

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022



**12700 SW 72nd Ave.
Tigard, OR 97223**

**HARRISBURG SCHOOL DISTRICT
865 Lasalle St
HARRISBURG, OREGON 97446**

**FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2022**

Prepared by:

The Business Services Department
Melanie Neece, Business Manager

HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON
PRINCIPAL OFFICIALS

<u>Position</u>	<u>BOARD OF DIRECTORS</u>	<u>TERM EXPIRES</u>
1	Jason Carothers	June 30, 2025
2	Steven McNulty	June 30, 2023
3	Wayne Swango	June 30, 2025
4	Eric Hilll	June 30, 2025
5	Lonnie Hutchens	June 30, 2025

All board members will receive mail at the following address:

865 Lasalle Street
Harrisburg, Oregon 97446

ADMINISTRATION

Bryan Starr, Superintendent
Melanie Neece, Business Manager

HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON

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HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON

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December 20, 2022

To the Board of Directors
Harrisburg School District
Linn County, Oregon

INDEPENDENT AUDITORS' REPORT

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harrisburg School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Harrisburg School District's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Each Major Fund	Unmodified

Qualified Opinion on the Governmental Activities

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Harrisburg School District, as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of Harrisburg School District, as of June 30, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Harrisburg School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matter Giving Rise to the Qualified Opinion

Harrisburg School District is required by Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions to record other postemployment benefits. As of June 30, 2022, the District has not recorded any liabilities, deferred outflows, or deferred inflows related to the implicit rate subsidy for retiree health benefits, as required by GASB 75. The amount by which this departure would affect net position, assets, liabilities and deferred inflows of resources of the governmental activities is not reasonably determinable.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Harrisburg School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Harrisburg School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information

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

Other Information

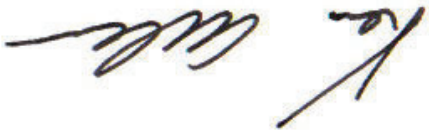
Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2022 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 20, 2022, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Kenneth Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C.

HARRISBURG SCHOOL DISTRICT 7
Harrisburg, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

As management of Harrisburg School District 7, Harrisburg, Oregon, we offer readers this narrative overview and analysis of the financial activities of the district for the fiscal year that ended June 30, 2022. It should be read in conjunction with the district's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- The District had \$11,385,755 invested in capital assets, net of the related debt. The remaining balance included \$703,982 restricted for various purposes this included: special programs, student body activities, food services, debt services, and capital projects and (\$2,051,401) of unrestricted net position.
- As of June 30, 2022, the District's total net position of Harrisburg School District 7 amounted to \$10,038,336.
- As of June 30, 2022, the District's governmental funds reported a combined ending fund balance of \$4,856,629.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Harrisburg School District 7's basic financial statement. The basic financial statements are comprised of three components (1) government-wide financial statement, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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. The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. 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, revenues, expenses, and the change in net assets for the District as a whole. 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).

The government-wide financial statements can be found on pages 4 and 5 of this report.

HARRISBURG SCHOOL DISTRICT 7
Harrisburg, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

FUND FINANCIAL STATEMENTS

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of Harrisburg School District 7 are governmental funds.

GOVERNMENTAL FUNDS

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

Due to the focus of governmental funds being 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 District's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds 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 six individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Projects Fund, both of which are considered to be major governmental funds. Data from the non-major governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Harrisburg School District 7 adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The governmental fund financial statements can be found on pages 6 and 7 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 10 through 32 of this report.

HARRISBURG SCHOOL DISTRICT 7
Harrisburg, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedule of the proportionate share of the net pension liability, schedule of contributions, schedule of the proportionate share of net OPEB liability (asset), schedule of contributions – other postemployment benefits, and budgetary comparison information for the governmental funds. This required supplementary combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information. Combining statements and individual fund schedules can be found on pages 34 through 37 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. As of June 30, 2022, the District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$10,038,336.

A large portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

DISTRICT'S NET POSITION

The District's net position increased by \$3,098,042 during the current fiscal year. This increase is primarily due to an increase in capital and other grants, as well as a decrease in the District's net pension liability.

Condensed statement of net position information is shown on the following page.

HARRISBURG SCHOOL DISTRICT 7
Harrisburg, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

	Governmental Activities	
	2021	2022
Assets and deferred outflows of resources		
Current assets	\$ 3,627,939	\$ 4,877,942
Restricted assets	1,479,943	1,173,810
Net capital assets	20,946,069	21,466,434
Noncurrent assets	15,725	78,834
Deferred outflows of resources	4,148,260	3,571,881
Total assets and deferred outflows of resources	30,217,936	31,168,901
Liabilities and deferred inflows of resources		
Current liabilities	1,047,155	1,100,098
Noncurrent liabilities	20,460,490	13,670,027
Deferred inflows of resources	1,769,997	6,360,440
Total liabilities and deferred inflows of resources	23,277,642	21,130,565
Net position		
Net investment in capital assets	12,025,227	11,385,755
Restricted for various purposes	538,027	703,982
Unrestricted	(5,622,960)	(2,051,401)
Total net position	\$ 6,940,294	\$ 10,038,336

District's Changes in Net Position

The condensed statement of activities information shown on the following page explains changes in net position.

HARRISBURG SCHOOL DISTRICT 7
Harrisburg, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Condensed Statement of Activities

	Governmental Activities	
	2021	2022
Program Revenues		
Charges for services	\$ 42,542	\$ 59,537
Operating grants and contributions	1,772,723	2,803,636
Capital grants and contributions	622,691	1,181,765
Total program revenues	2,437,956	4,044,938
General Revenues		
Property taxes	1,984,718	2,063,625
Property tax levied for debt services	742,412	769,279
State school fund - general support	6,962,762	6,579,786
Common school fund	82,345	85,991
County school fund	65,693	82,045
Unrestricted state and local revenue	47,020	-
Unrestricted federal revenue	44,171	120,513
Investment earnings	40,201	(18,812)
Miscellaneous	134,150	217,894
Total general revenues	10,103,472	9,900,321
Total revenues	12,541,428	13,945,259
Program expenses		
Instruction	(6,536,282)	(5,971,133)
Support Services	(4,412,940)	(4,105,550)
Community Services	(379,471)	(495,458)
Interest on long term debt	(264,508)	(275,076)
Total program expenses	(11,593,201)	(10,847,217)
Change in net position	948,227	3,098,042
Net Position - beginning of the year	5,992,067	6,940,294
Net Position - end of year	\$ 6,940,294	\$ 10,038,336

HARRISBURG SCHOOL DISTRICT 7
Harrisburg, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Revenues

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services. Therefore, general fund revenues account for 74% of the funding required for governmental programs. Property taxes and the state school funding combine for 98% of the general fund revenues and 64% of the total revenues.

Charges for services make up .005% of the total revenues and local fees for the following items which are appropriated for tuition or fees:

Student Support Services	\$ 59,366
Food Services	<u>171</u>
 Total Charges for Services	 <u>\$ 59,537</u>

Operating grants and contributions represent 20% of total revenues. Included in this category are \$2,803,636 for grants and contributions to support various educational activities. In addition to the \$476,152 in general community service grants, \$1,181,765 in capital grants were received to support construction projects.

Expenses

Expenses related to governmental activities are presented in several broad functional categories.

The \$5,971,133 direct cost of classroom instruction accounted for approximately 55% of the total expenses of \$10,847,217. In addition, \$4,105,550 direct cost of support services accounted for approximately 38% that relate to students, instructional staff, and school administration.

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

As the focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's major governmental funds reported combined fund balances of \$4,856,629. This amount included \$703,982 restricted in programs and capital projects. The remaining \$4,152,647 constitutes non-spendable amounts as well as amounts restricted, committed, or assigned for other purposes as shown on the face of the combining governmental funds balance sheet.

HARRISBURG SCHOOL DISTRICT 7
Harrisburg, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Significant Changes in Major Governmental Fund Balances

General Fund: The \$558,807 increase in unassigned fund balance can be attributed to ESSER funding and a reduction in the projected expenditures incurred during the period.

Special Revenue: The \$322,942 increase in restricted fund balance can be attributed to planned future district obligations in the restricted revenue accounts.

BUDGETARY HIGHLIGHTS: GENERAL FUND

Difference between budgeted and actual amounts in the General Fund for the fiscal year ending June 30, 2022 include:

Taxes levied by the district are lower than projected. The ongoing change over in staff, inability to hire qualified employees, the changing education module, and additional restrictions on grant funding due to the pandemic has attributed to the variances.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2022 amounted to \$21,466,434, net of accumulated depreciation. This investment in capital assets includes land, construction in progress, buildings and improvements, and equipment and vehicles. The total depreciation related to the District's investment in capital assets for the current fiscal year was \$944,795.

Additional information on the District's capital assets can be found in: Note 5, on page 18 of this report.

Long-Term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$8,176,389. This amount is comprised of two general obligation bonds and bond premiums. Total bonded debt decreased by \$487,594 during 2021-2022.

Other debt outstanding included a property repair loan for \$98,863 and three finance purchases that totaled \$68,624. The loan balance decreased by \$46,591 and the lease balances decreased by \$42,781 during the year.

