



Financial Statements

and Supplementary Information

Three Rivers School District
For the Year Ended June, 30, 2025

THREE RIVERS SCHOOL DISTRICT

Josephine County, Oregon

June 30, 2025

BOARD OF EDUCATION AS OF JUNE 30, 2025

Rich Halsted	Board Chair
Jennifer Johnstun	Board Vice-Chair
Pat Kelly	Member
Nancy Reese	Member
Cameron Camp	Member

ADMINISTRATION

P.O. Box 160
Murphy, Oregon 97533

Dave Valenzuela	Superintendent-Clerk
Megan Beck	Accounting Manager

THREE RIVERS SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2025

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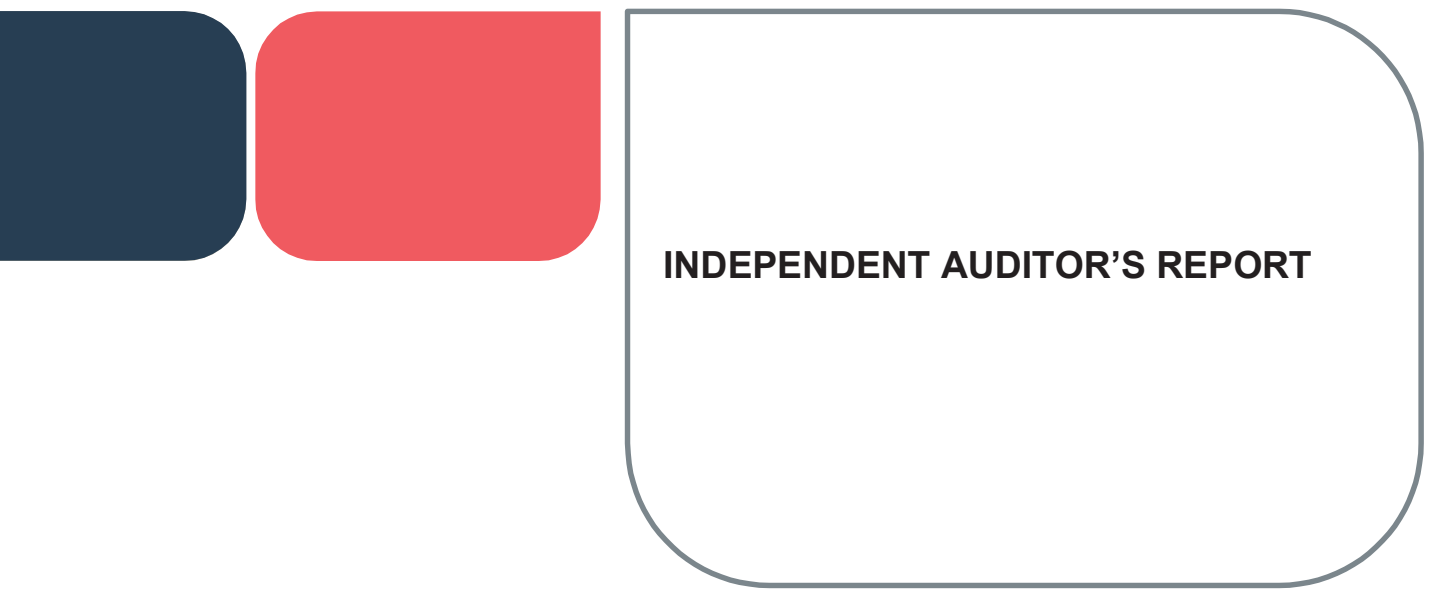
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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

Board of Educators
Three Rivers School District
Murphy, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Three Rivers School District (The District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 (*Government Auditing Standards*). 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 audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in *Note 1* to the financial statements, the District changed its method of account for compensated absences due to the adoption of GASB 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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 Management's Discussion and Analysis, the General Fund and Major Special Revenue Fund budgetary comparison information, certain other postemployment benefit schedules, and certain pension 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 other postemployment benefit schedules, and certain pension 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 Fund budgetary comparison information is the responsibility of management and was 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 is 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 as listed in the table of contents and 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 (Uniform Guidance)* are presented for purposes of additional analysis and are 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, other financial schedules, 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 December 22, 2025, 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 *Oregon State Regulations*

In accordance with *Oregon State Regulations*, we have also issued our report dated December 22, 2025 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 162-010-0330 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 L. Grupe, CPA, Shareholder
Sorren CPAs P.C.
Boise, Idaho
December 22, 2025



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

THREE RIVERS/JOSEPHINE COUNTY UNIT JOINT SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS 30 JUNE 25

The discussion and analysis of Three Rivers School District's financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2025. The intent of this discussion and analysis is to review the District's financial performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- In the government-wide statements, the assets and deferred outflows exceeded its liabilities and deferred inflows at June 30, 2025 by \$4.5 million (net position), an increase of \$1.9 million after the restatement. The primary reason for the change in net position was an increase in capital construction projects during the year, approximately \$1.4 million, as well as a decrease in the net liability for Post Employment Benefit obligations.
- In the General Fund, the primary operating fund for the District, the fund balance of \$7.5 million decreased \$2.6 million from the prior year. Of that balance, \$3.6 million was unrestricted fund balance (the total of the committed and unassigned components of fund balance), and \$3.9 million in assigned fund balance, totaling 12% of General Fund revenue.
- Total cost of all the District's governmental programs, at \$92.0 million for the fiscal year, decreased by \$0.3 million from the previous year.
- The District continues to pay down its bond debt from \$12.0 million to \$8.8 million. More information on long-term debt may be found in Note 6 of the financial statements.
- Capital assets increased by \$1.4 million from \$43.3 million to \$44.7 million.
- The District implemented GASB 101, Compensated Absences, during the current year. This resulted in a reduction of beginning net position of \$2.2 million

Overview of the 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. In addition to the basic financial statements, we provide supplementary information that you may also find useful.

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

The ***Statement of Net Position***, which 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.

The ***Statement of Activities***, which 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 result in cash flows only in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

Overview of the Financial Statements - continued

In the government-wide financial statements, the District's activities are shown in one category, *Governmental Activities*. Most of the District's functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund, and other intergovernmental revenues.

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 (like the Food Service Fund) or to show that it is meeting legal responsibilities for using certain grants (like Title IA, and other federal, state, or locally funded grants). All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual, which measures cash and all other *financial assets* that can be readily converted to cash. The governmental fund statements provide a detailed, *short-term view* of the District's operations and the services it provides. Governmental fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* are reconciled in the financial statements.

The District maintains many individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Special Revenue, Capital Projects Fund, and Debt Service Fund, all of which are considered to be major funds.

Proprietary Funds are used to accumulate and allocate costs internally among the District's various functions. The District also uses its internal service fund for self-insurance purposes, primarily for employees' unemployment benefits, deductibles on insurance, and for the costs of vandalism.

Fiduciary Funds are used to account for resources held for the benefit of parties by the District in a trustee capacity. These funds include student scholarships and foundation funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* concerning the District's major governmental funds.

Government-Wide Financial Analysis

As noted earlier, over time, net position may serve as a useful indicator of the District's financial position; as of June 30, 2025, the District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$4.5 million, an increase of approximately \$1.9 million from fiscal year 2024 after the restatement.

About 56% of the District's total assets and net deferred outflows signify its investment in capital assets, which consist of the District's land, buildings and improvements, equipment, vehicles, leased assets, and software subscriptions, and total \$44.7 million. The remaining assets consist mainly of cash and receivables. Net deferred outflows are \$16.3 million, up \$4.9 million from last year as part of GASB 68, 73, 75 pension accounting reflecting the discount rate assumption used to calculate the District's portion of OPEB (Other Post Employment Benefits).

The District's \$66.0 million in liabilities are primarily made up of \$8.8 million in long-term debt, \$45.7 million for the District's proportionate share of the State of Oregon's Public Employee Retirement System (PERS) unfunded pension liability and \$3.4 million in Other Post Employment Benefits Other Than Pension (OPEB).

The majority of the District's net position is investments in capital assets (such as land, buildings, vehicles, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students and other District residents, consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position Summary Governmental Activities						
	2021	2022	2023	2024	2025	Increase (Decrease): 2024 to 2025
Assets and Deferred Outflows						
Current and other assets	\$ 18,510,070	\$ 21,820,143	\$ 26,428,205	\$ 22,706,909	\$ 18,227,654	\$ (4,479,255)
Capital assets	29,789,866	29,000,496	35,991,392	43,269,627	44,710,015	1,440,388
Deferred outflow s related to pension	17,953,837	15,186,625	13,190,067	11,382,201	16,252,857	4,870,656
Total assets and deferred outflows	66,253,773	66,007,264	75,609,664	77,358,737	79,190,526	1,831,789
Liabilities						
Current liabilities	5,154,968	5,881,878	10,323,710	9,194,582	8,137,348	(1,057,234)
Long term liabilities	76,864,990	48,533,630	54,255,268	53,212,275	57,827,602	4,615,327
Deferred inflow s related to pension	5,898,210	27,018,429	15,837,315	10,145,217	8,762,214	(1,383,003)
Total Liabilities and deferred inflows	87,918,168	81,433,937	80,416,293	72,552,074	74,727,164	2,175,090
Net Position						
Net investments in capital assets	28,512,001	26,137,828	32,871,446	41,429,784	43,029,102	1,599,318
Restricted	2,899,479	2,918,994	4,128,410	3,318,870	2,984,394	(334,476)
Unrestricted	(53,075,875)	(44,483,495)	(41,404,650)	(39,941,991)	(41,550,134)	(1,608,143)
Total Net Assets	\$ (21,664,395)	\$ (15,426,673)	\$ (4,404,794)	\$ 4,806,663	\$ 4,463,362	\$ (343,301)

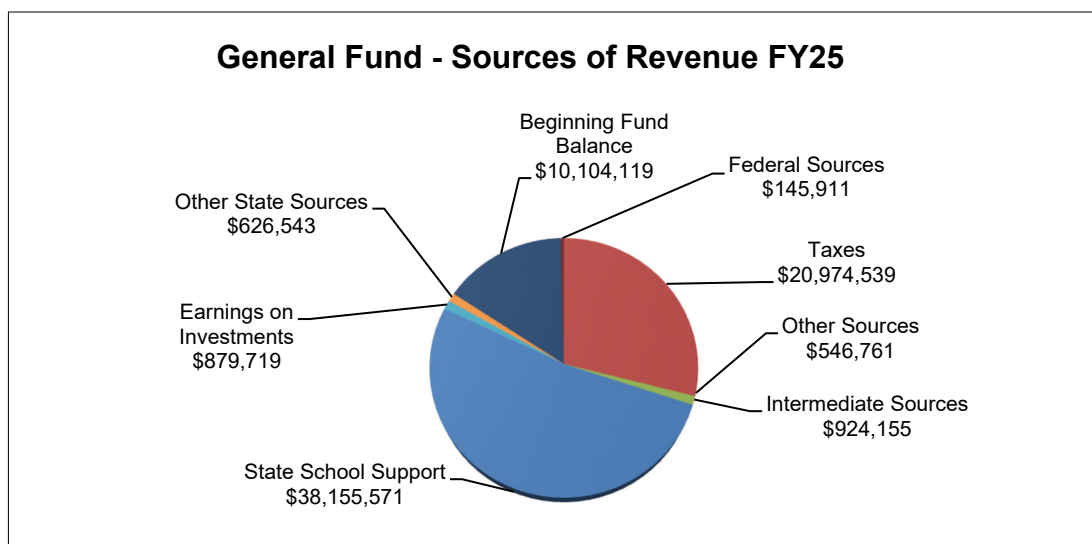
Financial Analysis of the District's Funds

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

At June 30, 2025, the District's governmental funds reported combined ending fund balances of \$11.8 million (page 3). The General Fund accounts for \$7.5 million, the Special Revenue Fund accounts for \$1.7 million, Debt Service Fund accounts for \$.38 million and Capital Projects Fund for \$2.2 million.

