

| HARNEY COUNTY EDUCATION SERVICE  
DISTRICT REGION 17  
BURNS, HARNEY COUNTY, OREGON

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023  
WITH  
INDEPENDENT AUDITOR'S REPORT



**Certified  
Public  
Accountants, LLP**

audit | tax | advisory | valuation | wealth

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
BURNS, HARNEY COUNTY, OREGON  
YEAR ENDED JUNE 30, 2023**

**BOARD OF DIRECTORS AS OF JUNE 30, 2023**

Doug Stott	Chair
Sandy Volle	Vice Chair
Charles Schmidt	Member
Charles Dunten	Member
Julie Weikel	Member
Daniel Brown	Member
Thomas Doman	Member

All board members receive mail at the address listed below

**Harney ESD's Regional Service Center  
25 Fairview Heights Loop  
Burns, Oregon 97720**

**ADMINISTRATIVE STAFF AS OF JUNE 30, 2023**

Shannon Criss	Superintendent
Corissa Wright	Business Manager



## TABLE OF CONTENTS

### HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17

### YEAR ENDED JUNE 30, 2023

<b>Independent Auditor's Report</b>	A1-A4
<b>Management's Discussion and Analysis</b>	B1-B5
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	4
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6
Notes to the Basic Financial Statements	7-31
<b>Required Supplementary Information:</b>	
Schedule of the District's Proportionate share of the Net Pension Asset / (Liability) And Schedule of the District's Contributions - OPERS	32
Schedule of the District's Proportionate share of the Net OPEB Asset / (Liability) And Schedule of the District's Contributions – RHIA	33
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	34
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Fund	35
<b>Supplementary Information:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund	36
Other Financial Schedules: School District Financial Accounting Summaries	37-41
<b>Independent Auditor's Report Required by Oregon State Regulations</b>	42-43
<b>Items Required by the Uniform Guidance:</b>	
<b>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	44-45

## Table of Contents (Continued)

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	46-48
Schedule of Expenditures of Federal Awards	49
Notes to Schedule of Expenditures of Federal Awards	50
Schedule of Findings and Questioned Costs	51-52



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Harney County Education Service District Region 17  
Burns, Oregon

### Report on the Audit of the Financial Statements

#### *Qualified and Unmodified Opinions*

We have audited the financial statements of the governmental activities, and each major fund of Harney County Education Service District Region 17, Oregon, (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Summary of Opinions*

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
General Fund	Unmodified
Special Revenue Fund	Unmodified
Capital Projects Fund	Unmodified

#### *Qualified Opinion on Governmental Activities*

In our opinion, except for the matters described in the Basis for Qualified and Unmodified Opinions section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinions on Each Major Fund*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Qualified and Unmodified Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

### *Matter Giving Rise to Qualified Opinion on Governmental Activities*

The District has not obtained an actuarial valuation for its single-employer other-postemployment benefit plan. Accounting principles generally accepted in the United States of America require that long-term liabilities and associated expenses be recorded, which would decrease the ending net position and the change in net position. The amount by which this departure would affect the ending net position and change in net position has not been determined.

### **Restatement of Prior Period Amounts**

As discussed in Note 2, the District restated beginning fund balance for the General Fund and Special Revenue Fund. Our opinion is not modified with respect to this matter. The District also restated beginning net position.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our 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 auditor's 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 GAAS 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 GAAS 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 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 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, certain other postemployment benefits schedules, certain pension schedules, and the general fund and major special revenue funds budgetary comparison schedules 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 management's discussion and analysis, certain pension schedules and certain other post-employment benefit schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information listed in the Table of Contents is presented for purposes of additional analysis and is not required as part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

### **Other Reporting Required by the State of Oregon**

In accordance with Oregon State Regulations, we have also issued our report dated July 2, 2024 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Jeny Grupe, CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
July 2, 2024





## | MANAGEMENT'S DISCUSSION AND ANALYSIS

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

The discussion and analysis of Harney County Education Service District Region 17 (the District), financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and the accompanying notes to enhance their understanding of the District's financial performance.

**FINANCIAL HIGHLIGHTS**

- In the **government-wide statements**, the assets of the District exceeded its liabilities at June 30, 2023 by \$2.67 million. Of this amount, \$1.40 million is invested in capital assets, \$1.27 million is restricted for grants, \$33 thousand is restricted for other post-employment benefits and the deficit of \$23 thousand is considered unrestricted.
- In the **government-wide statements**, net position increased by \$411 thousand at June 30, 2023.
- In the **government-wide statements**, capital assets increased by \$29 thousand during the 2023 fiscal year. This is mainly attributed to the purchase of vehicles and a new camera system offset by depreciation of \$68 thousand during the 2023 fiscal year.
- At the end of the fiscal year, fund balance for all **governmental funds** was \$2.59 million, an increase of \$34 thousand in comparison to the restated prior year balance. Approximately \$864 thousand of this overall fund balance is "unassigned" fund balance (see *Note 1* on page 12), available for spending at the District's discretion subject to limitations of school board policies.
- At the end of the fiscal year, fund balance for the **General Fund** was \$887 thousand, a decrease of \$943 thousand, in comparison to the restated prior period balance, a decrease of 5.89%.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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

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

In the government-wide financial statements, the District's activities are shown in one category as *governmental activities*. All of the District's basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

These activities are primarily financed through Oregon's State School Fund, property taxes, and other intergovernmental revenues.

The government-wide financial statements can be found as listed in the Table of Contents.

**Fund Financial Statements**

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and 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 three individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Special Revenue Fund and Capital Projects Fund, each of which are considered to be major funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the Table of Contents of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This Management's Discussion and Analysis, General Fund and major Special Revenue Fund budgetary comparison information, certain other post employment benefit schedules, and certain pension schedules are considered required supplementary information. The required supplementary information can be found as listed in the Table of Contents of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2.67 million at June 30, 2023.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 31.89% of total assets. The remaining assets consist mainly of cash, and grants, property taxes receivable, prepaid expenses and OPEB asset.

The District's liabilities include the PERS pension liability and other actuarially determined post-employment benefits of \$1.70 million. Outside of these actuarial disclosure amounts, the largest liability is for the payment of accrued payroll representing 8.72% of the District's total liabilities. Other liabilities consist almost entirely of payables on accounts.

A significant portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, vehicles and equipment). The District uses these capital assets to provide services to students and other District residents; consequently these assets are not available for future spending.

<b>Changes in Net Position Governmental Activities</b>			
	June 30, 2023	June 30, 2022 (as restated)	Increase/(Decrease)
Current assets	\$ 2,983,128	\$ 2,709,128	\$ 274,000
Net OPEB asset	32,842	24,431	8,411
Net capital assets	1,412,227	1,383,615	28,612
<b>Total assets</b>	<b>4,428,197</b>	<b>4,117,174</b>	<b>311,023</b>
Deferred outflow of resources	1,066,511	900,360	166,151
Current liabilities	309,164	105,450	203,714
Net pension liability & OPEB	1,704,771	1,184,263	520,508
Long-term obligations	9,596	-	9,596
<b>Total liabilities</b>	<b>2,023,531</b>	<b>1,289,713</b>	<b>733,818</b>
Deferred inflow of resources	796,463	1,464,399	(667,936)
<b>Net position:</b>			
Net investment in capital assets	1,400,127	1,383,615	16,512
Restricted for capital projects	-	375,128	(375,128)
Restricted for grants	1,265,028	1,309,238	(44,210)
Restricted for RHIA OPEB	32,842	24,431	8,411
Unrestricted	(23,283)	(828,990)	805,707
<b>Total Net Position</b>	<b>\$ 2,674,714</b>	<b>\$ 2,263,422</b>	<b>\$ 411,292</b>

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)**

**Changes in Statement of Activities  
Governmental Activities**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase/(Decrease)</u>
<b>Program Revenues</b>			
Charges for services	\$ 763,565	\$ 450	\$ 763,115
Operating grants and contributions	3,191,752	2,285,623	906,129
<b>General Revenues</b>			
Property taxes	682,084	588,294	93,790
State school fund	913,777	807,700	106,077
Other state, local, and federal sources	14,515	772,764	(758,249)
Earnings on investments	54,577	12,104	42,473
Contributions and Miscellaneous	165,788	365,994	(200,206)
<b>Total Revenues</b>	<u>5,786,058</u>	<u>4,832,929</u>	<u>953,129</u>
<b>Expenses</b>			
Instruction	818,511	794,460	24,051
Support services	4,556,255	3,672,152	884,103
<b>Total Expenses</b>	<u>5,374,766</u>	<u>4,466,612</u>	<u>908,154</u>
Restatement	<u>-</u>	<u>(100,114)</u>	<u>908,154</u>
<b>Change in Net Position</b>	<u>\$ 411,292</u>	<u>\$ 266,203</u>	<u>\$ 44,975</u>

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

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

At June 30, 2023, the District's governmental funds reported combined ending fund balances of \$2.59 million, an increase of about \$34 thousand in comparison with the restated prior year balance. About \$864 thousand (33.34%) of the ending fund balance constitutes "*unassigned ending fund balance*" (see Note 1 on page 12), which is available for spending at the District's discretion subject to limitations of school board policies. \$1.27 million is restricted for grants, \$55 thousand is committed for PERS reserve and \$376 thousand is assigned for capital improvements.

*General Fund:* The General Fund is the chief operating fund of the District. As of June 30, 2023, total fund balance was \$887 thousand, down from \$943 thousand in the prior year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 49.28% of total General Fund expenditures.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (CONTINUED)**

*Special Revenue Fund:* The Special Revenue Fund has a total fund balance of \$1.33 million, all of which is designated for the specific purposes of the various federal and state grants and other programs accounted for in this fund.

