

**GRANTS PASS SCHOOL DISTRICT NO. 7
GRANTS PASS, OREGON**

**FINANCIAL STATEMENT AND SUPPLEMENTARY
INFORMATION**

**YEAR ENDED JUNE 30, 2018
WITH
INDEPENDENT AUDITOR'S REPORT**



Certified Public Accountants, LLP
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**GRANTS PASS SCHOOL DISTRICT NO. 7
GRANTS PASS, OREGON
JUNE 30, 2018**

BOARD OF EDUCATION FISCAL 2018

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Cliff Kuhlman (Position #2) Grants Pass, Oregon 97526	Director
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Garry Penning (Position #6) Grants Pass, Oregon 97527	Director
Kathy Luther (Position #7) Grants Pass, Oregon 97526	Director

**Administrative Office:
725 Northeast Dean Drive
Grants Pass, Oregon 97526**

ADMINISTRATIVE STAFF

Kirk Kolb	Superintendent
Sherry Ely	Director of Business Services

**GRANTS PASS SCHOOL DISTRICT NO. 7
GRANTS PASS, OREGON
YEAR ENDED JUNE 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Grants Pass School District No. 7
Grants Pass, Oregon 97526

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grants Pass School District No. 7, Oregon, (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grants Pass School District No. 7 as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other postemployment benefits schedule, certain pension schedules, and the general fund and special revenue major governmental funds budgetary comparison schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to management's discussion and analysis, other postemployment benefit and pension schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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 management's discussion and analysis, the schedule of funding progress (other postemployment benefits), and pension schedules because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The general fund and special revenue major governmental funds budgetary comparison 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 the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general fund and special revenue major governmental funds budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplementary 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 other supplementary information is presented for the purpose of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information, and the schedule of expenditures of federal awards 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 the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards and Oregon State Regulations

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018 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 the District's 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 the State of Oregon

In accordance with Oregon State Regulations, we have also issued our report dated December 21, 2018 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-0000 through 162-10-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 21, 2018

**GRANTS PASS SCHOOL DISTRICT NO. 7
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

As management of Grants Pass School District 7 (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the accompanying notes to enhance their understanding of the District's financial performance. Numerical amounts below have been rounded for ease of viewing.

FINANCIAL HIGHLIGHTS

- In the **government-wide statements**, the District's assets and deferred outflows totaled nearly \$87.1 million at June 30, 2018 consisting of \$48 million in capital assets, \$9.2 million in unrestricted cash and investments, \$3.3 million in receivables, and \$26.2 million in deferred outflows related to pension and other post-employment benefits (OPEB). The District's assets and deferred outflows decreased approximately \$14.1 million, or 14 percent from the prior year.
- In the **government-wide statements**, the District's liabilities and deferred inflows totaled nearly \$88.9 million at June 30, 2018 consisting of \$14.1 million in other post-employment benefits, \$4.2 million in accounts payable and other liabilities, \$4.9 million in debt, \$70.1 million in pension liabilities and \$5.8 million in deferred inflows related to pension and OPEB.
- In the **government-wide statements**, the District's net position (assets/deferred outflows minus liabilities/deferred inflows) was a deficit of \$1.8 million at June 30, 2018, of which \$43.2 million was net investment in capital assets and a negative balance of \$45.0 million was considered unrestricted. In the prior year, net position totaled \$2.1 million. The decrease of \$3.96 million can be attributed to changes in pension and OPEB (See page B-4 and Notes 10 & 11 to the Financial Statements).
- At the end of the fiscal year, the fund balance for all **governmental funds** was \$7.3 million, a decrease of \$239 thousand in comparison to the prior year. Approximately \$3.1 million of this amount is unassigned and available for spending at the District's discretion. Approximately \$4.2 million is committed to specific and intended purposes through separate funds. Of the \$4.2 million of committed funds, \$3.1 million is committed for the District's future OPERS expenditures.
- At the end of the fiscal year, unassigned fund balance for the **General Fund** was approximately \$3.1 million, down approximately \$345 thousand from the prior year, a decrease of approximately 10 percent. Unassigned fund balance in the General Fund represented about 5.1 percent of total General Fund expenditures.

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 the basic financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Government-wide financial statements.

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

Statement of Net Position. The *statement of net position* includes all assets and deferred outflows of the District (including infrastructure) as well as all liabilities and deferred inflows (including long-term debt). Net position is the difference between assets/deferred outflows and liabilities/deferred inflows, which is one way to measure the District's financial health, or financial position. Over time, increase or decreases in the District's net position may be an indicator of whether its financial health is improving or deteriorating.

Statement of Activities. The *statement of activities* presents information showing how the net position of the District changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in 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 will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

In the government-wide financial statements, the District's activities are shown in one category as *governmental activities*. All 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 statements can be found as listed in the Table of Contents of this report.

Fund financial statements.

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

Since 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 funds* with similar 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 the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental *funds* and governmental *activities*.

The District maintains 8 individual governmental funds, 4 of which are considered major funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Federal Programs Fund, the PERS Reserve Fund, and the Measure 98 Fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining schedules. The basic governmental fund financial statements can be found as listed in the Table of Contents of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Internal service funds. This fund type is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District maintains two internal service funds to account for claims and other risk management costs not otherwise covered through insurance and unemployment costs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements and internal activity has been eliminated. The basic internal service fund financial statements can be found as listed in the table of contents of this report. Individual fund data for the internal service funds is provided as Supplemental Information in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is the same as that used for proprietary funds. The basic fiduciary fund financial statements can be found as listed in the table of contents of this report.

Notes to the 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 financial statements can be found as listed in the table of contents of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This Management's Discussion and Analysis, is considered required supplementary information. Other required supplementary information is presented on the basic financial statements as listed in the table of contents. The combining schedules referred to earlier in connection with non-major governmental funds are presented as Other Supplementary Information as listed in the table of contents of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the end of the current year, the District had a positive net position balance. Net position decreased by \$4.0 million from prior year. The District's liabilities/deferred inflows exceeded assets/deferred outflows by \$1.8 million at June 30, 2018.

Capital assets, which consist of the District's land, buildings, building improvements, site improvements, vehicles, and equipment, represent 55 percent of total assets/deferred outflows. The remaining assets/deferred outflows consist mainly of investments, cash, property taxes receivable, and deferred outflows related to pension. Last year, capital assets represented approximately 46 percent of total assets/deferred outflows.

Deferred inflows related to pensions and OPEB represent approximately 5.6% of total liabilities/deferred inflows. The remaining liabilities/deferred inflows consist mainly of accounts payable and other liabilities, pension liabilities and long-term debt.

A large portion of the District's net position reflects its net investment in capital assets (e.g. land, buildings, building improvements, site improvements, vehicles and equipment). The District's net investment in capital assets increased by about \$948 thousand over the prior year. The District uses these capital assets to provide services to students and other District residents; consequently, these assets are not available for future spending.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Net Position (continued)

	Net Position (in thousands)		Increase (Decrease) From June 30, 2017
	Governmental Activities		
	June 30, 2018	June 30, 2017	
Assets:			
Current assets	\$ 12,871	\$ 12,222	\$ 649
Capital assets	48,041	46,417	1,624
Total assets	<u>60,912</u>	<u>58,639</u>	<u>2,273</u>
Deferred outflows	<u>26,194</u>	<u>42,537</u>	<u>(16,343)</u>
Total assets and deferred outflows	<u>87,106</u>	<u>101,176</u>	<u>(14,070)</u>
Liabilities:			
Other liabilities	78,681	91,295	(12,614)
Long-term liabilities	4,465	4,193	272
Total liabilities	<u>83,146</u>	<u>95,488</u>	<u>(12,342)</u>
Deferred inflows	<u>5,803</u>	<u>762</u>	<u>5,041</u>
Total liabilities and deferred inflows	<u>88,949</u>	<u>96,250</u>	<u>(7,301)</u>
Net position:			
Net investment in capital assets	43,172	42,224	948
Unrestricted	<u>(45,014)</u>	<u>(40,109)</u>	<u>(4,905)</u>
Total net position	<u>\$ (1,842)</u>	<u>\$ 2,115</u>	<u>\$ (3,957)</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Activities. During the current fiscal year, the District's net position decreased by approximately \$3.9 million. The decrease can be attributed to changes in pension and other post-employment benefits (See page B-4 and Notes 10 & 11 to the Financial Statements).

	Governmental Activities		Increase (Decrease)
	(in thousands)		From
	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2017</u>
Revenues:			
Program revenues:			
Charges for service	\$ 1,236	\$ 1,103	\$ 133
Operating grants and contributions	7,876	6,631	1,245
Capital grants and contributions	1,660	441	1,219
General revenues:			
Property taxes	14,083	14,034	49
State school fund - general support	42,201	38,144	4,057
Construction excise tax	216	257	(41)
Federal forest fees	148	14	134
Other federal, state and local sources	2,025	2,143	(118)
Earnings on investments	184	140	44
Other	747	934	(187)
Gain/(loss) on sale of capital assets	2	-	2
Total revenues	<u>70,378</u>	<u>63,841</u>	<u>6,537</u>
Expenses:			
Instruction	48,601	45,955	2,646
Support services	22,263	22,320	(57)
Enterprise and community services	3,316	3,128	188
Facilities acquisition and construction	34	10	24
Interest on long-term debt	121	129	(8)
Total expenses	<u>74,335</u>	<u>71,542</u>	<u>2,793</u>
Change in Net Position	<u>\$ (3,957)</u>	<u>\$ (7,701)</u>	<u>\$ 3,744</u>

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 government's net resources available for spending at the end of a fiscal year.

At June 30, 2018, the District's governmental funds reported combined ending fund balances of approximately \$7.3 million, a decrease of about \$239 thousand in comparison with prior year. The following is a breakdown of the fund balances:

Fund	Ending Fund Balance	% to Total
General Fund Total	\$ 3,088,764	42%
Federal Programs	-	0%
Student Body	463,806	6%
Food Service	209,990	3%
Cool School	220,418	3%
PERS Reserve	3,149,540	43%
Measure 98	-	0%
Capital Projects	137,023	2%
Total Governmental Fund Balances	\$ 7,269,541	100%

General Fund. The General Fund is the chief operating fund of the District. As of June 30, 2018, total unassigned fund balance was \$3.1 million, down from \$3.4 million in the prior year. Total expenditures for the year ended June 30, 2018 approximated \$60.6 million. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents about 5.1 percent of total General Fund expenditures.

Federal Programs Fund. The Federal Programs Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

PERS Reserve Fund. This fund was established to accumulate resources in response to anticipated increases in mandated PERS contributions by the District. As of June 30, 2018, the revenues in this fund were \$55 thousand with expenditures of \$34 thousand. As of June 30, 2018, the fund balance approximated \$3.1 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, the Board adopted one resolution for appropriation transfers.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings, building improvements, site improvements, vehicles, and equipment. As of June 30, 2018, the District had invested over \$43.2 million in capital assets, net of depreciation. In the prior year, capital assets, net of depreciation, was about \$42.2 million. The major capital asset events for the year were construction associated with seismic rehabilitation projects and the purchase of 10 new buses.

Additional information on the District's capital assets can be found in note 1 and note 4 of the notes to the basic financial statements as listed in the table of contents of this report.

Long-term debt. At the end of the current fiscal year, the District had \$4.9 million in outstanding debt; the debt proceeds were used for the cost of constructing and equipping additional elementary school classrooms at existing elementary schools and to pay all costs incidental thereto, and to purchase through a capital lease 10 new buses.

Additional information on the District's long-term debt can be found in note 1 and note 9 of the notes to the basic financial statements as listed in the table of contents of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Economic factors that will affect the 2019.2020 budget are very similar to those issues that have been impacting school district budgets for years in Oregon.

The level of Oregon state school funding as determined by Oregon's State School Fund Formula continues to be the most significant factor impacting the District's revenue; the State School Fund has consistently provided over 90% of the District's general fund revenues. State income tax is the predominant source of revenue for the State School fund which causes an inherent instability in the amount of funding from one year to the next.

School Districts in Oregon receive their portion of the State School Fund based on the weighted average daily student membership (ADMw) so an increase in cumulative student membership provides for an increase in State School Fund allocation. Preliminary estimates indicate that the District may see up to a 9% increase in state school funding for the 2019.2021 biennium. However, another factor affecting ADMw is the continual recalculation of the poverty rate. During the 2017.2018 school year, District 7 did see a reduction in funding (nearly \$1.2 million before adjustments) for poverty as determined by the Federal SAIPE (Small Area Income and Poverty) calculation. This is of particular concern as districts have no control over this data and do not receive these calculations until midway through any given budget period. A reduction in the weighting for poverty goes directly to the bottom line reducing the ending fund balance for that period.

Of continued concern for all school districts in Oregon is the continual increase in PERS liability. The most recent projections we have received from the PERS Board indicate that for the 2019.2021 biennium, the District will see a nearly 6% increase in PERS obligations. This will be an approximate \$2 million increase in PERS expense for the 2019.2020 school year. These increases have been a concern for the District since the Moro Decision was overturned and will continue to provide a significant challenge for our School Board as they look to uphold their fiscal prudence guidelines to maintain the District's strong fiscal position. While our District has been fortunate to maintain programs as well as provide competitive compensation to District staff even during the economic downturn, with the continual increase in PERS obligations, this is going to create an even greater challenge for our Board as they look to balance the budget, particularly if there is not a significant increase in funding from the State.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

For those programs such as IDEA and Title I that are mandated by the federal government, to the extent that the government does not fully fund them, the District's General Fund resources have to be reallocated to maintain these mandated programs. The District did see a modest increase in Title I funding for 2017.2018 and a marginal increase in IDEA funding. IDEA funding has fallen far short in providing an adequate level of funding for our students with special needs – this will continue to be a budget challenge for District 7. IDEA funding projections for the 2018.2019 school are projected to decrease compared to 2017.2018; funding for 2019.2020 is currently unknown.