Governmental Funds Balance Sheet 2021 - 2025						
Assets	2020	2021	2022	2023	2024	2025
Equity in cash and investments	4,743,834	10,502,025	12,606,272	12,248,565	13,743,727	9,222,012
Taxes receivable	1,609,335	1,116,236	1,049,906	1,106,734	1,303,246	1,593,929
Other receivables	4,320,290	5,494,279	6,336,994	13,099,948	4,836,343	6,255,200
Prepaid expenses	66,140	169,382	186,616	17,008	15,394	21,286
Total assets	10,739,599	17,281,922	20,179,788	26,472,255	19,898,710	17,092,427
Liabilities						
Accounts Payable	689,954	1,992,329	1,892,608	7,445,267	1,695,160	2,413,767
Accrued Payroll	364,186	1,752,089	1,500,235	1,502,474	1,793,843	1,614,987
Unearned/Unavailable Revenues	1,378,683	987,125	1,367,898	1,296,001	2,362,189	1,296,320
Total liabilities	2,432,823	4,731,543	4,760,741	10,243,742	5,851,192	5,325,074
Fund Balances						
Non-Spendable	66,140	169,382	186,616	17,008	15,394	21,286
Restricted Balances	1,348,209	2,803,912	2,918,994	3,437,092	2,447,516	2,106,552
Committed Balance	816,838	147,697	3,000,000	2,500,000	4,717,000	295,000
Assigned Balances	3,780,196	4,646,048	2,992,535	4,266,998	5,150,423	6,065,157
Unassigned Balances	2,295,393	4,783,340	6,320,902	6,007,415	1,717,185	3,279,358
Total fund balance	8,306,776	12,550,379	15,419,047	16,228,513	14,047,518	11,767,353

General Fund - The General Fund is the primary operating fund of the District. As of June 30, 2025, the fund balance was \$7.5 million; a decrease of \$2.6 million from the previous year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to the total of fund revenues. At the end of the fiscal year, the General Fund balance was 12.0% of General Fund revenues. This was due to an \$10 million fund balance carried forward from the previous year, leveraging additional federal and state grants, and purposefully retaining the fund balance for future years.



Special Revenue – Special Revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Federal programs make up the majority of the Special Revenue funds. The ending fund balance increased from the prior year, up \$88 thousand from 1.6 million to 1.7 million. This increase was due to the use of one time funds, and the spend down of certain fund balances.

Debt Service - The Ending Fund Balance in the debt service fund increased by \$50 thousand. The current ending balance is for the limited tax pension obligation bonds and the revenue source is through a payroll fringe expenditure.

Capital Projects – The Ending Fund Balance in the Capital Projects fund increased by \$219 thousand, this was due to less capital repairs expended in 2025.

Key Budget Variances

Expenditure budgets are appropriated at the following level of control for each fund: Instruction, Support Services, Enterprise and Community Services, Facilities Acquisition and Construction, and Other Uses of Funds which include Interfund Transactions, Debt Service and Contingency. Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Board approval as long as appropriation levels are not changed. Supplemental appropriations may occur if the Board approves them when a need exists that was not determined at the time the budget was adopted. Expenditures of the various funds were not within authorized appropriations for the year ended June 30, 2025, see Note 1 of this report.

Capital Asset and Debt Administration

Capital Assets – The District's investment in capital assets includes land, buildings and improvements, vehicles, equipment, capital leases, and software subscriptions. As of June 30, 2025, the District had invested \$44.7 million in capital assets, net of depreciation. This is up \$1.4 million from the previous year due to the additional capital projects started in the current and previous years. The major capital asset gains were:

- Evergreen Seismic Project
- Illinois Valley Greenhouse
- Illinois Valley Athletic Building
- ADA Ramps
- HVAC Upgrades
- Walk In Freezer
- Trash Compactor
- 2 Vehicles
- 1 Tractor

Additional information on the District's capital assets can be found in Note 4 of the financial statements.

Fixed Assets	Balance June 30, 2025
Land and Land Improvements	802,110
Buildings & Improvements	39,090,255
Vehicles and Equipment	2,905,976
Software	479,808
Leased assets	881,239
Construction in Progress	550,627
Total	44,710,015

Long Term Debt – At the end of the current fiscal year, the District had total debt outstanding of \$8.8 million, consisting of the following:

- PERS Bond \$ 7.9 million
- IVHS FFC Bond \$.88 million

Additional information on the District's long-term debt can be found in Note 6 and 7 of this report.

Economic Factors and Next Year's Budget

Oregon's State School Fund provides the largest portion of District revenues, within the General Fund, and is comprised primarily of state and local taxes. This is the first year of the 2025-2027 biennium and a significant factor for the District is the stability of the State School Fund and student enrollment in future years. School Fund and student enrollment in future years. The December Oregon Economic Revenue Forecast raised the revenue expectations for the biennium by \$1.3 billion, and \$2.3 billion more available in resources than predicted three months ago. The report noted, though, that new federal policies will have economic repercussions at the state level.

Student enrollment is a primary factor in the allocation of State School Funds. Three Rivers enrollment has stabilized over the past two years and has increased by a small margin in the 2025-2026 school year. In addition, the District continues to apply for grants to assist with building maintenance and upgrades, staff development, and increased student proficiency.

Financial constraints on the budget include increased costs for the Oregon Public Employees Retirement System (PERS), increased unemployment insurance costs, contracted services, and supplies. The District will continue to monitor these issues throughout the school 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 Accounting Manager at 8550 New Hope Road, Grants Pass, Oregon 97527.



BASIC FINANCIAL STATEMENTS



**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
ASSETS:	
Cash, cash equivalents, and investments	\$ 10,929,241
Receivables	6,399,285
Inventories	21,286
Other postemployment benefit asset (RHIA)	877,842
Capital assets, net:	
Land	802,110
Construction in progress	550,627
Buildings and improvements	39,090,255
Machinery, equipment and vehicles	2,905,976
Intangible assets:	
Right-of-use assets	881,239
Software subscriptions	479,808
TOTAL ASSETS	62,937,669
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows related to pension (OPERS)	15,778,923
Deferred outflows related to pension (stipend)	306,525
Deferred outflows related to other postemployment benefits (medical subsidy)	104,357
Deferred outflows related to other postemployment benefits (RHIA)	63,052
TOTAL DEFERRED OUTFLOWS	16,252,857
TOTAL ASSETS AND DEFERRED OUTFLOWS	79,190,526
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:	
LIABILITIES:	
Accounts payable	1,035,168
Accrued payroll liabilities	1,864,004
Accrued interest payable	3,042
Accrued compensated absences	
Due within one year	1,321,566
Due in more than one year	955,353
Pension liability (stipend)	
Due within one year	258,961
Due in more than one year	1,831,853
Other postemployment benefit obligation (medical subsidy)	
Due within one year	303,467
Due in more than one year	3,137,514
Net pension liability (OPERS) (due in more than one year)	45,653,109
Leases and subscriptions payable:	
Due within one year	241,140
Due in more than one year	556,773
Debt payable:	
Due within one year	3,110,000
Due in more than one year	5,693,000
TOTAL LIABILITIES	65,964,950
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows related to pension (OPERS)	6,319,486
Deferred inflows related to pension (stipend)	431,948
Deferred inflows related to other postemployment benefits (medical subsidy)	1,964,979
Deferred inflows related to other postemployment benefits (RHIA)	45,801
TOTAL DEFERRED INFLOWS	8,762,214
TOTAL LIABILITIES AND DEFERRED INFLOWS	74,727,164
NET POSITION:	
Net investment in capital assets	43,029,102
Restricted for:	
Education grants	1,225
Student body	1,256,813
Food Service	24,451
Debt service	379,419
Capital projects	444,644
RHIA OPEB asset	877,842
Unrestricted	(41,550,134)
TOTAL NET POSITION	\$ 4,463,362

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
Instruction	\$ 44,505,775	\$ 737,467	\$ 8,923,546	\$ -	\$ (34,844,762)
Supporting services	36,694,885	643,082	8,442,678	-	(27,609,125)
Community services	2,930,109	192,898	2,772,369	-	35,158
Facilities acquisition and construction	27,409	-	-	1,924,095	1,896,686
Interest on long term liabilities	653,317	-	-	-	(653,317)
Total government activities	<u>\$ 84,811,495</u>	<u>\$ 1,573,447</u>	<u>\$ 20,138,593</u>	<u>\$ 1,924,095</u>	<u>(61,175,360)</u>
General revenues:					
Property taxes levied for general purposes					21,250,945
Construction excise tax					320,423
State school fund - general support					38,155,571
Common school fund					612,826
Federal forest fees					27,646
Unrestricted intermediate sources					918,569
Investment income					1,038,167
Contributions					158,595
Miscellaneous					565,240
Total general revenues					<u>63,047,982</u>
CHANGE IN NET POSITION					1,872,622
NET POSITION - JULY 1, 2024, as restated					<u>2,590,740</u>
NET POSITION - JUNE 30, 2025					<u>\$ 4,463,362</u>



FUND FINANCIAL STATEMENTS

**THREE RIVERS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS:					
Cash and investments	\$ 6,707,876	\$ -	\$ 379,419	\$ 2,134,717	\$ 9,222,012
Receivables	2,538,165	3,708,060	-	153,060	6,399,285
Inventory	21,286	-	-	-	21,286
Interfund receivable	1,449,844	-	-	-	1,449,844
TOTAL ASSETS	\$ 10,717,171	\$ 3,708,060	\$ 379,419	\$ 2,287,777	\$ 17,092,427
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 503,194	\$ 378,710	\$ -	\$ 82,019	\$ 963,923
Interfund payable	-	1,449,844	-	-	1,449,844
Accrued payroll liabilities	1,450,086	164,901	-	-	1,614,987
TOTAL LIABILITIES	1,953,280	1,993,455	-	82,019	4,028,754
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	1,296,320	-	-	-	1,296,320
TOTAL DEFERRED INFLOWS	1,296,320	-	-	-	1,296,320
Fund Balances:					
Nonspendable:					
Inventory	21,286	-	-	-	21,286
Restricted:					
Education - grants	-	1,225	-	-	1,225
Student body funds	-	1,256,813	-	-	1,256,813
Food service	-	24,451	-	-	24,451
Debt service	-	-	379,419	-	379,419
Energy conservation - SB1149	-	-	-	260,215	260,215
Excise tax projects	-	-	-	184,429	184,429
Committed:					
Emergency funds	295,000	-	-	-	295,000
Assigned:					
Other purposes	3,871,927	432,116	-	-	4,304,043
Capital improvements	-	-	-	1,761,114	1,761,114
Unassigned	3,279,358	-	-	-	3,279,358
TOTAL FUND BALANCES	7,467,571	1,714,605	379,419	2,205,758	11,767,353
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 10,717,171	\$ 3,708,060	\$ 379,419	\$ 2,287,777	\$ 17,092,427

**THREE RIVERS SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2025**

TOTAL FUND BALANCES **\$ 11,767,353**

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

Capital assets are not financial resources and therefore are not reported in the governmental funds:

Cost	\$ 144,699,206	
Accumulated depreciation and amortization	<u>(99,989,191)</u>	44,710,015

A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		1,296,320
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Internal service funds are used by management to charge the costs of unemployment insurance premiums to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		1,386,967
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The other post employment benefit asset (RHIA) is not recorded with the governmental funds.		877,842
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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.		7,490,643
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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:

Accrued interest payable	\$ (3,042)	
Leases and subscriptions payable	(797,913)	
Pension liability (Stipend)	(2,090,814)	
Pension liability (OPERS)	(45,653,109)	
Other post employment benefit obligation (medical subsidy)	(3,440,981)	
Debt payable	(8,803,000)	
Accrued compensated absences	<u>(2,276,919)</u>	<u>(63,065,778)</u>

TOTAL NET POSITION **\$ 4,463,362**

THREE RIVERS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES					
Property taxes and other taxes	\$ 20,974,539	\$ -	\$ -	\$ 320,423	\$ 21,294,962
Intergovernmental	39,852,180	19,300,368	-	1,924,095	61,076,643
Charges for services	228,738	1,344,709	-	-	1,573,447
Local contributions	106	158,489	-	-	158,595
Investment income	879,719	11,772	84,056	43,681	1,019,228
Services provided to other funds	-	-	3,257,826	-	3,257,826
Miscellaneous	317,917	60,144	-	360,436	738,497
TOTAL REVENUES	62,253,199	20,875,482	3,341,882	2,648,635	89,119,198
EXPENDITURES					
Current					
Instruction	35,622,470	9,177,456	-	-	44,799,926
Support services	28,266,594	8,318,948	-	854,845	37,440,387
Enterprise and community services	-	2,895,158	-	-	2,895,158
Facilities and acquisition	469,095	550,966	-	2,125,115	3,145,176
Debt service	296,291	-	3,426,955	-	3,723,246
TOTAL EXPENDITURES	64,654,450	20,942,528	3,426,955	2,979,960	92,003,893
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,401,251)	(67,046)	(85,073)	(331,325)	(2,884,695)
OTHER FINANCING SOURCES (USES)					
Issuance of leases	334,530	-	-	-	334,530
Transfers in	-	154,827	135,000	550,000	839,827
Transfers out	(569,827)	-	-	-	(569,827)
TOTAL OTHER FINANCING SOURCES (USES)	(235,297)	154,827	135,000	550,000	604,530
NET CHANGE IN FUND BALANCE	(2,636,548)	87,781	49,927	218,675	(2,280,165)
FUND BALANCE, JULY 1, 2024	10,104,119	1,626,824	329,492	1,987,083	14,047,518
FUND BALANCE, JUNE 30, 2025	\$ 7,467,571	\$ 1,714,605	\$ 379,419	\$ 2,205,758	\$ 11,767,353

**THREE RIVERS SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2025**

NET CHANGE IN FUND BALANCE **\$ (2,280,165)**

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 expense. This is the amount by which amortization or depreciation exceeded capital outlays in the current period.