*Capital Projects Fund:* The Capital Projects Fund has a total fund balance of \$376 thousand, all of which is designated for the acquisition, construction and maintenance of improvements within the District.

**BUDGETARY ACTIVITY**

During the fiscal year ended June 30, 2023, adopted, final, budgetary activity amounts for the General Fund are as follows:

	<u>Adopted</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>General Fund</b>				
Instruction	\$ -	\$ -	\$ -	\$ -
Support Services	1,936,978	1,936,978	1,800,442	136,536
Contingency	500,000	500,000	-	500,000
<b>Total</b>	<b>\$ 2,436,978</b>	<b>\$ 2,436,978</b>	<b>\$ 1,800,442</b>	<b>\$ 636,536</b>

Additional information on the District's budget can be found in the notes to the financial statements.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets.** The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment, and right-of-use assets. As of June 30, 2023, the District had invested about \$1.41 million in capital assets, net of depreciation.

**Long-term debt.** The District has no long-term debt at this time.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The most significant economic factor for the District is revenue from State sources. State revenue comes from the State School Fund as well as other state contracts for various programs. State School Fund amounts are based primarily on total budgeted State funds. The District continues to obtain various grants that will allow them to assist component districts. For the year ended June 30, 2023, the State School Fund and property taxes provided approximately 49.91% and 37.26%, respectively, of the District's total general revenues.

The District will continue to monitor expected revenues and expenditure projects to match expenditure levels to on-going revenues. Cost cutting and saving measures are considered, when necessary to maintain this commitment. The budget process for 2023-24 and futures years takes projected funding levels into account when establishing and maintaining staffing levels, programs, and activities for the District. The District believes it is well positioned to operate under the funding level currently approved by the State Legislature for the 2023-24 fiscal year.

**REQUESTS FOR INFORMATION**

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Business Manager at 25 Fairview Heights, Burns, Oregon 97720.



## | BASIC FINANCIAL STATEMENTS



| **GOVERNMENT-WIDE FINANCIAL  
STATEMENTS**



**HARNEY COUNTY EDUCATION SERVICE DISTRICT 17  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

	<u>Governmental Activities</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>	
<b>ASSETS:</b>	
Cash and investments	\$ 1,148,989
Receivables	1,803,433
Other post employment benefit (RHIA)	32,842
Prepaid expenses	30,706
Capital assets, net	
Land	137,500
Buildings and improvements	1,153,196
Furniture and equipment	109,548
Intangible assets:	
Right of use assets	<u>11,983</u>
<b>TOTAL ASSETS</b>	<u>4,428,197</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred outflows related to other post employment benefits (RHIA)	3,432
Deferred outflows related to pension (OPERS)	<u>1,063,079</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,066,511</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>5,494,708</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>	
<b>LIABILITIES:</b>	
Accounts payable	130,193
Accrued payroll liabilities	176,467
Net pension liability (OPERS) (due in more than one year)	1,704,771
Leases payable	
Due within one year	2,504
Due in more than one year	<u>9,596</u>
<b>TOTAL LIABILITIES</b>	<u>2,023,531</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Deferred inflows related to other post employment benefits (RHIA)	7,731
Deferred inflows related to pension (OPERS)	<u>788,732</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>796,463</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>2,819,994</u>
<b>NET POSITION:</b>	
Net investment in capital assets	1,400,127
Restricted for grants	1,265,028
Restricted for RHIA OPEB	32,842
Unrestricted	<u>(23,283)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,674,714</u>

**HARNEY COUNTY EDUCATION SERVICE DISTRICT 17  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Functions/Programs:	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 818,511	\$ 121,477	\$ 719,079	\$ 22,045
Supporting services	4,556,255	642,088	2,472,943	(1,441,224)
Total government activities	<u>\$ 5,374,766</u>	<u>\$ 763,565</u>	<u>\$ 3,192,022</u>	<u>\$ (1,419,179)</u>
General revenues:				
Property taxes levied				682,084
State school fund - general support				913,777
Earnings on investments				54,577
Unrestricted state and local sources				14,515
Miscellaneous				<u>165,518</u>
Total general revenues				<u>1,830,471</u>
<b>CHANGE IN NET POSITION</b>				411,292
<b>NET POSITION - JULY 1, 2022 (as restated)</b>				<u>2,263,422</u>
<b>NET POSITION - JUNE 30, 2023</b>				<u><u>\$ 2,674,714</u></u>



## | FUND FINANCIAL STATEMENTS

**HARNEY COUNTY EDUCATION SERVICE DISTRICT 17  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>ASSETS:</b>				
Cash and investments	\$ 772,732	-	\$ 376,257	\$ 1,148,989
Receivables	95,685	1,707,748	-	1,803,433
Interfund receivable	134,922	-	-	134,922
Prepays	23,706	7,000	-	30,706
<b>TOTAL ASSETS</b>	<u>\$ 1,027,045</u>	<u>\$ 1,714,748</u>	<u>\$ 376,257</u>	<u>\$ 3,118,050</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 17,687	\$ 112,506	\$ -	\$ 130,193
Interfund payable	-	134,922	-	134,922
Accrued payroll liabilities	36,175	140,292	-	176,467
<b>TOTAL LIABILITIES</b>	<u>53,862</u>	<u>387,720</u>	<u>-</u>	<u>441,582</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - property taxes	85,871	-	-	85,871
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>139,733</u>	<u>-</u>	<u>-</u>	<u>527,453</u>
<b>Fund Balances:</b>				
Nonspendable				
Prepaid expense	23,706	7,000	-	30,706
Restricted				
Grants	-	1,265,028	-	1,265,028
Committed				
PERS Reserve	-	55,000	-	55,000
Assigned				
Capital projects	-	-	376,257	376,257
Unassigned	863,606	-	-	863,606
<b>TOTAL FUND BALANCES</b>	<u>887,312</u>	<u>1,327,028</u>	<u>376,257</u>	<u>2,590,597</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 1,027,045</u>	<u>\$ 1,714,748</u>	<u>\$ 376,257</u>	<u>\$ 3,118,050</u>

**HARNEY COUNTY EDUCATION SERVICE DISTRICT 17  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2023**

<b>TOTAL FUND BALANCES</b>		\$ 2,590,597
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 2,834,318	
Accumulated depreciation and amortization	<u>(1,422,091)</u>	1,412,227
The other post employment benefit asset (RHIA) is not reported with the governmental funds as it is not available nor payable currently.		32,842
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		
Property taxes		85,871
The net deferred outflow/(inflow) associated with the District's pension and other post employment benefits is not recorded in the governmental funds as it is not available nor payable currently.		270,048
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:		
Leases payable	(12,100)	
Pension liability (OPERS)	<u>(1,704,771)</u>	<u>(1,716,871)</u>
<b>TOTAL NET POSITION</b>		<u><u>\$ 2,674,714</u></u>

**HARNEY COUNTY EDUCATION SERVICE DISTRICT 17  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>REVENUES</b>				
Property taxes and other taxes	\$ 643,522	\$ -	\$ -	\$ 643,522
Intergovernmental	917,335	3,202,979	-	4,120,314
Charges for service	204,523	559,042	-	763,565
Investment earnings	54,577	-	-	54,577
Miscellaneous	34,938	130,580	-	165,518
<b>TOTAL REVENUES</b>	<u>1,854,895</u>	<u>3,892,601</u>	<u>-</u>	<u>5,747,496</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	856,289	-	856,289
Support services	1,800,442	3,047,667	8,870	4,856,979
<b>TOTAL EXPENDITURES</b>	<u>1,800,442</u>	<u>3,903,956</u>	<u>8,870</u>	<u>5,713,268</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>54,453</u>	<u>(11,355)</u>	<u>(8,870)</u>	<u>34,228</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	158,694	100,000	10,000	268,694
Transfers out	(268,694)	-	-	(268,694)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(110,000)</u>	<u>100,000</u>	<u>10,000</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	(55,547)	88,645	1,130	34,228
<b>FUND BALANCE, JULY 1, 2022 (as restated)</b>	<u>942,859</u>	<u>1,238,383</u>	<u>375,127</u>	<u>2,556,369</u>
<b>FUND BALANCE, JUNE 30, 2023</b>	<u>\$ 887,312</u>	<u>\$ 1,327,028</u>	<u>\$ 376,257</u>	<u>\$ 2,590,597</u>

**HARNEY COUNTY EDUCATION SERVICE DISTRICT 17  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

**NET CHANGE IN FUND BALANCE** \$ 34,228

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation or amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period:

Expenditures for capital assets	\$ 97,023	
Less current year depreciation	<u>(68,411)</u>	28,612

Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.

Lease principal repaid	\$ 1,215	
Lease proceeds	<u>(13,315)</u>	(12,100)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds

Property taxes		38,562
----------------	--	--------

The change in the net post employment benefit obligation (OPEB) RHIA is not recognized in the governmental funds.		4,953
---	--	-------

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned (actuarially determined) net of employee contributions is reported as pension expense. (OPERS)

317,037
---------

<b>CHANGE IN NET POSITION</b>	<b>\$ 411,292</b>
-------------------------------	-------------------



**| NOTES TO THE BASIC FINANCIAL  
STATEMENTS**



**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**The Reporting Entity**

The administration of Harney County Education Service District Region 17 (the District) is vested in a seven-member Board of Directors. They are elected for specific zones within the District. Additionally, the District employs a full-time superintendent and a business manager.