Although the District will continue to anticipate and plan for a level of uncertainty when it comes to State and Federal funding, the District continues to benefit from unsurpassed community support of its schools. The level of support the District receives from the community continues to have a direct, positive impact on the students in the District. District administration is extremely grateful for the continued support of our Board, parents, and the community at large.

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 should be addressed to the District's Director of Business Services, at 725 NE Dean Drive, Grants Pass, Oregon 97526.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**GRANTS PASS SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS:	
ASSETS:	
Cash and investments	\$ 9,246,926
Receivables	3,337,791
Inventories	147,783
Net pension asset - RHIA	138,569
Capital assets, net	
Land	2,373,073
Construction in progress	680,353
Buildings and improvements	42,894,683
Vehicles	1,422,930
Machinery and equipment	669,640
TOTAL ASSETS	60,911,748
 DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pension and OPEB	26,194,465
 TOTAL ASSETS AND DEFERRED OUTFLOWS	 87,106,213
 LIABILITIES AND DEFERRED INFLOWS:	
LIABILITIES:	
Accounts payable	789,985
Accrued payroll liabilities	3,158,132
Accrued interest payable	9,390
Unearned revenue	104,697
Net pension liability	64,056,941
Accrued compensated absences payable	89,546
Other post employment benefit obligation	4,094,450
Early retirement stipend pension plan obligation	5,974,150
Capital lease	
Due within one year	141,178
Due in more than one year	787,508
Debt	
Due within one year	261,658
Due in more than one year	3,677,892
TOTAL LIABILITIES	83,145,527
 DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pension and OPEB	5,802,804
 TOTAL LIABILITIES AND DEFERRED INFLOWS	 88,948,331
 NET POSITION:	
Net investment in capital assets	43,172,443
Unrestricted	(45,014,561)
TOTAL NET POSITION	\$ (1,842,118)

**GRANTS PASS SCHOOL DISTRICT NO. 7
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change In Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 48,600,318	\$ 797,744	\$ 4,516,729	\$ -	\$ (43,285,845)
Supporting services	22,263,116	277,679	506,561	-	(21,478,876)
Community services	3,316,303	160,644	2,852,597	-	(303,062)
Facilities acquisition and construction	34,113	-	-	1,660,427	1,626,314
Interest and fees on long-term debt	121,238	-	-	-	(121,238)
Total government activities	\$ 74,335,088	\$ 1,236,067	\$ 7,875,887	\$ 1,660,427	(63,562,707)
General revenues:					
Property taxes levied for general purposes					14,082,757
Construction excise tax					215,801
State school fund - general support					42,201,041
Common school fund					583,857
Federal forest fees					147,689
Unrestricted state and local sources					1,440,678
Earnings on investments					184,300
Gain (loss) on sale of fixed assets					1,727
Miscellaneous					747,376
Total general revenues					59,605,226
CHANGE IN NET POSITION					(3,957,481)
Net Position - July 1, 2017					2,115,363
Net position - June 30, 2018					\$ (1,842,118)

FUND FINANCIAL STATEMENTS

**GRANTS PASS SCHOOL DISTRICT NO. 7
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Federal Programs Fund	PERS Reserve Fund	Measure 98 Fund	Other Governmental Funds	Total
ASSETS						
Equity in pooled cash and investments	\$ 4,357,931	\$ 178,936	\$ 3,183,504	\$ 539,113	\$ 882,636	\$ 9,142,120
Receivables	2,069,429	487,515	-	64,285	711,522	3,332,751
Interfund receivable	1,747,080	-	-	-	59,055	1,806,135
TOTAL ASSETS	<u>\$ 8,174,440</u>	<u>\$ 666,451</u>	<u>\$ 3,183,504</u>	<u>\$ 603,398</u>	<u>\$ 1,653,213</u>	<u>\$ 14,281,006</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 767,697	\$ -	\$ -	\$ -	\$ 14,957	\$ 782,654
Interfund payable	-	561,754	33,964	603,398	607,019	1,806,135
Accrued payroll liabilities	3,158,132	-	-	-	-	3,158,132
Unearned revenue	-	104,697	-	-	-	104,697
TOTAL LIABILITIES	<u>3,925,829</u>	<u>666,451</u>	<u>33,964</u>	<u>603,398</u>	<u>621,976</u>	<u>5,851,618</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	1,159,847	-	-	-	-	1,159,847
TOTAL DEFERRED INFLOWS	<u>1,159,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,159,847</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	3,149,540	-	1,031,237	4,180,777
Assigned	-	-	-	-	-	-
Unassigned	3,088,764	-	-	-	-	3,088,764
TOTAL FUND BALANCES	<u>3,088,764</u>	<u>-</u>	<u>3,149,540</u>	<u>-</u>	<u>1,031,237</u>	<u>7,269,541</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,174,440</u>	<u>\$ 666,451</u>	<u>\$ 3,183,504</u>	<u>\$ 603,398</u>	<u>\$ 1,653,213</u>	<u>\$ 14,281,006</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2018**

TOTAL FUND BALANCES		\$ 7,269,541
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 81,077,221	
Accumulated depreciation	<u>(33,036,542)</u>	48,040,679
Deferred outflows of resources related to pensions and OPEB		26,194,465
In the governmental funds, inventory is accounted for under the purchase method and the current value is not reported in the fund balance sheet.		147,783
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.		1,159,847
Add the combined net position of the internal service funds, as it is not part of the governmental fund balance, but it is controlled by the District, and therefore included on the government-wide Statement of Net Position.		102,515
The liability associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not payable currently.		(64,056,941)
The asset associated with the District's pension (RHIA) is not recorded in the governmental funds as it is not available currently.		138,569
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:		
Compensated absences payable		(89,546)
Deferred inflows of resources related to pensions		(5,802,804)
Long term debt		(3,939,550)
Capital lease		(928,686)
Interest accrual		(9,390)
The early retirement stipend pension plan obligation is not reported with the governmental funds.		(5,974,150)
The other post employment benefit liability obligation is not reported with the governmental funds.		<u>(4,094,450)</u>
TOTAL NET POSITION		<u><u>\$ (1,842,118)</u></u>

GRANTS PASS SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	General Fund	Federal Programs Fund	PERS Reserve Fund	Measure 98 Fund	Other Governmental Funds	Total
REVENUES						
Property taxes and other taxes	\$ 14,079,215	\$ -	\$ -	\$ -	\$ 215,801	\$ 14,295,016
Intergovernmental	44,373,345	3,679,809	-	603,398	4,348,192	53,004,744
Charges for services	517,406	155	-	-	594,378	1,111,939
Local grants and contributions	81,229	83,700	-	-	739,831	904,760
Investment earnings	115,802	-	54,834	-	13,664	184,300
Miscellaneous	591,953	17,658	-	-	177,190	786,801
TOTAL REVENUES	59,758,950	3,781,322	54,834	603,398	6,089,056	70,287,560
EXPENDITURES						
Current						
Instruction	39,745,666	3,182,626	33,964	437,691	1,051,715	44,451,662
Support services	20,814,185	433,864	-	25,204	290,160	21,563,413
Enterprise and community services	-	164,832	-	-	2,863,206	3,028,038
Facilities and acquisition	-	-	-	140,503	2,071,992	2,212,495
Debt service	-	-	-	-	376,266	376,266
TOTAL EXPENDITURES	60,559,851	3,781,322	33,964	603,398	6,653,339	71,631,874
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(800,901)	-	20,870	-	(564,283)	(1,344,314)
OTHER FINANCING SOURCES (USES)						
Proceeds from capital lease	1,104,040	-	-	-	-	1,104,040
Proceeds from sale of capital assets	1,727	-	-	-	-	1,727
Transfers	(650,000)	-	-	-	650,000	-
TOTAL OTHER FINANCING SOURCES (USES)	455,767	-	-	-	650,000	1,105,767
NET CHANGE IN FUND BALANCE	(345,134)	-	20,870	-	85,717	(238,547)
FUND BALANCE, July 1, 2017	3,433,898	-	3,128,670	-	945,520	7,508,088
FUND BALANCE, June 30, 2018	\$ 3,088,764	\$ -	\$ 3,149,540	\$ -	\$ 1,031,237	\$ 7,269,541

GRANTS PASS SCHOOL DISTRICT NO. 7
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

NET CHANGE IN FUND BALANCE		\$ (238,547)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Expenditures for capital assets	\$ 3,363,676	
Less current year depreciation	<u>(1,740,060)</u>	1,623,616
<p>Governmental funds do not report inventory balances under the purchase method of accounting for inventory while the Statement of Net Position does. This is the change in inventory in the current period.</p>		
		(8,275)
<p>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.</p>		
		3,542
<p>Repayment of debt principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position</p>		
Debt principal repaid		253,934
<p>Repayment of capital lease principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position</p>		
Capital lease proceeds	(1,104,040)	
Capital lease principal repaid	<u>175,354</u>	(928,686)
<p>In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expenses when paid.</p>		
Interest paid	122,332	
Interest expense	<u>(121,238)</u>	1,094
<p>Add the change in net position from the activity in the internal service funds, as they are not included in the governmental fund financial statements, but are included in the government-wide Statement of Activities as the District has control of the funds.</p>		
		21,781
<p>Government funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense and changes in deferred inflows and outflows related to the net pension asset/(liability) are recorded based upon an actuarial valuation of such activity. This is the net change in pension related items.</p>		
		(4,729,042)
<p>The change in the net post employment benefit obligation is not recognized in the governmental funds.</p>		
		(190,538)
<p>The change in the net post employment benefit asset (RHIA) is not recognized in the governmental funds.</p>		
		237,376
<p>Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expenditure when earned.</p>		
		<u>(3,736)</u>
CHANGE IN NET POSITION		<u><u>\$ (3,957,481)</u></u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018**

	Internal Service Funds
ASSETS	
Equity in pooled cash and investments	\$ 104,806
Accounts receivable	<u>5,040</u>
TOTAL ASSETS	<u>109,846</u>
LIABILITIES AND NET POSITION	
Accounts payable	<u>7,331</u>
TOTAL LIABILITIES	<u>7,331</u>
NET POSITION	
Unrestricted	<u>102,515</u>
TOTAL NET POSITION	<u><u>\$ 102,515</u></u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	<u>Internal Service Funds</u>
OPERATING REVENUES	
Charges for services (interfund)	\$ 84,778
TOTAL OPERATING REVENUES	<u>84,778</u>
OPERATING EXPENSES	
Current	
Support services	<u>62,997</u>
TOTAL OPERATING EXPENSES	<u>62,997</u>
OPERATING INCOME / (LOSS)	<u>21,781</u>
CHANGE IN NET ASSETS	21,781
NET POSITION, July 1, 2017	<u>80,734</u>
NET POSITION, June 30, 2018	<u><u>\$ 102,515</u></u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash from interfund services provided	\$ 89,818
Cash paid for services	<u>(78,787)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>11,031</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,031
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>93,775</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 104,806</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING INCOME	
Operating income (loss)	\$ 21,781
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Change in assets and liabilities:	
Receivable	5,040
Accounts payable	<u>(15,790)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 11,031</u></u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	Agency Fund
ASSETS:	
Equity in pooled cash and investments	\$ 1,435
TOTAL ASSETS	1,435
LIABILITIES	
Accounts payable	5,517
Due to other groups	(4,082)
TOTAL LIABILITIES	1,435
NET POSITION	
Restricted	-
TOTAL NET POSITION	\$ -

NOTES TO THE FINANCIAL STATEMENTS

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 1 - Summary of Significant Accounting Policies

The financial statements of Grants Pass School District No. 7 (the District), Oregon have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

The Reporting Entity

Grants Pass School District No. 7 (the District), Grants Pass, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected seven-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts, which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

The more significant of the District's accounting policies are described below.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall 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 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 others for tuition, fees, rentals, materials, supplies or services provided, (2) operating grants and contributions, and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are presented for governmental funds, internal service funds, and the fiduciary fund.

Net Position is reported as restricted when constraints placed on net asset use is either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category 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.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 1 - Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

The District reports the following major governmental funds:

General Fund – This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

Federal Projects Fund – This fund, a special revenue fund, accounts for revenues and expenditures of grants restricted for specific educational purposes. Principal revenue sources are federal and state grants.

PERS Reserve Fund – This fund, a special revenue fund, provides resources to address the anticipated increase in mandated PERS contributions by the District. Principal revenue sources are property taxes and investment earnings.

Measure 98 Fund – This fund, a special revenue fund, will be used to implement measures to decrease the District's dropout rate and chronically absent rate; provide expanded opportunities for students in the area of Career and Technical Education; and provide support to students to expand their access to college level opportunities. This fund will provide resources to hire a Graduation Coach and an Attendance Support Coach.

Additionally, the District reports the following fund types:

Internal Service Funds – These funds are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has two internal service funds - the Unemployment Fund and the Insurance Reserve Fund. Internal activity is eliminated on the government-wide financial statements.

Fiduciary Fund – The District is the trustee, or fiduciary, for assets that belong to others, such as the revolving fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. These activities are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is 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 and there are both restricted and unrestricted net position is 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.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 1 - Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand and demand deposits.