Expenditures for capital assets	\$ 4,186,271	
Expenditures for leases	334,530	
Expenditures for software	61,476	
Less current year depreciation and amortization	<u>(3,141,889)</u>	1,440,388

Long-term debt and lease proceeds are reported as other financing sources in governmental funds. In the Statement of Net Assets, however, issuing long-term debt and leases increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets. This is the amount of repayments:

Lease and subscription principal repaid	\$ 296,291	
Issuance of lease payable	(334,530)	
Debt principal repaid	<u>3,153,796</u>	3,115,557

Internal service funds are used by management to charge the costs of unemployment insurance premiums to individual funds. This activity is consolidated with the governmental activities in the Statement of Activities.

(380,517)

In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due.

Interest paid	\$ 654,868	
Interest expense	<u>(653,317)</u>	1,551

Governmental funds report proceeds from the sale of capital assets as revenue.

However, only the net gain (loss) on the sale or disposal is reported in the Statement of Activities.

Cost basis of assets sold	\$ (51,939)	
Accumulated depreciation	<u>51,939</u>	-

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.

276,406

The change in the net post employment benefit obligation (OPEB) (stipend) is not recognized in the governmental funds (including deferred outflows and inflows).

349,569

The change in the net post employment benefit obligation (OPEB) (medical benefit) is not recognized in the governmental funds (including deferred outflows and inflows).

255,142

The change in the net post employment benefit asset (OPEB) RHIA is not recognized in the governmental funds (including deferred outflows and inflows).

92,875

Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as an expenditure when earned.

128,386

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 including deferred outflows and inflows).

(1,126,570)

CHANGE IN NET POSITION **\$ 1,872,622**

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025**

	Self Insurance Fund
ASSETS:	
Cash and investments	\$ 1,707,229
TOTAL ASSETS	<u>1,707,229</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	\$ 71,245
Accrued P/R	6,287
Claims payable	<u>242,730</u>
TOTAL LIABILITIES	<u>320,262</u>
NET POSITION:	
Unrestricted	<u>1,386,967</u>
TOTAL NET POSITION	<u><u>\$ 1,386,967</u></u>

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
PROPRIETARY FUND
FISCAL YEAR ENDED JUNE 30, 2025**

	Self Insurance Fund
OPERATING REVENUES	
Self insurance revenues	\$ 1,050,859
TOTAL OPERATING REVENUES	<u>1,050,859</u>
OPERATING EXPENSES	
Current:	
Support services	<u>1,180,315</u>
TOTAL OPERATING EXPENSES	<u>1,180,315</u>
TOTAL OPERATING INCOME / (LOSS)	<u>(129,456)</u>
NONOPERATING REVENUES (EXPENSES)	
NONOPERATING REVENUES	
Interest income	<u>18,939</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>18,939</u>
INCOME (LOSS) BEFORE TRANSFERS	(110,517)
Transfers out	<u>(270,000)</u>
CHANGE IN NET POSITION	(380,517)
NET POSITION, JULY 1, 2024	<u>1,767,484</u>
NET POSITION, JUNE 30, 2025	<u><u>\$ 1,386,967</u></u>

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FISCAL YEAR ENDED JUNE 30, 2025**

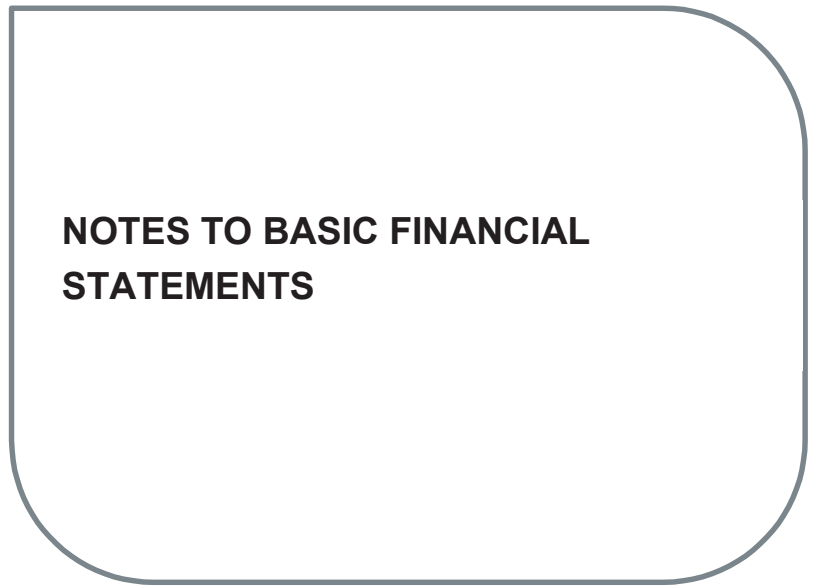
	Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Interfund activity - self insurance receipts	\$ 1,050,859
Supporting services	<u>(1,029,414)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>21,445</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers out	<u>(270,000)</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(270,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>18,939</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>18,939</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(229,616)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,936,845</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,707,229</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING INCOME	
Operating income (loss)	\$ (129,456)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in accounts payable	144,614
Increase in accrued payroll	<u>6,287</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 21,445</u></u>

THREE RIVERS SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025

	Trust and Agency Scholarship Fund
ASSETS:	
Cash and investments	\$ 3,477
NET POSITION:	
Reserved for scholarships	\$ 3,477

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF FIDUCIARY REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FIDUCIARY FUND
FISCAL YEAR ENDED JUNE 30, 2025**

	Trust and Agency Scholarship Fund
	<hr/>
ADDITIONS	
Investment income	\$ 204
	<hr/>
TOTAL ADDITIONS	204
	<hr/>
DEDUCTIONS	
Instruction	1,917
	<hr/>
TOTAL DEDUCTIONS	1,917
	<hr/>
CHANGE IN NET POSITION	(1,713)
NET POSITION, JULY 1, 2024	5,190
	<hr/>
NET POSITION, JUNE 30, 2025	\$ 3,477
	<hr/> <hr/>



**NOTES TO BASIC FINANCIAL
STATEMENTS**

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

Primary Government

Three Rivers School District (the District), Murphy, Oregon, was organized under provisions of Oregon Statutes pursuant to ORS Chapter 332 for the purpose of operating elementary and secondary schools. The District is governed by a separately elected five-member Board of Education (Board) who approves the administrative officials. The daily functioning of the District is under the supervision of the Superintendent. As required by generally accepted accounting principles, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to exclude any potential component units in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). GASB 61 modified certain requirements for inclusion of component units in financial reporting. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

It has been determined that Sunny Wolf Charter School, Woodland Charter School, and Kalmiopsis Community Arts High School will not be included in the Three Rivers School District statements as component units.

There are various other governmental agencies and special service districts, which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, they are not considered component units or included in these basic financial statements.

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

Basis of Presentation

The financial statements of Three Rivers School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide Financial Statements

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (continued)

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

Separate financial statements are presented for governmental funds, internal service funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. The District has an internal service fund, which is reported as a proprietary fund.

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

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All the District's governmental 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 Fund - This fund accounts for revenues designated for specific purposes. This fund accounts for the revenues and expenditures related to specific purpose grants and other revenues when required by statute, charter provision, or the terms of the grant.

Debt Service Fund - This fund accounts for the servicing of general long-term debt not being financed by the General Fund. For the District, this includes the PERS Bonds payments. The principal sources of revenues are property taxes, earnings on investments, services provided to other funds and other local revenues.

Capital Projects Fund - This fund accounts for the acquisition, construction and maintenance of improvements within the District. Principal revenue sources are construction excise taxes, grants, miscellaneous revenues, investment earnings and interfund transfers.

Additionally, the following proprietary fund is reported:

Self Insurance Fund - This fund accounts for monies used for self-insurance policies. Principal revenue sources are fees charged, miscellaneous revenues and investment earnings. Internal activity is eliminated on the government-wide financial statements.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (continued)

Additionally, the following fiduciary fund is reported:

Trust and Agency Scholarship Fund - This fund accounts for resources received and held in a fiduciary capacity, in accordance with a trust agreement for student scholarships.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. As a general rule the effect of interfund activity has been eliminated from the governmental-wide financial statements.

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, which are recognized as expenditures to the extent they have matured, certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources, and early retirement benefits which are recorded when paid. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under leases and SBITAs are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District's proprietary fund distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses of the District's internal service fund consist of charges for services and the cost of providing those services. All other revenues and expenses are reported as nonoperating.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents 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 banker's acceptances, commercial paper, U.S. Government Agency securities, and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). Banker's acceptances, commercial paper and U.S. Government Agency securities are stated at amortized cost which approximates fair value. The LGIP is stated at amortized cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents and Investments (continued)

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).

Investment Income

Investment income is composed of interest and net changes in the fair value of applicable investments. Investment income is included in investment earnings in the fund financial statements, and is allocated monthly to all funds based on the fund's average cash balance.

Assets Held by Trustee (Sinking Fund)

On September 24, 2009, the District issued Qualified Zone Academy Bonds (QZAB) in the amount of \$2,000,000. The bonds purchased by All Points Capital Corp. with Section 1397E of the Internal Revenue Code, and as such, qualified for tax credits relating to the transaction. The bond proceeds were required to be used to provide for facility preservation and major maintenance in accordance with the QZAB financing plan. In addition to annual principal and interest payments, the District was required to transmit \$358,168 to the Deutsche Bank at closing on September 24, 2009 (Sinking Fund), which was used to purchase a State & Local Government Security. The Sinking Fund matured during the fiscal year ended June 30, 2025.

Property Taxes Receivable

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

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

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of state school support and claims for reimbursement of costs under various federal and state grants. Due to the nature of the receivables and the likelihood of collection, no provision for uncollectible receivables has been made.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Inventory

Supplies inventory is valued at cost using first-in, first-out method. Accounting for supplies inventory is based on the consumption method whereby inventory is recorded when purchased and expenditures/expenses are recorded when inventory items are used.

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. All vehicles, furniture, equipment, and right of use assets with an individual value of \$5,000 or more will be capitalized. The district defines a capital asset as an item with an anticipated useful life of three or more years, the item retains its original shape and appearance with use, it is non-expendable, and it does not lose its identity through incorporation into a different unit. The District will capitalize all land acquisitions and new construction regardless of cost, as well as repair costs over \$25,000. Depreciation is not calculated for construction in progress. Capital assets are depreciated using the straight-line method over the District's defined useful lives. Intangible lease and software assets are amortized in the defined terms of the lease or subscription.

Buildings and improvements	25 to 50 years
Vehicles	10 to 15 years
Equipment	5 to 20 years
Intangible lease and software assets	Depends on terms of lease or subscription

Pensions and Retirement Plans

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

Additionally, the District offers eligible employees who elect early retirement a monthly stipend. Such costs are recorded as expense in the General Fund and funded as stipend benefits become due.

Compensated Absences

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. A liability for unused vacation is recognized in the government-wide financial statements when earned. A liability for sick leave is recognized to the extent it is more likely than not that employee will be compensated for that leave.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Financial Position (government-wide financials and proprietary funds) and the balance sheet (governmental funds) 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, which arise only under the full accrual of accounting (i.e. government-wide financials) that qualify for reporting in this category. Accordingly, the items, deferred amounts related to pensions and deferred amounts related to other postemployment benefit (OPEB) obligations, is reported only in the government-wide statement of net position.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of deferred inflows. One arises only under the modified accrual basis of accounting that qualifies for reporting in this category, deferred inflows related to property taxes (unavailable revenue). These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has two types of deferred inflows which arise only under the full accrual basis of accounting that qualify for reporting in this category. Accordingly, the items, deferred amounts related to pensions and deferred amounts related to other postemployment benefit (OPEB) obligations, are reported in the government-wide Statement of Net Position.

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. 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 bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as support service expenditures.

Post-employment Health Benefits

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

Additionally, the District offers eligible employees, who elect early retirement, payment of group medical insurance premiums. The District also allows eligible retirees to purchase health insurance at the same rate as active employees. In the government-wide financial statements, the District reports its liability for other post-employment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees. Such costs are recorded as expenses in the General Fund and funded as premiums become due.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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-of-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-of-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.

The District is involved in various leasing arrangements for equipment. In accordance with GASB Statement No. 87 Leases, newly acquired leases during the current fiscal year were analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions, and lease receivables and payables were recognized accordingly.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease plus any options the District is reasonably certain that it will exercise. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the District is reasonably certain to exercise.

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.

Subscription-based Information Technology Arrangements (SBITAs)

Subscription-based information technology arrangements (SBITAs) are recognized in accordance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This statement defines a SBITA as a contract that conveys control of the right to use another party's (the SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction.