The Board exercises governance responsibilities over all entities related to public elementary and secondary school education within the jurisdiction of Harney County Education Service District as set by the State of Oregon. The Board receives funding from local, state, and federal sources. Board members are elected by the public and have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the District's reporting because of the significance of their operational or financial relationships with the District. Based on these criteria, the District is not a component unit of another entity, nor is any other entity required to be included in the basic financial statements of the District.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America, as applicable to governmental units. The following is a summary of significant accounting policies used by the District in the preparation of the accompanying financial statements.

**Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes and intergovernmental revenues.

The Statement of Activities presents a comparison between direct expenses and program revenue for each of its functions/programs. Direct expenses are those that are specifically associated with a function and therefore, are clearly identifiable to that function. Program revenues include: (1) charges to students or others for tuition, fees, rentals, materials, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are provided for governmental funds. The District has no proprietary funds or fiduciary funds.

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

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Financial Statements**

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All the District's funds are categorized as major funds.

The District reports the following major governmental funds:

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

*Special Revenue Funds* – This fund accounts for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

*Capital Projects Fund* - This fund accounts for the acquisition, construction and maintenance of improvements within the District. Principal revenue sources are interfund transfers.

**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 are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

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

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Investments**

The District's cash consist of cash on hand, demand deposits, secured market deposit accounts, and short-term investments with original maturities of three months or less. Short-term investments are stated at cost which approximates fair value.

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

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

**Property Taxes Receivable**

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

Uncollected real and personal property taxes are recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for un-collectible taxes has been established.

**Accounts and Other Receivables**

Accounts receivable and other receivables consist primarily of charges for services and claims for reimbursement of costs under various federal and state grant programs. Due to the nature of the receivables and the likelihood of collection, no provision for uncollectible receivables has been made.

**Grants**

Unreimbursed grant 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. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

**Leases**

Leases are recognized in accordance with GASB Statement No. 87, *Leases*. A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments and is adjusted over time by interest and payments. Future lease payments include fixed payments. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement and is subsequently amortized over the life of the lease.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (continued)**

In the government-wide financial statements, deferred inflows related to lessor leases and any respective lessee right-to-use assets are reported in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources. Under modified accrual accounting, initial recording of new lease agreements are recorded as Support Services expense and proceeds from other financing source, and thereafter are recorded as Debt Service.

The District has chosen not to implement GASB 87 for the budgetary basis of accounting. For both the budgetary basis of accounting and for leases that do not meet the criteria for valuation under GASB 87, the District will report inflows of cash for lessor leases and outflows of cash for lessee leases.

**Capital Assets**

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. 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	10 to 50 years
Equipment	5 to 30 years
Right- of- use	Depends on life of lease

**Pensions and Retirement Plan**

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (OPERS). 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 OPERS and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. 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.

**Post-Employment Benefits**

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

Additionally, the District allows eligible retirees to purchase health insurance at the same rate as active employees. Such costs are recorded as expenses in the General Fund and funded as premiums become due.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

No provision is made for accumulated unpaid vacation, sick pay, and other employee benefits. The District's policy is that all vacation must be used prior to the June 30 fiscal year end or it is lost. Each employee may accumulate sick leave and carry it over to the succeeding year. In a year when sick leave is used, the employee is paid the regular contract salary during the absence to the extent of sick leave earned. Substitutes must be hired by the District. When an employee becomes employed by another district, the accumulated sick leave is transferred to that district. Consequently, there is no liability booked at June 30, 2023.

**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 recognized 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.

There are no long-term obligations at June 30, 2023.

**Deferred Outflows/Inflows of Resources**

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

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

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position / Fund Balance**

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

- *Net investment in capital assets* – consists of net capital assets reduced by outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- *Restricted net position* – consists of net position with constraints placed on the use by either (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- *Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

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

- *Non-Spendable* – represents amounts that are not in a spendable form.
- *Restricted* – 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* – represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- *Assigned* – 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* – 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.

The District has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and lastly unassigned fund balance.

**Budget**

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental fund types, except capital outlay expenditures (including items below the District's capitalization level) and debt service, which are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budget (continued)**

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

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

During the fiscal year ended June 30, 2023, the District was in compliance with Local Budget Law.

**Use of Estimates**

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

**Adoption of New GASB Pronouncements**

During the year ended June 30, 2023, the District implemented the following GASB Pronouncements:

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. There is no effect on the District's financial statements as a result of this Statement.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement's objective is to address accounting and financial reporting for arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a capital asset for a period of time in an exchange or exchange-like transaction. There is no effect on the District's financial statements as a result of this Statement.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. There is no effect on the District's financial statements as a result of this Statement.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Future Adoption of GASB Pronouncements**

The following GASB pronouncements have been issued, but are not effective as of June 30, 2023:

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement clarifies the presentation and disclosures requirements for prior period adjustments to beginning net position. This Statement will be effective for the District for the fiscal year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences. This Statement will be effective for the District for the fiscal year ending June 30, 2025.

The District will implement new GASB pronouncements no later than the required effective date. The District is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the District's financial statements.

**NOTE 2 – RESTATEMENT OF BEGINNING FUND BALANCE AND BEGINNING NET POSITION**

For the year ended June 30, 2023, restatements of previously reported balances were identified as follows:

**General Fund**

The beginning fund balance for general fund was restated in relation to adjusting the balance of the District's LGIP account to fair market value, to adjust cash and payroll benefit accrual to actual, and to ensure grant expenditures equal grant revenues. These adjustments resulted in a decrease in the general fund beginning fund balance as follows:

Fund balance - beginning of year, as previously reported	\$ 1,006,333
Correction of error - LGIP	20,740
Correction of error - prepaids	17,362
Correction of error - cash	(17,315)
Correction of error - accounts payable	(13,123)
Correction of error - grant revenue and expenditures	(298)
Correction of error - accrued payroll	(70,840)
	\$ 942,859
Fund balance - beginning of year, as restated	\$ 942,859

**Special Revenue Fund**

The beginning fund balance for the special revenue fund was restated in relation to the nonaccrual or recognition of revenue related to the 2022 fiscal year received after year end, and to adjust payroll benefit accrual accounts and cash to actual, and to ensure grant expenditures equal grant revenues. These adjustments resulted in an increase in the special revenue fund beginning fund balance as follows:

Fund balance - beginning of year, as previously reported	\$ 1,257,000
Correction of error - revenue recognition	161,319
Correction of error - cash	(104,846)
Correction of error - accounts payable	(5,835)
Correction of error - grant revenue and expenditures	(108,783)
Correction of error - accrued payroll	39,528
	\$ 1,238,383
Fund balance - beginning of year, as restated	\$ 1,238,383



**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 2 – RESTATEMENT OF BEGINNING FUND BALANCE AND BEGINNING NET POSITION  
(CONTINUED)**

**Governmental Activities**

In addition to the general fund and special revenue fund restatements above, the beginning net position for governmental activities was restated to adjust pension asset/liability and the fixed asset net book value to actual. These adjustments resulted in an increase in the governmental activities beginning net position as follows:

Net position - beginning of year, as previously reported	\$ 2,363,536
Correction of error - LGIP - general fund	20,740
Correction of error - prepaids - general fund	17,362
Correction of error - accrued payroll - general and special revenue fund	(31,312)
Correction of error - accounts payable - general and special revenue fund	(18,958)
Correction of error - revenue recognition - special revenue fund	161,319
Correction of error - grant revenue and expenditures - general and special revenue fund	(109,081)
Correction of error - cash	(122,161)
Correction of error - pension asset/liability	(15,319)
Correction of error - fixed asset	(2,704)
	\$ 2,263,422
Net position - beginning of year, as restated	\$ 2,263,422

**NOTE 3 – CASH AND INVESTMENTS**

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and investments."

Cash and investments are comprised of the following as of June 30, 2023:

Investments - LGIP	\$ 1,335,889
Deposits with financial institutions, demand deposits	(186,900)
	\$ 1,148,989
Total cash and investments	\$ 1,148,989

*Deposits.* The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2023. If bank deposits at year end are not entirely insured or collateralized with securities held by the District or by its agent in the District's name, the District must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits. For the fiscal year ended June 30, 2023, the carrying amounts of the District's deposits in various financial institutions were \$(186,900) and the bank balances were \$348,397, of which, \$250,000 was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Collateralization Program (PFCP).

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

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 3 – CASH AND INVESTMENTS (CONTINUED)**

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

*Investments.* The District invests funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895).

Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40. The LGIP is not rated.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the District's cash position. Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximates fair value.