Additional information on the District's long-term debt can be found on pages 29-31 of this report.

HARRISBURG SCHOOL DISTRICT 7
Harrisburg, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future financial health:

The District is experiencing a large decrease in average daily membership (ADM), counts dropped from 812 to 779 students as of November of 2022. This estimated reduction of 33 (ADM) will have a significant negative impact on the basic school support funding by the state and will force the District to take a deep look at key areas throughout the 2021-2023 biennium.

PERS rates are set to increase over the next couple of years, net employer contribution rates:

07/01/2021 – 06/30/2023 Tier I/II 26.83%; OPSRP 23.72% + 6% Pick Up
07/01/2023 – 06/30/2025 Tier I/II 27.87%; OPSRP 25.03% + 6% Pick Up


In addition, the 1.04% Tier I/II and 1.31% OPSRP member IAP redirected rates are not shown and do not offset the increase of district's financial obligation for retiree contributions due to SB1049 for the unfunded liability, and the 6% pick up is shown as an additional percentage above.

The District was also awarded a forth Seismic Rehabilitation Program – TAP Grant for the purpose of making seismic improvements to the Elementary School's main building, projected to be award and completed during the summer of the 2023-24 fiscal year.

The ending unassigned General Fund balance of \$3,635,261 will be available for program resources in the current fiscal year and set aside for the 2023-2024 fiscal year.

REQUESTS FOR INFORMATION

Our financial report is designed to provide our taxpayers, parents, teachers, students, investors and creditors with an overview of the District's finances. If you have any questions about this report or need any clarification of information please contact the Finance Department at the Harrisburg School District offices, located at P.O. Box 208, Harrisburg, Oregon 97446.



Melanie Neece, Deputy Clerk
Bryan Starr, Superintendent
Harrisburg School District 7

BASIC FINANCIAL STATEMENTS

HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON

STATEMENT OF NET POSITION
June 30, 2022

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	\$ 4,857,137
Receivables	1,173,810
Prepays	20,805
OPEB Asset PERS RHIA	78,834
Capital Assets:	
Non-Depreciable	1,736,803
Depreciable, Net	19,729,631
	<hr/>
Total Assets	27,597,020
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension Related Deferrals - PERS RHIA	21,477
Pension Related Deferrals - Oregon PERS	3,550,404
	<hr/>
Total Deferred Outflows	3,571,881
	<hr/>
LIABILITIES:	
Accounts Payable	431,792
Payroll Liabilities	654,637
Accrued Interest Payable	13,669
Noncurrent Liabilities Due Within One Year:	
GO Bonds Payable	491,458
Loan Payable	48,459
Finance Purchases Payable	44,060
Noncurrent liabilities:	
Proportionate Share of Net Pension Liability - Oregon PERS	5,326,151
GO Bonds Payable	7,684,931
Loan Payable	50,404
Finance Purchases Payable	24,564
	<hr/>
Total Liabilities	14,770,125
	<hr/>
DEFERRED INFLOWS OF RESOURCES:	
Pension Related Deferrals - PERS RHIA	40,918
Pension Related Deferrals - Oregon PERS	6,319,522
	<hr/>
Total Deferred Inflows of Resources	6,360,440
	<hr/>
NET POSITION:	
Net Investment in Capital Assets	11,385,755
Restricted For:	
Capital Projects	28,733
Grant Programs	191,088
Food Service	154,429
Student Body	168,702
Debt Service	161,030
Unrestricted	(2,051,401)
	<hr/>
Total Net Position	\$ 10,038,336
	<hr/>

The accompanying notes are an integral part of this statement.

HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

PROGRAM REVENUES						
<u>FUNCTIONS</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>		<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
Instruction	\$ 5,971,133	\$ 59,366	\$ 1,434,580	\$ 1,181,765		\$ (3,295,422)
Support Services	4,105,550	-	892,904	-		(3,212,646)
Community Services	495,458	171	476,152	-		(19,135)
Interest on Long-Term Debt	275,076	-	-	-		(275,076)
Total Primary Government	<u>\$ 10,847,217</u>	<u>\$ 59,537</u>	<u>\$ 2,803,636</u>	<u>\$ 1,181,765</u>		<u>(6,802,279)</u>
General Revenues						
Property Taxes, Levied for General Purposes						2,063,625
Property Taxes, Levied for Debt Service						769,279
State School Fund						6,579,786
Common School Fund						85,991
County School Funds						82,045
Grants/Contributions Not Restricted to Specific Programs						
Federal Sources						120,513
Interest and Investment Earnings						(18,812)
Miscellaneous						217,894
Total General Revenues						<u>9,900,321</u>
Changes in Net Position						3,098,042
Net Position - Beginning						<u>6,940,294</u>
Net Position - Ending						<u>\$ 10,038,336</u>

The accompanying notes are an integral part of this statement.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022**

	GENERAL FUND	SPECIAL FUNDS	DEBT SERVICE FUND
ASSETS:			
Cash and investments	\$ 4,311,108	\$ 50,277	\$ 160,563
Receivables:			
Taxes	82,693	-	26,001
Accounts	61,620	1,003,029	467
Prepaid Expense	-	20,805	-
	<u>-</u>	<u>20,805</u>	<u>-</u>
Total Assets	<u>\$ 4,455,421</u>	<u>\$ 1,074,111</u>	<u>\$ 187,031</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 82,830	\$ 42,506	\$ -
Payroll Liabilities	654,637	-	-
	<u>737,467</u>	<u>42,506</u>	<u>-</u>
Total Liabilities			
Deferred Inflows:			
Unavailable revenue:			
Property Taxes	82,693	-	26,001
	<u>82,693</u>	<u>-</u>	<u>26,001</u>
Total Deferred Inflows			
Fund Balances:			
Non-Spendable	-	20,805	-
Restricted For:			
Capital Projects	-	-	-
Grant Programs	-	191,088	-
Food Service	-	154,429	-
Student Body	-	168,702	-
Debt Service	-	-	161,030
Committed For:			
Long Term Planning	-	195,027	-
Assigned For:			
Building Maintenance	-	322,359	-
Unassigned	3,635,261	(20,805)	-
	<u>3,635,261</u>	<u>1,031,605</u>	<u>161,030</u>
Total Fund Balances			
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 4,455,421</u>	<u>\$ 1,074,111</u>	<u>\$ 187,031</u>

The accompanying notes are an integral part of this statement.

CAPITAL IMPROVEMENT FUND	TOTALS
\$ 335,189	\$ 4,857,137
-	108,694
-	1,065,116
-	20,805
<u>\$ 335,189</u>	<u>\$ 6,051,752</u>
 \$ 306,456	 \$ 431,792
<u>-</u>	<u>654,637</u>
 306,456	 1,086,429
<u>-</u>	<u>108,694</u>
 -	 108,694
<u>-</u>	<u>20,805</u>
28,733	28,733
-	191,088
-	154,429
-	168,702
-	161,030
-	195,027
-	322,359
<u>-</u>	<u>3,614,456</u>
<u>28,733</u>	<u>4,856,629</u>
<u>\$ 335,189</u>	<u>\$ 6,051,752</u>

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022**

	GENERAL FUND	SPECIAL FUNDS	DEBT SERVICE FUND
REVENUES:			
Taxes	\$ 2,066,838	\$ -	\$ 769,279
Federal grants	31,694	1,940,605	-
State and local sources	6,795,960	867,896	-
Intermediate Sources	79,222	2,823	-
Charges for services	500	4,036	-
Earnings from investments	(19,047)	-	235
Miscellaneous	45,010	181,657	-
	<u>9,000,177</u>	<u>2,997,017</u>	<u>769,514</u>
Total Revenues			
EXPENDITURES:			
Current:			
Instruction	4,712,800	1,283,246	-
Support Services	3,213,955	1,094,160	-
Community Services	-	481,907	-
Facilities Acquisition and Construction	-	-	-
Capital Outlay	221,090	10,227	-
Debt Service:			
Principal	-	41,157	526,591
Interest	-	4,994	278,714
	<u>8,147,845</u>	<u>2,915,691</u>	<u>805,305</u>
Total Expenditures			
Revenues over (under) expenditures	852,332	81,326	(35,791)
Other Financing Sources, (Uses):			
Transfers in	-	241,616	51,909
Transfer out	(293,525)	-	-
	<u>(293,525)</u>	<u>241,616</u>	<u>51,909</u>
Total other financing sources (uses)			
Net Change in Fund Balance	558,807	322,942	16,118
Fund balance, Beginning	<u>3,076,454</u>	<u>708,663</u>	<u>144,912</u>
Fund balance, Ending	<u>\$ 3,635,261</u>	<u>\$ 1,031,605</u>	<u>\$ 161,030</u>

The accompanying notes are an integral part of this statement.