The District's investments, authorized under state statute, consist of the State of Oregon Treasurer's Local Government Investment Pool (LGIP). Changes in the fair value of investments are recorded as investment earnings. The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. The investments are regulated by the Oregon Short Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

Property Taxes Receivable

Ad valorem property taxes are levied on all taxable property as of January 1 preceding the beginning of the fiscal year. Property taxes become a lien on July 1 for personal property and real property. Property taxes are levied on July 1. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the Statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Accounts and Other Receivables

Accounts receivable and other receivables consist primarily of charges for services, claims for reimbursement of costs under various federal and state grant programs and refunds of prior year expenditures.

Inventories

Inventory consists of supplies held for sale. In the government-wide financial statements, inventories are stated at cost using the first-in, first-out (FIFO) method. In the fund financial statements, inventory is reported using the purchase method where purchases are charged to expense when purchased.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 1 - Summary of Significant Accounting Policies (continued)

Inventories (continued)

A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when consumed and are stated at their fair market value based on guidelines provided by the USDA.

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. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of 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 – 10 to 50 years
Equipment - 5 to 30 years

Self-Insurance

The Internal Service Funds (Unemployment Fund and the Insurance Reserve Fund) address the various types of risk faced by the District. The District provides currently for potential losses to be incurred from pending claims.

The District is self-insured for costs up to policy deductible limits as follows:

- Fire loss, property damage, all risk (theft, vandalism, etc.) - \$5,000 per occurrence
- Workers' compensation claims - 100% coverage, no deductible

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's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payment (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-Employment Stipend Benefits

Eligible employees who elect early retirement are entitled to stipend payments. Such costs are recorded as expenses in the General Fund and funded as stipend benefits become due.

Post-Employment Benefits

The District's other post-employment benefit plan (OPEB) provides continued medical coverage to eligible retirees and their spouses and dependents until Medicare eligibility. The OPEB plan is an implicit rate subsidy for medical insurance. GAAP requires biennial actuarial valuation of the District's OPEB. This valuation includes both eligible active employees and retirees. With each valuation, the net OPEB obligation or asset is determined, as well as an annual OPEB cost, which the District records in the government-wide financial statements.

GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Post-Employment Benefits (continued)

Additionally, substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (OPERS) – Retirement Health Insurance Account (RHIA). Contributions to OPERS RHIA are made on a current basis as required by the plan and are charged as expenses.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one type of deferred outflow, which arises only under the full accrual basis of accounting that qualifies for reporting in this category: deferred amounts related to pension and OPEB. These amounts are reported in the government-wide Statement of Net Position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition on net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of deferred inflows, one which arises only under the modified accrual basis of accounting (unavailable revenues) and one that is reported under the full accrual basis of accounting (deferred amounts related to pensions and OPEB). Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet, and deferred amounts related to pensions and OPEB, is reported in the government-wide Statement of Net Position.

Long-term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the Statement of Net Position. Premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Debt is reported net of the applicable bond premium or discount.

In the fund financial statements bond premiums and discounts 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 or not withheld from the actual debt proceeds received, are reported as debt service expenditures when incurred.

GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position and Fund Balances

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increase by balances of deferred outflows of resources related to those assets.

Restricted net position – Consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.

Unrestricted net position (deficit) – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

In the fund financial statements, governmental fund equity is classified in the following categories:

Non-Spendable – Includes items not immediately converted to cash, such as prepaid items and inventory.

Restricted – Includes items that are restricted by external creditors, grantors, or contributors, or restricted by legal constitutional provisions.

Committed – Includes items committed by the District's Board of Directors, by formal board action.

Assigned – Includes items assigned for specific purposes, authorized by the District's Superintendent and/or Director of Business Services

Unassigned – This is the residual classification used for those balances not included in another category.

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expenditure is incurred for purposes for which both restricted and unrestricted net position are available.

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. This budgetary basis of accounting is different than accounting principles generally accepted in the United States of America (GAAP). The major differences between the budgetary and GAAP basis of accounting are that capital outlay and other long-term assets, and debt principal and other long-term liabilities, are included as budgeted expenditures in the governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detailed budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Budget (continued)

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget of 10% or more of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund between the levels of control (major function levels) with Board approval. During the year, the Board adopted two supplemental budget revising appropriations and one resolution for appropriation transfers. Appropriations lapse at the end of each fiscal year.

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 assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

New GASB Pronouncements Adopted

During the fiscal year ended June 30, 2018, the District implemented the following GASB Pronouncements:

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. Issued March 2016, this statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 85, *Omnibus 2017*. Issued March 2017, this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation
- Reporting amounts previously reported as good will and "negative" goodwill
- Classifying real estate held by insurance entities
- Measuring certain money market investments and participating interest-earning investment contract at amortized cost
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB
- Simplifying certain aspects of the alternative measurement method for OPEB
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 1 - Summary of Significant Accounting Policies (continued)

New GASB Pronouncements Adopted (continued)

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. Issued May 2017, the purpose of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is deceased in substance.

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2018:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. Issued November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). GASB 83 will be effective for the District, fiscal year ending June 30, 2019.

GASB Statement No. 84, *Fiduciary Activities*. Issued January 2017, this statement establishes criteria for identifying fiduciary activities of all state and local governments. GASB 84 will be effective for the District, fiscal year ending June 30, 2020.

GASB Statement No. 87, *Leases*. Issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB Statement No. 87 will be effective for the District for fiscal year ending June 30, 2021.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. Issued March 2018 to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 88 will be effective for the District for fiscal year ending June 30, 2019.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. This statement was issued June 2018 to establish accounting requirements for interest cost incurred before the end of a construction period. The objectives of the Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. GASB Statement No. 89 will be effective for the District for fiscal year ending June 30, 2021.

GASB Statement No. 90, *Majority Equity Interests*. Issued August 2018, the primary objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization; and to improve the relevance of financial statement information for certain component units. GASB Statement No. 90 will be effective for the District for fiscal year ending June 30, 2020.

The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 2 - Cash and Investments

Cash and investments are comprised of the following as of June 30, 2018:

Petty Cash	\$ 10,050
Carrying amount of demand deposits	5,970,153
Carrying amount of investments	3,268,158
Total Cash and Investments	\$ 9,248,361

Cash and investments are shown on the basic financial statements as:

Statement of Net Position	
Equity pooled in cash and investments	\$ 9,246,926
Statement of Fiduciary Net Position	
Cash	1,435
Total Cash and Investments	\$ 9,248,361

Deposits. The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2018. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For deposits in excess of federal depository insurance, Oregon Revised Statutes require depository institutions to be in compliance with I pension liability used to calculatJune 30, 2018, the carrying amounts of the District deposits in various financial institutions were \$5,970,153 and the bank balances were \$7,355,682. All deposits are held in the name of the District. Of the bank balance, \$7,105,682 is not covered by FDIC insurance. However, the balance is covered by the State of Oregon shared liability structure for participating bank depositories in Oregon, as identified by the State's Treasurer.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk.

Investments. The District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2018. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the 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 (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40. LGIP is not rated.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 2 - Cash and Investments (continued)

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2018, and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

Credit Risk. State Statutes authorize the District to invest primarily in general obligations of the U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, banker's acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The District has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The District is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The District has no such investments.

Interest Rate Risk. The District has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Disclosures about Fair Value of Assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

Investments Measured at Fair Value:	Totals as of 6/30/2018	Level One	Level Two	Level Three	Amortized Cost Measurement Not Measured at Fair Value
Local Government Investment Pool	\$ 3,268,158	\$ -	\$ -	\$ -	\$ 3,268,158
	<u>\$ 3,268,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,268,158</u>

GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Note 3 - Receivables

Receivables are comprised of the following as of June 30, 2018:

	<u>Taxes</u>	<u>Intergovt</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 1,341,867	\$ 498,616	\$ 228,946	\$ 2,069,429
Federal Projects	-	487,515	-	487,515
Other Gov't'l				
Food Service	-	149,341	1,394	150,735
Cool School Fund	-	-	10,137	10,137
Measure 98 Fund	-	64,285	-	64,285
Capital Projects	27,426	523,224	-	550,650
Insurance Reserve Fund	-	5,040	-	5,040
	<u>\$ 1,369,293</u>	<u>\$ 1,728,021</u>	<u>\$ 240,477</u>	<u>\$ 3,337,791</u>

Note 4 - Capital Assets

The changes in capital assets for the year ended June 30, 2018, are as follows:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Disposals / Transfers</u>	<u>Balance June 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ 2,373,073	\$ -	\$ -	\$ 2,373,073
Construction in progress	440,221	680,353	(440,221)	680,353
Total capital assets not being depreciated:	<u>\$ 2,813,294</u>	<u>\$ 680,353</u>	<u>\$ (440,221)</u>	<u>\$ 3,053,426</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 69,514,452	\$ 1,498,028	\$ 440,221	\$ 71,452,701
Vehicles	4,073,751	1,145,700	-	5,219,451
Machinery and Equipment	1,312,048	39,595	-	1,351,643
Totals	<u>\$ 74,900,251</u>	<u>\$ 2,683,323</u>	<u>\$ 440,221</u>	<u>\$ 78,023,795</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ (27,077,221)	\$ (1,480,797)	\$ -	\$ (28,558,018)
Vehicles	(3,607,897)	(188,624)	-	(3,796,521)
Machinery and equipment	(611,364)	(70,639)	-	(682,003)
Total	<u>(31,296,482)</u>	<u>(1,740,060)</u>	<u>-</u>	<u>(33,036,542)</u>
Total capital assets				
Land	\$ 2,373,073	\$ -	\$ -	\$ 2,373,073
Construction in Progress	440,221	680,353	(440,221)	680,353
Buildings and improvements	42,437,231	17,231	440,221	42,894,683
Vehicles	465,854	957,076	-	1,422,930
Machinery and Equipment	700,684	(31,044)	-	669,640
Totals	<u>\$ 46,417,063</u>	<u>\$ 1,623,616</u>	<u>\$ -</u>	<u>\$ 48,040,679</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 4 - Capital Assets (continued)

Depreciation expense for the year ended June 30, 2018 was charged to the following programs:

<u>Program</u>		
Instructional Services	\$	1,127,811
Support Services		534,449
Community Services		77,800
Total	\$	<u><u>1,740,060</u></u>

Note 5 - Unavailable/Unearned Revenues

Governmental funds, under the modified accrual basis of accounting, accrue deferred revenue for revenue amounts unearned or unavailable. Government-wide reporting, as well as in internal service funds, use full accrual accounting and report only unearned revenue. Unavailable revenue (deferred inflows) result in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Unearned revenue result in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of unavailable (deferred inflow) and unearned revenue in the governmental funds were as follows:

	Unavailable	Unearned	Total
General Fund:			
Property taxes	\$ 1,159,847	\$ -	\$ 1,159,847
Federal Programs Fund:			
Federal programs	-	104,697	104,697
Total	<u><u>\$ 1,159,847</u></u>	<u><u>\$ 104,697</u></u>	<u><u>\$ 1,264,544</u></u>

The Federal Programs Fund includes programs funded by local, intermediate, state and federal resources.

Note 6 - Accrued Compensated Absences

The changes in accrued compensated absences for the year ended June 30, 2018 are as follows:

	Accrued June 30, 2017	Earned	Taken	Accrued June 30, 2018
Governmental Activities	<u><u>\$ 85,810</u></u>	<u><u>\$ 221,922</u></u>	<u><u>\$ 218,186</u></u>	<u><u>\$ 89,546</u></u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 7 - Leases

Operating leases -

The District has several operating leases associated with office equipment. Total expense for such leases was \$172,244 for the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

Year ending June 30,	Amount
2019	\$ 166,985
2020	147,719
2021	111,941
2022	32,204
2023	3,878
	<u>\$ 462,727</u>

Capital Leases -

On April 30, 2018 the District entered into a capital lease to finance the purchase of buses that matures on May 30, 2024. The lease is payable in six annual payments of \$175,354, including implied interest at 3.68%. The cost of the buses was \$1,104,040. The District made a down payment of \$175,354 for the year ended June 30, 2018. The payment schedule of principal and interest for the capital lease is as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 141,178	\$ 34,176	\$ 175,354
2020	146,374	28,980	175,354
2021	151,760	23,594	175,354
2022	157,345	18,009	175,354
2023	163,136	12,218	175,354
2024 - 2028	168,893	6,461	175,354
	<u>\$ 928,686</u>	<u>\$ 123,438</u>	<u>\$ 1,052,124</u>

Note 8 - Interfund Transactions

Inter-fund transfers during the year ended June 30, 2018 were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 650,000
Capital Projects	650,000	-
	<u>\$ 650,000</u>	<u>\$ 650,000</u>

The District made a transfer from the General Fund to the Capital Projects Fund for certain capital improvement/maintenance projects.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 8 - Interfund Transactions (continued)

Due to/from other funds as of June 30, 2018, were as follows:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ 1,747,080	\$ -
Federal Programs	-	561,754
PERS Reserve	-	33,964
Student Body	-	46,832
Food Service Fund	59,055	-
Measure 98	-	603,398
Capital Projects	-	496,733
Cool School Fund	-	63,454
	<hr/>	<hr/>
Total Due To/From	<u>\$ 1,806,135</u>	<u>\$ 1,806,135</u>

Substantially all current obligations and payments are recorded by the General Fund for the District, these obligations and payments are then accounted for as due to or from the various funds affected. Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, the District transfers these funds within sixty days after year-end.