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

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

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

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

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

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

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

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 3 – CASH AND INVESTMENTS (CONTINUED)**

The following table discloses by level the fair value hierarchy of the District's assets at fair value as of June 30, 2023:

	<u>Totals as of 06/30/23</u>	<u>Level One</u>	<u>Level Two</u>	<u>Level Three</u>	<u>Amortized Cost Measurement Not Measured at Fair Value</u>
Investments Measured at Fair Value:					
Local Government Investment Pool	<u>\$ 1,335,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,335,889</u>
Total	<u>\$ 1,335,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,335,889</u>

**NOTE 4 - RECEIVABLES**

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

	<u>Property Taxes</u>	<u>Grants/Other</u>	<u>Total</u>
General Fund	<u>\$ 95,685</u>	<u>\$ -</u>	<u>\$ 95,685</u>
Special Revenue Fund	<u>-</u>	<u>1,707,748</u>	<u>1,707,748</u>
Total	<u>\$ 95,685</u>	<u>\$ 1,707,748</u>	<u>\$ 1,803,433</u>

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 5 – CAPITAL ASSETS**

The changes in capital assets for the year ended June 30, 2023, are as follows:

	Balance July 1, 2022 as restated	Additions	Transfers/ Deletions	Balance June 30, 2023
Capital assets not being depreciated or amortized:				
Land	\$ 137,500	\$ -	\$ -	\$ 137,500
Construction-in-Progress	8,353	-	(8,353)	-
<b>Total capital assets not being depreciated or amortized</b>	<b>145,853</b>	<b>-</b>	<b>(8,353)</b>	<b>137,500</b>
Capital assets being depreciated or amortized:				
Buildings and Improvements	2,181,574	-	-	2,181,574
Machinery/Equipment/Vehicles	409,868	83,708	8,353	501,929
Intangible assets:				
Right of use	-	13,315	-	13,315
<b>Total</b>	<b>2,591,442</b>	<b>97,023</b>	<b>8,353</b>	<b>2,696,818</b>
Less accumulated depreciation or amortization for:				
Buildings and Improvements	(983,315)	(45,063)	-	(1,028,378)
Machinery/Equipment/Vehicles	(370,365)	(22,016)	-	(392,381)
Intangible assets:				
Right of use	-	(1,332)	-	(1,332)
<b>Total</b>	<b>(1,353,680)</b>	<b>(68,411)</b>	<b>-</b>	<b>(1,422,091)</b>
<b>Total capital assets, net:</b>				
Land	137,500	-	-	137,500
Construction-in-Progress	8,353	-	(8,353)	-
Buildings and Improvements	1,198,259	(45,063)	-	1,153,196
Machinery/Equipment/Vehicles	39,503	61,692	8,353	109,548
Intangible assets:				
Right of use	-	11,983	-	11,983
<b>Total</b>	<b>\$ 1,383,615</b>	<b>\$ 28,612</b>	<b>\$ -</b>	<b>\$ 1,412,227</b>

Depreciation and amortization expense for the fiscal year was \$68,411 and is allocated to the various functions as follows:

Instruction	\$ 10,056
Support Services	58,355
<b>Total</b>	<b>\$ 68,411</b>

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 6 – LEASES**

**Lessee Lease Payables**

The District has entered into a non-cancellable lease agreement for a copier that expires on December 31, 2027 with an interest rate of 4%. During the year ended June 30, 2023, lease principal and interest payments of \$1,215 and \$251 were made, respectively.

Leases payable at June 30, 2023 consisted of the following:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Leases	\$ -	\$ 13,315	\$ 1,215	\$ 12,100	\$ 2,504
<b>Total</b>	<b>\$ -</b>	<b>\$ 13,315</b>	<b>\$ 1,215</b>	<b>\$ 12,100</b>	<b>\$ 2,504</b>

Future annual lease commitment as of June 30, 2023 are as follows:

Year Ending	Principal	Interest	Total
2024	\$ 2,504	\$ 429	\$ 2,933
2025	2,606	327	2,933
2026	2,712	220	2,932
2027	2,823	110	2,933
2028	1,455	12	1,467
	<b>\$ 12,100</b>	<b>\$ 1,098</b>	<b>\$ 13,198</b>

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

**OPERS Plan**

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

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

The 1995 Legislature enacted Chapter 654, Section 3, Oregon Laws 1995, which was codified into ORS 238.435. This legislature created a second tier of benefits for those who established membership on or after January 1, 1996. The second tier does not have the Tier One assumed earnings rate guarantee and has a higher normal retirement age of 60, compared to age 58 for Tier One.

The 2003 Legislature enacted House Bill 2021, codified as ORS 238A, which created the Oregon Public Service Retirement Plan (OPSRP). OPSRP consists of the Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003

Beginning January 1, 2004, OPERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) or OPSRP. OPERS members retain their existing Regular or Variable (if applicable) accounts, but member contributions are now deposited into the member's IAP account. Accounts are credited with earnings and losses net of administrative expenses. OPSRP is part of OPERS and is administered by the Board. The OPERS Board is directed to adopt any rules necessary to administer OPSRP, and such rules are to be considered part of the plan for IRS purposes.

**Tier One/Tier Two (Chapter 238)**

**Pension Benefits.** The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for General Service Employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Monthly payments must be a minimum of \$200 per month or the member will receive a lump-sum payment of the actuarial equivalent of benefits to which he or she is entitled to.

Under Senate Bill 1049, passed during 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 in 2022, and will be indexed with inflation in later years.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

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

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

**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.

**OPSRP Pension Program (Chapter 238A)**

**Pension Benefits.** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

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

Under Senate Bill 1049, passed during 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$210,582 as of January 1, 2022, and will be indexed with inflation each year.

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.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**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 or other person 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 70 ½ years.

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

*Member Contributions* - Beginning January 1, 2004, all member contributions, except for contributions by judge members, were placed in the IAP. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary for District employees and are remitted by participating employers.

*Employer Contributions* - OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and OPEB plans.

Employer contribution rates during the period July 1, 2021 through June 30, 2023, were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. For the period July 1, 2021 through June 30, 2023, net employer contribution rates were 26.83% for Tier 1/Tier 2 employees and 23.72% for OPSRP General Employees. Employer contributions for the year ended June 30, 2023 were \$442,982, excluding amounts to fund employees specific liabilities.

**Pension Plan Annual Comprehensive Financial Report (ACFR).** OPERS prepares their financial statements in accordance with GAAP as set forth in GASB pronouncements that apply to fiduciary funds and enterprise funds. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plans. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction in between market participants at the measurement date.

OPERS produces an independently audited ACFR which includes the OPEB plans and can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2022-Annual-Comprehensive-Financial-Report.pdf>

**Actuarial Valuation.** The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. Under this cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.



**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

***Actuarial Methods and Assumptions Used in Developing Total Pension Liability***

Valuation date	December 31, 2020
Measurement date	June 30, 2022
Experience study	2020, published July 20, 2021
Actuarial assumptions:	
Actuarial cost method	Entry age normal
Inflation rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><b><i>Healthy retirees and beneficiaries:</i></b> Pub-2010 Healthy retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b><i>Active members:</i></b> Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b><i>Disabled retirees:</i></b> Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study, which reviewed experience for the four-year period ending on December 31, 2020.

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

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

***Assumed Asset Allocation***

Asset Class	Target Allocation
Cash	0.00%
Debt Securities	20.00%
Public equity	30.00%
Private equity	20.00%
Real estate	12.50%
Real Assets	7.50%
Diversifying Strategies	7.50%
Risk Parity	2.50%
Total	100.00%

***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 OPERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
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 %
Total	100.00 %	

Assumed inflation - mean 2.40 %

*Note: Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.*

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

***Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.*** At June 30, 2023, the District reported a liability of \$1,704,771 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, (measurement date), the District's proportion was approximately 0.01113356 percent.

For the year ended June 30, 2023, the District recognized a reduction in pension expense of \$317,037. The \$317,037 was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction and Supporting Services using allocation percentages of 15% and 85%, respectively.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 82,753	\$ 10,631
Changes of assumptions	267,488	2,444
Net difference between projected and actual earnings investments	-	304,780
Changes in proportionate share	169,442	373,528
Differences between employer contributions and employer's proportionate share of system contributions	100,414	97,349
Contributions subsequent to measurement date	442,982	-
Total	<u>\$ 1,063,079</u>	<u>\$ 788,732</u>

\$442,982 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2024.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

Year ended June 30,	Deferred Outflow/(Inflow) of Resources
2024	\$ (87,067)
2025	(90,296)
2026	(154,758)
2027	150,266
2028	13,220
Thereafter	-
Total	<u>\$ (168,635)</u>

***Sensitivity for the District’s Proportionate Share of the Net Pension Liability to Changes in Discount Rate.*** The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 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:

District’s Net Pension Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% increase (7.90%)
Defined Benefit Pension Plan	\$ (3,023,265)	\$ (1,704,771)	\$ (601,253)

***Changes in Assumptions and Methods.*** A summary of key changes implemented since the December 31, 2020 valuation are noted below. Additional detail and list of changes can be found in the 2020 Experience Study for the System, which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2022/Actuarial-Valuation-Results.pdf>

***Assumption Changes***

- There were no changes to actuarial assumptions since the December 31, 2020 actuarial valuation.

***Actuarial Methods***

- There were no changes to actuarial methods since the December 31, 2020 actuarial valuation.

***Plan Changes***

- There were no changes to plan provisions valued since the December 31, 2020 actuarial valuation. The provisions of Senate Bill 111 and House Bill 2906, Both enacted in June 2021, were reflected in the December 31, 2020 actuarial valuation.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Defined Contribution Plan – Individual Account Program (IAP)**

**Benefit Terms.** The IAP is an individual account-based program under the OPERS tax-qualified governmental plan as defined under ORS 238A.400. 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 contributions are deposited into a separate employer account. 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. The accounts fall under Internal Revenue Code Section 401(a).

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

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

**Contributions.** Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member's gross pay in a month exceeds the monthly salary threshold, tied to the annual Consumer Price Index, 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to help fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2023.

**NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**Retirement Health Insurance Account (RHIA)**

**Plan Description.** As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. ORS 238.420 established the RHIA and authorizes a payment of up to \$60 from RHIA toward the monthly cost of \$60 from RHIA toward the monthly cost of health insurance for eligible OPERS members. The plan was closed to new entrants hired on or after August 29, 2003.