CAPITAL IMPROVEMENT FUND		TOTALS
\$	-	\$ 2,836,117
	-	1,972,299
	1,181,765	8,845,621
	-	82,045
	-	4,536
	-	(18,812)
	-	226,667
	1,181,765	13,948,473
	-	5,996,046
	-	4,308,115
	-	481,907
	1,148,476	1,148,476
	36,430	267,747
	-	567,748
	-	283,708
	1,184,906	13,053,747
	(3,141)	894,726
	-	293,525
	-	(293,525)
	-	-
	(3,141)	894,726
	31,874	3,961,903
\$	28,733	\$ 4,856,629

HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balances - Governmental Funds	\$	4,856,629
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The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The statement of Net Position includes those capital assets among the assets of the District as a whole.

Net Capital Assets		21,466,434
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Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.

Long term Liabilities			
General obligation bonds payable (Net of unamortized premium and discount)	\$	(8,176,389)	
Loan Payable		(98,863)	
Finance Purchases Payable		<u>(68,624)</u>	
			(8,343,876)

The Net Pension Asset (Liability), and deferred inflows and outflows related to the Net Pension Asset is the difference between the total pension liability and assets set aside to pay benefits earned to past and current employees and beneficiaries

Pension Related Items			
OPEB Asset/(Liability)	\$	78,834	
Proportionate Share of the Net Pension Liability		(5,326,151)	
Deferred Outflows (OPEB)		21,477	
Deferred Inflows (OPEB)		(40,918)	
Deferred Outflows (Net Pension Liability)		3,550,404	
Deferred Inflows (Net Pension Liability)		<u>(6,319,522)</u>	
			(8,035,876)

Accrued interest on long term liabilities is recorded on the Statement of Net Position, but not on the governmental activities balance sheet		(13,669)
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Unavailable revenue related to property taxes and other assets		<u>108,694</u>
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Net Position	\$	<u><u>10,038,336</u></u>
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The accompanying notes are an integral part of this statement.

HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2022

Total Net Changes in Fund Balances - Governmental Funds	\$ 894,726
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Repayment of bond principal, premium/discount, compensated absences, and post retirement obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Additions to these items are expensed in the Statement of Activities, but not in the governmental funds.	576,966
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Interest on long-term liabilities is accrued on the statement of activities but not in the fund statements. This is the change in accrued interest for the year	(586)
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Capital asset additions are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeds depreciation.

Capital Asset Additions	1,465,160
Depreciation Expense	(944,795)

The OPEB and the changes in deferred inflows and outflows related to the Liability Asset represents the changes in the OPEB Liability from year to year	3,184
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The Pension Expense and the changes in deferred inflows and outflows related to the Net Pension Asset represents the changes in Net Pension Asset (Liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.	1,106,600
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Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes a deferred revenue for all property taxes levied but not received, however in the Statement of Activities, there is no deferred revenue and the full property tax receivable is accrued.	<u>(3,213)</u>
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Change in Net Position of Governmental Activities	<u>\$ 3,098,042</u>
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The accompanying notes are an integral part of this statement.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District 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 principles. The more significant of the District's accounting policies are described below.

REPORTING ENTITY

Harrisburg School district is a municipal corporation governed by an elected board. The accompanying financial statements present the government and any component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The District does not have any component units.

BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statements of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions".

Program Revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, interfund transactions, and certain compensated absences and claims and judgments which are recognized as expenditures because they will be liquidated with expendable financial resources.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The District reports the following major governmental funds:

GENERAL FUND

The General Fund accounts for all financial resources and expenditures of the District, except those required to be accounted for in another fund. The principal revenue sources are property taxes and an apportionment from the State of Oregon School Support Fund.

SPECIAL REVENUE FUNDS

The Special Funds account for revenues and expenditures related to specific educational and other projects. Principal revenue sources are federal and state grant awards, fundraising, donations, proceeds from the sale of land and/or buildings and earnings from temporary investments.

DEBT SERVICE FUND

The Debt Service Fund accounts for the payment of principal and interest of the District's general obligation bonds. The principal resources are property taxes.

CAPITAL IMPROVEMENT FUND

The Capital Improvement Fund accounts for expenditures related to bond and grant funded capital projects. Principal resources are bond proceeds, state grants and construction excise taxes.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, there are both restricted and unrestricted net position available to finance the program. It is the policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. All revenues reported in the governmental funds are considered to be available if they are collected within sixty days after year-end. 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 finance purchases are reported as other financing sources.

BUDGETS

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting in the main program categories required by Oregon Local Budget Law. The budgets for all budgeted funds are adopted on a basis consistent with generally accepted accounting principles except the property taxes received after year-end not considered budgetary resources in the funds. A budget is not prepared for the agency funds as allowed by Oregon law.

The District begins its budget process early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in spring with a public hearing being held approximately three weeks later. The Board may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent without re-publication. The budget is then adopted, appropriations are made, and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund:

LEVEL OF CONTROL

Instruction
Supporting Services
Enterprise & Community Services
Facilities Acquisition and Construction
Other Uses - Debt Service and Interfund Transfers
Operating Contingency

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Board approval as long as appropriation levels (the legal level of control) are not changed.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Supplemental appropriations may occur if the Board approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original budgeted appropriation amounts and any supplemental resolutions. Expenditures of the various funds were within authorized appropriation levels for the year ended June 30, 2022.

PROPERTY TAXES RECEIVABLE

Uncollected real and personal property taxes are reflected on the statement of net position and the balance sheet as receivables. Uncollected taxes are deemed to be substantially collectible or recoverable through liens. All property taxes receivable are due from property owners within the District.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic distributions of collections to entities levying taxes. Property taxes become a lien against the property when levied on July 1 of each year and are payable in three installments due on November 15, February 15 and May 15. Property tax collections are distributed monthly except for November, when such distributions are made weekly.

GRANTS

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures are recorded as unearned revenue on the statement of net position and the balance sheet.

CAPITAL ASSETS

Capital assets are recorded at original cost or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Interest incurred during construction is not capitalized. The cost of routine maintenance and repairs that do not add to the value of the assets or materially extend asset lives are charged to expenditures as incurred and not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	15 to 50 years
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Vehicles and Equipment	3 to 15 years
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RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COMPENSATED ABSENCES

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Unless an individual employment contract stipulates it, the District does not pay any amounts when employees separate from service. The current balances for such contracts are considered insignificant and are not accrued as liabilities in the financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the 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 financial statements and reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

LONG-TERM OBLIGATIONS

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

FUND BALANCE

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted resources are spent first when restricted and other classifications are available for use. When unrestricted resources are spent, the order of spending is committed, assigned and unassigned as applicable. The District's minimum fund balance policy specifies that the District will maintain an ending fund balance in the General Fund in order to provide stable services and employment to offset economic cycles. The targeted ending fund balance is 5% of the operating budget.

NET POSITION

Net position comprises of the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Components of net position are classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

In the event that both restricted and unrestricted net position is available for use, restricted net position is assumed to be utilized first.

DEFERRED OUTFLOWS/INFLOW OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element 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. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reports revenue in the governmental funds that is not available to pay for current obligations as Deferred Inflows.

CASH AND CASH EQUIVALENTS

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

FAIR VALUE, INPUTS, METHODOLOGIES AND HIERARCHY

Fair value is defined as 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. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

2. BUDGET/GAAP REPORTING DIFFERENCES

While the District reports financial position, results of operations, and changes in fund balance/net position on the basis of accounting principles generally accepted in the United States of America (GAAP), the District's budgetary basis of accounting differs from generally accepted accounting principles, as required by ORS. The budgetary statements provided as part of supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary differences between the District's budgetary basis and GAAP basis is the classification of capital outlay and debt service, which for budgetary purposes is reported within the functional categories at the level of appropriation control. In the budgetary statements capital purchases and debt service payments are recognized as expenses whereas in the GAAP statements they are recorded as increases in capital assets and reductions in long term debt.

3. CASH AND INVESTMENTS

State statutes govern the District's cash management policies, because the District does not have an official investment policy. Statutes authorize the District to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool. Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Cash and cash equivalents

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held.

HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (CONTINUED)

Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2022. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it materially approximates fair value.

The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2022, the fair value of the position in the LGIP is 98.98% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The District booked a fair market value loss of \$41,592, for the difference between the pool fair market value and the book value. The audited financial statements can be found at:

<https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/pages/default.aspx>

Cash and Investments at June 30, 2022, (recorded at fair value) consisted of:

Deposits With Financial Institutions:	2022
Petty Cash	\$ 950
Demand Deposits:	
Checking	820,113
Investments	<u>4,036,074</u>
Total	<u><u>4,857,137</u></u>

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	More than 18
State Treasurer's Investment Pool	\$ 4,036,074	\$ 4,036,074	\$ -	\$ -
Total	<u>\$ 4,036,074</u>	<u>\$ 4,036,074</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB.

Credit Risk-Investment

Oregon Revised Statutes does not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit/Deposit Risk

At June 30, 2022, 100% was invested in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in either of these instruments. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

At year-end, the District's net carrying amount of deposits was \$820,113 and the bank balance was \$1,023,601. Of these deposits, \$500,000 was covered by federal depository insurance. The remainder is collateralized by the Oregon Public Funds Collateralization Program (PFCP).