For financial statements prepared using the economic resources measurement focus, a subscriber is required to recognize a subscription liability and an intangible right-to-use subscription asset at the commencement of the subscription term. The subscription liability is recognized at the net present value of future subscription payments and is adjusted over time by payments and interest. Future subscription payments are discounted using the District's estimated incremental borrowing rate. Future subscription payments include fixed and/or variable payments, based on the contract between the subscriber and vendor. The subscription asset is initially recorded as the sum of the subscription liability, payments made at the commencement of the subscription term, and capitalizable implementation costs, less any incentives received prior to the commencement of the subscription term, and is subsequently amortized over the life of the subscription. Subscription and capitalizable implementation cost payments made prior to the commencement of the subscription are classified as prepaid assets until the subscription commences; after the subscription commences, the prepaid assets are reclassified as an intangible right-to-use subscription asset.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription-based Information Technology Arrangements (SBITAs) (continued)

For financial statements prepared using the current financial resources measurement focus, other financing source and instruction or support services depending on the nature of the subscription are reported in the year the subscription asset is initially recognized. The other financing source is reported equal to the net present value of future subscription payments. Expense is reported equal to the sum of the net present value of future subscription payments, payments made at the commencement of the subscription term, and capitalizable implementation costs, less any incentives received prior to the commencement of the subscription term. Subsequent governmental fund subscription payments are recorded as principal and interest payments.

The District has chosen not to implement GASB 96 for the budgetary basis of accounting. For both the budgetary basis of accounting and for SBITAs that do not meet the criteria for valuation under GASB 96, the District will report outflows of cash for subscription payments.

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 – Total capital assets reduced by accumulated depreciation and any outstanding debt incurred to acquire, construct, or improve those assets. Deferred inflows of resources and deferred outflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included.

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

Unrestricted net position – The net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources not included in the definitions above.

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

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

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

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

Assigned – Includes items assigned for specific uses, authorized by the District's Superintendent and/or Business Manager.

Unassigned – This is the residual classification used for those balances not assigned to another category.

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.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. During the year there was one supplemental budget appropriating unanticipated resources and three resolutions transferring appropriation authority within the General Fund, Self-Insurance Fund, Special Revenue Fund and Capital Projects Fund. Appropriations lapse at the end of each fiscal year.

During the fiscal year ended June 30, 2025, the District was in compliance with Local Budget Law, except as follows:

A fund that finances an activity, that cost of which can be accurately estimated, may not include an appropriation for a general operating contingency (OAR 150-294-0430(2)).

In the 2023-2024 and the 2024-2025 budget, the District included a general operating contingency in the debt service fund. The requirements for a debt service fund are known at the time the budget is prepared. Therefore, there is no unknown or unascertainable aspect of the expenditures from the fund.

Additionally, the District exceeded its appropriation authority in the following categories:

Special Revenue Fund:	
Support services	\$ (600,627)
Enterprise and community services	(105,355)
	<u>\$ (705,982)</u>
General Fund:	
Transfers out	\$ (131,827)

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025, the District implemented the following GASB Pronouncements:

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences. The implementation of this Statement is reflected in accrued compensated absences in the Statement of Net Position and Note 10 – Accrued Compensated Absences.

GASB Statement No. 102, *Certain Risk Disclosures*. This standard requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. There is no effect on the District's financial statements as a result of this Statement.

Future Adoption of GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2025:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement will be effective for the District for fiscal year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This standard requires certain types of capital assets to be disclosed separately in the capital assets note disclosures, requires certain intangible assets to be disclosed separately by major class, and requires additional disclosures for capital assets held for sale. This Statement also addresses certain application issues, and will be effective for District for fiscal year ending June 30, 2026.

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.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restatement of Beginning Net Position

As required by the adoption of GASB 101, *Compensated Absences*, leave which is attributable to services already rendered, accumulates, and is more likely than not to be used should be accrued as compensated absence. The implementation of this Statement resulted in the following changed in net position as of July 1, 2024.

<u>Net Position</u>	<u>Net Position June 30, 2024 (as previously reported)</u>	<u>Restatement</u>	<u>Net Position June 30, 2024 (as restated)</u>
Governmental Activities	4,806,663	(2,215,923)	2,590,740

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents, and investments are comprised of the following as of June 30, 2025:

Petty cash	\$ 100
Carrying amount of demand deposits	2,520,046
Carrying amount of investments	8,412,572
	<u>\$ 10,932,718</u>

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

Statement of Net Position	
Cash, cash equivalents, and investments	\$ 10,929,241
Statement of Net Position Fiduciary Fund	
Cash and investments	3,477
Total cash, cash equivalents, and investments	<u>\$ 10,932,718</u>

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, 2025. 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, 2025, the carrying amounts of the District's deposits in various financial institutions were \$2,520,046 and the bank balances were \$2,801,957. All deposits are held in the name of the District.

The bank balance is comprised of amounts held at various financial institutions with each providing \$250,000 coverage of FDIC insurance. Of the total bank balance all but \$2,051,957 was covered by FDIC. However, this balance was covered by the State of Oregon shared liability structure for participating bank depositories in Oregon. As required by Oregon Revised Statutes, Chapter 295, deposits in excess of insurance limits were held at qualified depositories for public funds.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the District has no exposure to custodial credit risk for deposit with financial institutions.

Investments. The District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2025. 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 294. These funds are held in the District's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2025 and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

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

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

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

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

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

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

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

Investments Measured at Fair Value:	Totals as of 6/30/2025	Level One	Level Two	Level Three	Amortized Cost Not Measured at Fair Value
Local Government					
Investment pool	\$ 8,154,219	\$ -	\$ -	\$ -	\$ 8,154,219
Certificates of deposit	258,353	-	-	-	258,353
	<u>\$ 8,412,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,412,572</u>

As of June 30, 2025, the District's investments had the following maturities and credit ratings:

	Total Investments	Investment Maturities		
		Less than 1 yr	1-5 years	6-10 years
Local Government				
Investment Pool	\$ 8,154,219	\$ 8,154,219	\$ -	\$ -
Certificates of Deposit	258,353	258,353	-	-
	<u>\$ 8,412,572</u>	<u>\$ 8,412,572</u>	<u>\$ -</u>	<u>\$ -</u>

	Moody's Rating	Standard & Poor Rating	Percentage of Total Investments
Local Government			
Investment Pool	N/R	N/R	96.93%
Certificates of Deposit	N/R	N/R	3.07%
Total Investments			<u>100.00%</u>

N/R = Not Rated

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 3 - RECEIVABLES

Receivables are comprised of the following as of June 30, 2025:

	<u>Grants / Other</u>	<u>Property Taxes</u>	<u>Total</u>
General fund	\$ 944,236	\$ 1,593,929	\$ 2,538,165
Special revenue fund	3,708,060	-	3,708,060
Capital projects fund	153,060	-	153,060
	<u>\$ 4,805,356</u>	<u>\$ 1,593,929</u>	<u>\$ 6,399,285</u>

NOTE 4 – CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2025, are as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance June 30, 2025</u>
Capital assets not being depreciated or amortized:				
Land	\$ 802,110	\$ -	\$ -	\$ 802,110
Construction-in-progress	6,816,988	3,199,957	(9,466,318)	550,627
Total capital assets not being depreciated or amortized	7,619,098	3,199,957	(9,466,318)	1,352,737
Capital assets being depreciated or amortized:				
Buildings and improvements	123,846,023	575,286	9,466,318	133,887,627
Machinery/equipment/vehicles	5,627,181	411,028	-	6,038,209
Intangible assets:				
Right-of-use	2,298,195	334,530	-	2,632,725
Software	778,371	61,476	(51,939)	787,908
Total capital assets being depreciated or amortized	132,549,770	1,382,320	9,414,379	143,346,469
Less accumulated depreciation or amortization:				
Buildings and improvements	(92,373,656)	(2,423,716)	-	(94,797,372)
Machinery/equipment/vehicles	(2,836,131)	(296,102)	-	(3,132,233)
Intangible assets:				
Right-of-use	(1,490,648)	(260,838)	-	(1,751,486)
Software	(198,806)	(161,233)	51,939	(308,100)
Total accumulated depreciation or amortization	(96,899,241)	(3,141,889)	51,939	(99,989,191)
Total capital assets, net:				
Land	802,110	-	-	802,110
Construction-in-progress	6,816,988	3,199,957	(9,466,318)	550,627
Buildings and improvements	31,472,367	(1,848,430)	9,466,318	39,090,255
Machinery/equipment/vehicles	2,791,050	114,926	-	2,905,976
Intangible assets:				
Right-of-use	807,547	73,692	-	881,239
Software	579,565	(99,757)	-	479,808
Total	<u>\$ 43,269,627</u>	<u>\$ 1,440,388</u>	<u>\$ -</u>	<u>\$ 44,710,015</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 4 – CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense for the fiscal year was \$3,141,889 and is allocated to the various functions.

<u>Program</u>	
Instruction	\$ 1,651,377
Supporting services	1,381,803
Community services	108,709
Total	<u>\$ 3,141,889</u>

Right-of-Use assets

A lease is defined as a contract that conveys control of the right of use of another entity's nonfinancial asset as specified in a contract for a period of time in an exchange or exchange-like transaction. The District is party to a variety of lease contracts as lessee for which this right-of-use (ROU) has been recognized as an asset on the balance sheet. You can find further information on these transactions in Note 8.

A subscription-based information technology arrangement (SBITA) is defined as a contract that conveys the right to use vendor-provided information technology and associated tangible capital assets for subscription payments without granting governments a perpetual license or title to the IT software and associated tangible capital assets. You can find further information on these transactions in Note 8.

Lease and subscription right-of-use activity for the year ended June 30, 2025 was as follows:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions / Transfers</u>	<u>Balance June 30, 2025</u>
Lease and subscription assets being amortized:				
Equipment	\$ 2,298,195	\$ 334,530	\$ -	\$ 2,632,725
Subscriptions	778,371	61,476	(51,939)	787,908
Total lease and subscription assets	<u>3,076,566</u>	<u>396,006</u>	<u>(51,939)</u>	<u>3,420,633</u>
Less accumulated amortization for:				
Equipment	(1,490,648)	(260,838)	-	(1,751,486)
Subscriptions	(198,806)	(161,233)	51,939	(308,100)
Total accumulated amortization	<u>(1,689,454)</u>	<u>(422,071)</u>	<u>51,939</u>	<u>(2,059,586)</u>
Total lease and subscription assets, net:				
Equipment	807,547	73,692	-	881,239
Subscriptions	579,565	(99,757)	-	479,808
Total lease and subscription assets, net	<u>\$ 1,387,112</u>	<u>\$ (26,065)</u>	<u>\$ -</u>	<u>\$ 1,361,047</u>

NOTE 5 – UNAVAILABLE / UNEARNED REVENUES

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 5 – UNAVAILABLE / UNEARNED REVENUES (CONTINUED)

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

Fund Type	Property Tax Unavailable	Grants/Other Unearned	Total
General fund	\$ 1,296,320	\$ -	\$ 1,296,320
Total	<u>\$ 1,296,320</u>	<u>\$ -</u>	<u>\$ 1,296,320</u>

NOTE 6 - LONG-TERM DEBT

Qualified Zone Academy Bonds

On September 24, 2009, the District issued Qualified Zone Academy Bonds (QZAB) in the amount of \$2,000,000 at 1.22%. The bonds purchased by All Points Capital Corp. with Section 1397E of the Internal Revenue Code, and as such, qualified for tax credits relating to the transaction. The bond proceeds were required to be used to provide for facility preservation and major maintenance in accordance with the QZAB financing plan.

To qualify for use of the QZAB proceeds, individual schools must qualify by meeting federal guidelines for certain economic demographics. The primary use of the funds was for renovations of the primary and secondary schools in the District. In addition, initial funding for the SB 1149 energy efficiency projects was provided by the QZAB proceeds so that projects could move forward in a timely manner. As SB 1149 funds become available in future years, they will then be utilized to repay a portion of the QZAB debt. The agreement contained a provision that in an event of default, outstanding amounts become immediately due if the District was unable to make payment.

As a result of the structure of the QZAB, the District was required to repay \$2,224,816 in total principal and interest payments over the 15-year term.

As part of the terms of the QZAB agreement, the District opted to create a sinking fund upon bond issuance to pay for the fifteenth and final balloon payment of \$358,168, which included principal and interest due and payable in fiscal 2025. At closing on September 24, 2009, the District transmitted \$133,332 to the Deutsche Bank, which was used to purchase a State & Local Government Security. The Security matured on September 14, 2024, and the accumulated sinking fund balance was applied the final debt service payment. Accordingly the value of the sinking fund as of June 30, 2025 was \$0.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Pension Obligation Bonds

On February 5, 2004, the District participated in pooled issuances of taxable pension obligation bonds to finance the District's unfunded actuarially accrued liability (UAAL) with the State of Oregon Public Employees Retirement System (PERS). The District issued \$26,620,000 in debt as part of a pooled issuance of \$467,820,000. Except for the payment of its pension bond payments and additional charges when due, each participating school district has no obligation or liability to any other participating school district's pension bonds or liabilities to PERS.