**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.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2023**

**NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

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 a 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.

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.

**Contributions.** *Employer Contributions* – OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and OPEB Plans. The contribution rates in effect for the fiscal year ended June 30, 2023 for the OPEB program were: Tier1/Tier 2 – 0.05%, and OPSRP general service – 0.00%. The District contributed \$245 for the year ended June 30, 2023.

**Actuarial Valuation.** The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 7 Pension and Retirement Plans* except the table listed below:

Actuarial assumptions:

Retiree healthcare participation	Healthy retirees: 27.5%; Disabled retirees: 15%
Healthcare cost trend rate	Not applicable
Cost-of-living adjustments (COLA)	Not applicable

**OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** At June 30, 2023, the District reported \$32,842 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2022, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2020. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022 (measurement date) the District's proportion was approximately 0.00924253 percent.

For the year ended June 30, 2023, the District recognized a reduction of OPEB expense related to RHIA of \$4,953. The \$4,953 was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction and Supporting Services using allocation percentages of 15% and 85%, respectively.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 890
Changes in assumptions	257	1,095
Net difference between projected and actual earnings on investment	-	2,505
Changes in proportionate share	2,930	3,241
Contributions subsequent to the measurement date	245	-
Total	<u>\$ 3,432</u>	<u>\$ 7,731</u>

The \$245 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources (prior to post-measurement date contributions) related to OPEB will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Deferred Outflow/(Inflow) of Resources</u>
2024	\$ (1,160)
2025	(2,605)
2026	(1,581)
2027	802
2028	-
Thereafter	-
Total	<u>\$ (4,544)</u>

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

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1-percentage point lower (5.90 percent) or 1-percentage point higher (7.90 percent) than the current rate:

District's Net Pension Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Retirement Health Insurance Account	\$ 29,600	\$ 32,842	\$ 35,621

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

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

***Changes in Assumptions***

The changes in assumptions used for RHIA are identical to the changes in assumptions related to the OPERS plan disclosed in Note 7.

**Single-Employer Defined Benefit Health Care Plan**

**Plan Description.** The District operates a single-employer retiree benefit plan through the Oregon Educators Benefit Board that provides post-employment health, dental vision and life insurance benefits to eligible employees and their spouses. The District is required by Oregon Revised Statutes 243.303 to provide retirees and their dependents with group health insurance from the date of retirement to age 65 at the same rate provided to current employees. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. In some cases, the premium itself for retirees, does not represent the full cost of medical coverage (as retirees can be expected to generate higher medical claims and therefore higher premiums than the active population). Providing the same rate to retirees as provided to current employees, raises the medical premium rates for the entire employee group. This additional cost is called the “implicit subsidy” and is required to be valued under GASB 75.

**Funding Policy.** When the District has retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The District will then pay healthcare insurance premiums for all retirees at the applicable rate for each family classification.

The District did not obtain an actuarial valuation for the year ended June 30, 2023 for the single-employer plan.

**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

The District receives a substantial portion of its operating funding 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 the District to either have increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the District's operations cannot be determined.

**NOTE 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 for which commercial insurance is purchased. There were no significant reductions in insurance coverage from coverage in prior years in any of the major categories of risk. Also, the amounts of any settlements have not exceeded insurance coverage for the past three fiscal years.



**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2023**

**NOTE 11 – INTERFUND RECEIVABLE/PAYABLE AND TRANSFERS**

The composition of interfund balances for the year ended June 30, 2023 were as follows:

	Receivable	Payable
General Fund	\$ 134,922	\$ -
Special Revenue Fund	-	134,922
	\$ 134,922	\$ 134,922

The interfund payable/receivable between the General Fund and Special Revenue Fund is the result of a negative cash balance in the Special Revenue fund.

Interfund transfers for the year ended June 30, 2023 were as follows:

	In	Out
General Fund	\$ 158,694	\$ 268,694
Special Revenue Fund	100,000	-
Capital Projects Fund	10,000	-
	\$ 268,694	\$ 268,694

The District made transfers from the General Fund to the Capital Projects Fund for the purpose of funding additional capital asset acquisitions.

The District made transfers from the General Fund to the Special Revenue Fund for the purpose of funding additional student activities.

**NOTE 12 – TAX ABATEMENTS**

Based on information available from the county as of the date of issuance of these basic financial statements, there were no material abatements disclosed by the county for the year ended June 30, 2023 for any program covered under GASB 77.

**NOTE 13 – SUBSEQUENT EVENTS**

Management of the District has evaluated events and transactions occurring after June 30, 2023 through the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.



**| REQUIRED SUPPLEMENTARY  
INFORMATION**

**HARNEY COUNTY EDUCATION SERVICE DISTRICT 17  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION  
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)  
LAST 10 FISCAL YEARS ENDING JUNE 30**

**Harney County Education Service District 17 Proportionate Share of Net Pension Asset / (Liability) as of the measurement date**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension asset/(liability)	0.0111336%	0.0098965%	0.0121498%	0.1324993%	0.0153067%	0.0165463%	0.0189147%	0.0195678%	0.0230819%	0.0195678%
District's proportion of the net pension asset/(liability)	\$ (1,704,771)	\$ (1,184,263)	\$ (2,651,513)	\$ (2,291,921)	\$ (2,318,756)	\$ (2,230,449)	\$ (2,839,542)	\$ (1,123,477)	\$ 523,201	\$ 157,225
District's covered-employee payroll	\$ 1,652,925	\$ 1,472,698	\$ 1,219,785	\$ 1,146,294	\$ 1,256,426	\$ 1,297,758	\$ 1,062,950	\$ 1,084,176	\$ 1,056,414	\$ 1,167,880
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	103.14%	80.41%	217.38%	199.94%	184.55%	171.87%	267.14%	103.62%	49.53%	-13.46%
Plan fiduciary net position as a percentage of the total pension liability	84.50%	87.60%	75.79%	80.23%	81.81%	83.12%	80.53%	91.88%	103.59%	91.97%

**Harney County Education Service District 17 Pension Contributions**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 442,982	\$ 386,267	\$ 361,218	\$ 256,420	\$ 232,783	\$ 244,092	\$ 191,858	\$ 202,826	\$ 187,592	\$ 205,181
Contribution in relation to the contractually required	\$ (442,982)	\$ (386,267)	\$ (361,218)	\$ (256,420)	\$ (232,783)	\$ (244,092)	\$ (191,858)	\$ (202,826)	\$ (187,592)	\$ (205,181)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 1,858,592	\$ 1,652,925	\$ 1,472,698	\$ 1,219,785	\$ 1,146,294	\$ 1,256,426	\$ 1,297,758	\$ 1,062,950	\$ 1,084,176	\$ 1,056,414
Contributions as a percentage of covered-employee payroll	23.83%	23.37%	24.53%	21.02%	20.31%	19.43%	14.78%	19.08%	17.30%	19.42%

**Note to schedule:**

A summary of key changes implemented since the December 31, 2020 valuation are described in Note 7 in the Notes to the Basic Financial Statements. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the system which was published in July 2021, and can be found at: <https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS OPERS RETIREMENT HEALTH INSURANCE ACCOUNT (RHIA) LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)**

**Harney County Education Service District 17 Proportionate Share of Net OPEB Asset / (Liability)**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
District's proportion of the net OPEB RHIA asset/(liability)	0.00924253%	0.00711457%	0.01291730%	0.00909319%	0.01024836%	0.01031941%
District's proportion of the net OPEB RHIA asset/(liability)	\$ 32,842	\$ 24,431	\$ 26,320	\$ 17,571	\$ 11,440	\$ 4,307
District's covered-employee payroll	\$ 1,652,925	\$ 1,472,698	\$ 1,219,785	\$ 1,146,294	\$ 1,256,426	\$ 1,297,758
District's proportionate share of the net OPEB RHIA asset/(liability) as a percentage of its covered-employee payroll	1.99%	1.66%	2.16%	1.53%	0.91%	0.33%
Plan fiduciary net position as a percentage of the total pension liability	194.60%	183.90%	150.10%	144.40%	123.90%	108.88%

**Harney County Education Service District 17 Contributions**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contributions	\$ 245	\$ 228	\$ 190	\$ 922	\$ 4,507	\$ 4,962
Contribution in relation to the contractually required	\$ (245)	\$ (228)	\$ (190)	\$ (922)	\$ (4,507)	\$ (4,962)
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 1,858,592	\$ 1,652,925	\$ 1,472,698	\$ 1,219,785	\$ 1,146,294	\$ 1,256,426
Contributions as a percentage of covered-employee payroll	0.01%	0.01%	0.01%	0.08%	0.39%	0.39%

**Note to schedule:**

A summary of assumption changes implemented since the December 31, 2020 valuation are outlined briefly in *Note 8* to the financial statements. A comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the system, which was published in July 2021, and can be found at: <https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