4. ACCOUNTS/GRANTS RECEIVABLE

Special revenue fund grants receivable are comprised of claims for reimbursement of costs under various federal and state grant programs. No allowance for doubtful accounts is recorded because all receivables are deemed to be collectable.

5. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2022 are as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 582,463	\$ -	\$ -	\$ 582,463
Construction in Progress	2,021,076	1,184,936	(2,051,672)	1,154,340
Total Capital Assets Not Being Depreciated	2,603,539	1,184,936	(2,051,672)	1,736,803
Capital Assets Being Depreciated:				
Buildings	24,091,863	2,051,672	-	26,143,535
Equipment	1,093,600	280,224	-	1,373,824
Total Capital Assets	25,185,463	3,516,832	(2,051,672)	29,254,162
Accumulated Depreciation:				
Buildings	6,061,431	878,938		6,940,369
Equipment	781,502	65,857	-	847,359
Total Accumulated Depreciation	6,842,933	944,795	-	7,787,728
Total Net Capital Assets	\$ 20,946,069			\$ 21,466,434

Depreciation was allocated to the functions as follows:

Instruction	\$ 708,596
Support Services	188,959
Community Services	47,240
Total	<u>\$ 944,795</u>

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 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 either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits 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 (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - ii. **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 contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
 - i. **Pension Benefits.** 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:

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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.

- ii. **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. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- iii. **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.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2022 were \$1,238,223, excluding amounts to fund employer specific liabilities. In addition approximately \$287,647 in employee contributions were paid or picked up by the District in fiscal 2022. At June 30, 2022, the District reported a net pension liability of \$5,326,151 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2019. 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. As of the measurement date of June 30, 2020 and 2021, the District's proportion was .052 percent and .045 percent, respectively. Pension expense for the year ended June 30, 2022 was (\$1,106,600).

The rates in effect for the year ended June 30, 2022 were:

- (1) Tier 1/Tier 2 – 26.83%
- (2) OPSRP general services – 23.72%

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 498,563	\$ -
Changes in assumptions	1,333,296	14,017
Net difference between projected and actual earnings on pension plan investments	-	3,942,908
Net changes in proportionate share	88,847	2,217,306
Differences between contributions and proportionate share of contributions	391,475	145,291
Subtotal - Amortized Deferrals (below)	2,312,181	6,319,522
Contributions subsequent to measuring date	1,238,223	-
Deferred outflow (inflow) of resources	<u>\$ 3,550,404</u>	<u>\$ 6,319,522</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2023.

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

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ (878,787)
2024	(851,651)
2025	(1,066,218)
2026	(1,250,313)
2027	39,627
Thereafter	-
Total	<u>\$ (4,007,342)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 25, 2022. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2019
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.40 percent (reduced from 2.50 percent)
Investment rate of return	6.90 percent (reduced from 7.20 percent)
Discount rate	6.90 percent (reduced from 7.20 percent)
Projected salary increase	3.40 percent (reduced from 3.50 percent)
Cost of Living Adjustment	Blend of 2% 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:</p> <p>Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2019.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternatives Portfolio	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	5.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

(Source: June 30, 2021 PERS ACFR; p. 104)

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. 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.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
<i>Assumed Inflation - Mean</i>		<i>2.40%</i>

(Source: June 30, 2021 PERS ACFR; p. 74)

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan, a reduction approved by the Board from 7.20 percent in the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – the following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$ 10,459,286	\$ 5,326,151	\$ 1,031,580

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There are no changes subsequent to the June 30, 2021 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of resignation, death, disability, or retirement; unforeseeable emergency; or by requesting a de minimis distribution from inactive accounts valued less than \$5,000. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

Pension Benefits:

Participants in OPERS defined benefit 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. 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 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.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions:

Employees of the District pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$2,535 per month on January 1, 2021) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2022.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

7. OTHER POST-EMPLOYMENT BENEFIT PLAN (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 postemployment 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 OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS 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 OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.53% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2022. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The District's contributions to RHIA for the years ended June 30, 2020, 2021 and 2022 were \$551, \$614 and \$733, respectively, which equaled the required contributions each year.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

At June 30, 2022, the District reported a net OPEB liability/(asset) of (\$78,834) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2021, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2019. Consistent with GASB Statement No. 75, paragraph 59(a), the District's proportion of the net OPEB liability/(asset) is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement date of June 30, 2020 and 2021, the District's proportion was .007 percent and .022 percent, respectively. OPEB expense for the year ended June 30, 2022 was (\$3,117).

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (12,893)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	9,776
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	<u>-</u>
Employer's Total OPEB Expense/(Income)	<u>\$ (3,117)</u>

Components of Deferred Outflows/Inflows of Resources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ 2,193
Changes in assumptions	1,551	1,173
Net difference between projected and actual earnings on pension plan investments	-	18,735
Net changes in proportionate share	19,926	18,817
Differences between contributions and proportionate share of contributions	<u>-</u>	<u>-</u>
Subtotal - Amortized Deferrals (below)	21,477	40,918
Contributions subsequent to measuring date	<u>-</u>	<u>-</u>
Deferred outflow (inflow) of resources	<u>\$ 21,477</u>	<u>\$ 40,918</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2023.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

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

<u>Year ending June 30,</u>	<u>Amount</u>
2023	\$ 2,228
2024	(11,473)
2025	(4,277)
2026	(5,919)
2027	-
Thereafter	-
Total	<u>\$ (19,441)</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2021. That independently audited report was dated February 25, 2022 and can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2022/Oregon%20PERS%20-%20GASB%2075%20RHIA%20Employer%20Schedules%20-%20FYE%2006-30-2021.pdf>

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2019
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent (reduced from 2.50 percent)
Investment rate of return	6.90 percent (reduced from 7.20 percent)
Discount rate	6.90 percent (reduced from 7.20 percent)
Projected salary increase	3.40 percent (reduced from 3.50 percent)
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2019.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2021 was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. 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.

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
<i>Assumed Inflation - Mean</i>		2.40%

(Source: June 30, 2021 PERS ACFR; p. 74)

Sensitivity of the District's proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the District's proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower (5.90 percent) or one percent higher (7.90 percent) than the current rate.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. OTHER POST-EMPLOYMENT BENEFIT PLAN (RHIA) (CONTINUED)

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net OPEB liability (asset)	\$ (69,717)	\$ (78,834)	\$ (86,622)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2021 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

8. DEBT

General Obligation Bonds

On August 21, 2018, the District issued a Series 2018A general obligation bonds of \$2,106,567 with a variable interest rate. The bonds were issued as deferred interest bonds, with interest payable only at maturity or early redemption. Interest is compounded semiannually on December 15, and June 15. Principal payments are due annually on June 15 beginning 2020.

On August 21, 2018, the District issued a Series 2018B general obligation bonds of \$6,835,000 with an interest rate of 4%. Interest is payable semi-annually on December 15 and June 15. Principal payments are due annually on June 15 beginning in 2024.

In the event of default, owners of 51% or more of the principal amount of the bonds then outstanding may take whatever action may appear necessary, either at law or in equity or in bankruptcy or otherwise, to enforce any covenant. However, the bonds are not subject to acceleration.

Current year activity and balances outstanding on GO Bonds are as follows:

Debt Item	Outstanding 7/1/21	Issued	Matured and Redeemed	Outstanding 6/30/22	Due In One Year
GO Bond (Series A)	\$ 1,262,361	\$ -	\$ 440,376	\$ 821,985	\$ 444,240
GO Bond (Series B)	6,835,000	-	-	6,835,000	-
	<u>\$ 8,097,361</u>	<u>\$ -</u>	<u>\$ 440,376</u>	<u>\$ 7,656,985</u>	<u>\$ 444,240</u>
Premium (Series B)	\$ 566,622	\$ -	\$ (47,218)	\$ 519,404	\$ 47,218
Grand Total	<u>\$ 8,663,983</u>	<u>\$ -</u>	<u>\$ 393,158</u>	<u>\$ 8,176,389</u>	<u>\$ 491,458</u>

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEBT (CONTINUED)

The following tables show future maturities for each bond issue:

Year	2018 Bond (Series A)		2018 Bond (Series B)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022-2023	444,240	55,760	-	273,400	444,240	329,160
2023-2024	377,745	62,256	85,000	273,400	462,745	335,656
2024-2025	-	-	550,000	270,000	550,000	270,000
2025-2026	-	-	590,000	248,000	590,000	248,000
2026-2027	-	-	640,000	224,400	640,000	224,400
2027-2032	-	-	3,995,000	697,000	3,995,000	697,000
2032-2033	-	-	975,000	39,000	975,000	39,000
TOTALS	<u>\$ 821,985</u>	<u>\$ 118,016</u>	<u>\$ 6,835,000</u>	<u>\$ 2,025,200</u>	<u>\$ 7,656,985</u>	<u>\$ 2,143,216</u>

Direct Borrowing - Loan Payable

In 2014 the District entered into a loan agreement with Key Government Finance in the amount of \$425,000 at an interest rate of 3.97%. The purpose of this loan was to make necessary repairs and improvements to District buildings that were damaged by broken plumbing and the resulting flooding.