Note 9 - Long Term Debt

On December 19, 2014, the District entered into a Full Faith and Credit Financing Agreement and an associated Note with Evergreen Federal Bank (the Bank) for the purpose of financing the cost of constructing and equipping additional elementary school classrooms at existing elementary schools and to pay all costs incidental thereto. As part of the Financing Agreement and Note, the Bank agreed to advance draws to the District in a maximum aggregate principal amount of \$4,000,000 if the request for a draw is made on or before December 31, 2015. All or any portion of the outstanding balance may be prepaid without penalty on any business day. The obligation of the District to make the payments under the Finance Agreement is a full faith and credit obligation of the District, and is not subject to annual appropriation. The Bank shall not have a lien or security interest on any property of the District, including the property financed with the proceeds of the Agreement.

On September 9, 2015, the District entered into an Amended and Restated Full Faith and Credit Financing Agreement and an associated Amended and Restated Note with the Bank. The Amended and Restated Finance Agreement increased the maximum aggregate principal borrowing amount to \$4,500,000.

On or before December 31, 2015, the District made the final draw under the Amended and Restated Finance Agreement and the Note. The District paid accrued interest through December 31, 2015 and started making principal and interest payments in February of 2016. The Bank prepared an amortization in alignment with the Note showing the outstanding balance amortized in 180 substantially equal monthly payments of principal and interest, commencing on February 1, 2016 with a final maturity date of January 1, 2031. The outstanding balance shall bear interest at 3.00 percent per annum.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 9 - Long Term Debt (continued)

The repayment schedule of principal and interest for this loan are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 261,658	\$ 114,608	\$ 376,266
2020	269,616	106,649	376,265
2021	277,817	98,449	376,266
2022	286,267	89,999	376,266
2023	294,974	81,292	376,266
2024 - 2028	1,615,033	267,296	1,882,329
2029 - 2031	934,185	37,755	971,940
	<u>\$ 3,939,550</u>	<u>\$ 796,048</u>	<u>\$ 4,735,598</u>

Interest paid on the above debt was \$122,332 and interest expense for the current fiscal year is \$121,238.

Note 10 - Other Post-Employment Benefits (OPEB)

The District has two separate other post-employment benefits (OPEB) plans. The District provides a single employer defined benefit health care plan to staff that were hired before July 1, 2003 and the District contributes to the State of Oregon's PERS cost-sharing multiple employer defined benefit plan.

Single-Employer Post-Retirement Health Care Plan –

Plan Description – The District maintains a single-employer post-retirement healthcare (OPEB) plan that provides post-employment health benefits to eligible employees and their dependents. Generally, the program covers all who meet Oregon PERS retirement eligibility and are receiving benefits from Oregon PERS. For Tier 1 or Tier 2 members they may retire earlier of age 55, or any age with 30 years of service. OPSRP members must be age 55 or older with five years of service. All classes of employees are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

The District's OPEB plan was established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that all eligible retirees are allowed to continue receiving health insurance benefits, at their cost, until Medicare eligibility for the retiree (or until dependent children become ineligible). ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. Their requirement to make available to retirees (at the retirees own cost) access in to the healthcare plan has an implicit cost to the district.

Funding Policy – The benefits from the single-employer defined benefit OPEB plan are paid by the District based on bargaining agreement language and contributions by employees are also required. The plan is not accounted for in a pension trust fund; therefore, designated funds are not legally restricted to pay future benefits. The benefits from the healthcare plan established in accordance with ORS 243.303 are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you-go financing requirements. There is no obligation on the part of the District to fund these benefits in advance. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 10 - Other Post-Employment Benefits (OPEB) (continued)

Single-Employer Post-Retirement Health Care Plan – (continued)

Employees Covered by Benefit Terms –At June 30, 2018, the following employees were covered by the implicit benefit terms:

Inactive participants in the OPEB plan	58
Active plan members	633
	691

Total OPEB Liability – The districts total OPEB liability of \$4,094,450 was measured as of June 30, 2018, and was determined by an actuarial valuation date as of July 1, 2016.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Input	Assumption
Actuarial Cost Method	Entry age normal, level percent of salary
Interest Rate Utilized for Discounting	3.75% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Salary Scale	3.0% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus a merit table
Annual Premium Increase Rate	Between 5% and 6.5% annually
Mortality Rates	RP 2000 male and female tables, projected generationally with Scale BB, combined active/healthy annuitant, set back 24 months
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled if any
Marital Status	75% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	The actuary assumed no impact of dependent children on the implicit subsidy

Changes in the Total OPEB Liability –

OPEB Liability at June 30, 2017	\$	3,926,866
Changes for the year:		
Service cost		203,901
Interest		147,632
Benefit payments		(183,949)
OPEB Liability at June 30, 2018	\$	4,094,450

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease Rate 2.75%	Current Discount Rate 3.75%	1% Increase Rate 4.75%
Total OPEB Liability	\$ 4,404,270	\$ 4,094,450	\$ 3,806,793

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 10 - Other Post-Employment Benefits (OPEB) (continued)

Single-Employer Post-Retirement Health Care Plan – (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate 6.5%	1% Increase
	5.5% Graded	Graded Down to	7.5% Graded
	Down to 4%	5% Trend Rates	Down to 6%
Total OPEB Liability	\$ 3,644,007	\$ 4,094,450	\$ 4,618,830

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources – For the year ended June 30, 2018, the District recognized OPEB expense of \$351,533. At June 30, 2018, the District reported no deferred outflows or inflows associated with the single employer defined benefit health care plan.

Retirement Health Insurance Account (RHIA) –

Plan Description - As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004.

OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO box 23700, Tigard, OR 97281-3700.

Funding Policy – Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. 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. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating school districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.49% of annual covered OPERF payroll and 0.10% of OPSRP payroll. The District contributed \$164,442 for the year ended June 30, 2018. The contribution rates in effect for the fiscal year ended June 30, 2018 for the OPEB program were: Tier1/Tier 2 – 0.50%, and OPSRP general service – 0.43%.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 10 - Other Post-Employment Benefits (OPEB) (continued)

Retirement Health Insurance Account (RHIA) – (continued)

Pension Plan Comprehensive Annual Financial Report (CAFR) –

Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Actuarial Valuation -

The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 11 Pension and Retirement Plans* (excluding the Actuarial Methods and Assumptions cost of living adjustment assumption, which has been removed, and a retiree healthcare participation assumption of 38% for healthy retirees and 20% for disabled retirees has been used). The actuarial valuation details are the Actuarial Methods and Assumptions, Discount Rate, Assumed Asset Allocation, and the Investment Rate of Return.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – At June 30, 2018, the District reported \$138,569 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2017, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2015. The District’s proportion of the net OPEB asset 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, 2018, the District’s proportion was approximately 0.33202907 percent.

For the year ended June 30, 2018, the District recognized a reduction of OPEB expense of \$237,376. The reduction of OPEB expense was generated during the measurement period primarily as a result of more than anticipated investment returns at the OPERS level. The \$237,376 was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Supporting Services, and Community Services using allocation percentages of 64%, 31% and 5%, respectively.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earning on investments	-	64,178
Changes in proportionate share	-	1,457
Differences between employer contributions and employers proportionate share of system contributions	-	-
Contributions subsequent to measurement date	164,442	-
Total	<u>\$ 164,442</u>	<u>\$ 65,635</u>

\$164,442 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2018.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 10 - Other Post-Employment Benefits (OPEB) (continued)

Retirement Health Insurance Account (RHIA) – (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended June 30	Net Deferred Outflow/Inflow of Resources (prior to post- measurement date contributions)
2019	\$ (16,583)
2020	(16,583)
2021	(16,423)
2022	(16,046)
2023	-
Thereafter	-
Total	<u>\$ (65,635)</u>

Sensitivity for the District’s Proportionate Share of the Net OPEB Asset to Changes in Discount Rate –

The following presents the District’s proportionate share of the net OPEB asset calculated using the discount rate of 7.50 percent, as well as what the District’s proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage point higher (8.50 percent) than the current rate:

District's Net Pension Asset/(Liability)	1% Decrease (6.50)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Defined Benefit Pension	\$ 19,316	\$ (138,569)	\$ (272,861)

The RHIA OPEB is unaffected by healthcare cost trends due to the benefit being limited to \$60 monthly payments toward Medicare companion insurance premiums.

Note 11 - Pension & Retirement Plans

Tax Sheltered Annuity Plan –

The District offers its employees a tax deferred annuity program established pursuant to Section 403(b) of the Internal Revenue Code (the Code), and deferred compensation program pursuant to Section 457 of the Internal Revenue Code. Contributions are made through salary reductions from participating employees up to the amounts specified in the Code. The District provides no matching component for employee contributions.

Early Retirement Stipend Pension Plan –

Plan Description - The District provides a single-employer defined benefit early retirement supplemental plan for eligible Administrative, Licensed, Supervisory, and Confidential employees who retire with 15 years of service with the District, and Classified employees hired before July 1, 2006 who retire on or after age 55 with 20 years of District service. Generally, the program covers all who meet Oregon PERS retirement eligibility and are receiving benefits from Oregon PERS. For Tier 1 or Tier 2 members they may retire earlier of age 55, or any age with 30 years of service. OPSRP members must be age 55 or older with five years of service.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 11 - Pension & Retirement Plans

Early Retirement Stipend Pension Plan – (continued)

Administrative, Licensed, Supervisory, and Confidential employees are entitled to a monthly stipend equal to 1/84th of the employee’s annual salary at retirement, which continues until (1) death, (2) reaching the age of 65, or (3) the receipt of 84 payments, whichever occurs first. Classified employees are eligible for a monthly stipend, based on a sliding scale rate depending on years of service, plus \$100 per month until (1) the employee becomes eligible for full Social Security benefits, (2) reaching the age of 65, or (3) the receipt of 60 months of payments, whichever occurs first.

Funding Policy – The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The District funds this benefit as it comes due and the estimated amount to be paid by the District for the benefit for the period ended June 30, 2018 was \$427,123. There are no assets accumulated in a trust.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the stipend benefit terms:

Inactive participants in the OPEB plan	58
Active plan members	633
	691

Total Stipend Pension Liability – The districts total stipend pension liability of \$5,974,150 was measured as of June 30, 2018, and was determined by an actuarial valuation date as of July 1, 2016.

Actuarial Assumptions and Other Inputs – The total stipend pension liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Input	Assumption
Actuarial Cost Method	Entry age normal, level percent of salary
Interest Rate Utilized for Discounting	3.75% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Salary Scale	3.0% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus a merit table
Annual Premium Increase Rate	Between 5% and 6.5% annually
Mortality Rates	RP 2000 male and female tables, projected generationally with Scale BB, combined active/healthy annuitant, set back 24 months
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled if any
Marital Status	75% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	The actuary assumed no impact of dependent children on the implicit subsidy

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 11 - Pension and Retirement Plans (continued)

Early Retirement Stipend Pension Plan – (continued)

Changes in the Stipend Pension Liability –

Stipend Pension Liability at June 30, 2017	\$	5,951,196
Changes for the year:		
Service cost		230,592
Interest		219,485
Benefit payments		(427,123)
Stipend Pension Liability at June 30, 2018	\$	5,974,150

Sensitivity of the Total Stipend Pension Liability to Changes in the Discount Rate – The following presents the total stipend pension liability of the District, as well as what the District’s total pension stipend liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease Rate 2.75%	Current Discount Rate 3.75%	1% Increase Rate 4.75%
Total OPEB Liability	\$ 6,345,453	\$ 5,974,150	\$ 5,620,524

Stipend Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources –

For the year ended June 30, 2018, the District recognized stipend pension expense of \$450,077. At June 30, 2018, the District reported no deferred outflows or inflows associated with its stipend pension plan.

OPERS Plan –

Plan Description - Employees are provided pensions as participants under one or more plans currently available through Oregon Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit plan in accordance with Oregon Revised Statutes Chapter 238, Chapter 23A, and Internal Revenue Service Code Section 401(a).

There are currently two programs within OPERS, with eligibility determined by the date of employment. Those employed prior to August 29, 2003 are OPERS Program members, and benefits are provided based on whether a member qualifies for Tier One or Tier Two described below. Those employed on or after August 29, 2003 are Oregon Public Service Retirement Plan (OPSRP) Program members. OPSRP is a hybrid retirement plan with two components: 1) the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan), and 2) the Individual Account Program (IAP) (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan).

The ORS Chapter 238 Defined Benefit Plan was closed to new members hired on or after August 29, 2003. In 1995, the Oregon Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

Beginning January 1, 2004, all employees who were active members of OPERS became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan – (continued)

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

Tier One/Tier Two Retirement Benefit (Chapter 238) -

Pension Benefits - The OPERS 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.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General Service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan was closed to new members hired on or after August 29, 2003.

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

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% of the member's salary determined as of the last full month of employment before the disability occurred.

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 (COLA). The COLA is capped at 2.0%.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan – (continued)

OPSRP Pension Program (Chapter 238A) -

Pension Benefits - The ORS Chapter 238A Defined Benefit Pension Program 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 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.

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.

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.

Benefit Changes After Retirement - Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living adjustment (COLA). The COLA is capped at 2.0%.

Contributions –

PERS' funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary.

The District's employer contributions for the year ended June 30, 2018 were \$8,102,379, excluding amounts to fund employer specific liabilities. The contribution rates in effect for the fiscal year ended June 30, 2018 for each pension program were: Tier1/Tier 2 – 27.20%, and OPSRP general service – 21.87%.