Bond proceeds were paid to the Public Employee Retirement System. The bonds were issued February 2004. An intercept agreement with the State of Oregon was required as a condition of issuance; therefore, a portion of State School Support is withheld on a monthly basis to repay debt. Funds are accumulated and invested by a trust officer, and annual principal and interest payments are made semiannually on June 30 and December 30 of each year, beginning June 30, 2004 and ending June 30, 2028. The series 2004 bond interest rates range from 3.25% to 5.53% with a true interest cost of 5.47%. The agreement contains a provision that in an event of default, the Trustee may exercise any remedy available at law or in equity; however, the payments are not subject to acceleration.

The issuance of the bonds was evaluated based on advance refunding criteria. The actual savings realized by the District over the life of the bonds is uncertain due to various legislative changes and legal issues pending with the PERS system, which could impact the District's future required contribution rate. Interest paid on these bonds for the fiscal year was \$587,350.

Year ending June 30th	Principal	Interest	Total
2026	\$ 3,015,000	\$ 437,818	\$ 3,452,818
2027	3,350,000	271,148	3,621,148
2028	1,555,000	85,960	1,640,960
	\$ 7,920,000	\$ 794,926	\$ 8,714,926

Hidden Valley Turf Field Note Payable

On September 4, 2014, the District entered into an agreement with Evergreen Federal Bank for \$150,000 at 3.00% fixed interest to finance a portion of the new turf field at Hidden Valley High School. Monthly payments of principal and interest are to be repaid over a period of ten years commencing on October 1, 2014. Interest paid on this note for the fiscal year was \$7. This note matured September 2024 and was payable from non-restricted General Fund revenues.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Full Faith and Credit Financing Agreement, Series 2023 Obligations

On June 28, 2023, the District entered into a Note and Financing Agreement (Agreement) with JPMorgan Chase Bank (bond). The District entered into the Agreement to provide for the issuance of \$1,056,000 in Full Faith and Credit Obligations (the Series 2023 Obligations) which will be paid from payments the District makes under the Agreement. Under the Agreement, the Series 2023 Obligations are secured by and payable from all lawfully available funds of the District, including any property taxes levied by and for the District within the restrictions of Sections 11 and 11b, Article XI of the Oregon Constitution. Pursuant to ORS 287A.315 the District will pledge its full faith and credit to pay the Agreement, and the obligation of the District to pay the Agreement will not be subject to appropriation. The Agreement contains a provision that in an event of default, the Bank may increase the interest rate by 150 basis points (1.50%) while the Event of Default is continuing or exercise any remedy available at law or in equity, however the Bond is not subject to acceleration.

The Series 2023 Obligations were issued to in order to construct, improve and equip District facilities and pay the cost of issuance.

The Series 2023 Obligations stated interest rate is 4.18%. Interest is payable semiannually on June 1 and December 1 each year. Interest paid in the fiscal year was \$40,713. Principal payments are due annually on June 1.

On and after June 1, 2026, the District may prepay the Bond, in whole or in part in multiples of \$5,000, on any interest payment date with no prepayment penalty, at par plus accrued interest to the date fixed for redemption; provided that the District will have given at least 45 days' prior written notice to the Bank.

Annual debt service requirements associated with the Series 2023 Obligations is as follows:

Year ending June 30th	Principal	Interest	Total
2026	\$ 95,000	\$ 36,909	\$ 131,909
2027	99,000	32,938	131,938
2028	103,000	28,800	131,800
2029	108,000	24,494	132,494
2030	112,000	19,980	131,980
2031-2033	366,000	31,016	397,016
	<u>\$ 883,000</u>	<u>\$ 174,137</u>	<u>\$ 1,057,137</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 6 – LONG-TERM DEBT (CONTINUED)

The changes in long-term obligations for year ended June 30, 2025, are as follow

<u>Issue Date:</u>	<u>Outstanding July 1, 2024</u>	<u>New Debt Issued</u>	<u>Matured & Redeemed</u>	<u>Outstanding June 30, 2025</u>	<u>Due within 1 year</u>	<u>Interest Rate</u>
PERS Bonds						
February 5, 2004	\$ 10,625,000	\$ -	\$(2,705,000)	\$ 7,920,000	\$ 3,015,000	5.22-5.53%
QZAB Bonds (direct placement)						
September 24, 2009	354,911	-	(354,911)	-	-	1.22%
Turf Field Note Payable (direct borrowing)						
September 24, 2009	2,885	-	(2,885)	-	-	3.00%
FFC Bond (direct placement)						
June 28, 2023	974,000	-	(91,000)	883,000	95,000	4.18%
Total	<u>\$ 11,956,796</u>	<u>\$ -</u>	<u>\$(3,153,796)</u>	<u>\$ 8,803,000</u>	<u>\$ 3,110,000</u>	

NOTE 7 – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The District is involved in various leasing arrangements for vehicles and equipment. In accordance with GASB Statement No. 87 Leases, newly acquired leases during the current fiscal year were analyzed and classified as either qualified or non-qualified leases, for both lessor and lessee positions, and lease receivables and payables were recognized accordingly.

The District is also involved in various subscription-based information technology arrangements (SBITAs) for information technology software and underlying subscription assets which are subscribed mainly from commercial and retail software vendors. With the application of GASB Statement No. 96, existing and newly acquired subscriptions during the current fiscal year were analyzed and classified as either qualified or non-qualified SBITAs. With this application, a subscription payable is recognized.

Lessee Lease Payables

The District has entered into seven qualified lease agreements for vehicles, copiers and equipment. During the year ended June 30, 2025, total lease principal and interest payments of \$259,030 and \$23,543 were made, respectively. Interest rates range from 2.8% to 6.0%.

The changes in lease payable for year ended June 30, 2025 consisted of the following:

	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>
Equipment	<u>\$ 413,886</u>	<u>\$ 334,530</u>	<u>\$ 259,030</u>	<u>\$ 489,386</u>
Total	<u>\$ 413,886</u>	<u>\$ 334,530</u>	<u>\$ 259,030</u>	<u>\$ 489,386</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 7 – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) (CONTINUED)

Future annual lease commitments as of June 30, 2025 are as follows:

Year ending June 30th	Principal	Interest	Total
2026	\$ 202,314	\$ 16,747	\$ 219,061
2027	126,451	11,159	137,610
2028	66,328	7,179	73,507
2029	70,069	3,437	73,506
2030	24,224	278	24,502
Total	<u>\$ 489,386</u>	<u>\$ 38,800</u>	<u>\$ 528,186</u>

Lease Payments Not Included In Liability

Variable payments based on future performance of the lessee or usage of as the underlying asset were not included in the measurement of the lease liability. Other payments, such as residual value guarantees or termination penalties, were also not included in the measurement of the lease liability. Rather, these variable and other payments were recognized as outflows of resources in the period in which the obligation for those payments was incurred.

The District has one non-qualified lease under GASB 87 related to student transportation. This lease is variable in nature. Total variable lease payments for this non-qualified lease were \$6,651,470 for the year ended June 30, 2025.

Subscription Payables

The District has entered into 6 qualified SBITA agreements as the subscriber for software. All 6 of the SBITAs are related to software. Of these, 6 had payments included in the measurement of the subscription liability with periods covering various ranges and the latest expiring on June 30, 2032. The interest rate utilized for all 6 SBITAs was 4.2%. Annual payments for the current year range from \$3,867 to \$18,680. During the year ended June 30, 2025, the District paid \$109,464 in additional SBITA variable payments and \$14,523 in interest.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 7 – LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) (CONTINUED)

Subscription payables currently outstanding as of June 30, 2025 are as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
Subscriptions	\$ 345,788	\$ -	\$ 37,261	\$ 308,527
Total	<u>\$ 345,788</u>	<u>\$ -</u>	<u>\$ 37,261</u>	<u>\$ 308,527</u>

Future annual subscription commitments as of June 30, 2025 are as follows:

Year Ending June 30th	Principal	Interest	Total
2026	\$ 38,826	\$ 12,958	\$ 51,784
2027	40,457	11,327	51,784
2028	42,156	9,628	51,784
2029	43,926	7,858	51,784
2030	45,771	6,013	51,784
2031 - 2032	97,391	6,178	103,569
Total	<u>\$ 308,527</u>	<u>\$ 53,962</u>	<u>\$ 362,489</u>

Combined Lease and Subscription Liabilities

On the face of the financial statements, lease and subscription payables are combined as a single line item.

Lease and subscription payables currently outstanding as of June 30, 2025 are as follows:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Leases	\$ 413,886	\$ 334,530	\$ 259,030	\$ 489,386	\$ 202,314
Subscriptions	345,788	-	37,261	308,527	38,826
Total	<u>\$ 759,674</u>	<u>\$ 334,530</u>	<u>\$ 296,291</u>	<u>\$ 797,913</u>	<u>\$ 241,140</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 8 – INTERFUND TRANSACTIONS

Interfund transfers during the year ended June 30, 2025, were as follows:

	Transfers	
	In	Out
General fund	\$ -	\$ (569,827)
Special revenue fund	154,827	-
Debt service fund	135,000	-
Capital projects fund	550,000	-
Self insurance fund	-	(270,000)
	\$ 839,827	\$ (839,827)

During the 2024-25 fiscal year the Board of Education approved transfers out from the General Fund, and the District's Self Insurance Fund. Out of the General Fund, the Special Revenue Funds received transfers to fund the Food Service Match and the Food Service Deficit. The Debt Service Fund received the transfer of funds committed to pay for the Illinois Valley High School roof replacement loan, and the Capital Projects Fund transfer was set aside for future maintenance projects. Out of the Self Insurance Fund, the Capital Projects Fund received a transfer for the Madrona Leach Field project.

Interfund receivables and payables for the year ended June 30, 2025 are as follows:

	Interfund Receivable	Interfund Payable
General fund	\$ 1,449,844	\$ -
Special revenue fund	-	1,449,844
	\$ 1,449,844	\$ 1,449,844

Certain obligations and payments for the Special Revenue Fund were paid for by the General Fund, these obligations and payments are then accounted for as interfund receivable and payable to the funds affected.

NOTE 9 – ACCRUED COMPENSATED ABSENCES

The following summary of accrued compensated absences as of year ended June 30, 2025.

Balance at July 1, 2024, as restated	Net Change	Balance at June 30, 2025	Due Within One Year
\$ 2,405,305	\$ (128,386)	\$ 2,276,919	\$ 1,321,566

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The District has two separate other post-employment benefits (OPEB) plans.

Single Employer Defined Benefit Health Care Plan

Plan Description – The District maintains a single-employer defined benefit OPEB plan that provides post-employment health, vision, dental, and life insurance benefits to eligible employees and their spouses, domestic partners, and children.

Current administrators who have served in the administrative capacity for more than ten years as of June 30, 2004 shall receive early retirement benefits of ten years of current health insurance benefits, but not beyond age 65. All other administrators who have served in an administrative capacity for seven years, or as a licensed teacher and administrator for 18 or more years, will receive seven years of current health insurance, but not beyond age 65. Notwithstanding the above, any administrator hired after August 15, 2007, will not be eligible for any early retirement benefits. Classified bargaining unit members who have at least 20 years of service as of June 30, 2004 shall receive early retirement benefits of ten years of current health insurance benefits, but not beyond age 65. Classified bargaining unit members who have at least 15 years of service in a classified position, and are on the highest step of the salary schedule, shall receive early retirement benefits of seven years of current health insurance benefits, but not beyond age 65. However, if such an employee retires after June 30, 2011, the coverage will be for the employee only. Notwithstanding the above, any classified employee hired after June 30, 2000, will not be eligible for any early retirement benefits. Licensed bargaining unit members who have at least 20 years of service and were hired in 1991 or earlier shall receive early retirement benefits of ten years of current health insurance benefits, but not beyond age 65. Notwithstanding the above, any licensed employee retiring after June 30, 2011, will not be eligible for any early retirement medical benefits.

In addition the District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303, which requires that all eligible retirees are allowed to continue receiving health insurance benefits, at their cost, until age 65 or they become otherwise eligible for Medicare. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. There requirement to make available to retirees (at the retiree's own cost) access in to the healthcare plan has an implicit cost to the district.

Funding Policy – The benefits from the single-employer defined benefit OPEB plan are paid by the District based on bargaining agreement language and contributions by employees are also required. The plan is not accounted for in a pension trust fund; therefore designated funds are not legally restricted to pay future benefits. The benefits from the healthcare plan established in accordance with ORS 243.303 are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered by Benefit Terms – The explicit benefit for the single-employer defined benefit OPEB plan was ceased to all employees entering employment subsequent to August 30, 2007. As a result, the total plan members receiving the explicit benefit will decrease over time. At June 30, 2025, the following employees were covered by the explicit benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees entitled to but not yet receiving benefit payments	25
	<u>34</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Single Employer Defined Benefit Health Care Plan (continued)

Total OPEB Liability – The Districts total OPEB liability of \$3,440,981 was measured as of June 30, 2025, and was determined by an actuarial valuation date as of July 1, 2024.