The following tables provide the current year activity and future maturities on the loan:

Debt Item	Outstanding 7/1/21	Issued	Matured and Redeemed	Outstanding 6/30/22	Due In One Year
Key Bank Loan	<u>\$ 145,454</u>	<u>\$ -</u>	<u>\$ 46,591</u>	<u>\$ 98,863</u>	<u>\$ 48,459</u>

Year	Key Bank Loan	
	Principal	Interest
2022-2023	48,459	3,449
2023-2024	50,404	1,506
TOTALS	<u>\$ 98,863</u>	<u>\$ 4,955</u>

Direct Borrowing – Finance Purchases

Three school buses are financed through Santander Bank:

Debt Item	Outstanding 7/1/21	Issued	Matured and Redeemed	Outstanding 6/30/22	Due In One Year
Bus Lease 12	\$ 39,926	\$ -	\$ 19,687	\$ 20,239	\$ 20,239
Bus Lease 15	40,689	-	13,146	27,543	13,560
Bus Lease 6	30,790	-	9,948	20,842	10,261
Total	<u>\$ 111,405</u>	<u>\$ -</u>	<u>\$ 42,781</u>	<u>\$ 68,624</u>	<u>\$ 44,060</u>

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

8. DEBT (CONTINUED)

The total cost basis for the three buses is \$320,443 and accumulated depreciation as of June 30, 2022 was \$181,400 resulting in a net value of \$139,043.

In the event of default where payment has not been rendered within 30 days, and where the default continues for an additional 15 days, the lessor will have the right to exercise any one or more of the following remedies:

- a) Declare all sums due and payable
- b) Terminate the lease
- c) Take possession of the vehicles

Future maturities for finance purchases are as follows:

Year	Bus Lease 12		Bus Lease 15		Bus Lease 6		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022-2023	20,239	566	13,560	868	10,261	657	44,060	2,091
2023-2024	-	-	13,983	445	10,581	337	24,564	782
TOTALS	<u>\$ 20,239</u>	<u>\$ 566</u>	<u>\$ 27,543</u>	<u>\$ 1,313</u>	<u>\$ 20,842</u>	<u>\$ 994</u>	<u>\$ 68,624</u>	<u>\$ 2,873</u>

9. DEFERRED COMPENSATION

The District has a deferred compensation plan available for its employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one, which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service.

10. RISK MANAGEMENT

There is exposure 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. Commercial insurance is purchased to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage.

11. INTERFUND ACTIVITY

Interfund transfers are used to fund operations between funds. During 2021-2022 the General Fund transferred \$241,616 to the Special Revenue Fund to support programs. The General Fund also transferred \$51,909 to the Debt Service Fund to supplement resources that are necessary to make scheduled bond payments.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

12. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon approved ballot Measure 5, a constitutional limit on property taxes for schools and non-school government operations, in November, 1990 (now Article XI, Section 11b). School operations include community colleges, local school districts and education service districts. The limitation provides that property taxes for school operations are limited to \$5.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this initiative has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues for the major source of operating revenue. The voters of the State of Oregon passed ballot Measure 50 in May 1997 to further reduce property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit.

Measure 50 reduced the amount of operating property tax revenues available to the District for its 1997-98 fiscal year, and thereafter. This reduction is accomplished by rolling assessed property values back to their 1995-96 values less 10%, and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Measure also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues, and requires the State of Oregon to minimize the impact of the tax cuts to school districts.

13. COMMITMENTS AND CONTINGENCIES

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

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate they can cause increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

As public employees retire, the PERS system reviews their complete employment history to verify that all of their previous public employers have contributed the correct amount to their pensions. When PERS becomes aware of unpaid pension amounts by an employer from previous years, the amount owed becomes due immediately and the total liability (plus interest) is added to the next invoice. The District is not currently aware of any material unpaid pension contributions from previous years.

REQUIRED SUPPLEMENTARY INFORMATION

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2022**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - OREGON PERS

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.045 %	\$ 5,326,151	\$ 4,613,371	115%	87.6 %
2021	0.052	11,539,648	4,671,210	247%	75.8
2020	0.063	10,884,729	4,412,726	247%	80.2
2019	0.061	9,262,530	4,542,608	204%	82.1
2018	0.066	8,862,481	4,713,878	188%	83.1
2017	0.072	10,875,728	4,180,496	260%	80.5
2016	0.082	4,732,883	4,265,347	111%	91.9
2015	0.082	(1,864,518)	4,039,149	-46%	103.6
2014	0.082	4,197,666	3,862,721	109%	92.0

SCHEDULE OF CONTRIBUTIONS - OREGON PERS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2022	\$ 1,238,223	\$ 1,238,223	\$ -	\$ 5,046,399	24.5% %
2021	1,289,603	1,289,603	-	4,613,371	28.0%
2020	1,300,183	1,300,183	-	4,671,210	27.8%
2019	1,211,336	1,211,336	-	4,412,726	27.5%
2018	1,016,398	1,016,398	-	4,542,608	22.4%
2017	806,296	806,296	-	4,713,878	17.1%
2016	834,333	834,333	-	4,180,496	20.0%
2015	835,714	835,714	-	4,265,347	19.6%
2014	649,270	649,270	-	4,039,149	16.1%

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - OREGON RHIA

Year Ended June 30,	(a) Employer's proportion of the net pension liability (asset)	(b) Employer's proportionate share of the net pension liability (asset)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2022	0.023 %	\$ (78,834)	\$ 4,613,371	-2%	183.9 %
2021	0.007	(15,725)	4,671,210	0%	150.1
2020	0.049	(94,632)	4,412,726	-2%	144.4
2019	0.044	(49,068)	4,542,608	-1.08%	124.0
2018	0.041	(17,068)	4,713,878	-0.36%	108.9
2017	0.044	11,964	4,180,496	0.29%	94.2

SCHEDULE OF CONTRIBUTIONS - OREGON RHIA

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2022	\$ 774	\$ 774	\$ -	\$ 5,046,399	0.02 %
2021	614	614	-	4,613,371	0.01
2020	551	551	-	4,671,210	0.01
2019	24,272	24,272	-	4,412,726	0.55
2018	20,360	20,360	-	4,542,608	0.45
2017	21,284	21,284	-	4,713,878	0.45

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date. These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2022

	<u>GENERAL FUND</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Revenue From Local Sources:				
Ad Valorem Taxes Levied by District	\$ 2,178,620	\$ 2,178,620	\$ 2,066,838	\$ (111,782)
Summer School Tuition	500	500	250	(250)
Earnings from Investments	15,000	15,000	(19,047)	(34,047)
Admissions	15,000	15,000	-	(15,000)
Fees	10,000	10,000	-	(10,000)
Rentals	300	300	250	(50)
Miscellaneous	-	-	45,010	45,010
Total Local Revenue	<u>2,219,420</u>	<u>2,219,420</u>	<u>2,093,301</u>	<u>(126,119)</u>
Revenue From Intermediate Sources:				
County School Fund	6,779	6,779	29,968	23,189
Restricted Revenue	16,600	16,600	49,254	32,654
Total Intermediate Revenue	<u>23,379</u>	<u>23,379</u>	<u>79,222</u>	<u>55,843</u>
Revenue From State Sources:				
State School Fund- General Support	5,846,734	5,846,734	6,795,960	949,226
Total State Revenue	<u>5,846,734</u>	<u>5,846,734</u>	<u>6,795,960</u>	<u>949,226</u>
Revenue From Federal Sources:				
Federal Forest Fees	20,000	20,000	31,694	11,694
Total Federal Revenue	<u>20,000</u>	<u>20,000</u>	<u>31,694</u>	<u>11,694</u>
Total Revenues	<u>8,109,533</u>	<u>8,109,533</u>	<u>9,000,177</u>	<u>890,644</u>
EXPENDITURES:				
Instruction	4,813,535	4,813,535 (1)	4,712,800	100,735
Support Services	3,307,328	3,484,328 (1)	3,435,045	49,283
Contingencies	362,811	185,811 (1)	-	185,811
Total Expenditures	<u>8,483,674</u>	<u>8,483,674</u>	<u>8,147,845</u>	<u>335,829</u>
Excess of Revenues Over, (Under)				
Expenditures	(374,141)	(374,141)	852,332	1,226,473
Other Financing Sources, (Uses):				
Transfers Out	(342,650)	(342,650) (1)	(293,525)	49,125
Total Other Financing Sources, (Uses)	<u>(342,650)</u>	<u>(342,650)</u>	<u>(293,525)</u>	<u>49,125</u>
Net Change in Fund Balance	(716,791)	(716,791)	558,807	1,275,598
Beginning Fund Balance	916,791	916,791	3,076,454	2,159,663
Ending Fund Balance	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ 3,635,261</u>	<u>\$ 3,435,261</u>