Pension Plan Comprehensive Annual Financial Report (CAFR) –

Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

Actuarial Valuation –

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from their date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 11 - Pension and Retirement Plans (continued)

Actuarial Methods and Assumptions Used in Developing Total Pension Liability –

The methods and assumptions shown below are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Experience study	2014, published September 2015
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.50 percent
Long-term expected rate of return ¹	7.50 percent
Discount rate	7.50 percent
Projected salary increases	3.50 percent
Cost of living adjustments (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: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years.

Discount Rate –

The discount rate used to measure the total pension liability was 7.5 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.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 11 - Pension and Retirement Plans (continued)

Assumed Asset Allocation –

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00%
Debt securities	20.00%
Public equity	37.50%
Private equity	17.50%
Real estate	12.50%
Alternative equity	12.50%
Opportunity portfolio	0.00%
Total	<u>100.00%</u>

Investment Rate of Return –

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the OPERS 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.

The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at the time based on the OIC long-term target asset allocation. The OIC's description of each asset was used to map the target allocation to the asset classes shown below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return</u>
Core fixed income	8.00%	4.00%
Short-term bonds	8.00%	3.61%
Intermediate-term bonds	3.00%	5.42%
High yield bonds	1.00%	6.20%
Large/Mid cap US equities	15.75%	6.70%
Small Cap US equities	1.31%	6.99%
Micro Cap US equities	1.31%	7.01%
Developed foreign equities	13.13%	6.73%
Emerging market equities	4.12%	7.25%
Non-US small Cap equities	1.88%	7.22%
Private equities	17.50%	7.97%
Real estate (property)	10.00%	5.84%
Real estate (REITS)	2.50%	6.69%
Hedge fund of funds - diversified	2.50%	4.64%
Hedge fund - event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.86%	4.58%
Total	<u>100.00%</u>	
Assumed inflation - mean		2.50%

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 11 - Pension and Retirement Plans (continued)

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions –

At June 30, 2018, the District reported a liability of \$64,056,941 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. 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 employers, actuarially determined. At June 30, 2018, the District's proportion was approximately 0.47519853 percent.

For the year ended June 30, 2018, the District recognized pension expense of \$4,729,042. Pension expense was generated during the measurement period primarily as a result of less than anticipated investment returns at the OPERS level. The \$4,729,042 was treated as an increase of payroll related expense in the Statement of Activities and allocated to Instruction, Supporting Services, and Community Services using allocation percentages of 64%, 31%, and 5% respectively.

At June 30, 2018, 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
Difference between expected and actual experience	\$ 3,097,821	\$ -
Changes of assumptions	11,676,438	-
Net difference between projected and actual earning on investments	659,937	-
Changes in proportionate share	-	5,654,722
Differences between employer contributions and employers proportionate share of system contributions	2,493,448	82,447
Contributions subsequent to measurement date	8,102,379	-
Total	\$ 26,030,023	\$ 5,737,169

\$8,102,379 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an decrease to the net pension liability in the year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense or (expense reduction) as follows:

Year Ended June 30	Net Deferred Outflow/Inflow of Resources (prior to post- measurement date contributions)
2019	\$ 2,184,393
2020	7,352,083
2021	4,670,975
2022	(2,010,451)
2023	(6,525)
Thereafter	-
Total	\$ 12,190,475

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 11 - Pension and Retirement Plans (continued)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50 percent) or 1-percentage point higher (8.50 percent) than the current rate:

District's Net Pension Asset/(Liability)	1% Decrease (6.50)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Defined Benefit Pension	\$ 109,164,724	\$ 64,056,941	\$ 26,338,482

Changes in Assumptions –

A summary of key changes implemented since the December 31, 2015 valuation can be found in the 2014 Experience Study for the System, which can be found at:

<http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

Defined Contribution Plan – Individual Account Program (IAP)

Pension Benefits - Participants in OPERS defined contribution pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. All covered employees are required by State statute to contribute 6% of their salary to the plan. 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.

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.

Note 12 - Commitments

The District has construction obligations for seismic upgrades at Highland and Allen Dale Elementary and South Middle School. The original commitment of the contracts is \$3,621,394 with \$3,322,253 remaining on the contracts at June 30, 2018. These upgrades will be paid for with Seismic Rehabilitation Grants.

GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

Note 13 - Contingencies

Amounts received or receivable from grantor agencies are subject to compliance audits by grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable.

Note 14 - Current Vulnerability Due to Certain Concentrations

The District's operations are concentrated within Josephine County. In addition, substantially all the District's revenues for continuing operations are from federal, state, and local government agencies. In the normal course of operations, the District receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Note 15 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past five fiscal years ending June 30, 2018.

Note 16 - Tax Abatements

As of June 30, 2018, Josephine County provides tax abatements through the Enterprise Zone Program.

Enterprise Zone (ORS 285C.175):

The Oregon Enterprise Zone Program is a State of Oregon economic development program, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating entities are required to meet the program requirements set by state statute and the local sponsor.

The Enterprise Zone Program provides qualified entities that will be making a substantial new capital investment within the defined enterprise zone, a waiver of 100% of the amount of real property taxes attributable to the new investment for a period of five years following completion of the new investment. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of current property tax levies to local taxing jurisdiction.

For the fiscal year ended June 30, 2018, Josephine County abated property taxes totaling \$60,100 under the Enterprise Zone Program.

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

Note 17 - Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2018 through December 21, 2018, the date of the financial statements were available for issuance, for recognition and/or disclosure in the financial statements. The following events and transactions occurred after June 30, 2018 through the date the financial statements were available for issuance.

Changes in OPERS Pension Plan Provisions -

At its July 28, 2017 meeting, the PERS Board lowered its effective "assumed rate" from 7.5% to 7.2% effective January 1, 2018 for OPERS and effective July 1, 2018 for the District. The assumed rate is the rate of investment return (including inflation) that the PERS Fund's regular account is expected to earn over the long term. Oregon Administrative Rule 459-007-0001(2) states that the assumed rate "means the actuarial assumed rate of return on investments as adopted by the Board for the most recent actuarial valuation."

The lowered rate is expected to increase the PERS net pension liability by an estimated \$2.0 to \$2.4 billion. Of this increase, the District's portion is estimated at \$10.4 to \$12.5 million.

REQUIRED SUPPLEMENTARY INFORMATION

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

Grants Pass School District No. 7 Proportionate Share of Net Pension Asset / (Liability)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District proportion of the net pension asset/(liability)	0.4751985%	0.5195660%	0.5828479%	0.5866120%	0.5866120%
District's proportion of the net pension asset/(liability)	\$ (64,056,941)	\$ (77,998,913)	\$ (33,463,988)	\$ 13,296,833	\$ (29,935,697)
District's covered-employee payroll	\$ 35,280,575	\$ 33,870,417	\$ 32,121,377	\$ 30,138,820	\$ 28,555,340
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-181.56%	-230.29%	-104.18%	44.12%	-104.83%
Plan fiduciary net position as a percentage of the total pension liability	83.12%	80.53%	91.88%	103.59%	91.97%

Grants Pass School District No. 7 Contributions

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 8,102,379	\$ 6,652,748	\$ 6,316,699	\$ 6,252,389	\$ 5,766,747
Contribution in relation to the contractually required	<u>(8,102,379)</u>	<u>(6,652,748)</u>	<u>(6,316,699)</u>	<u>(6,252,389)</u>	<u>(5,766,747)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered - employee payroll	\$ 35,280,575	\$ 33,870,417	\$ 32,121,377	\$ 30,138,820	\$ 28,555,340
Contributions as a percentage of covered-employee payroll	22.97%	19.64%	19.67%	20.75%	20.19%

Note 1 - Changes of Benefit Terms and Assumptions -

A summary of assumption changes implemented since the December 31, 2014 valuation are outlined briefly below. A comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the system, which was published on September 23, 2015, and can be found at: <http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

Changes in Actuarial Method and Allocation Procedures:
General Service member weighting changed from 30% to 25% of proportional liability.

Changes in Economic Assumptions:
Inflation was lowered to 2.5%, and payroll growth was reduced from 3.75% to 3.5%. Investment return and interest crediting was reduced from 7.75% to 7.5%. With the implementation of GASB No. 67 and 68 this necessitated an explicit Tier 1/Tier 2 administrative expense assumption of \$33 million per year for December 31, 2014 and December 31, 2015. Health care cost inflation and implementation of the excise tax in 2018 was considered. Disability mortality tables were updated using the RP2000 generational tables, whereas RP2000 static tables were previously used. Rates for disability, retirement from active status, and termination were adjusted.

Changes in Salary Increase Assumptions:
Unused sick leave and vacation pay rates were adjusted. Retirement Health Insurance Account (RHIA) participation rate for healthy retirees was reduced from 45% to 38%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

Other Information:
This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 68 during fiscal 2014, as a result, only five years of information is presented.

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB ASSET/(LIABILITY)
AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

Grants Pass School District No. 7 Proportionate Share of Net Pension Asset / (Liability)

	2018
District proportion of the net OPEB asset/(liability)	0.3320291%
District's proportion of the net OPEB asset/(liability)	\$ 138,569
District's covered-employee payroll	\$ 35,280,575
District's proportionate share of the net OPEB asset/(liability) as a percentage of its covered-employee payroll	0.39%
Plan fiduciary net position as a percentage of the total pension liability	108.88%

Grants Pass School District No. 7 Contributions

	2018
Contractually required contributions	\$ 164,442
Contribution in relation to the contractually required	(164,442)
Contributions deficiency (excess)	\$ -
District's covered - employee payroll	\$ 35,280,575
Contributions as a percentage of covered-employee payroll	0.47%

Note 1 - Changes of Benefit Terms and Assumptions -

A summary of assumption changes implemented since the December 31, 2016 valuation are outlined briefly below. A comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the system, which was published on September 23, 2015, and can be found at:
<http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

Changes in Actuarial Method and Allocation Procedures:

General Service member weighting changed from 30% to 25% of proportional liability.

Changes in Economic Assumptions:

Inflation was lowered to 2.5%, and payroll growth was reduced from 3.75% to 3.5%. Investment return and interest crediting was reduced from 7.75% to 7.5%. With the implementation of GASB No. 67 and 68 this necessitated an explicit Tier 1/Tier 2 administrative expense assumption of \$33 million per year for December 31, 2014 and December 31, 2015. Health care cost inflation and implementation of the excise tax in 2018 was considered. Disability mortality tables were updated using the RP2000 generational tables, whereas RP2000 static tables were previously used. Rates for disability, retirement from active status, and termination were adjusted.

Changes in Salary Increase Assumptions:

Unused sick leave and vacation pay rates were adjusted. Retirement Health Insurance Account (RHIA) participation rate for healthy retirees was reduced from 45% to 38%. The RHIPA participation rate was changed from a uniform rate of 13% to a service-based table of rates.

Other Information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 during fiscal 2018, as a result, only one year of information is presented.

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL PENSION LIABILITY
AND RELATED RATIOS**

Total Pension Liability (Stipend):	<u>2018</u>	<u>2017</u>
Service cost	\$ 230,592	\$ 230,592
Interest	219,485	218,657
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions of other inputs	-	-
Benefit payments	<u>(427,123)</u>	<u>(427,242)</u>
Net change in total pension liability (stipend)	22,954	22,007
Total Pension Liability (Stipend) - beginning	<u>\$ 5,951,196</u>	<u>\$ 5,929,189</u>
Total Pension liability (Stipend) - ending	<u>\$ 5,974,150</u>	<u>\$ 5,951,196</u>
Estimated Covered - employee payroll	\$ 29,442,482	\$ 28,584,934
Total pension liability (Stipend) as a percentage of estimated covered - employee payroll	20.29%	20.82%

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:

Significant methods and assumptions used in calculating the actuarially determined contributions are described in *Note 11* to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 73 during fiscal 2017, as a result, only two years of information is presented.

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY
AND RELATED RATIOS**

Total OPEB Liability:	2018	2017
Service cost	\$ 203,901	\$ 203,901
Interest	147,632	140,764
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions of other inputs	-	-
Benefit payments	(183,949)	(139,087)
Net change in total OPEB liability	167,584	205,578
Total OPEB liability - beginning	\$ 3,926,866	\$ 3,721,288
Total OPEB liability - ending	\$ 4,094,450	\$ 3,926,866
Estimated Covered - employee payroll	\$ 32,659,879	\$ 31,708,620
Total OPEB liability as a percentage of estimated covered - employee payroll	12.54%	12.38%

Notes to Schedule:

Significant methods and assumptions used in calculating the actuarially determined contributions:

Significant methods and assumptions used in calculating the actuarially determined contributions are described in *Note 10* to the financial statements. No assets are accumulated in a trust to pay related benefits.

Changes in benefit terms:

None noted.

Other information:

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 75 during fiscal 2017, as a result, only two years of information is presented.

