Disaster Grants - Public Assistance	Oregon OEM	97.036	4499DROR P00002511	7/1/22-6/30/23	14,238
Total U.S. Department of Homeland Security					<u>14,238</u>
Total federal assistance					<u>\$ 1,059,859</u>

GRANT SCHOOL DISTRICT NO. 3
Canyon City, Grant County, Oregon
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2023

Note 1. 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.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The SEFA includes the federal grant activity for the district and is presented on the modified accrual basis of accounting. 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). Therefore, some of the amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements.

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

Federal forest fees considered federal revenues are included in the schedule due to requirements of the Oregon Department of Education. However, these expenditures are not subject to Uniform Guidance and there are no applicable compliance requirements once these funds are passed to the district. Based on guidance from the oversight agency, the Oregon Department of Education, and the United States Department of Agriculture, 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, 2023.

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, 2023.

GRANT COUNTY SCHOOL DISTRICT NO. 3
 John Day, Grant County, Oregon
CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT
 For the Year Ended
 June 30, 2023

2022-23 Assessed valuation of taxable property	\$ 426,327,638
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
2022-23	310,000	120,527	\$430,527	\$ 8,669,245	4.97%

Ratio of Net Bonded Debt to Assessed Value:

	Assessed Valuation	Net Bonded Debt (1)	Ratio of Net Bonded Debt to Assessed Value
2022-23	\$426,327,638	2,600,001.70	0.61%

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

Principal Taxpayers for Grant County School District No. 3

	Assessed Valuation	Percent of Total County Value
<u>Private Enterprises</u>		
Silivies Valley Ranch LLC	\$ 14,987,669	3.52%
Malheur Lumber Company	10,713,318	2.51%
Powell, Gene	5,298,733	1.24%
Tiger Mountain Trust	3,690,039	0.87%
Rudio Mountain Ranch LLC	2,135,728	0.50%
Burns Ranches Inc	1,658,689	0.39%
Desolation Creek LLC	1,069,807	0.25%
<u>Public Utilities</u>		
Lumen Technologies Inc.	11,332,000	2.66%
Oregon Telephone Company	14,097,000	3.31%
Verizon Communications, Inc.	4,590,000	1.08%
<u>All other taxpayers</u>	\$356,754,655	83.67%
<u>Total</u>	\$426,327,638	100.00%

(Continued on next page)

GRANT COUNTY SCHOOL DISTRICT NO. 3
 John Day, Grant County, Oregon
CONTINUING DISCLOSURE REQUIREMENTS FOR BONDED DEBT
 For the Year Ended
 June 30, 2023

Summary of General Fund State Revenue:

	State Sources	State Sources as % of Total Revenues	Total Revenues
2022-23	\$ 5,384,282	67.92%	\$ 7,927,405

Computation of Legal Debt Margin:

Real Market Value	\$ 958,686,550
Allowable proportion	0.0795
Debt limit: 7.95% of real market value (1)	76,215,581
Amount of debt applicable to debt limit:	
Bonded debt	2,600,002
Less: amount available in debt service funds	(3,826,272)
Amount of debt applicable to debt limit	(1,226,270)
Legal debt margin	\$ 77,441,851

(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.

Allowable percentage of real market value:

A. Each grade kindergarten through eighth: 9 x .0055	4.95%
B. Each grade ninth through twelfth: 4 x .0075	3.00%
Allowable percentage	7.95%

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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, 2023, and have issued our report thereon dated April 26, 2024.

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*, with exception the following:

- Budgets legally required (ORS Chapter 294)
 - Adopted budget for the 2022-2023 fiscal year included incorrect account coding within budget categories (294.441)
 - Budgeted Transfers in and out were not in balance in adopted or final budget (294.463(3))
 - Failed to meet 5–30-day window for publication of budget committee meeting notice (294.426(5)(b))
 - No documented evidence of a publicized notice for the budget hearing (294.438(1))
 - Material variances in 2023-2024 fiscal year’s budgeted beginning fund balance (294.388)
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)
 - Appropriate documentation was not maintained to support compliance with intermediate procurement requirements (purchases and contracts in excess of \$10,000) (ORS 297B.070)
 - Two vendors with multiple procurements were segregated to keep them under bid requirement thresholds (279B.070)
- Programs funded from outside sources.
 - Timely maintenance of grant documentation related to drawings and coding was not in compliance with ODE requirements for programs funded by outside sources.

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 April 26, 2024, 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.

Amy K. Walker

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



Oregon Secretary of State – Audits Division

Summary of Revenues and Expenditures

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	
<p>1. Regarding internal controls over financial reporting, how many significant deficiencies and material weaknesses were reported? <u>4</u></p> <p>2. Of those control deficiencies reported, how many resulted in the following: Accounting errors/Misstatements: <u>0</u> Noncompliance: <u>0</u></p>	<p>3. How were deficiencies communicated? Check all that apply.</p> <p><input checked="" type="checkbox"/> Report issued in accordance with Government Auditing Standards</p> <p><input type="checkbox"/> Communication in accordance with Statements on Auditing Standards AU-C 265 "Communicating Internal Control Related Matters Identified in an Audit"</p> <p><input type="checkbox"/> Other (specify communication): _____</p> <p><input type="checkbox"/> No deficiencies</p> <p>Per OAR 162-010-0230, a copy must be filed with Secretary of State.</p>

C. Summary of revenues and expenditures			
Revenues and/or receipts		Expenditures and/or disbursements	
a. Revenues from government-wide statement of activities:	\$ 12,663,248	a. Expenditures from government-wide statement of activities:	\$ 10,802,769
b. Fiduciary fund additions:		b. Fiduciary fund deductions:	
c. Gross revenues subtotal (a + b):	\$ 12,663,248	c. Gross expenditures subtotal (a + b):	\$ 10,802,769
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):	\$ 12,663,248	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)

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, 2023

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

Function	Objects 325, 326, and 327
2540	\$ 233,499
2550	\$ 11,544

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

\$	14,079
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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
- 2550 Student transportation
- 3100 Food services
- 3300 Community services
- 4150 Facilities, acquisition, and construction

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, 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.

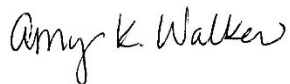
As part of obtaining reasonable assurance about whether the district's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified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

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SCHEDULE OF FINDINGS AND RESPONSES

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.

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.

2023-004 - 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.

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.