(1) Appropriation Level

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2022**

	<u>SPECIAL FUNDS</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Local Sources:				
School Sponsored Activities	\$ 152,800	\$ 152,800	\$ 134,115	\$ (18,685)
Food Service Sales	128,940	128,940	4,036	(124,904)
Private Contributions	51,200	51,200	9,733	(41,467)
Miscellaneous	46,814	46,814	47,542	728
Total Local Sources	379,754	379,754	195,426	(184,328)
Intermediate Sources:				
Restricted Revenue	93,704	93,704	2,823	(90,881)
Total Intermediate Sources	93,704	93,704	2,823	(90,881)
State Sources:				
Basic School Support	69,500	69,500	2,927	(66,573)
Grants-In-Aid	1,074,027	1,074,027	855,236	(218,791)
Total State Sources	1,143,527	1,143,527	858,163	(285,364)
Federal Sources:				
Restricted Grants-In-Aid	3,058,929	3,058,929	1,940,605	(1,118,324)
Total Federal Sources	3,058,929	3,058,929	1,940,605	(1,118,324)
Total Revenues	4,675,914	4,675,914	2,997,017	(1,678,897)
EXPENDITURES:				
Instruction	1,826,475	1,826,475 (1)	1,283,246	543,229
Support Services	2,754,882	2,708,730 (1)	1,104,387	1,604,343
Community Services	543,061	543,061 (1)	481,907	61,154
Facilities Acquisition and Construction	493,430	493,430 (1)	-	493,430
Debt Service	-	46,152 (1)	46,151	1
Total Expenditures	5,617,848	5,617,848	2,915,691	2,702,157
Excess of Revenues Over, (Under)				
Expenditures	(941,934)	(941,934)	81,326	1,023,260
Other Financing Sources, (Uses):				
Transfers In	390,740	390,740	241,616	(149,124)
Transfers Out	(99,999)	(99,999) (1)	-	99,999
Total Other Financing Sources, (Uses)	290,741	290,741	241,616	(49,125)
Net Change in Fund Balance	(651,193)	(651,193)	322,942	974,135
Beginning Fund Balance	651,193	651,193	708,663	57,470
Ending Fund Balance	\$ -	\$ -	\$ 1,031,605	\$ 1,031,605

(1) Appropriation Level

SUPPLEMENTARY INFORMATION

HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2022

<u>DEBT SERVICE FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Revenue From Local Sources:				
Taxes - Current Year's Levy	\$ 685,764	\$ 685,764	\$ 750,961	\$ 65,197
Taxes - Prior Years' Levies	8,154	8,154	18,318	10,164
Interest Earnings	145	145	235	90
Total Revenues	694,063	694,063	769,514	75,451
EXPENDITURES:				
Debt Service:				
Principal	487,327	487,327	526,591	(39,264)
Interest	317,982	317,982	278,714	39,268
Total Expenditures	805,309	805,309 (1)	805,305	4
Excess of Revenues Over, (Under) Expenditures	(111,246)	(111,246)	(35,791)	75,455
Other Financing Sources:				
Transfer In	51,909	51,909	51,909	-
Net Change in Fund Balance	(59,337)	(59,337)	16,118	75,455
Beginning Fund Balance	59,337	59,337	144,912	85,575
Ending Fund Balance	\$ -	\$ -	\$ 161,030	\$ 161,030

(1) Appropriation Level

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2022**

CAPITAL IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
State Sources				
Restricted Grants	\$ 1,800,000	\$ 1,800,000	\$ 1,181,765	\$ (618,235)
Total Revenues	1,800,000	1,800,000	1,181,765	(618,235)
EXPENDITURES:				
Facilities Acquisition and Construction	2,218,952	2,218,952 (1)	1,184,906	1,034,046
Total Expenditures	2,218,952	2,218,952	1,184,906	1,034,046
Net Change in Fund Balance	(418,952)	(418,952)	(3,141)	415,811
Beginning Fund Balance	418,952	418,952	31,874	(387,078)
Ending Fund Balance	\$ -	\$ -	\$ 28,733	\$ 28,733

(1) Appropriation Level

OTHER INFORMATION

2021-2022 DISTRICT AUDIT REVENUE SUMMARY
Harrisburg School District

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300	Fund 400
1110 Ad Valorem Taxes Levied by District	\$ 2,066,236		\$ 769,279	
1120 Local Option Ad Valorem Taxes Levied by District				
1130 Construction Excise Tax				
1190 Penalties and Interest on Taxes	\$ 603		\$ 233	
1200 Rev from Local Gov't Units Other Than Districts				
1310 Regular Day School Tuition	\$ 250			
1320 Adult/Continuing Education Tuition				
1330 Summer School Tuition				
1400 Local & Federal Sources				
1510 Earnings on Investments	\$ (19,048)		\$ 2	
1600 Food Service		\$ 4,036		
1700 Extracurricular Activities		\$ 134,115		
1800 Community Services Activities				
1910 Rentals	\$ 250			
1920 Contributions and Donations From Private Sources		\$ 9,733		
1930 Rental or Lease Payments From Private Contractors				
1940 Services Provided Other Local Education Agencies				
1950 Textbook Sales and Rentals				
1960 Recovery of Prior Years' Expenditure	\$ 13,737			
1970 Services Provided Other Funds				
1980 Fees Charged to Grants				
1990 Miscellaneous	\$ 31,273	\$ 47,542		
Total Revenue from Local Sources	\$ 2,093,301	\$ 195,425	\$ 769,514	\$

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300	Fund 400
2101 County School Funds	\$ 29,968			
2102 Education Service District Apportionment				
2105 Natural Gas, Oil, and Mineral Receipts				
2199 Other Intermediate Sources		\$ 2,822		
2200 Restricted Revenue	\$ 49,254			
2800 Revenue in Lieu of Taxes				
2900 Revenue for/on Behalf of the District				
Total Revenue from Intermediate Sources	\$ 79,221	\$ 2,822	\$	\$

Revenue from State Sources

	Fund 100	Fund 200	Fund 300	Fund 400
3101 State School Fund - General Support	\$ 6,701,228			
3102 State School Fund - School Lunch Match	\$ (2,927)	\$ 2,927		
3103 Common School Fund	\$ 85,991			
3104 State Managed County Timber	\$ 11,668			
3199 Other Unrestricted Grants-in-Aid				
3204 Driver Education				
3222 State School Fund (SSF) Transportation Equipment				
3299 Other Restricted Grants-in-Aid	\$	\$ 855,236		\$ 1,181,765
3800 Revenue in Lieu of Taxes				
3900 Revenue for/on Behalf of the District				
Total Revenue from State Sources	\$ 6,795,960	\$ 858,163	\$	\$ 1,181,765

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300	Fund 400
4100 Unrestricted Revenue Direct From the Federal Government				
4200 Unrestricted Revenue From the Federal Government Through the State		\$ 75,659		
4300 Restricted Revenue From the Federal Government				
4500 Restricted Revenue From the Federal Government Through the State	\$ 209	\$ 1,864,945		
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies				
4801 Federal Forest Fees	\$ 31,485			
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	\$ 31,694	\$ 1,940,604	\$	\$

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300	Fund 400
5100 Long Term Debt Financing Sources			\$	\$
5200 Interfund Transfers		\$ 241,616	\$ 51,909	\$
5300 Sale of or Compensation for Loss of Fixed Assets				\$
5400 Resources - Beginning Fund Balance	\$ 3,076,454	\$ 708,663	\$ 144,912	\$ 31,874
Total Revenue from Other Sources	\$ 3,076,454	\$ 950,279	\$ 196,821	\$ 31,874

Grand Totals

\$ 12,076,630	\$ 3,947,294	\$ 966,335	\$ 1,213,639
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2020-21 DISTRICT AUDIT EXPENDITURE SUMMARY
Harrisburg School District