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

Input	Assumption
Actuarial Cost Method	Entry age normal, level percent of salary
Interest Rate Utilized for Discounting	5.25% per year, based on all years discounted at municipal bond rate
General Inflation	2.50% per year
Payroll Growth	3.50% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit
Annual Premium Increase Rate	Between 4.00% and 6.00% annually
Mortality Rates	PUB 2010 Employee and Retiree Tables for Teachers, sex distinct, projected generationally
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on years of service
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled if any
Marital Status	50% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	No impact of dependent children on the implicit subsidy is assumed

Changes in the Total OPEB Liability –

Total OPEB Liability at June 30, 2024	\$ 4,719,268
Changes for the year:	
Service cost	260,737
Interest	194,479
Differences between expected and actual experience	(958,468)
Changes of assumptions or other input	(538,973)
Benefit payments	(236,062)
Total OPEB Liability at June 30, 2025	<u>\$ 3,440,981</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Single Employer Defined Benefit Health Care Plan (continued)

Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2025, 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	\$ 50,235	\$ 1,035,479
Changes of assumptions or other input	54,122	929,500
	<u> </u>	<u> </u>
Total	<u>\$ 104,357</u>	<u>\$ 1,964,979</u>

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

<u>Year Ended June 30</u>	<u>Deferred Outflow/(Inflow) of Resources</u>
2026	\$ (397,685)
2027	(451,804)
2028	(314,882)
2029	(258,475)
2030	(223,855)
Thereafter	(213,921)
	<u> </u>
Total	<u>\$ (1,860,622)</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Single Employer Defined Benefit Health Care Plan (continued)

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

	1% Decrease Rate 4.25%	Current Discount Rate 5.25%	1% Increase Rate 6.25%
Total OPEB Liability	\$ 3,634,914	\$ 3,440,981	\$ 3,256,729

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

	1% Decrease 3% Graded Up to 5% then Graded Down to 3.5%	Current Trend Rate 4% Graded Up to 6% then Graded Down to 4.5%	1% Increase 5% Graded Up to 7% then Graded Down to 5.5%
Total OPEB Liability	\$ 3,148,897	\$ 3,440,981	\$ 3,776,332

OPEB Expense – For the year ended June 30, 2025, the District recognized an decrease of OPEB expense of \$255,142 which was charged to various functions as follows: 52% instruction, 45% support services, and 3% community services.

Changes in Assumptions - A summary of key changes implemented since the July 1, 2022 valuation are noted below:

- The interest rate for discounting future liabilities was changed to reflect current municipal bond rates.
- Premium increase rates were modified to better reflect anticipated experience and current Oregon law.
- Aging Factors were revised to better align with prevalent actuarial practice.
- Health care claims costs were revised to reflect current OEGB demographics and total premiums.
- The percentage of future retirees covering a spouse on the plan was decreased to reflect anticipated experience.
- Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

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 health insurance for eligible OPERS members. The plan was closed to new entrants hired on or after August 29, 2003.

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in 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.

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 period July 1, 2023 through June 30, 2025 for the OPEB program were: Tier1/Tier 2 – 0.00%, and OPSRP general service – 0.00%. The District contributed \$5 for the year ended June 30, 2025.

Actuarial Valuation – The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in *Note 11 Pension and Retirement Plan*, except the table listed below:

Actuarial assumptions:

Retiree healthcare participation	Healthy retirees: 25%; 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, 2025, the District reported \$877,842 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2022. 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, 2024 (measurement date) the District's proportion was 0.21733679 percent.

For the year ended June 30, 2025, the District recognized a decrease of OPEB expense related to RHIA of \$92,875. The \$92,875 was treated as a decrease of payroll related expense in the Statement of Activities and allocated to Instruction, Supporting Services, and Community Services using allocation percentages of 52%, 45% and 3%, respectively.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Retirement Health Insurance Account (RHIA) (continued)

At June 30, 2025, 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	\$ -	\$ 17,169
Changes of assumptions	-	11,104
Net difference in projected and actual earnings on investments	24,786	-
Changes in proportionate share	38,261	17,528
District's contributions subsequent to the measurement date	5	-
Total	<u>\$ 63,052</u>	<u>\$ 45,801</u>

\$5 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, 2026.

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

<u>Year Ended June 30</u>	<u>Deferred Outflow/(Inflow) of Resources</u>
2026	\$ (32,505)
2027	33,480
2028	13,409
2029	2,862
Thereafter	-
Total	<u>\$ 17,246</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

Retirement Health Insurance Account (RHIA) (continued)

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 OPEB Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Retirement Health Insurance Account	\$ 812,615	\$ 877,842	\$ 934,004

Sensitivity for the District's Proportionate Share of the Net OPEB Asset to Changes in Healthcare Cost Trend Rate – The RHIA OPEB is unaffected by healthcare cost trends due to the benefit being limited to \$60 monthly payments toward Medicare companion insurance premiums.

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 11 – Pension and Retirement Plans*.

NOTE 11 – PENSION AND RETIREMENT PLANS

Early Retirement Stipend Pension Plan

Plan Description – The District maintains a single-employer defined benefit pension early retirement supplemental plan for eligible licensed employees of the District (not administered through a trust). The program covers licensed staff hired prior to 2008 that have at least 18 years of service with the district and are not receiving District-paid medical benefits. This program provides employees with a stipend of 1/84 of their final annual salary per month. Payments are made for a maximum of seven years, but in no event past age 65 or death.

Funding Policy – The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The District funds this benefit as it comes due and the amount paid by the District for the benefit for the period ended June 30, 2025 was \$280,476. There are no assets accumulated in a trust.

Employees Covered by Benefit Terms – At June 30, 2025, the following employees were covered by the stipend benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	26
Active employees entitled to but not yet receiving benefit payments	46
	<u>72</u>

Total Stipend Pension Liability – The districts total stipend pension liability of \$2,090,814 was measured as of June 30, 2025, and was determined by an actuarial valuation date as of July 1, 2024.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 11 – PENSION AND RETIREMENT PLANS (CONTINUED)

Early Retirement Stipend Pension Plan (continued)

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

Input	Assumption
Actuarial Cost Method	Early age normal, level percent of salary
Interest Rate Utilized for Discounting	5.25% per year, based on all years discounted at municipal bond rate
General Inflation	2.5% per year
Salary Scale	3.5% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table
Annual Premium Increase Rate	Between 4.00% and 5.20% annually
Mortality Rates	PUB 2010 employee and retiree tables
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Participation	80% active employees currently enrolled in a medical plan (100% if eligible for District paid benefits)
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled
Marital Status	50% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy

Changes in the Total Stipend Pension Liability –

Total Stipend Pension Liability at June 30, 2024	\$ 2,118,672
Changes for the year:	
Service cost	48,957
Interest	81,096
Differences between expected and actual experience	197,021
Changes of assumptions or other input	(74,456)
Benefit payments	(280,476)
Total Stipend Pension Liability at June 30, 2025	<u>\$ 2,090,814</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 11 – PENSION AND RETIREMENT PLANS (CONTINUED)

Early Retirement Stipend Pension Plan (continued)

Deferred Outflows of Resources, and Deferred Inflows of Resources -

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 252,684	\$ 219,525
Changes of assumptions or other input	53,841	212,423
Total	<u>\$ 306,525</u>	<u>\$ 431,948</u>

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

Year Ended June 30	Net deferred Outflow/(Inflow) of Resources
2026	\$ (170,432)
2027	45,274
2028	25,572
2029	(25,837)
2030	-
Thereafter	-
Total	<u>\$ (125,423)</u>

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

	1% Decrease 4.25%	Current Discount Rate 5.25%	1% Increase 6.25%
Total Stipend Pension Liability	\$ 2,171,891	\$ 2,090,814	\$ 2,011,433

Stipend Pension Expense – For the year ended June 30, 2025, the District recognized a decrease in stipend pension expense of \$349,569, which was charged to various functions as follows: 52% instruction, 45% support services, and 3% community services.

Changes in Assumptions - A summary of key changes implemented since the July 1, 2022 valuation are noted at the end of the Single Employer Defined Benefit Health Care Plan section within Note 10.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 11 – PENSION AND RETIREMENT PLANS (CONTINUED)

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 (ORS) Chapter 238, Chapter 238A, and Internal Revenue Service Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage the system.

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. 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.

Beginning January 1, 2004, OPERS active Tier One or 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.

Tier One/Tier Two Retirement Benefit (Chapter 238)

Pension Benefits - The OPERS retirement allowance is payable monthly for life. Members may select from 13 retirement benefit options that are actuarially equivalent to the base benefit. 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 either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits 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 they are entitled.

Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit was equal to \$232,976 as of January 1, 2024, and it is indexed with inflation every year.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 11 – PENSION AND RETIREMENT PLANS (CONTINUED)

OPERS Plan (continued)

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if they have contributions in each of five calendar years or have reached at least 50 years of age before ceasing employment with a participating employer (age 45 for Police and Fire members). General Service employees may retire after reaching age 55. Police and Fire members are eligible after reaching age 50. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and Fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 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 contributions 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.

As of 2020, the Legislature introduced an Optional Spouse Death Benefit (OSDB) which may provide higher survivor benefit than the standard per-retirement death benefit described above. To be eligible for the OSDB, the member must have died before retiring, named their spouse or other person who is constitutionally required to be treated in the same manner as the spouse as their pre-retirement beneficiary, and met the following conditions:

- Member's date of death must be on or after January 1, 2020.
- Member's account must be eligible for the employer-matching death benefit (as described above).
- Member must have a surviving spouse.
- Surviving spouse must be member's sole beneficiary as determined by a valid Tier One/Tier Two Pre-retirement Beneficiary Designation form on file with OPERS.

As of January 1, 2024, the Legislature modified the rules such that, in order to be eligible for the Optional Spouse Death Benefit, a surviving spouse must make a written election no later than 60 days after the date of the estimate that OPERS provides to a member's spouse. For members who die before their earliest retirement date, the OSDB is the actuarial equivalent of 50% of the service retirement that would have been paid to the member, calculated as if the member became inactive on their date of death and retired at their earliest retirement date. For members who die after their earliest retirement date but before normal retirement age, the OSDB is the actuarial equivalent of the service retirement that would have been paid to the member calculated as if they retired on the first day of the month following their death. For members who die after their normal retirement age, the OSDB is the actuarial equivalent of the benefit that would have been paid to the member, calculated as if the member retired on the first day of the month following their date 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 (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time for General Service members is computed to age 58 (55 for Police and Fire members) when determining the monthly benefit.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 11 – PENSION AND RETIREMENT PLANS (CONTINUED)

OPERS Plan (continued)

Benefit Changes After Retirement - Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of the underlying global equity investments of that account.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA), starting with the monthly benefits received or entitled to be received on August 1. The COLA is capped at 2.0 percent.

OPSRP Pension Program (Chapter 238A)

Pension Benefits - This portion of OPSRP provides a life pension funded by employer contributions and earnings. Benefits are calculated with the following formula for members who attain normal retirement age.

Police and Fire – 1.8 percent multiplied by the number of years of service and the final average salary. Normal retirement age for a Police and Fire members is age 60 or age 53 with 25 years of retirement credit. To retire under the Police and Fire classification, the individual's last 60 months of retirement credit preceding retirement eligibility must be classified as retirement credit for service as a police officer or a firefighter. Under House Bill (HB) 2283, passed during the 2023 legislative session and effective January 1, 2024, if a member has established retirement eligibility under the Police and Fire classification as indicated above, they retain that eligibility even if they perform service thereafter as other than Police and Fire. Under HB 4045, passed during the 2024 legislative session and effective January 1, 2025, normal retirement age for Police and Fire members will be lowered to age 55 or age 53 with 25 years of retirement credit.

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 was equal to \$232,976 as of January 1, 2024, and is indexed with inflation every 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.

Death Benefits - Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached the age of their federally required minimum distribution.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 11 – PENSION AND RETIREMENT PLANS (CONTINUED)

OPERS Plan (continued)

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. Disability benefits continue until the member is no longer disabled or otherwise no longer qualifies for benefits, reaches normal retirement age, or dies.

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 OPSRP Individual Account Program (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% of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf.

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 were 15.99% for Tier 1/Tier 2 employees and 13.15% for OPSRP General Employees. The District's employer contributions for the year ended June 30, 2025 were \$4,750,288, excluding amounts to fund employee specific liabilities. The District has established a side account which is an increase in an employer's assets, reducing the gap between assets and liabilities, thereby reducing the employer's unfunded actuarial liability. Side accounts are invested by the Oregon State Treasury in the Oregon Public Employees Retirement Fund (OPERF). Earnings or losses are applied to the account at the end of each year. This account is attributed solely to the employer making the payment and is held separate from other employer reserves. As a result of this side account, the District's contribution rates are reduced.