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>2018</u>	<u>Variance with</u>
	<u>Adopted</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Local sources:				
Property taxes	\$ 13,000,000	\$ 13,000,000	\$ 14,079,215	\$ 1,079,215
Intergovernmental	15,000	15,000	80	(14,920)
Charges for services	992,244	992,244	517,406	(474,838)
Donations	497,000	497,000	81,229	(415,771)
Interest on investments	75,100	75,100	115,802	40,702
Miscellaneous	978,889	978,889	591,953	(386,936)
Intermediate sources:				
Intergovernmental	1,625,000	1,625,000	1,440,678	(184,322)
State sources:				
Basic school support	42,498,860	42,498,860	42,201,041	(297,819)
Intergovernmental	736,072	736,072	583,857	(152,215)
Federal sources:				
Intergovernmental	100,000	100,000	147,689	47,689
TOTAL REVENUES	<u>60,518,165</u>	<u>60,518,165</u>	<u>59,758,950</u>	<u>(759,215)</u>
EXPENDITURES				
Current:				
Instruction	39,042,278	39,774,103	39,745,666	28,437
Support services	20,123,036	20,831,211	20,814,185	17,026
Contingency	1,440,000	-	-	-
TOTAL EXPENDITURES	<u>60,605,314</u>	<u>60,605,314</u>	<u>60,559,851</u>	<u>45,463</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(87,149)</u>	<u>(87,149)</u>	<u>(800,901)</u>	<u>(713,752)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from capital lease	-	-	1,104,040	1,104,040
Proceeds from the sale of capital assets	-	-	1,727	1,727
Transfers out	(650,000)	(650,000)	(650,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(650,000)</u>	<u>(650,000)</u>	<u>455,767</u>	<u>1,105,767</u>
NET CHANGE IN FUND BALANCE	<u>(737,149)</u>	<u>(737,149)</u>	<u>(345,134)</u>	<u>392,015</u>
FUND BALANCE, July 1, 2017	<u>3,729,765</u>	<u>3,729,765</u>	<u>3,433,898</u>	<u>(295,867)</u>
FUND BALANCE, June 30, 2018	<u>\$ 2,992,616</u>	<u>\$ 2,992,616</u>	<u>\$ 3,088,764</u>	<u>\$ 96,148</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FEDERAL PROGRAM FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>2018</u>	<u>Variance with</u>
	<u>Adopted</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Local sources:				
Charges for services	\$ -	-	\$ 155	\$ 155
Donations	275,000	\$ 275,000	83,700	(191,300)
Intermediate sources:				
Intergovernmental	165,974	165,974	8,661	(157,313)
State sources:				
Intergovernmental	950,000	950,000	164,046	(785,954)
Federal sources:				
Intergovernmental	<u>7,151,990</u>	<u>7,151,990</u>	<u>3,507,102</u>	<u>(3,644,888)</u>
TOTAL REVENUES	<u>8,542,964</u>	<u>8,542,964</u>	<u>3,781,322</u>	<u>(4,761,642)</u>
EXPENDITURES				
Current:				
Instruction	6,746,488	6,746,488	3,182,626	3,563,862
Support services	1,493,476	1,493,476	433,864	1,059,612
Enterprise and community services	<u>303,000</u>	<u>303,000</u>	<u>164,832</u>	<u>138,168</u>
TOTAL EXPENDITURES	<u>8,542,964</u>	<u>8,542,964</u>	<u>3,781,322</u>	<u>4,761,642</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, July 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PERS RESERVE FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>2018 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Interest on investments	\$ 27,259	\$ 27,259	\$ 54,834	\$ 27,575
TOTAL REVENUES	<u>27,259</u>	<u>27,259</u>	<u>54,834</u>	<u>27,575</u>
EXPENDITURES				
Instruction	2,021,033	2,021,033	33,964	1,987,069
Support services	1,248,010	1,248,010	-	1,248,010
Enterprise and community services	15,248	15,248	-	15,248
TOTAL EXPENDITURES	<u>3,284,291</u>	<u>3,284,291</u>	<u>33,964</u>	<u>3,250,327</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,257,032)</u>	<u>(3,257,032)</u>	<u>20,870</u>	<u>3,277,902</u>
FUND BALANCE, July 1, 2017	<u>3,621,953</u>	<u>3,621,953</u>	<u>3,128,670</u>	<u>(493,283)</u>
FUND BALANCE, June 30, 2018	<u>\$ 364,921</u>	<u>\$ 364,921</u>	<u>\$ 3,149,540</u>	<u>\$ 2,784,619</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MEASURE 98 FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>2018 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
State sources:				
Intergovernmental	\$ 900,000	\$ 900,000	\$ 603,398	\$ (296,602)
TOTAL REVENUES	<u>900,000</u>	<u>900,000</u>	<u>603,398</u>	<u>(296,602)</u>
EXPENDITURES				
Instruction	609,840	609,840	437,691	172,149
Support services	25,226	125,226	25,204	100,022
Facilities acquisition and construction	150,000	150,000	140,503	9,497
Contingency	114,934	14,934	-	14,934
TOTAL EXPENDITURES	<u>900,000</u>	<u>900,000</u>	<u>603,398</u>	<u>296,602</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, July 1, 2017	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OTHER SUPPLEMENTARY INFORMATION

**GRANTS PASS SCHOOL DISTRICT NO. 7
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>Student Body</u>	<u>Food Services</u>	<u>Cool School</u>	<u>Capital Projects</u>	<u>Total</u>
ASSETS					
Equity in pooled cash and investments	\$ 510,638	\$ 200	\$ 273,735	\$ 98,063	\$ 882,636
Receivables	-	150,735	10,137	550,650	711,522
Interfund receivable	-	59,055	-	-	59,055
TOTAL ASSETS	<u>\$ 510,638</u>	<u>\$ 209,990</u>	<u>\$ 283,872</u>	<u>\$ 648,713</u>	<u>\$ 1,653,213</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 14,957	\$ 14,957
Interfund payable	46,832	-	63,454	496,733	607,019
TOTAL LIABILITIES	<u>46,832</u>	<u>-</u>	<u>63,454</u>	<u>511,690</u>	<u>621,976</u>
Fund Balances:					
Committed	463,806	209,990	220,418	137,023	1,031,237
TOTAL FUND BALANCES	<u>463,806</u>	<u>209,990</u>	<u>220,418</u>	<u>137,023</u>	<u>1,031,237</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 510,638</u>	<u>\$ 209,990</u>	<u>\$ 283,872</u>	<u>\$ 648,713</u>	<u>\$ 1,653,213</u>

GRANTS PASS SCHOOL DISTRICT NO. 7
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2018

	<u>Student Body</u>	<u>Food Services</u>	<u>Cool School</u>	<u>Capital Projects</u>	<u>Total</u>
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 215,801	\$ 215,801
Intergovernmental	-	2,687,765	-	1,660,427	4,348,192
Charges for services	422,764	159,164	-	12,450	594,378
Donations	731,688	-	-	8,143	739,831
Interest on investments	-	-	-	13,664	13,664
Miscellaneous	24,739	10,657	140,108	1,686	177,190
TOTAL REVENUES	<u>1,179,191</u>	<u>2,857,586</u>	<u>140,108</u>	<u>1,912,171</u>	<u>6,089,056</u>
EXPENDITURES					
Instruction	1,051,715	-	-	-	1,051,715
Support services	12,902	-	-	277,258	290,160
Community services	-	2,863,206	-	-	2,863,206
Facilities and acquisition	-	-	305,606	1,766,386	2,071,992
Debt Service	-	-	-	376,266	376,266
TOTAL EXPENDITURES	<u>1,064,617</u>	<u>2,863,206</u>	<u>305,606</u>	<u>2,419,910</u>	<u>6,653,339</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>114,574</u>	<u>(5,620)</u>	<u>(165,498)</u>	<u>(507,739)</u>	<u>(564,283)</u>
OTHER FINANCING SOURCES (USES):					
Transfers	-	-	-	650,000	650,000
NET CHANGE IN FUND BALANCE	114,574	(5,620)	(165,498)	142,261	85,717
FUND BALANCE, July 1, 2017	<u>349,232</u>	<u>215,610</u>	<u>385,916</u>	<u>(5,238)</u>	<u>945,520</u>
FUND BALANCE, June 30, 2018	<u>\$ 463,806</u>	<u>\$ 209,990</u>	<u>\$ 220,418</u>	<u>\$ 137,023</u>	<u>\$ 1,031,237</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
STUDENT BODY FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>2018 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Charges for services	\$ 898,422	\$ 898,422	\$ 422,764	\$ (475,658)
Donations	1,226,287	1,226,287	731,688	(494,599)
Miscellaneous	125,950	125,950	24,739	(101,211)
State sources				
Intergovernmental	20,980	20,980	-	(20,980)
TOTAL REVENUES	<u>2,271,639</u>	<u>2,271,639</u>	<u>1,179,191</u>	<u>(1,092,448)</u>
EXPENDITURES				
Instruction	2,511,303	2,511,303	1,051,715	1,459,588
Support services	43,005	43,005	12,902	30,103
TOTAL EXPENDITURES	<u>2,554,308</u>	<u>2,554,308</u>	<u>1,064,617</u>	<u>1,489,691</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(282,669)</u>	<u>(282,669)</u>	<u>114,574</u>	<u>397,243</u>
FUND BALANCE, July 1, 2017	<u>282,669</u>	<u>282,669</u>	<u>349,232</u>	<u>66,563</u>
FUND BALANCE, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,806</u>	<u>\$ 463,806</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>2018 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Charges for services	\$ 164,254	\$ 164,254	\$ 159,164	\$ (5,090)
Miscellaneous	12,875	12,875	10,657	(2,218)
State sources:				
Intergovernmental	33,044	33,044	31,191	(1,853)
Federal sources:				
Intergovernmental	3,331,853	3,331,853	2,656,574	(675,279)
TOTAL REVENUES	<u>3,542,026</u>	<u>3,542,026</u>	<u>2,857,586</u>	<u>(684,440)</u>
EXPENDITURES				
Enterprise and community services	3,227,550	3,477,550	2,863,206	614,344
Contingency	589,476	339,476	-	339,476
TOTAL EXPENDITURES	<u>3,817,026</u>	<u>3,817,026</u>	<u>2,863,206</u>	<u>953,820</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(275,000)</u>	<u>(275,000)</u>	<u>(5,620)</u>	<u>269,380</u>
FUND BALANCE, July 1, 2017	<u>275,000</u>	<u>275,000</u>	<u>215,610</u>	<u>(59,390)</u>
FUND BALANCE, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 209,990</u>	<u>\$ 209,990</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COOL SCHOOL FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>2018 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Miscellaneous	\$ 132,000	\$ 132,000	\$ 140,108	\$ 8,108
TOTAL REVENUES	<u>132,000</u>	<u>132,000</u>	<u>140,108</u>	<u>8,108</u>
EXPENDITURES				
Current				
Support services	105,000	105,000	-	105,000
Facilities acquisition and construction	410,194	410,194	305,606	104,588
TOTAL EXPENDITURES	<u>515,194</u>	<u>515,194</u>	<u>305,606</u>	<u>209,588</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(383,194)</u>	<u>(383,194)</u>	<u>(165,498)</u>	<u>217,696</u>
FUND BALANCE, July 1, 2017	<u>383,194</u>	<u>383,194</u>	<u>385,916</u>	<u>2,722</u>
FUND BALANCE, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,418</u>	<u>\$ 220,418</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>2018 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Construction excise taxes	\$ 300,000	\$ 300,000	\$ 215,801	\$ (84,199)
Charges for services	-	-	12,450	12,450
Donations	750,000	750,000	8,143	(741,857)
Interest on investments	2,500	2,500	13,664	11,164
Miscellaneous	-	-	1,686	1,686
State sources				
Intergovernmental	6,000,000	6,000,000	1,660,427	(4,339,573)
TOTAL REVENUES	<u>7,052,500</u>	<u>7,052,500</u>	<u>1,912,171</u>	<u>(5,140,329)</u>
EXPENDITURES				
Support services	224,376	410,500	277,258	133,242
Facilities acquisition and construction	7,065,000	7,065,000	1,766,386	5,298,614
Debt service	300,000	377,000	376,266	734
Contingency	263,124	-	-	-
TOTAL EXPENDITURES	<u>7,852,500</u>	<u>7,852,500</u>	<u>2,419,910</u>	<u>5,432,590</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(800,000)</u>	<u>(800,000)</u>	<u>(507,739)</u>	<u>292,261</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	650,000	650,000	650,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(150,000)	(150,000)	142,261	292,261
FUND BALANCE, July 1, 2017	<u>150,000</u>	<u>150,000</u>	<u>(5,238)</u>	<u>(155,238)</u>
FUND BALANCE, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,023</u>	<u>\$ 137,023</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2018**

	Unemployment	Insurance Reserve	Total
ASSETS			
Equity in pooled cash and investments	\$ 33,489	\$ 71,317	\$ 104,806
Accounts Receivable	-	5,040	5,040
TOTAL ASSETS	\$ 33,489	\$ 76,357	\$ 109,846
LIABILITIES			
Accounts payable	\$ 143	\$ 7,188	\$ 7,331
TOTAL LIABILITIES	143	7,188	7,331
NET POSITION			
Fund Balances:			
Unrestricted	33,346	69,169	102,515
NET POSITION	\$ 33,346	\$ 69,169	\$ 102,515

**GRANTS PASS SCHOOL DISTRICT NO. 7
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 YEAR ENDED JUNE 30, 2018**

	<u>Unemployment</u>	<u>Insurance Reserve</u>	<u>Total</u>
REVENUES			
Charges for services (interfund)	\$ 25,000	\$ 59,778	\$ 84,778
TOTAL REVENUES	<u>25,000</u>	<u>59,778</u>	<u>84,778</u>
EXPENDITURES			
Current:			
Support services	4,257	58,740	62,997
TOTAL EXPENDITURES	<u>4,257</u>	<u>58,740</u>	<u>62,997</u>
CHANGE IN NET POSITION	20,743	1,038	21,781
NET POSITION, July 1, 2017	<u>12,603</u>	<u>68,131</u>	<u>80,734</u>
NET POSITION, June 30, 2018	<u>\$ 33,346</u>	<u>\$ 69,169</u>	<u>\$ 102,515</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
COMBINING SCHEDULE OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2018**