Fund: 100 - General Fund

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ 1,310,797	\$ 814,245	\$ 454,804	\$ 7,718	\$ 33,765		\$ 264	
1112 Intermediate Programs	\$							
1113 Elementary Extracurricular	\$							
1121 Middle/Junior High Programs	\$ 985,356	\$ 629,618	\$ 329,394	\$ 9,405	\$ 15,933		\$ 1,007	
1122 Middle/Junior High School Extracurricular	\$ 4,599	\$ 3,347	\$ 1,252	\$				
1131 High School Programs	\$ 1,044,669	\$ 636,203	\$ 345,985	\$ 10,009	\$ 49,427		\$ 3,046	
1132 High School Extracurricular	\$ 262,823	\$ 135,985	\$ 46,680	\$ 41,694	\$ 26,812		\$ 11,652	
1140 Pre-Kindergarten Programs	\$							
1210 Programs for the Talented and Gifted	\$ 516			\$ 516				
1220 Restrictive Programs for Students with Disabilities	\$ 577,570	\$ 389,920	\$ 182,330	\$ 1,745	\$ 3,310		\$ 264	
1250 Less Restrictive Programs for Students with	\$ 358,286	\$ 224,473	\$ 130,370	\$ 799	\$ 2,644			
1260 Early Intervention	\$							
1271 Remediation	\$ 181				\$ 181			
1272 Title I	\$							
1280 Alternative Education	\$ 100,711	\$ 61,153	\$ 38,487	\$ 682	\$ 389			
1291 English Second Language Programs	\$ 52,992	\$ 37,009	\$ 15,813	\$	\$ 170			
1292 Teen Parent Program	\$							
1293 Migrant Education	\$							
1294 Youth Corrections Education	\$							
1299 Other Programs	\$							
1300 Adult/Continuing Education Programs	\$							
1400 Summer School Programs	\$ 14,300	\$ 9,446	\$ 3,471		\$ 1,383			
Total Instruction Expenditures	\$ 4,712,800	\$ 2,941,399	\$ 1,548,586	\$ 72,568	\$ 134,014	\$	\$ 16,233	\$
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$ 88,497	\$ 46,295	\$ 42,202					
2120 Guidance Services	\$ 23,977			\$ 22,285	\$ 1,692			
2130 Health Services	\$ 63,445	\$ 46,329	\$ 14,900		\$ 2,216			
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$ 24,420			\$ 24,268	\$ 152			
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$ 56,921	\$ 32,705	\$ 24,215					
2210 Improvement of Instruction Services	\$ 1,522			\$ 1,522				
2220 Educational Media Services	\$ 42,702	\$ 25,178	\$ 11,529	\$ 60	\$ 5,936			
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$ 7,093	\$ 1,595	\$ 592		\$ 4,906			
2310 Board of Education Services	\$ 80,209	\$ 9,949	\$ 5,517	\$ 26,722	\$ 1,428		\$ 36,593	
2320 Executive Administration Services	\$ 276,734	\$ 166,041	\$ 96,725	\$ 10,571	\$ 1,754		\$ 1,643	
2410 Office of the Principal Services	\$ 486,088	\$ 295,024	\$ 168,046	\$ 11,393	\$ 8,410		\$ 3,215	
2490 Other Support Services - School Administration	\$ 85,117	\$ 21,462	\$ 10,023	\$ 53,374			\$ 258	
2510 Direction of Business Support Services	\$							
2520 Fiscal Services	\$ 261,157	\$ 118,174	\$ 78,507	\$ 45,672	\$ 10,477		\$ 8,329	
2540 Operation and Maintenance of Plant Services	\$ 1,125,706	\$ 327,602	\$ 195,070	\$ 357,592	\$ 126,828	\$ 36,538	\$ 82,076	
2550 Student Transportation Services	\$ 528,016	\$ 144,705	\$ 99,684	\$ 49,343	\$ 38,481	\$ 184,553	\$ 11,250	
2570 Internal Services	\$							
2610 Direction of Central Support Services	\$							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$							
2630 Information Services	\$ 194				\$ 194			
2640 Staff Services	\$ 32,657		\$ 17,154	\$ 7,282	\$ 8,220			
2660 Technology Services	\$ 250,589	\$ 70,699	\$ 45,024	\$ 43,481	\$ 91,386			
2670 Records Management Services	\$							
2690 Other Support Services - Central	\$							
2700 Supplemental Retirement Program	\$							
Total Support Services Expenditures	\$ 3,435,045	\$ 1,305,756	\$ 809,190	\$ 653,565	\$ 302,079	\$ 221,090	\$ 143,365	\$
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$							
3200 Other Enterprise Services	\$							
3300 Community Services	\$							
3500 Custody and Care of Children Services	\$							
Total Enterprise and Community Services Expenditures	\$	\$	\$	\$	\$	\$	\$	\$
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$							
4150 Building Acquisition, Construction, and	\$							
4190 Other Facilities Construction Services	\$							
Total Facilities Acquisition and Construction Expenditures	\$	\$	\$	\$	\$	\$	\$	\$
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$							
5200 Transfers of Funds	\$ 293,525							\$ 293,525
5300 Apportionment of Funds by ESD	\$							
5400 PERS UAL Bond Lump Sum	\$							
Total Other Uses Expenditures	\$ 293,525	\$	\$	\$	\$	\$	\$	\$ 293,525
Grand Total	\$ 8,441,370	\$ 4,247,155	\$ 2,357,777	\$ 726,133	\$ 436,093	\$ 221,090	\$ 159,598	\$ 293,525

2020-21 DISTRICT AUDIT EXPENDITURE SUMMARY
Harrisburg School District

Fund: 200 - Special Revenue

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ 372,567	\$ 162,168	\$ 99,595	\$ 10,160	\$ 100,020		\$ 625	
1112 Intermediate Programs	\$							
1113 Elementary Extracurricular	\$ 16,595				\$ 16,595			
1121 Middle/Junior High Programs	\$ 131,472	\$ 24,336	\$ 9,338	\$ 66,950	\$ 26,169		\$ 4,679	
1122 Middle/Junior High School Extracurricular	\$ 13,092				\$ 13,092			
1131 High School Programs	\$ 264,257	\$ 152,298	\$ 73,651	\$ 4,840	\$ 28,790		\$ 4,679	
1132 High School Extracurricular	\$ 84,042	\$ 3,556	\$ 1,333	\$ 2,378	\$ 76,776		\$	
1140 Pre-Kindergarten Programs	\$ 1,067	\$ 587	\$ 226		\$ 254			
1210 Programs for the Talented and Gifted	\$							
1220 Restrictive Programs for Students with Disabilities	\$ 72,948	\$ 44,218	\$ 28,730					
1250 Less Restrictive Programs for Students with Disabilities	\$ 93,899	\$ 47,214	\$ 22,506	\$ 24,179	\$			
1260 Early Intervention	\$							
1271 Remediation	\$							
1272 Title I	\$ 212,322	\$ 124,276	\$ 81,133	\$ 2,552	\$ 4,277		\$ 82	
1280 Alternative Education	\$ 12,278	\$ 8,736	\$ 3,542					
1291 English Second Language Programs	\$							
1292 Teen Parent Program	\$							
1293 Migrant Education	\$							
1294 Youth Corrections Education	\$							
1299 Other Programs	\$							
1300 Adult/Continuing Education Programs	\$							
1400 Summer School Programs	\$ 8,709	\$ 4,543	\$ 1,726		\$ 2,439			
Total Instruction Expenditures	\$ 1,283,246	\$ 571,932	\$ 321,780	\$ 111,058	\$ 268,411	\$	\$ 10,065	\$

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$ 98,693	\$ 60,007	\$ 41,666	\$ (4,580)	\$ 1,601			
2120 Guidance Services	\$ 245,397	\$ 158,490	\$ 86,528	\$ 133	\$ 246			
2130 Health Services	\$ 28,261			\$ 28,261				
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$ 32,014	\$ 23,229	\$ 8,785					
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$ 16,243	\$ 12,021	\$ 4,190	\$ 32				
2210 Improvement of Instruction Services	\$ 58,398	\$ 22,018	\$ 19,746	\$ 16,634				
2220 Educational Media Services	\$ 52,623	\$ 25,810	\$ 22,860	\$ 3,953				
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$ 26,080			\$ 28,982	\$ (2,902)			
2310 Board of Education Services	\$							
2320 Executive Administration Services	\$ 6,000						\$ 6,000	
2410 Office of the Principal Services	\$ 136,865	\$ 84,001	\$ 52,865					
2490 Other Support Services - School Administration	\$ 186,719	\$ 37,696	\$ 9,717	\$ 48,005	\$ 91,301		\$	
2510 Direction of Business Support Services	\$							
2520 Fiscal Services	\$							
2540 Operation and Maintenance of Plant Services	\$ 93,516	\$ 57,337	\$ 29,046	\$	\$ 7,133			
2550 Student Transportation Services	\$ 5,507	\$ 4,061	\$ 1,445					
2570 Internal Services	\$							
2610 Direction of Central Support Services	\$							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$							
2630 Information Services	\$							
2640 Staff Services	\$							
2660 Technology Services	\$ 118,072	\$ 5,687	\$ 458	\$ 34,817	\$ 66,883	\$ 10,227		
2670 Records Management Services	\$							
2690 Other Support Services - Central	\$							
2700 Supplemental Retirement Program	\$							
Total Support Services Expenditures	\$ 1,104,386	\$ 490,358	\$ 277,306	\$ 156,236	\$ 164,260	\$ 10,227	\$ 6,000	\$

Enterprise and Community Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$ 481,750	\$ 162,310	\$ 112,744	\$ 8,759	\$ 194,150		\$ 3,786	
3200 Other Enterprise Services	\$							
3300 Community Services	\$ 157				\$ 157			
3500 Custody and Care of Children Services	\$							
Total Enterprise and Community Services Expenditures	\$ 481,906	\$ 162,310	\$ 112,744	\$ 8,759	\$ 194,307	\$	\$ 3,786	\$

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$							
4150 Building Acquisition, Construction, and Improvement Services	\$							
4190 Other Facilities Construction Services	\$							

Total Facilities Acquisition and Construction Expenditures \$ \$ \$ \$ \$ \$ \$ \$

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$ 46,151						\$ 46,151	
5200 Transfers of Funds	\$							
5300 Apportionment of Funds by ESD	\$							
5400 PERS UAL Bond Lump Sum	\$							
Total Other Uses Expenditures	\$ 46,151	\$	\$	\$	\$	\$	\$ 46,151	\$

Grand Total

\$ 2,915,690	\$ 1,224,601	\$ 711,829	\$ 276,053	\$ 626,978	\$ 10,227	\$ 66,002	\$
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2020-21 DISTRICT AUDIT EXPENDITURE SUMMARY
Harrisburg School District