Pension Plan Annual Comprehensive Financial Report (ACFR) - OPERS prepares their financial statements in accordance with generally accepted accounting principles in the United States of America as set forth in Governmental Accounting Standards Board (GASB) pronouncements that apply to governmental accounting for 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 plan. 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 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/ACFR/2024-ACFR.pdf>

Actuarial Valuation - The employer contribution rates effective July 1, 2023 through June 30, 2025, 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.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 11 – PENSION AND RETIREMENT PLANS (CONTINUED)

Actuarial Methods and Assumptions Used in Developing Total Pension Liability

Valuation date	December 31, 2022
Measurement date	June 30, 2024
Experience study	2022, published July 24, 2023
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	<i>Healthy retirees and beneficiaries:</i> 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. <i>Active members:</i> Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> 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.

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 2022 Experience Study, which reviewed experience for the four-year period ending on December 31, 2022.

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.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 11 – PENSION AND RETIREMENT PLANS (CONTINUED)

OPERS Plan (continued)

Assumed Asset Allocation

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.0%
Debt securities	25.0%
Public equity	27.5%
Private equity	20.0%
Real estate	12.5%
Real assets	7.5%
Diversifying strategies	7.5%
Total	<u>100.0%</u>

Investment Rate of Return – To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January, 2023 the OPERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>20-Year Annualized Geometric Mean</u>
Global equity	27.50%	7.07%
Private equity	25.50%	8.83%
Core fixed income	25.00%	4.50%
Real estate	12.25%	5.83%
Master limited partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge funds of funds - multistrategy	1.25%	6.27%
Hedge fund equity - hedge	0.63%	6.48%
Hedge fund - macro	5.62%	4.83%
Total	<u>100%</u>	
Assumed inflation - mean		2.35%

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 11 – PENSION AND RETIREMENT PLANS (CONTINUED)

OPERS Plan (continued)

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2025, the District reported a liability of \$45,653,109 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. 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, 2024 (measurement date) the District's proportion was approximately 0.20539259 percent.

For the year ended June 30, 2025, the District recognized an increase in pension expense of \$1,126,570. The \$1,126,570 was treated as an increase of payroll related expense in the Statement of Activities and allocated to Instruction, Support Services, and Community Services using allocation percentages of 52%, 45% and 3%, respectively.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,704,524	\$ 108,959
Changes in assumptions	4,589,978	5,880
Net difference between projected and actual earnings on investments	2,900,249	-
Changes in proportionate share	832,191	3,107,859
Difference in proportion and contribution differences	1,693	3,096,788
District's contributions subsequent to the measurement date	4,750,288	-
Total	<u>\$ 15,778,923</u>	<u>\$ 6,319,486</u>

\$4,750,288 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, 2026.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 11 – PENSION AND RETIREMENT PLANS (CONTINUED)

OPERS 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
2026	\$ (1,715,640)
2027	3,592,740
2028	1,528,762
2029	1,025,277
2030	278,010
Thereafter	-
Total	<u>\$ 4,709,149</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	\$ (72,015,926)	\$ (45,653,109)	\$ (23,572,962)

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 11 – PENSION AND RETIREMENT PLANS (CONTINUED)

Changes in Assumptions - A summary of key changes implemented since the December 31, 2022 valuation are noted below. Additional detail and list of changes can be found in the December 31, 2023 Actuarial Valuation, which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2024/12312023-Actuarial-Valuation.pdf>

Assumption Changes

- The retirement assumptions for OPSRP Police & Fire members were revised to estimate possible changes in retirement patterns that could arise from the plan changes included in House Bills 4045.

Actuarial Method Changes

- There were no changes to actuarial methods since the December 31, 2022 actuarial valuation.

Plan Changes

Bill 4045 from the 2024 legislative session lowered the normal retirement age for OPSRP Police & Fire from age 60 to 55, effective January 1, 2025. Members still qualify for earlier unreduced retirement if age 53 with 25 or more years of service. This plan change is reflected in the December 31, 2023 actuarial valuation.

House Bill 4045 also made the following changes which are not reflected in the December 31, 2023 actuarial valuation:

- Effective January 1, 2025, forensic scientists and elected District Attorneys are now included in the "Police & Fire" definition of membership.
- Effective January 1, 2030, a new hazardous position member classification was created for OPSRP members with benefit levels and retirement eligibilities that fall in between existing classifications for General Service and Police & Fire members. The hazardous position membership classification is statutorily limited to emergency telecommunicators employees at Oregon State Hospital with direct patient contract.

Defined Contribution Plan – Individual Account Program (IAP)

Pension Benefits - 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 414(k).

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.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 11 – PENSION AND RETIREMENT PLANS (CONTINUED)

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

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. In 2023, if a member earns more than \$3,570 per month, 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.

EPSA redirect is only triggered when the member's gross pay in a month exceeds the monthly salary threshold, tied to the annual Consumer Price Index (All Urban Consumers, West Region).

During 2025, the District, as an employee benefit, paid the employee portion of the contribution. Employer contributions for the year ended June 30, 2025 were \$1,900,550, of which \$1,650,059, was deposited into the individual members' accounts.

NOTE 12 - CONTINGENCIES

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

The School District has elected, under the State Unemployment Act of July 1, 1974, to reimburse the State Employment Department for any claims paid. Reimbursements are made from the District's self- insurance Fund.

NOTE 13 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

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

NOTE 14 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2025

NOTE 15 – ECONOMIC DEPENDENCY

Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenue. The Basic School Support funding provided by the state to all public school systems in Oregon is primarily based on student enrollment. The State provided \$38,155,571 to the District, which represents approximately 61% of the District's total general revenues for the year.

NOTE 16 – TAX ABATEMENTS

As of June 30, 2025, Jackson and Josephine counties provide tax abatements through the Enterprise Zone program.

Enterprise Zone (ORS 285.597):

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

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

For the fiscal year ended June 30, 2025, Three Rivers School District abated property taxes totaling \$14,200 under this program.

NOTE 17 – COMMITMENTS

The District has various active construction obligations at June 30, 2025. The total project costs of these obligations was approximately \$7,881,287. As of June 30, 2025, there was \$5,953,407 outstanding remaining on the contracts.

NOTE 18 – SUBSEQUENT EVENTS

Management of the District has evaluated events and transactions occurring after June 30, 2025 through, the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.



REQUIRED SUPPLEMENTARY INFORMATION

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Property taxes	\$ 21,333,066	\$ 21,333,066	\$ 20,974,539	\$ (358,527)
Charges for services	90,000	90,000	228,738	138,738
Donations	-	-	106	106
Investment income	500,000	500,000	879,719	379,719
Miscellaneous	136,000	136,000	317,917	181,917
Intermediate sources:				
Intergovernmental	850,000	850,000	924,155	74,155
State sources:				
Basic school support	39,370,437	39,370,437	38,155,571	(1,214,866)
Intergovernmental	626,610	626,610	626,543	(67)
Federal sources:				
Intergovernmental	85,000	85,000	145,911	60,911
TOTAL REVENUES	62,991,113	62,991,113	62,253,199	(737,914)
EXPENDITURES				
Current:				
Instruction	37,257,544	37,257,544	35,622,470	1,635,074
Support services	29,674,737	29,674,737	28,228,355	1,446,382
Facilities acquisition and construction	-	500,000	469,095	30,905
Contingency	2,510,000	2,260,000	-	2,260,000
TOTAL EXPENDITURES	69,442,281	69,692,281	64,319,920	5,372,361
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,451,168)	(6,701,168)	(2,066,721)	4,634,447
OTHER FINANCING SOURCES (USES):				
Transfers out	(188,000)	(438,000)	(569,827)	(131,827)
TOTAL OTHER FINANCING SOURCES (USES)	(188,000)	(438,000)	(569,827)	(131,827)
NET CHANGE IN FUND BALANCE	(6,639,168)	(7,139,168)	(2,636,548)	4,502,620
FUND BALANCE, JULY 1, 2024	9,139,168	10,089,168	10,104,119	14,951
FUND BALANCE, JUNE 30, 2025	\$ 2,500,000	\$ 2,950,000	\$ 7,467,571	\$ 4,517,571

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Charges for services	\$ 1,165,000	\$ 1,165,000	\$ 1,344,709	\$ 179,709
Donations	-	-	158,489	158,489
Investment income	4,000	4,000	11,772	7,772
Miscellaneous	20,000	20,000	60,144	40,144
Intermediate sources:				
Intergovernmental	-	-	9,235	9,235
State sources:				
Intergovernmental	8,416,738	8,494,318	8,699,042	204,724
Federal sources:				
Intergovernmental	12,948,297	12,948,297	10,592,091	(2,356,206)
TOTAL REVENUES	22,554,035	22,631,615	20,875,482	(1,756,133)
EXPENDITURES				
Current:				
Instruction	10,246,552	10,324,132	9,177,456	1,146,676
Support services	7,718,321	7,718,321	8,318,948	(600,627)
Enterprise and community services	2,789,803	2,789,803	2,895,158	(105,355)
Facilities acquisition and construction	3,518,000	3,518,000	550,966	2,967,034
Contingency	125,000	125,000	-	125,000
TOTAL EXPENDITURES	24,397,676	24,475,256	20,942,528	3,532,728
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,843,641)	(1,843,641)	(67,046)	1,776,595
OTHER FINANCING SOURCES (USES):				
Transfers in	23,000	23,000	154,827	131,827
TOTAL OTHER FINANCING SOURCES (USES)	23,000	23,000	154,827	131,827
NET CHANGE IN FUND BALANCE	(1,820,641)	(1,820,641)	87,781	1,908,422
FUND BALANCE, JULY 1, 2024	1,820,641	1,820,641	1,626,824	(193,817)
FUND BALANCE, JUNE 30, 2025	\$ -	\$ -	\$ 1,714,605	\$ 1,714,605

**THREE RIVERS SCHOOL DISTRICT
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**

Three Rivers School District Proportionate Share of Net Pension (Liability) / Asset

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension asset/(liability)	0.20539259%	0.20104887%	0.22596488%	0.2227861%	0.2396684%	0.2360184%	0.2485268%	0.2440468%	0.2437456%	0.2411978%
District's proportion of the net pension asset/(liability)	\$ (45,653,109)	\$ (37,657,833)	\$ (34,599,757)	\$ (26,659,650)	\$ (52,303,893)	\$ (40,825,524)	\$ (37,648,531)	\$ (32,897,601)	\$ (36,591,868)	\$ (13,848,281)
District's covered-employee payroll	\$ 33,853,964	\$ 33,368,229	\$ 30,955,141	\$ 29,979,164	\$ 28,411,408	\$ 28,610,083	\$ 28,164,703	\$ 26,105,736	\$ 24,804,360	\$ 23,985,316
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-135%	-113%	-112%	-88.93%	-184.09%	-142.70%	-133.67%	-126.02%	-147.52%	-57.74%
Plan fiduciary net position as a percentage of the total pension liability	79.30%	81.70%	84.50%	87.57%	75.80%	80.20%	82.10%	83.10%	80.52%	91.88%

Three Rivers School District Pension Contributions

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contributions	\$ 4,750,288	\$ 4,523,144	\$ 4,409,581	\$ 4,276,914	\$ 4,722,996	\$ 4,520,220	\$ 2,806,404	\$ 3,805,443	\$ 2,403,712	\$ 2,376,272
Contribution in relation to the contractually required	(4,750,288)	(4,523,144)	(4,409,581)	(4,276,914)	(4,722,996)	(4,520,220)	(2,806,404)	(3,805,443)	(2,403,712)	(2,376,272)
Contributions deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered - employee payroll	\$ 35,653,952	\$ 33,853,964	\$ 33,368,229	\$ 30,955,141	\$ 29,979,164	\$ 28,411,408	\$ 28,610,083	\$ 28,164,703	\$ 26,105,736	\$ 24,804,360
Contributions as a percentage of covered-employee payroll	13.32%	13.36%	13.21%	13.82%	15.75%	15.91%	9.81%	13.51%	9.21%	9.58%

Notes to Schedule -

A summary of key changes implemented since the prior valuation are described in *Note 12* in the Notes to the Basic Financial Statements.

OPERS side account resources were used to satisfy all contribution requirements.