**Other Information:**

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

**HARNEY COUNTY EDUCATION SERVICE DISTRICT 17  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES</b>				
Local sources:				
Property taxes	\$ 626,933	\$ 626,933	\$ 643,522	\$ 16,589
Charges for services	353,726	353,726	204,523	(149,203)
Interest on investments	15,000	15,000	54,577	39,577
Miscellaneous	15,000	15,000	34,938	19,938
Intermediate sources:				
Intergovernmental	1,500	1,500	3,558	2,058
State sources:				
Basic school support	943,514	943,514	913,777	(29,737)
<b>TOTAL REVENUE</b>	<b>1,955,673</b>	<b>1,955,673</b>	<b>1,854,895</b>	<b>(100,778)</b>
<b>EXPENDITURES</b>				
Current:				
Support services	1,936,978	1,936,978	1,800,442	136,536
Contingency	500,000	500,000	-	500,000
<b>TOTAL EXPENDITURES</b>	<b>2,436,978</b>	<b>2,436,978</b>	<b>1,800,442</b>	<b>636,536</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(481,305)</b>	<b>(481,305)</b>	<b>54,453</b>	<b>535,758</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	158,694	158,694
Transfers out	(268,695)	(268,695)	(268,694)	1
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(268,695)</b>	<b>(268,695)</b>	<b>(110,000)</b>	<b>158,695</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(750,000)</b>	<b>(750,000)</b>	<b>(55,547)</b>	<b>694,453</b>
<b>FUND BALANCE, JULY 1, 2022 (as restated)</b>	<b>750,000</b>	<b>750,000</b>	<b>942,859</b>	<b>192,859</b>
<b>FUND BALANCE, JUNE 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>887,312</b>	<b>\$ 887,312</b>

**HARNEY COUNTY EDUCATION SERVICE DISTRICT 17  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
SPECIAL REVENUE FUND  
YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>REVENUES</b>				
Local sources:				
Charges for services	\$ 624,620	\$ 624,620	\$ 559,042	\$ 65,578
Miscellaneous	50,500	50,500	130,580	(80,080)
Intermediate sources:				
Intergovernmental	5,000	5,000	214,069	(209,069)
State sources:				
Intergovernmental	2,313,936	2,313,936	2,187,203	126,733
Federal sources:				
Intergovernmental	1,222,403	1,222,403	801,707	420,696
<b>TOTAL REVENUE</b>	<b>4,216,459</b>	<b>4,216,459</b>	<b>3,892,601</b>	<b>323,858</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	985,350	985,350	856,289	129,061
Support services	3,657,609	3,657,609	3,047,667	609,942
Enterprise and community services	3,500	3,500	-	3,500
Contingency	450,000	450,000	-	450,000
<b>TOTAL EXPENDITURES</b>	<b>5,096,459</b>	<b>5,096,459</b>	<b>3,903,956</b>	<b>1,192,503</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(880,000)</b>	<b>(880,000)</b>	<b>(11,355)</b>	<b>1,516,361</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	100,000	100,000	100,000	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(780,000)</b>	<b>(780,000)</b>	<b>88,645</b>	<b>1,516,361</b>
<b>FUND BALANCE, JULY 1, 2022 (as restated)</b>	<b>780,000</b>	<b>780,000</b>	<b>1,238,383</b>	<b>458,383</b>
<b>FUND BALANCE, JUNE 30, 2023</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,327,028</b>	<b>\$ 1,974,744</b>



## | SUPPLEMENTARY INFORMATION

HARNEY COUNTY EDUCATION SERVICE DISTRICT 17  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
<b>EXPENDITURES</b>				
Current:				
Instruction	\$ 315	\$ 315	\$ -	\$ 315
Support services	280,000	280,000	8,870	271,130
Facilities acquisition and construction	45,000	45,000	-	45,000
Contingency	38,500	38,500	-	38,500
<b>TOTAL EXPENDITURES</b>	<u>363,815</u>	<u>363,815</u>	<u>8,870</u>	<u>354,945</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(363,815)</u>	<u>(363,815)</u>	<u>(8,870)</u>	<u>354,945</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	13,500	13,500	10,000	(3,500)
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>13,500</u>	<u>13,500</u>	<u>10,000</u>	<u>(3,500)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>(350,315)</u>	<u>(350,315)</u>	<u>1,130</u>	<u>351,445</u>
<b>FUND BALANCE, JULY 1, 2022</b>	<u>350,315</u>	<u>350,315</u>	<u>375,127</u>	<u>24,812</u>
<b>FUND BALANCE, JUNE 30, 2023</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,257</u>	<u>\$ 376,257</u>





**| SCHOOL DISTRICT FINANCIAL  
ACCOUNTING SUMMARIES**

**2022-2023 DISTRICT AUDIT REVENUE SUMMARY  
HARNEY COUNTY ESD REGION 17**

<b>Revenue from Local Sources</b>	<b>Totals</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
1110 Ad Valorem Taxes Levied by District	643,522	643,522	-	-	-	-	-	-
1120 Local Option Ad Valorem Taxes Levied by District	-	-	-	-	-	-	-	-
1130 Construction Excise Tax	-	-	-	-	-	-	-	-
1190 Penalties and Interest on Taxes	-	-	-	-	-	-	-	-
1200 Revenue from Local Governmental Units Other Than Districts	-	-	-	-	-	-	-	-
1311 Regular Day School Tuition - From Individuals	1,100	-	1,100	-	-	-	-	-
1312 Regular Day School Tuition - Other Dist Within State	-	-	-	-	-	-	-	-
1313 Regular Day School Tuition - Other Districts Outside	-	-	-	-	-	-	-	-
1320 Adult/Continuing Education Tuition	-	-	-	-	-	-	-	-
1330 Summer School Tuition	-	-	-	-	-	-	-	-
1411 Transportation Fees - From Individuals	-	-	-	-	-	-	-	-
1412 Transportation Fees - Other Dist Within State	-	-	-	-	-	-	-	-
1413 Transportation Fees - Other Districts Outside	-	-	-	-	-	-	-	-
1420 Summer School Transportation Fees	-	-	-	-	-	-	-	-
1500 Earnings on Investments	54,577	54,577	-	-	-	-	-	-
1510 Interest Investments	-	-	-	-	-	-	-	-
1600 Food Service	-	-	-	-	-	-	-	-
1610 Daily Sales - Reimbursable Programs	-	-	-	-	-	-	-	-
1630 Special Functions	-	-	-	-	-	-	-	-
1700 Extracurricular Activities	-	-	-	-	-	-	-	-
1800 Community Services Activities	22,703	-	22,703	-	-	-	-	-
1910 Rentals	12,925	12,925	-	-	-	-	-	-
1920 Contributions and Donations From Private Sources	-	-	-	-	-	-	-	-
1930 Rental or Lease Payments From Private Contractors	-	-	-	-	-	-	-	-
1940 Services Provided Other Local Education Agencies	537,283	2,044	535,239	-	-	-	-	-
1950 Textbook Sales and Rentals	-	-	-	-	-	-	-	-
1960 Recovery of Prior Years' Expenditure	-	-	-	-	-	-	-	-
1970 Services Provided Other Funds	-	-	-	-	-	-	-	-
1980 Fees Charged to Grants	189,554	189,554	-	-	-	-	-	-
1990 Miscellaneous	165,518	34,938	130,580	-	-	-	-	-
<b>Total Revenue from Local Sources</b>	<b>1,627,182</b>	<b>937,560</b>	<b>689,622</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from Intermediate Sources</b>	<b>Total</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
2101 County School Funds	472	472	-	-	-	-	-	-
2102 General ESD Revenue	-	-	-	-	-	-	-	-
2103 Excess ESD Local Revenue	-	-	-	-	-	-	-	-
2105 Natural Gas, Oil, and Mineral Receipts	-	-	-	-	-	-	-	-
2110 Intermediate "I" Tax	-	-	-	-	-	-	-	-
2199 Other Intermediate Sources	14,515	3,086	11,429	-	-	-	-	-
2200 Restricted Revenue	202,640	-	202,640	-	-	-	-	-
2800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
2900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-	-
<b>Total Revenue from Intermediate Sources</b>	<b>217,627</b>	<b>3,558</b>	<b>214,069</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from State Sources</b>	<b>Total</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
3101 State School Fund - General Support	913,777	913,777	-	-	-	-	-	-
3102 State School Fund - School Lunch Match	-	-	-	-	-	-	-	-
3103 Common School Fund	-	-	-	-	-	-	-	-
3104 State Managed County Timber	-	-	-	-	-	-	-	-
3106 State School Fund - Accrual	-	-	-	-	-	-	-	-
3199 Other Unrestricted Grants-in-Aid	19,703	-	19,703	-	-	-	-	-
3201 EI/ECSE	125,120	-	125,120	-	-	-	-	-
3204 Driver Education	-	-	-	-	-	-	-	-
3222 State School Fund (SSF) Transportation Equipment	-	-	-	-	-	-	-	-
3299 Other Restricted Grants-in-Aid	2,042,380	-	2,042,380	-	-	-	-	-
3800 Revenue in Lieu of Taxes	-	-	-	-	-	-	-	-
3900 Revenue for/on Behalf of the District	-	-	-	-	-	-	-	-
<b>Total Revenue from State Sources</b>	<b>3,100,980</b>	<b>913,777</b>	<b>2,187,203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from Federal Sources</b>	<b>Total</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
4100 Unrestricted Revenue Direct From the Federal Government	-	-	-	-	-	-	-	-
4200 Unrestricted Revenue From the Federal Government Through the State	890	-	890	-	-	-	-	-
4201 Transportation Fees for Foster Children	-	-	-	-	-	-	-	-
4202 Medicaid Reimbursement for Eligible K-12 Expenses (Ages 5-21)	-	-	-	-	-	-	-	-
4300 Restricted Revenue From the Federal Government	337,522	-	337,522	-	-	-	-	-
4500 Restricted Revenue From the Federal Government Through the State	463,295	-	463,295	-	-	-	-	-
4501 Medicaid Reimbursement for Eligible Early Intervention (EI) Services (Ages Birth to 3)	-	-	-	-	-	-	-	-
4502 Medicaid Reimbursement for Eligible Early Childhood Special Education (ECSE) Services (Ages 3-5)	-	-	-	-	-	-	-	-
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies	-	-	-	-	-	-	-	-
4801 Federal Forest Fees	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
<b>Total Revenue from Federal Sources</b>	<b>801,707</b>	<b>-</b>	<b>801,707</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Revenue from Other Sources</b>	<b>Total</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
5100 Long Term Debt Financing Sources	-	-	-	-	-	-	-	-
5200 Interfund Transfers	268,694	158,694	100,000	-	10,000	-	-	-
5300 Sale of or Compensation for Loss of Fixed Assets	-	-	-	-	-	-	-	-
5400 Resources - Beginning Fund Balance (as restated)	2,556,369	942,859	1,238,383	-	375,127	-	-	-
<b>Total Revenue from Other Sources</b>	<b>2,825,063</b>	<b>1,101,553</b>	<b>1,338,383</b>	<b>-</b>	<b>385,127</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>8,572,559</b>	<b>2,956,448</b>	<b>5,230,984</b>	<b>-</b>	<b>385,127</b>	<b>-</b>	<b>-</b>	<b>-</b>