Fund: 300 - Debt Service

Instruction Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$0						
1112 Intermediate Programs	\$0						
1113 Elementary Extracurricular	\$0						
1121 Middle/Junior High Programs	\$0						
1122 Middle/Junior High School Extracurricular	\$0						
1131 High School Programs	\$0						
1132 High School Extracurricular	\$0						
1140 Pre-Kindergarten Programs	\$0						
1210 Programs for the Talented and Gifted	\$0						
1220 Restrictive Programs for Students with Disabilities	\$0						
1250 Less Restrictive Programs for Students with Disabilities	\$0						
1260 Early Intervention	\$0						
1271 Remediation	\$0						
1272 Title I	\$0						
1280 Alternative Education	\$0						
1291 English Second Language Programs	\$0						
1292 Teen Parent Program	\$0						
1293 Migrant Education	\$0						
1294 Youth Corrections Education	\$0						
1299 Other Programs	\$0						
1300 Adult/Continuing Education Programs	\$0						
1400 Summer School Programs	\$0						
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Support Services Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0						
2120 Guidance Services	\$0						
2130 Health Services	\$0						
2140 Psychological Services	\$0						
2150 Speech Pathology and Audiology Services	\$0						
2160 Other Student Treatment Services	\$0						
2190 Service Direction, Student Support Services	\$0						
2210 Improvement of Instruction Services	\$0						
2220 Educational Media Services	\$0						
2230 Assessment & Testing	\$0						
2240 Instructional Staff Development	\$0						
2310 Board of Education Services	\$0						
2320 Executive Administration Services	\$0						
2410 Office of the Principal Services	\$0						
2490 Other Support Services - School Administration	\$0						
2510 Direction of Business Support Services	\$0						
2520 Fiscal Services	\$0						
2540 Operation and Maintenance of Plant Services	\$0						
2550 Student Transportation Services	\$0						
2570 Internal Services	\$0						
2610 Direction of Central Support Services	\$0						
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0						
2630 Information Services	\$0						
2640 Staff Services	\$0						
2660 Technology Services	\$0						
2670 Records Management Services	\$0						
2690 Other Support Services - Central	\$0						
2700 Supplemental Retirement Program	\$0						
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Enterprise and Community Services Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0						
3200 Other Enterprise Services	\$0						
3300 Community Services	\$0						
3500 Custody and Care of Children Services	\$0						
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Facilities Acquisition and Construction Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0						
4120 Site Acquisition and Development Services	\$0						
4150 Building Acquisition, Construction, and Improvement Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4190 Other Facilities Construction Services	\$0						
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Other Uses Expenditures

Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$805,306					\$805,306	
5200 Transfers of Funds	\$0						
5300 Apportionment of Funds by ESD	\$0						
5400 Bond Lump Sum	\$0						
Total Other Uses Expenditures	\$805,306	\$0	\$0	\$0	\$0	\$805,306	\$0
Grand Total	\$805,306	\$0	\$0	\$0	\$0	\$805,306	\$0

2020-21 DISTRICT AUDIT EXPENDITURE SUMMARY
Harrisburg School District

Fund: 400 - Capital Projects

Instruction Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
1111 Primary, K-3	\$0							
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 High School Programs	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	-\$120		-\$120					
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	-\$120	\$0	\$0	-\$120	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$1,185,026		\$1,148,596		\$36,430			
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$1,185,026	\$0	\$0	\$1,148,596	\$0	\$36,430	\$0	\$0
Other Uses Expenditures								
Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700	
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$1,184,906	\$0	\$0	\$1,148,476	\$0	\$36,430	\$0	\$0

SUPPLEMENTAL INFORMATION

Harrisburg School District 2021-2022

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	\$ 172,005
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:	\$36,538
1113 Elementary Co-curricular Activities	
1122 Middle School Co-curricular Activities	
1132 High School Co-curricular Activities	
1140 Pre-Kindergarten	
1300 Continuing Education	
1400 Summer School	
2550 Pupil Transportation	
3100 Food Service	
3300 Community Services	
4150 Construction	

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

INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS



PAULY, ROGERS AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

December 20, 2022

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Harrisburg School District as of and for the year ended June 30, 2022, and have issued our report thereon dated December 20, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the Harrisburg School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

OAR 162-10-0230 Internal Control

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

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

Kenneth Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C

GRANT COMPLIANCE REVIEW

HARRISBURG SCHOOL DISTRICT, NO. 7
HARRISBURG, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

FEDERAL GRANTOR/ PROGRAM TITLE	PASS-THROUGH ENTITY	GRANT PERIOD	FEDERAL AL NUMBER	PASS-THROUGH ENTITY NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
US DEPARTMENT OF EDUCATION						
Title I Grants to Local Education Agencies	Oregon DOE	07/01/21 - 06/30/22	84.010	2336	212,780	-
Supporting Effective Education State Grants	Oregon DOE	07/01/21 - 06/30/22	84.367	2336	48,112	-
Student Support and Academic Enrichment Program	Oregon DOE	07/01/21 - 06/30/22	84.424	2336	11,182	-
Special Education Grants to States	Oregon DOE	07/01/21 - 06/30/22	84.027	2336	142,352	-
Special Education Grants to States (Covid-19)	Oregon DOE	07/01/21 - 06/30/22	84.027	2336	37,248	-
Total Special Education Grants to States					179,600	-
Education Stabilization Fund (Covid-19)	Oregon DOE	07/01/21 - 06/30/22	84.425	2336	5,813	-
Education Stabilization Fund (Covid-19)	Oregon DOE	07/01/21 - 06/30/22	84.425	2336	497,934	-
Education Stabilization Fund (Covid-19)	Oregon DOE	07/01/21 - 06/30/22	84.425	2336	409,783	-
Total Education Stabilization Fund (Covid-19)					913,531	-
Career and Technical Education - Basic Grants to States	Linn Benton CC	07/01/21 - 06/30/22	84.048	2503	11,820	-
TOTAL US DEPARTMENT OF EDUCATION					1,377,024	-
US DEPARTMENT OF AGRICULTURE						
Child Nutrition Cluster						
National School Breakfast Program	Oregon DOE	07/01/21 - 06/30/22	10.553	2336	153,609	-
National School Lunch Program	Oregon DOE	07/01/21 - 06/30/22	10.555	2336	266,020	-
National School Lunch Program (Covid -19)	Oregon DOE	07/01/21 - 06/30/22	10.555	2336	16,633	-
National School Lunch Program - noncash assistance	Oregon DOE	07/01/21 - 06/30/22	10.555	2336	37,886	-
Summer Food Service Program for Children	Oregon DOE	07/01/21 - 06/30/22	10.559	2336	13,368	-
Total Child Nutrition Cluster					487,516	-
Pandemic EBT Administrative Costs (Covid-19)	Oregon DOE	07/01/21 - 06/30/22	10.649	2336	614	-
TOTAL US DEPARTMENT OF AGRICULTURE					488,130	-
TOTAL FEDERAL EXPENDITURES					\$ 1,865,154	-
PASS THROUGH OTHER SERVICES						
Passed through DHS Oregon Health/Federal Forest Fees						
* DHS Medicaid Match		07/01/21 - 06/30/22	93.778		75,659	
* Linn County - Federal Forest Fees		07/01/21 - 06/30/22			31,485	
TOTAL OTHER SERVICES					107,144	
TOTAL FEDERAL PASS THROUGH EXPENDITURES OTHER AGENCIES					1,972,299	
<i>* Not considered as Federal Awards as directed by the section F.4.e SEFA</i>						



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December 20, 2022

To the Board of Directors
Harrisburg School District
Linn County, Oregon

**INDEPENDENT AUDITORS' 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***

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 and each major fund of Harrisburg School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated December 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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.

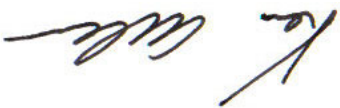
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of 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 internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kenneth Allen, CPA
Municipal Auditor

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December 20, 2022

To the Board of Directors
Harrisburg School District
Linn County, Oregon

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Harrisburg School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2022. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Harrisburg School 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Harrisburg School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the

aggregate, it would influence the judgment made by a reasonable user of the report on compliance about compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Kenneth Allen, CPA
Municipal Auditor
PAULY, ROGERS AND CO., P.C.

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued

Qualified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(s) identified that are not considered to be material weaknesses?

☐ yes

☒ none reported

Noncompliance material to financial statements noted?

☒ yes

☐ no

Any GAGAS audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

☐ yes

☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified?

☐ yes

☒ no

Significant deficiency(s) identified that are not considered to be material weaknesses?

☐ yes

☒ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

☐ yes

☒ no

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER

84.425

NAME OF FEDERAL PROGRAM CLUSTER

Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ yes

☒ no

**HARRISBURG SCHOOL DISTRICT
LINN COUNTY, OREGON**

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:

None

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with 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). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has elected to not use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance, due to the fact that it already has a negotiated indirect cost rate with the Oregon Department of Education, and thus is not allowed to use the de minimus rate.