	Unemployment	Insurance Reserve	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash from interfund services provided	\$ 25,000	\$ 64,818	\$ 89,818
Cash paid for services	(18,051)	(60,736)	(78,787)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	6,949	4,082	11,031
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,949	4,082	11,031
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	26,540	67,235	93,775
END OF YEAR	\$ 33,489	\$ 71,317	\$ 104,806
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING INCOME			
Operating income (loss)	\$ 20,743	\$ 1,038	\$ 21,781
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Change in assets and liabilities:			
Intergovernmental receivable	-	5,040	5,040
Accounts payable	(13,794)	(1,996)	(15,790)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 6,949	\$ 4,082	\$ 11,031

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
UNEMPLOYMENT FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>2018 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Charges for services	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
TOTAL REVENUES	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
EXPENDITURES				
Support services	<u>32,500</u>	<u>32,500</u>	<u>4,257</u>	<u>28,243</u>
TOTAL EXPENDITURES	<u>32,500</u>	<u>32,500</u>	<u>4,257</u>	<u>28,243</u>
CHANGE IN NET POSITION	(7,500)	(7,500)	20,743	28,243
NET POSITION, July 1, 2017	<u>7,500</u>	<u>7,500</u>	<u>12,603</u>	<u>5,103</u>
NET POSITION, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,346</u>	<u>\$ 33,346</u>

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
INSURANCE RESERVE FUND
YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>		<u>2018 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Local sources:				
Charges for services (interfund)	\$ 150,000	\$ 150,000	\$ 59,778	\$ (90,222)
Miscellaneous	15,000	15,000	-	(15,000)
TOTAL REVENUES	<u>165,000</u>	<u>165,000</u>	<u>59,778</u>	<u>(105,222)</u>
EXPENDITURES				
Instruction	34,496	34,496	-	34,496
Support services	210,504	210,504	58,740	151,764
TOTAL EXPENDITURES	<u>245,000</u>	<u>245,000</u>	<u>58,740</u>	<u>186,260</u>
CHANGE IN NET POSITION	(80,000)	(80,000)	1,038	81,038
NET POSITION, July 1, 2017	<u>80,000</u>	<u>80,000</u>	<u>68,131</u>	<u>(11,869)</u>
NET POSITON, June 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,169</u>	<u>\$ 69,169</u>

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

**GRANTS PASS SCHOOL DISTRICT NO. 7
2017-2018 ALL FUND REVENUE SUMMARY**

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
1110 Ad Valorem Taxes Levied by District	14,079,215	-	-	-	-	-	-	14,079,215
1120 Local Option Ad Valorem Taxes Levied by District	-	-	-	-	-	-	-	-
1130 Construction Excise Tax	-	-	-	215,801	-	-	-	215,801
1190 Penalties and Interest on Taxes	-	-	-	-	-	-	-	-
1200 Revenue from Local Gov't Units Other Than Districts	80	-	-	-	-	-	-	80
1310 Regular Day School Tuition	-	-	-	-	-	-	-	-
1320 Adult/Continuing Education Tuition	-	155	-	-	-	-	-	155
1330 Summer School Tuition	-	-	-	-	-	-	-	-
1400 Transportation Fees	-	-	-	-	-	-	-	-
1500 Earnings on Investments	115,802	54,834	-	13,664	-	-	-	184,300
1600 Food Service	-	147,736	-	-	-	-	-	147,736
1700 Extracurricular Activities	429,522	1,150,266	-	-	-	-	3,551	1,583,339
1800 Community Services Activities	-	-	-	-	-	-	-	-
1910 Rentals	24,199	-	-	12,450	-	-	-	36,649
1920 Contributions and Donations From Private Sources	50,024	99,314	-	8,143	-	-	-	157,481
1930 Rental or Lease Payments From Private Contractors	1,560	-	-	-	-	-	-	1,560
1940 Services Provided Other Local Education Agencies	-	-	-	-	-	-	-	-
1950 Textbook Sales and Rentals	-	-	-	-	-	-	-	-
1960 Recovery of Prior Years' Expenditure	-	17,658	-	-	-	-	-	17,658
1970 Services Provided Other Funds	-	-	-	-	-	84,778	-	84,778
1980 Fees Charged to Grants	93,330	-	-	-	-	-	-	93,330
1990 Miscellaneous	591,953	175,504	-	1,686	-	-	-	769,143
Total Revenue from Local Sources	15,385,685	1,645,467	-	251,744	-	84,778	3,551	17,371,225

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
2101 County School Funds	1,440,678	-	-	-	-	-	-	1,440,678
2102 Education Service District Apportionment	-	-	-	-	-	-	-	-
2105 Natural Gas, Oil, and Mineral Receipts	-	-	-	-	-	-	-	-
2199 Other Intermediate Sources	-	-	-	-	-	-	-	-
2200 Restricted Revenue	-	8,661	-	-	-	-	-	8,661
2800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
2900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-	-
Total Revenue from Intermediate Sources	1,440,678	8,661	-	-	-	-	-	1,449,339

Revenue from State Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
3101 State School Fund - General Support	42,201,041	-	-	-	-	-	-	42,201,041
3102 State School Fund - School Lunch Match	-	30,179	-	-	-	-	-	30,179
3103 Common School Fund	583,857	-	-	-	-	-	-	583,857
3104 State Managed County Timber	-	-	-	-	-	-	-	-
3199 Other Unrestricted Grants-in-Aid	-	31,214	-	1,660,427	-	-	-	1,691,641
3204 Driver Education	-	-	-	-	-	-	-	-
3211 Restricted - Family Friends	-	-	-	-	-	-	-	-
3222 State School Fund (SSF) Transportation Equipment	-	-	-	-	-	-	-	-
3299 Other Restricted Grants-in-Aid	-	737,242	-	-	-	-	-	737,242
3800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
3900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-	-
Total Revenue from State Sources	42,784,898	798,635	-	1,660,427	-	-	-	45,243,960

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
4100 Unrestricted Revenue Direct From the Federal Gov't	-	-	-	-	-	-	-	-
4200 Unrest Rev From the Federal Gov't Through the State	-	-	-	-	-	-	-	-
4300 Restricted Revenue From the Federal Government	-	-	-	-	-	-	-	-
4500 Restricted Rev From the Fed Gov't Through the State	-	341,061	-	-	-	-	-	341,061
4501 R/GIA ESEA Ch1, & PL 89-313	-	2,264,802	-	-	-	-	-	2,264,802
4505 School Nutrition	-	2,511,486	-	-	-	-	-	2,511,486
4508 R/GIA PL 94-142 Handicapped	-	828,521	-	-	-	-	-	828,521
4590 USDA Commodity Distribution	-	217,806	-	-	-	-	-	217,806
4700 Grants-In-Aid From the Fed Gov't Through Intermediate	-	-	-	-	-	-	-	-
4701 Federal Funds through Intermediate Agency	-	-	-	-	-	-	-	-
4801 Federal Forest Fees	147,689	-	-	-	-	-	-	147,689
4802 Impact Aid to School Districts for Operation (PL 874)	-	-	-	-	-	-	-	-
4803 Coos Bay Wagon Road Funds	-	-	-	-	-	-	-	-
4899 Other Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
4900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-	-
Total Revenue from Federal Sources	147,689	6,163,676	-	-	-	-	-	6,311,365

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700	Total
5100 Long Term Debt Financing Sources	1,104,040	-	-	-	-	-	-	1,104,040
5200 Interfund Transfers	-	-	-	650,000	-	-	-	650,000
5300 Sale of or Compensation for Loss of Fixed Assets	1,727	-	-	-	-	-	-	1,727
5400 Resources - Beginning Fund Balance	-	-	-	-	-	-	-	-
Total Revenue from Other Sources	1,105,767	-	-	650,000	-	-	-	1,755,767

Grand Totals

60,864,717	8,616,439	-	2,562,171	-	84,778	3,551	72,131,656
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**GRANTS PASS SCHOOL DISTRICT NO. 7
2017-2018 AUDIT EXPENDITURES SUMMARY
FUND 100 & 150 COMBINED - GENERAL FUND**

Function Description	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1111 Elementary	9,187,608	4,453,497	251,031	445,085	-	-	-	14,337,221
1112 Elementary	-	12,341	-	251	-	-	-	12,592
1113 Elementary Extracurricular	3,923	1,223	794	5,448	-	-	-	11,388
1121 Middle School Programs	4,473,291	2,198,565	185,678	173,190	-	238	-	7,030,962
1122 Middle School Extracurricular	244,994	62,756	28,044	28,961	-	1,080	-	365,835
1131 High School Programs	5,637,266	2,795,565	262,197	290,426	-	770	-	8,986,224
1132 High School Extracurricular	467,363	106,083	89,958	42,323	-	4,379	-	710,106
1210 Talented and Gifted	22,108	5,491	9,631	11,766	-	-	-	48,996
1220 Youth Transition Programs	-	-	20,380	-	-	-	-	20,380
1250 Less Restricted Prog Students w/Disabilities	3,737,714	2,138,237	128,442	61,978	-	-	-	6,066,371
1272 Title I	27,553	-	-	-	-	-	-	27,553
1280 Alternative Education	999,584	496,923	172,796	89,206	-	-	-	1,758,509
1291 English as a Second Language	227,161	133,231	7,324	1,570	-	-	-	369,286
1400 Summer School Programs	-	124	-	-	-	-	-	124
1991	-	119	-	-	-	-	-	119
Total Instruction	25,028,565	12,404,155	1,156,275	1,150,204	-	6,467	-	39,745,666
2110 Attendance & Social Work Services	165,953	110,835	158,016	530	-	-	-	435,334
2120 Guidance Services	824,075	445,486	107	1,583	-	-	-	1,271,251
2130 Health Services	84,639	42,618	131,083	1,222	-	140	-	259,702
2140 Psychological Services	144,588	64,327	5,865	4,190	-	-	-	218,970
2150 Speech Pathology & Audiology	319,354	116,748	62,533	8,134	-	-	-	506,769
2190 Service Direction, Student Support	232,693	101,785	643	6,540	-	595	-	342,256
2210 Improvement of Instruction	292,477	135,882	93,589	159,009	-	1,397	-	682,354
2220 Educational Media Services	341,543	229,612	69	83,788	-	-	-	655,012
2240 Instructional Staff Development	36,245	13,066	60,663	-	-	-	-	109,974
2241 Site Council	3,622	1,574	11,139	1,038	-	-	-	17,373
2310 Board of Education Services	-	371	147,358	272	-	18,730	-	166,731
2320 Executive Administration Services	206,977	115,775	24,185	7,191	-	1,195	-	355,323
2410 Office of the Principal Services	2,530,865	1,404,072	87,412	96,603	-	96,294	-	4,215,246
2520 Fiscal Services	336,699	204,816	36,775	12,019	5,200	25,667	-	621,176
2540 Operation & Maint of Plant Services	1,763,551	1,155,274	1,352,310	301,062	-	175,007	-	4,747,204
2550 Student Transportation Services	1,264,272	882,444	54,966	267,316	1,321,054	41,635	-	3,831,687
2570 Internal Services	194,602	132,691	202,625	73,650	-	-	-	603,568
2640 Staff Services	220,008	114,886	27,730	28,692	-	595	-	391,911
2660 Technology Services	63,940	260,430	217,651	316,904	-	634	-	859,559
2700 Supplemental Retirement Program	482,604	40,181	-	-	-	-	-	522,785
Total Support Services	9,508,707	5,572,873	2,674,719	1,369,743	1,326,254	361,889	-	20,814,185
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	650,000	650,000
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	650,000	650,000
Total Requirements and Balances	34,537,272	17,977,028	3,830,994	2,519,947	1,326,254	368,356	650,000	61,209,851

**GRANTS PASS SCHOOL DISTRICT NO. 7
2017-2018 AUDIT EXPENDITURES SUMMARY
FUND 200 - FEDERAL PROGRAM FUNDS**

Function Description	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	10,000	-	-	-	10,000
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	27,999	-	-	-	27,999
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1140	-	-	14,011	-	-	-	-	14,011
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	24,403	22,548	2,931	2,495	-	-	-	52,377
1250 Less Restricted Prog Students w/Disabilities	487,997	344,475	796	891	-	-	-	834,159
1272 Title I	1,175,162	526,197	128,682	255,912	-	82,984	-	2,168,937
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1294 Youth Corrections	44,598	20,105	6,429	4,011	-	-	-	75,143
1299 Other Programs	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Instruction	1,732,160	913,325	152,849	301,308	-	82,984	-	3,182,626
2110 Attendance & Social Work Services	-	-	10,000	-	-	-	-	10,000
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	8,640	2,945	54,976	12,462	-	848	-	79,871
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	135,508	64,337	127,021	7,374	-	9,498	-	343,738
2241 Site Council	-	-	100	-	-	-	-	100
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	155	-	-	-	-	155
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Support Services	144,148	67,282	192,252	19,836	-	10,346	-	433,864
3100 Food Services	68,848	278	-	29,441	-	-	-	98,567
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	28,739	7,562	4,352	25,612	-	-	-	66,265
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Enterprise and Community Service	97,587	7,840	4,352	55,053	-	-	-	164,832
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	-	-
Total Requirements and Balances	1,973,895	988,447	349,453	376,197	-	93,330	-	3,781,322