**2022-2023 DISTRICT AUDIT EXPENDITURE SUMMARY  
HARNEY COUNTY ESD REGION 17**

**Fund: 100 General Fund**

<b>Instruction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1100	Regular Programs	-	-	-	-	-	-	-	-
1111	Elementary, K-5 or K-6	-	-	-	-	-	-	-	-
1112	Prior Year's Taxes	-	-	-	-	-	-	-	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122	Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131	High School Programs	-	-	-	-	-	-	-	-
1132	High School Extracurricular	-	-	-	-	-	-	-	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1226	Home Instruction	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	-	-	-	-	-	-	-	-
1288	Charter Schools	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
<b>Total Instruction Expenditures</b>		-	-	-	-	-	-	-	-
<b>Support Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110	Attendance and Social Work Services	13,720	10,007	3,713	-	-	-	-	-
2120	Guidance Services	-	-	-	-	-	-	-	-
2130	Health Services	-	-	-	-	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	68,373	14,133	19,031	34,606	603	-	-	-
2160	Other Student Treatment Services	45,590	-	-	45,590	-	-	-	-
2190	Service Direction, Student Support Services	442,348	41,565	16,289	374,895	9,549	-	50	-
2210	Improvement of Instruction Services	83,253	26,809	15,205	32,484	8,755	-	-	-
2220	Educational Media Services	2,485	1,565	590	152	178	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	16,402	5,432	3,584	6,824	562	-	-	-
2310	Board of Education Services	28,744	-	-	10,196	3,638	-	14,910	-
2320	Executive Administration Services	96,823	58,319	28,390	5,943	2,401	210	1,560	-
2410	Office of the Principal Services	1,042	-	-	1,042	-	-	-	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	611,825	95,731	59,248	19,824	3,742	1,315	42,389	389,576
2540	Operation and Maintenance of Plant Services	47,128	1,925	391	39,524	5,101	-	187	-
2542	Care & Upkeep of Building Services	-	-	-	-	-	-	-	-
2543	Care & Upkeep of Grounds Services	-	-	-	-	-	-	-	-
2545	Vehicle Purc./ Maint. Not Bus	-	-	-	-	-	-	-	-
2546	Security Services	-	-	-	-	-	-	-	-
2549	Other Operations & Maint of Plant Services	-	-	-	-	-	-	-	-
2550	Student Transportation Services	-	-	-	-	-	-	-	-
2570	Internal Services	14,558	7,824	2,950	21	3,163	-	600	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	9,016	5,432	3,584	-	-	-	-	-
2630	Information Services	51,128	13,579	8,960	2,255	20,734	-	5,600	-
2640	Staff Services	23,226	9,389	12,914	-	923	-	-	-
2660	Technology Services	244,781	12,402	5,040	147,849	23,999	23,933	31,558	-
2670	Records Management Services	-	-	-	-	-	-	-	-
2680	Interpretation and Translation Services	-	-	-	-	-	-	-	-
2690	Other Support Services - Central	-	-	-	-	-	-	-	-
2700	Supplemental Retirement Program	-	-	-	-	-	-	-	-
<b>Total Support Services Expenditures</b>		1,800,442	304,112	179,889	721,205	83,348	25,458	96,854	389,576
<b>Enterprise and Community Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100	Food Services	-	-	-	-	-	-	-	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
3500	Custody and Care of Children Services	-	-	-	-	-	-	-	-
<b>Total Enterprise and Community Services Expenditures</b>		-	-	-	-	-	-	-	-
<b>Facilities Acquisition and Construction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition and Construction Expenditures</b>		-	-	-	-	-	-	-	-
<b>Other Uses Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100	Debt Service	-	-	-	-	-	-	-	-
5200	Transfers of Funds	268,694	-	-	-	-	-	-	268,694
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
<b>Total Other Uses Expenditures</b>		268,694	-	-	-	-	-	-	268,694
<b>Grand Total</b>		2,069,136	304,112	179,889	721,205	83,348	25,458	96,854	658,270

**2022-2023 DISTRICT AUDIT EXPENDITURE SUMMARY  
HARNEY COUNTY ESD REGION 17**

**Fund: 200 Special Revenue Funds**

<b>Instruction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1100	Regular Programs	-	-	-	-	-	-	-	-
1111	Elementary, K-5 or K-6	10,000	-	-	10,000	-	-	-	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	10,000	-	-	10,000	-	-	-	-
1122	Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131	High School Programs	-	-	-	-	-	-	-	-
1132	High School Extracurricular	-	-	-	-	-	-	-	-
1140	Pre-Kindergarten Programs	798,829	415,408	288,767	65,193	26,912	-	2,549	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260	Treatment and Habilitation	37,460	22,998	14,072	151	239	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	-	-	-	-	-	-	-	-
1288	Charter Schools	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
<b>Total Instruction Expenditures</b>		<b>856,289</b>	<b>438,406</b>	<b>302,839</b>	<b>85,344</b>	<b>27,151</b>	<b>-</b>	<b>2,549</b>	<b>-</b>
<b>Support Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110	Attendance and Social Work Services	45,384	11,272	7,956	26,156	-	-	-	-
2120	Guidance Services	776,475	370,470	225,371	111,838	66,632	1,564	600	-
2130	Health Services	149,680	19,826	16,716	108,906	4,232	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	180,650	104,623	69,079	3,294	3,654	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	117,507	67,568	45,962	3,707	270	-	-	-
2210	Improvement of Instruction Services	137,590	30,702	23,706	45,925	37,257	-	-	-
2220	Educational Media Services	-	-	-	-	-	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	4,200	-	-	4,200	-	-	-	-
2310	Board of Education Services	885	-	-	37	848	-	-	-
2320	Executive Administration Services	192,133	107,929	64,234	12,746	7,144	-	80	-
2410	Office of the Principal Services	26,394	13,230	6,245	1,302	5,617	-	-	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	99,890	-	-	-	-	-	99,890	-
2520	Fiscal Services	446,650	249,999	133,767	3,573	3,153	32,629	23,529	-
2540	Operation and Maintenance of Plant Services	323,923	-	-	308,752	15,171	-	-	-
2542	Care & Upkeep of Building Services	-	-	-	-	-	-	-	-
2546	Non-Consumable Supplies	-	-	-	-	-	-	-	-
2549	Other Operation & Maintenance	-	-	-	-	-	-	-	-
2550	Student Transportation Services	-	-	-	-	-	-	-	-
2570	Internal Services	-	-	-	-	-	-	-	-
2610	Direction of Central Support Services	-	-	-	-	-	-	-	-
2620	Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	252,957	84,988	44,958	84,606	4,790	33,615	-	-
2630	Information Services	-	-	-	-	-	-	-	-
2640	Staff Services	18,770	18,550	220	-	-	-	-	-
2660	Technology Services	274,579	69,264	41,988	45,252	103,517	14,558	-	-
<b>Total Support Services Expenditures</b>		<b>3,047,667</b>	<b>1,148,421</b>	<b>680,202</b>	<b>760,294</b>	<b>252,285</b>	<b>82,366</b>	<b>124,099</b>	<b>-</b>
<b>Enterprise and Community Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100	Food Services	-	-	-	-	-	-	-	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
<b>Total Enterprise and Community Services Expenditures</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Facilities Acquisition and Construction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition and Construction Expenditures</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Uses Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100	Debt Service	-	-	-	-	-	-	-	-
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
<b>Total Other Uses Expenditures</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>		<b>3,903,956</b>	<b>1,586,827</b>	<b>983,041</b>	<b>845,638</b>	<b>279,436</b>	<b>82,366</b>	<b>126,648</b>	<b>-</b>