**GRANTS PASS SCHOOL DISTRICT NO. 7
2017-2018 AUDIT EXPENDITURES SUMMARY
FUND 280 - STUDENT BODY FUND**

Function Description	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	12,108	12,648	-	-	-	24,756
1121 Middle School Programs	-	-	20,080	13,878	-	-	-	33,958
1122 Middle School Extracurricular	6,122	-	20,964	58,244	-	675	-	86,005
1131 High School Programs	-	-	6,862	-	-	1,720	-	8,582
1132 High School Extracurricular	30,054	3,699	511,941	337,122	-	15,598	-	898,414
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	36,176	3,699	571,955	421,892	-	17,993	-	1,051,715
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	12,902	-	-	-	12,902
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	12,902	-	-	-	12,902
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	-	-
Total Requirements and Balances	36,176	3,699	571,955	434,794	-	17,993	-	1,064,617

GRANTS PASS SCHOOL DISTRICT NO. 7
2017-2018 AUDIT EXPENDITURES SUMMARY
FUND 290 - FOOD SERVICE FUND

Function Description	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	-	-	-	-	-
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	-	-	-	-	-
3100 Food Services	828,868	581,359	24,246	1,362,389	23,637	20,860	-	2,841,359
3200 Other Enterprise Services	-	-	-	21,296	-	-	-	21,296
3300 Community Services	-	-	-	551	-	-	-	551
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	828,868	581,359	24,246	1,384,236	23,637	20,860	-	2,863,206
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	-	-
Total Requirements and Balances	828,868	581,359	24,246	1,384,236	23,637	20,860	-	2,863,206

**GRANTS PASS SCHOOL DISTRICT NO. 7
2017-2018 AUDIT EXPENDITURES SUMMARY
FUND 294 - COOL SCHOOLS FUND**

Function Description	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	-	-	-	-	-
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	-	-	-	-	-
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	31,100	-	274,506	-	-	305,606
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	31,100	-	274,506	-	-	305,606
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	-	-
Total Requirements and Balances	-	-	31,100	-	274,506	-	-	305,606

**GRANTS PASS SCHOOL DISTRICT NO. 7
2017-2018 AUDIT EXPENDITURES SUMMARY
FUND 297 - MEASURE 98 FUND**

Function Description	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	81,191	50,953	138,895	29,800	-	110	-	300,950
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	77,085	37,559	100	21,998	-	-	-	136,741
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	158,276	88,513	138,995	51,798	-	110	-	437,691
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	16,231	8,973	-	-	-	-	-	25,204
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	16,231	8,973	-	-	-	-	-	25,204
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	140,503	-	-	140,503
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	140,503	-	-	140,503
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	-	-
Total Requirements and Balances	174,507	97,486	138,995	51,798	140,503	110	-	603,398

**GRANTS PASS SCHOOL DISTRICT NO. 7
2017-2018 AUDIT EXPENDITURES SUMMARY
FUND 299 - PERS RESERVE FUND**

Function Description	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	33,964	-	-	-	-	-	33,964
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	33,964	-	-	-	-	-	33,964
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2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	-	-	-	-	-
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3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
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4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
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5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	-	-
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Total Requirements and Balances	-	33,964	-	-	-	-	-	33,964

**GRANTS PASS SCHOOL DISTRICT NO. 7
2017-2018 AUDIT EXPENDITURES SUMMARY
FUND 415 - CAPITAL PROJECTS FUND**

Function Description	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	-	-	-	-	-
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	138,678	-	-	-	-	138,678
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	31,578	18,795	-	-	-	-	-	50,373
2540 Operation & Maint of Plant Services	22,826	10,231	26,986	13,384	14,780	-	-	88,207
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	54,404	29,026	165,664	13,384	14,780	-	-	277,258
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	51,767	-	-	51,767
4150 Building Purchases & Improvements	-	-	3,014	-	1,711,605	-	-	1,714,619
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	3,014	-	1,763,372	-	-	1,766,386
5100 Debt Service	-	-	-	-	-	376,266	-	376,266
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	376,266	-	376,266
Total Requirements and Balances	54,404	29,026	168,678	13,384	1,778,152	376,266	-	2,419,910

**GRANTS PASS SCHOOL DISTRICT NO. 7
2017-2018 AUDIT EXPENDITURES SUMMARY
FUND 600 - INTERNAL SERVICE FUNDS**

Function Description	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	-	-	-	-	-
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	-	-	-	-	-
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2520 Fiscal Services	-	62,997	-	-	-	-	-	62,997
2540 Operation & Maint of Plant Services	-	-	-	-	-	-	-	-
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	62,997	-	-	-	-	-	62,997
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	-	-
Total Requirements and Balances	-	62,997	-	-	-	-	-	62,997

**GRANTS PASS SCHOOL DISTRICT NO. 7
2017-2018 AUDIT EXPENDITURES SUMMARY
FUND 700 - TRUST & AGENCY - REVOLVING FUND**

Function Description	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	Total
1111 Elementary	-	-	-	-	-	-	-	-
1112 Elementary	-	-	-	-	-	-	-	-
1113 Elementary Extracurricular	-	-	-	-	-	-	-	-
1121 Middle School Programs	-	-	-	-	-	-	-	-
1122 Middle School Extracurricular	-	-	-	-	-	-	-	-
1131 High School Programs	-	-	-	-	-	-	-	-
1132 High School Extracurricular	-	-	-	10,084	-	-	-	10,084
1210 Talented and Gifted	-	-	-	-	-	-	-	-
1220 Youth Transition Programs	-	-	-	-	-	-	-	-
1250 Less Restricted Prog Students w/Disabilities	-	-	-	-	-	-	-	-
1280 Alternative Education	-	-	-	-	-	-	-	-
1291 English as a Second Language	-	-	-	-	-	-	-	-
1400 Summer School Programs	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	10,084	-	-	-	10,084
2110 Attendance & Social Work Services	-	-	-	-	-	-	-	-
2120 Guidance Services	-	-	-	-	-	-	-	-
2130 Health Services	-	-	-	-	-	-	-	-
2140 Psychological Services	-	-	-	-	-	-	-	-
2150 Speech Pathology & Audiology	-	-	-	-	-	-	-	-
2190 Service Direction, Student Support	-	-	-	-	-	-	-	-
2210 Improvement of Instruction	-	-	-	-	-	-	-	-
2220 Educational Media Services	-	-	-	-	-	-	-	-
2240 Instructional Staff Development	-	-	-	-	-	-	-	-
2241 Site Council	-	-	-	-	-	-	-	-
2310 Board of Education Services	-	-	-	-	-	-	-	-
2320 Executive Administration Services	-	-	-	-	-	-	-	-
2410 Office of the Principal Services	-	-	-	-	-	-	-	-
2490 Other Support Service - School Administration	-	-	-	481	-	-	-	481
2520 Fiscal Services	-	-	-	-	-	-	-	-
2540 Operation & Maint of Plant Services	-	-	-	-	8,143	-	-	8,143
2550 Student Transportation Services	-	-	-	-	-	-	-	-
2570 Internal Services	-	-	-	-	-	-	-	-
2640 Staff Services	-	-	-	-	-	-	-	-
2660 Technology Services	-	-	-	-	-	-	-	-
2700 Supplemental Retirement Program	-	-	-	-	-	-	-	-
Total Support Services	-	-	-	481	8,143	-	-	8,624
3100 Food Services	-	-	-	-	-	-	-	-
3200 Other Enterprise Services	-	-	-	-	-	-	-	-
3300 Community Services	-	-	-	-	-	-	-	-
3500 Custody & Care of Children Services	-	-	-	-	-	-	-	-
Total Enterprise and Community Service	-	-	-	-	-	-	-	-
4110 Service Area Direction	-	-	-	-	-	-	-	-
4120 Site Acquisition and Improvement	-	-	-	-	-	-	-	-
4150 Building Purchases & Improvements	-	-	-	-	-	-	-	-
4190 Other Facilities & Construction Services	-	-	-	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-
5100 Debt Service	-	-	-	-	-	-	-	-
5200 Transfer of Funds	-	-	-	-	-	-	-	-
5300 ESD Apportionment	-	-	-	-	-	-	-	-
6000 Contingency	-	-	-	-	-	-	-	-
Total Other Requirements	-	-	-	-	-	-	-	-
Total Requirements and Balances	-	-	-	10,566	8,143	-	-	18,708

SUPPLEMENTAL INFORMATION, 2017-2018

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

Part A is needed for computing Oregon's full allocation for ESSA, Title I & other Federal Funds for Education.

A. Energy Bill for Heating - **All Funds:**

Please enter your expenditures for electricity, heating fuel, and water & sewage for these Functions & Objects.

	Objects 325 & 326 & *327
Function 2540	\$1,905,898
Function 2550	\$0

B. Replacement of Equipment – **General Fund:**

Include all General Fund expenditures in object 542, except for the following exclusions:

Exclude these functions:

1113, 1122 & 1132 Co-curricular Activities
 1140 Pre-Kindergarten
 1300 Continuing Education
 1400 Summer School

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

\$5,200

***Object code 327** (water and sewage) has been added to Part A to be included in the Function 2540 and 2550 totals.

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

Board of Education
Grants Pass School District No. 7
Grants Pass, Oregon 97526

We have audited the basic financial statements of Grants Pass School District No. 7 (the District) as of and for the year ended June 30, 2018, and have issued our report thereon dated December 21, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 162-10-0000 through 162-10-0320 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 the 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 but were not limited to the following:

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

In connection with our audit, 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 Administration Rules 162-10-0000 through 162-10-3020 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting or over compliance.

Restrictions on Use

This report is intended solely for the information and use of the District's Board, Management of the District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
December 21, 2018

**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 Education
Grants Pass School District No. 7
Grants Pass, Oregon 97526

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grants Pass School District No. 7 (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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.



Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
December 21, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

Board of Education
Grants Pass School District No. 7
Grants Pass, Oregon 97526

Report on Compliance for Each Major Federal Program

We have audited Grants Pass School District No. 7's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Stewart C. Parmele, CPA, Partner
KDP Certified Public Accountants, LLP
December 21, 2018

**GRANTS PASS SCHOOL DISTRICT NO. 7
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Grant/Contract Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through Oregon Department of Education:			
School Breakfast Program (SBP)	10.553	N/A	\$ 601,378
National School Lunch Program (NSLP)	10.555	N/A	1,748,522
Commodities NSLP	10.555	N/A	217,806
Summer Food Service Program for Children (SFSPC)	10.559	N/A	85,276
Total Child Nutrition Cluster			<u>2,652,982</u>
Passed Through Oregon Department of Education:			
State Administrative Expenses for Child Nutrition	10.560	N/A	3,592
Total CFDA 10.560			<u>3,592</u>
Passed Through Oregon Department of Education:			
Fresh Fruit and Veg Program (16-17)	10.582	42997, 43040, 43041	4,630
Fresh Fruit and Veg Program (17-18)	10.582	46322, 46578, 46579	68,088
Total CFDA 10.582			<u>72,718</u>
Passed through Josephine County Treasurer:			
Schools and Roads - Grants to States	10.665	N/A	147,689
Total Forest Service Schools and Roads Cluster			<u>147,689</u>
		Total U.S. Department of Agriculture	\$ 2,876,981
U.S. Department of Education			
Passed Through Oregon Department of Education:			
Title I Grants to Local Educational Agencies (15-16)	84.010	35980	\$ 2,787
Title I Grants to Local Educational Agencies (16-17)	84.010	41064	22,015
Title I Grants to Local Educational Agencies (17-18)	84.010	45600	2,209,214
Total CFDA 84.010			<u>2,234,016</u>
Passed Through Oregon Department of Education:			
Special Education - Grants to States (Extended Assessment)	84.027	45043	1,091
Special Education - Grants to States (IDEA Part B 16-17)	84.027	41516	3,787
Special Education - Grants to States (IDEA Part B 17-18)	84.027	45182	822,752
Special Education - Grants to States (SPR & I 16-17)	84.027	44391	5,042
Special Education - Preschool Grants (Sec 619)	84.173	37169	891
Total Special Education Cluster (IDEA)			<u>833,563</u>
Passed Through State of Oregon Department of Human Services:			
YTP 15-17	84.126A	N/A	27,793
Total CFDA 84.126A			<u>27,793</u>
Passed Through Oregon Department of Education:			
English Language Acquisition State Grants (17-18)	84.365	44216	2,888
Total CFDA 84.365			<u>2,888</u>
Passed Through Oregon Department of Education:			
Improving Effective Instruction State Grant (16-17)	84.367	45815	288,371
Total CFDA 84.367			<u>288,371</u>
Passed Through Oregon Department of Education:			
Student Support and Academic Enrichment (17-18)	84.424	47728	42,435
Total CFDA 84.424			<u>42,435</u>
		Total U.S. Department of Education	\$ 3,429,066
U.S. Department of Health and Human Services			
Passed Through Oregon Department of Education:			
Child Care and Development Block Grant	93.575	SPTP10296	\$ 5,318
Total 477 Cluster			<u>5,318</u>
		Total U.S. Department of Health and Human Services	\$ 5,318
		Total Expenditures of Federal Awards	\$ 6,311,365

**GRANTS PASS SCHOOL DISTRICT NO. 7
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2018**

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE:

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

NOTE D – SUBRECIPIENTS:

The District did not have any federal awards that were passed through to subrecipients for the year ended June 30, 2018.