**2022-2023 DISTRICT AUDIT EXPENDITURE SUMMARY  
HARNEY COUNTY ESD REGION 17**

**Fund: 400 Capital Projects Fund**

<b>Instruction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1100	Regular Programs	-	-	-	-	-	-	-	-
1111	Elementary, K-5 or K-6	-	-	-	-	-	-	-	-
1113	Elementary Extracurricular	-	-	-	-	-	-	-	-
1121	Middle/Junior High Programs	-	-	-	-	-	-	-	-
1122	Middle/Junior High School Extracurricular	-	-	-	-	-	-	-	-
1131	High School Programs	-	-	-	-	-	-	-	-
1132	High School Extracurricular	-	-	-	-	-	-	-	-
1140	Pre-Kindergarten Programs	-	-	-	-	-	-	-	-
1210	Programs for the Talented and Gifted	-	-	-	-	-	-	-	-
1220	Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1250	Less Restrictive Programs for Students with Disabilities	-	-	-	-	-	-	-	-
1260	Treatment and Habilitation	-	-	-	-	-	-	-	-
1271	Remediation	-	-	-	-	-	-	-	-
1272	Title I	-	-	-	-	-	-	-	-
1280	Alternative Education	-	-	-	-	-	-	-	-
1288	Charter Schools	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
<b>Total Instruction Expenditures</b>		-	-	-	-	-	-	-	-
<b>Support Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110	Attendance and Social Work Services	-	-	-	-	-	-	-	-
2120	Guidance Services	-	-	-	-	-	-	-	-
2130	Health Services	-	-	-	-	-	-	-	-
2140	Psychological Services	-	-	-	-	-	-	-	-
2150	Speech Pathology and Audiology Services	-	-	-	-	-	-	-	-
2160	Other Student Treatment Services	-	-	-	-	-	-	-	-
2190	Service Direction, Student Support Services	-	-	-	-	-	-	-	-
2210	Improvement of Instruction Services	-	-	-	-	-	-	-	-
2220	Educational Media Services	-	-	-	-	-	-	-	-
2230	Assessment & Testing	-	-	-	-	-	-	-	-
2240	Instructional Staff Development	-	-	-	-	-	-	-	-
2310	Board of Education Services	-	-	-	-	-	-	-	-
2320	Executive Administration Services	-	-	-	-	-	-	-	-
2410	Office of the Principal Services	-	-	-	-	-	-	-	-
2490	Other Support Services - School Administration	-	-	-	-	-	-	-	-
2510	Direction of Business Support Services	-	-	-	-	-	-	-	-
2520	Fiscal Services	-	-	-	-	-	-	-	-
2540	Operation and Maintenance of Plant Services	-	-	-	-	-	-	-	-
2542	Care & Upkeep of Building Services	-	-	-	-	-	-	-	-
2546	Non-Consumable Supplies	-	-	-	-	-	-	-	-
2549	Other Operation & Maintenance	-	-	-	-	-	-	-	-
2550	Student Transportation Services	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
<b>Total Support Services Expenditures</b>		8,870	-	-	-	-	8,870	-	-
<b>Enterprise and Community Services Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100	Food Services	-	-	-	-	-	-	-	-
3200	Other Enterprise Services	-	-	-	-	-	-	-	-
3300	Community Services	-	-	-	-	-	-	-	-
<b>Total Enterprise and Community Services Expenditures</b>		-	-	-	-	-	-	-	-
<b>Facilities Acquisition and Construction Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110	Service Area Direction	-	-	-	-	-	-	-	-
4120	Site Acquisition and Development Services	-	-	-	-	-	-	-	-
4150	Building Acquisition, Construction, and Improvement Services	-	-	-	-	-	-	-	-
4180	Other Capital Items	-	-	-	-	-	-	-	-
4190	Other Facilities Construction Services	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition and Construction Expenditures</b>		-	-	-	-	-	-	-	-
<b>Other Uses Expenditures</b>		<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100	Debt Service	-	-	-	-	-	-	-	-
5200	Transfers of Funds	-	-	-	-	-	-	-	-
5300	Apportionment of Funds by ESD	-	-	-	-	-	-	-	-
5400	PERS UAL Bond Lump Sum	-	-	-	-	-	-	-	-
<b>Total Other Uses Expenditures</b>		-	-	-	-	-	-	-	-
<b>Grand Total</b>		8,870	-	-	-	-	8,870	-	-

**SUPPLEMENTAL INFORMATION**

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.  
 Part A is needed for computing Oregon's full allocation for ESSA, Title I & other Federal Funds for Education.

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

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

	Objects 325 & 326 & 327
Function 2540	<b>\$0</b>
Function 2550	<b>\$0</b>

**B. Replacement of Equipment - General Fund**

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

	<b>\$0</b>
--	------------

Exclude these Functions

- 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



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



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

Board of Education  
Harney County Education Service District Region 17  
Crane, Oregon

We have audited the basic financial statements of Harney County Education Service District Region 17 (the District) as of and for the year ended June 30, 2023, and have issued our report thereon dated July 2, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our audit, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.



## **OAR 162-010-0230 Internal Control**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control that we consider to be material weaknesses. We described these material weaknesses in internal control in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002.

### **Restrictions On Use**

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



Jeny Grupe, CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
July 2, 2024



**| ITEMS REQUIRED BY THE  
UNIFORM GUIDANCE**



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education  
Harney County Education Service District Region 17  
Burns, Oregon

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 the Harney County Education Service District Region 17 (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 2, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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* and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002.

### **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jeny Grupe, CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
July 2, 2024



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

Board of Education  
Harney County Education Service District Region 17  
Burns, Oregon

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Harney County Education Service District Region 17's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the District's major federal program for the year ended June 30, 2023.

***Basis for Opinion***

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 (*Government Auditing Standards*) 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the District's 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 the District's federal programs.

## ***Auditor's 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 the District's 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 the District's 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's 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 the District's 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 a 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 Auditor's 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 controls 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.

A handwritten signature in black ink, appearing to read "Jeny Grupe". The signature is written in a cursive, flowing style.

Jeny Grupe, CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
July 2, 2024

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>FEDERAL AL NUMBER</u>	<u>GRANT/CONTRACT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<b>U.S. Department of Agriculture</b>			
Passed through the Oregon Department of Education			
Child and Adult Care Food Program	10.558	N/A	\$ 33,270
Child and Adult Care Food Program - Cash Commodities	10.558	N/A	<u>1,114</u>
Total AL# 10.558			<u>34,384</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>34,384</u></b>
<b>U.S. Department of Education</b>			
Passed through the Oregon Department of Education			
COVID-19 Elementary & Secondary School Emergency Relief	84.425D	65023	52,658
COVID-19 American Rescue Plan - Emergency Assistance to to Non-Public Schools	84.425V	75256	26,812
COVID-19 Education Stabilization Fund - Governors Emergency Education Relief Fund (GEER)	84.425C	73294	<u>135,046</u>
Total AL# 84.425			<u>214,516</u>
Every Student Succeeds Act/Preschool Development Grants	93.434	66170	43,830
Every Student Succeeds Act/Preschool Development Grants	93.434	70563	<u>30,000</u>
Total AL# 93.434			<u>73,830</u>
Promoting Safe and Stable Families Program	93.556	70547 & 70531	890
Total AL# 93.556			<u>890</u>
Child Care and Development Block Grant	93.575	32599	140,565
Total CCDF cluster			<u>140,565</u>
<b>Total U.S. Department of Education</b>			<b><u>429,801</u></b>
<b>U.S. Department of Health and Human Services</b>			
Direct programs			
Head Start	93.600	10CH011599-03-01	307,573
COVID-19 Head Start American Rescue Plan	93.600	10HE001036-01-01	<u>29,949</u>
Total Head Start Cluster			<u>337,522</u>
<b>Total U.S. Department of Health of Human Services</b>			<b><u>337,522</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 801,707</u></b>

\*See notes to the Schedule of Expenditures of Federal Awards



**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023**

**NOTE A – BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in fund balance of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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

**NOTE C – INDIRECT COST RATE:**

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

**NOTE D – SUBRECIPIENTS:**

There were no awards passed through to subrecipients.

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Qualified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of major federal programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
#84.425	Education Stabilization Fund
#93.356 & 93.600	Head Start Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee?  Yes  No

**HARNEY COUNTY EDUCATION SERVICE DISTRICT REGION 17  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

2023-001: Financial Statement Close Process - Material Weakness

*Criteria* - Management is responsible for establishing and maintaining an effective system of internal control over year-end financial information on a timely basis. Properly tracking and recording assets and liabilities and the associated revenue and expense is a key component of effective internal control over financial reporting.

*Condition* - Year-end account balances and their activity were not properly prepared and/or reviewed timely or accurately.

*Cause* - Internal controls in place did not ensure that accounts receivable and associated revenue, and accrued liabilities and associated expenses were calculated and reported accurately or timely.

*Effect or Potential Effect* - Prior to adjustments, various asset, liability, revenue and expense accounts were not properly recorded at year end by material amounts.

*Recommendations* - We highly recommend that the District enhance internal controls by developing a year-end closing schedule which includes having a preparer and reviewer of all accounts. This control should be used to ensure that all accounts are reconciled timely and all necessary year end calculations are completed, and that work is reviewed on a regular basis.

*Views of Responsible Officials and Planned Corrective Actions* - Management agrees with this finding. Management will properly apply internal controls to the financial statement close process to ensure the District's financial statements are correctly reported.

2023-002: Schedule of Expenditures of Federal Awards – Material Weakness

*Criteria* - The Code of Federal Regulations Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F – Audit Requirements*, requires an auditee to have internal controls to prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards, (the Schedule). The Schedule should be complete and accurate.

*Condition* - The Schedule prepared by the District was not complete and accurate.

*Cause* - Internal controls in place did not ensure that the Schedule was complete and accurate.

*Effect or Potential Effect* - The District was not in compliance with their responsibility to prepare appropriate financial statements including the Schedule of Expenditures of Federal Awards.

*Recommendations* - We highly recommend that the District enhance internal controls to ensure that the Schedule is reviewed by another individual other than the preparer of the Schedule.

*Views of Responsible Officials and Planned Corrective Actions* - Management agrees with this finding. Management will properly apply internal controls to ensure the District provides a complete and accurate Schedule of Expenditures of Federal Awards.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None