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB (RHIA)
ASSET/(LIABILITY) AND SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (RHIA)
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)**

Three Rivers School District Proportionate Share of Net OPEB (Liability) / Asset

	2025	2024	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB RHIA asset/(liability)	0.21733679%	0.23796693%	0.19455365%	0.26300956%	0.55890575%	0.22720791%	0.27381244%	0.24284476%
District's proportion of the net OPEB RHIA asset/(liability)	\$ 877,842	\$ 871,354	\$ 691,318	\$ 903,176	\$ 1,138,828	\$ 439,048	\$ 305,649	\$ 101,349
District's covered-employee payroll	\$ 33,853,964	\$ 33,368,229	\$ 30,955,141	\$ 29,979,164	\$ 28,411,408	\$ 28,610,083	\$ 28,164,703	\$ 26,105,736
District's proportionate share of the net OPEB RHIA asset/(liability) as a percentage of its covered-employee payroll	2.59%	2.61%	2.23%	3.01%	4.01%	1.53%	1.09%	0.39%
Plan fiduciary net position as a percentage of the total pension liability	220.60%	201.60%	194.60%	183.90%	150.10%	123.90%	123.90%	108.88%

Three Rivers School District Contributions

	2025	2024	2023	2021	2021	2020	2019	2018
Contractually required contributions	\$ 5	\$ 861	\$ 4,689	\$ 4,795	\$ 7,037	\$ 39,912	\$ 112,609	\$ 132,581
Contribution in relation to the contractually required	(5)	(861)	(4,689)	(4,795)	(7,037)	(39,912)	(112,609)	(132,581)
Contributions deficiency (excess)	\$ -	\$ -	-	-	-	-	-	-
District's covered - employee payroll	\$ 35,653,952	\$ 33,853,964	\$ 33,368,229	\$ 30,955,141	\$ 29,979,164	\$ 28,411,408	\$ 28,610,083	\$ 28,164,703
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.01%	0.02%	0.02%	0.14%	0.39%	0.47%

Notes to Schedule -

A summary of assumption changes implemented since the prior valuation are outlined briefly in *Note 11* to the financial statements.

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 year 2018, as a result only eight years of information is presented

THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF CHANGE IN THE DISTRICT'S TOTAL PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability (Stipend):									
Service cost	\$ 48,957	\$ 49,569	\$ 114,018	\$ 142,549	\$ 118,390	\$ 114,386	\$ 188,346	\$ 183,752	\$ 183,752
Interest	81,096	81,747	99,275	69,753	66,457	97,343	122,524	124,163	121,038
Changes of benefit terms	-	-	(339,635)	-	-	-	-	-	-
Differences between expected and actual experience	197,021	-	(226,157)	-	279,788	-	(1,303,901)	-	-
Changes of assumptions of other inputs	(74,456)	(21,236)	8,647	(206,675)	(113,669)	200,109	13,240	(229,724)	-
Benefit payments	(280,476)	(243,521)	(252,885)	(228,683)	(228,595)	(258,300)	(239,991)	(218,597)	(182,640)
Net change in total pension liability (stipend)	\$ (27,858)	\$ (133,441)	(596,737)	(223,056)	122,371	153,538	(1,219,782)	(140,406)	122,150
Total Pension Liability (Stipend) - beginning	<u>\$ 2,118,672</u>	<u>\$ 2,252,113</u>	<u>\$ 2,848,850</u>	<u>\$ 3,071,906</u>	<u>\$ 2,949,535</u>	<u>\$ 2,795,997</u>	<u>\$ 4,015,779</u>	<u>\$ 4,156,185</u>	<u>\$ 4,034,035</u>
Total Pension liability (Stipend) - ending	<u>\$ 2,090,814</u>	<u>\$ 2,118,672</u>	<u>\$ 2,252,113</u>	<u>\$ 2,848,850</u>	<u>\$ 3,071,906</u>	<u>\$ 2,949,535</u>	<u>\$ 2,795,997</u>	<u>\$ 4,015,779</u>	<u>\$ 4,156,185</u>
Estimated Covered - employee payroll	\$3,759,103	\$4,690,472	\$4,531,857	\$ 15,949,603	\$ 15,485,051	\$ 13,725,109	\$ 13,260,975	\$ 18,394,083	\$ 17,858,333
Total pension liability (Stipend) as a percentage of estimated covered - employee payroll	55.62%	45.17%	49.70%	17.86%	19.84%	21.49%	21.08%	21.83%	23.27%

Notes to Schedule -

A summary of assumption changes implemented since the prior valuation are outlined briefly in *Note 12* in Notes to the Basic Financial Statements.

Other Information -

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

THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS ENDING JUNE 30 (For Years Information is Available)

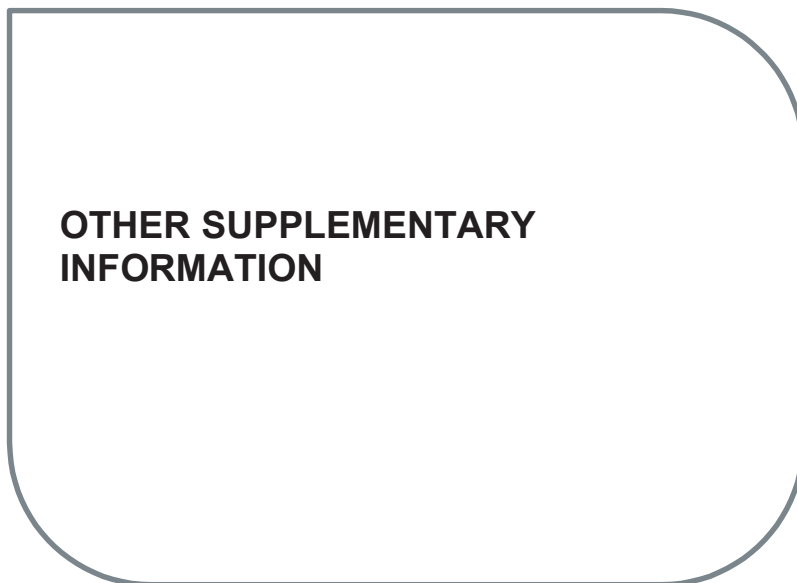
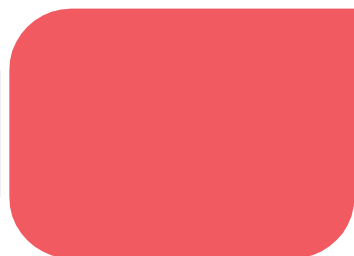
Total OPEB Liability (Medical):	2025	2024	2023	2022	2021	2020	2019	2018	2017
Service cost	\$ 260,737	\$ 262,059	\$ 229,064	\$ 278,978	\$ 272,503	\$ 263,288	\$ 312,031	\$ 304,420	\$ 304,420
Interest	194,479	179,223	172,353	120,153	141,286	264,579	197,233	206,268	212,474
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(958,468)	-	87,912	-	(748,780)	-	646,560	-	-
Changes of assumptions of other inputs	(538,973)	(69,533)	(330,254)	(394,875)	(209,678)	378,836	(1,182,792)	(297,175)	-
Benefit payments	(236,062)	(339,409)	(334,930)	(405,282)	(396,830)	(635,259)	(603,154)	(745,833)	(701,693)
Net change in total OPEB liability	(1,278,287)	32,340	(175,855)	(401,026)	(941,499)	271,444	(630,122)	(532,320)	(184,799)
Total OPEB liability - beginning	<u>\$ 4,719,268</u>	<u>\$ 4,686,928</u>	<u>\$ 4,862,783</u>	<u>\$ 5,263,809</u>	<u>\$ 6,205,308</u>	<u>\$ 5,933,864</u>	<u>\$ 6,563,986</u>	<u>\$ 7,096,306</u>	<u>\$ 7,281,105</u>
Total OPEB liability - ending	<u>\$ 3,440,981</u>	<u>\$ 4,719,268</u>	<u>\$ 4,686,928</u>	<u>\$ 4,862,783</u>	<u>\$ 5,263,809</u>	<u>\$ 6,205,308</u>	<u>\$ 5,933,864</u>	<u>\$ 6,563,986</u>	<u>\$ 7,096,306</u>
Estimated Covered - employee payroll	\$27,954,506	\$34,852,541	\$33,613,674	\$32,444,101	\$29,077,224	\$29,223,661	\$28,235,421	\$31,872,867	\$30,944,531
Total OPEB liability as a percentage of estimated covered - employee payroll	12.31%	13.54%	13.94%	14.99%	18.10%	21.23%	21.02%	20.59%	22.93%

Notes to Schedule -

A summary of assumption changes implemented since the prior valuation are outlined briefly in *Note 11* in Notes to the Basic Financial Statements.

Other Information -

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



**OTHER SUPPLEMENTARY
INFORMATION**

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Property taxes	\$ 3,197,250	\$ 3,197,250	\$ -	\$ (3,197,250)
Interest on investments	52,000	52,000	84,056	32,056
Services provided other funds	3,100,000	3,100,000	3,257,826	157,826
TOTAL REVENUES	6,349,250	6,349,250	3,341,882	(3,007,368)
EXPENDITURES				
Debt service:				
Principal and interest	6,471,957	6,471,957	3,426,955	3,045,002
Contingency	58,982	58,982	-	58,982
TOTAL EXPENDITURES	6,530,939	6,530,939	3,426,955	3,103,984
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(181,689)	(181,689)	(85,073)	96,616
OTHER FINANCING SOURCES (USES):				
Transfers in	135,000	135,000	135,000	-
TOTAL OTHER FINANCING SOURCES (USES)	135,000	135,000	135,000	-
NET CHANGE IN FUND BALANCE	(46,689)	(46,689)	49,927	96,616
FUND BALANCE, JULY 1, 2024	214,226	214,226	329,492	115,266
FUND BALANCE, JUNE 30, 2025	\$ 167,537	\$ 167,537	\$ 379,419	\$ 211,882

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Construction excise tax	\$ 230,000	\$ 230,000	\$ 320,423	\$ 90,423
Interest on investments	271,000	271,000	43,681	(227,319)
Miscellaneous	304,000	304,000	360,436	56,436
State sources:				
Intergovernmental	8,333,882	10,833,637	1,924,095	(8,909,542)
TOTAL REVENUES	9,138,882	11,638,637	2,648,635	(8,990,002)
EXPENDITURES				
Current:				
Support services	1,771,363	2,321,363	854,845	1,466,518
Facilities acquisition and construction	47,642,025	50,141,780	2,125,115	48,016,665
Contingency	528,352	528,352	-	528,352
TOTAL EXPENDITURES	49,941,740	52,991,495	2,979,960	50,011,535
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(40,802,858)	(41,352,858)	(331,325)	41,021,533
OTHER FINANCING SOURCES (USES):				
Proceeds from long term debt	39,000,000	39,000,000	-	(39,000,000)
Transfers in	-	550,000	550,000	-
TOTAL OTHER FINANCING SOURCES (USES)	39,000,000	39,550,000	550,000	(39,000,000)
NET CHANGE IN FUND BALANCE	(1,802,858)	(1,802,858)	218,675	2,021,533
FUND BALANCE, JULY 1, 2024	1,802,858	1,802,858	1,987,083	184,225
FUND BALANCE, JUNE 30, 2025	\$ -	\$ -	\$ 2,205,758	\$ 2,205,758

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
SELF-INSURANCE FUND
FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Interest on investments	\$ 15,000	\$ 15,000	\$ 18,939	\$ 3,939
Self insurance revenues	1,303,362	1,303,362	1,050,859	(252,503)
TOTAL REVENUES	1,318,362	1,318,362	1,069,798	(248,564)
EXPENDITURES				
Current:				
Support services	1,721,977	1,721,977	1,180,315	541,662
Contingency	1,458,874	1,158,874	-	1,158,874
TOTAL EXPENDITURES	3,180,851	2,880,851	1,180,315	1,700,536
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,862,489)	(1,562,489)	(110,517)	1,451,972
OTHER FINANCING SOURCES (USES):				
Tranfers out	-	(300,000)	(270,000)	30,000
Transfers in	30,000	30,000	-	(30,000)
TOTAL OTHER FINANCING SOURCES (USES)	30,000	(270,000)	(270,000)	-
NET CHANGE IN NET POSITION	(1,832,489)	(1,832,489)	(380,517)	1,451,972
FUND BALANCE, JULY 1, 2024	1,832,489	1,832,489	1,767,484	(65,005)
FUND BALANCE, JUNE 30, 2025	\$ -	\$ -	\$ 1,386,967	\$ 1,386,967

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FIDUCIARY NET POSITION - BUDGET AND ACTUAL
TRUST AND AGENCY SCHOLARSHIP FUND
FISCAL YEAR ENDED JUNE 30, 2025**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
REVENUES				
Local sources:				
Interest on investments	\$ 27	\$ 27	\$ 204	\$ 177
TOTAL REVENUES	27	27	204	177
EXPENDITURES				
Current:				
Instruction	5,157	5,157	1,917	3,240
TOTAL EXPENDITURES	5,157	5,157	1,917	3,240
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,130)	(5,130)	(1,713)	3,417
FUND BALANCE, JULY 1, 2024	5,130	5,130	5,190	60
FUND BALANCE, JUNE 30, 2025	\$ -	\$ -	\$ 3,477	\$ 3,477

SUPPLEMENTAL INFORMATION, 2024-2025

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 ESEA, Title I & other Federal Funds for Education.

- A. Energy Bill for Heating - **All Funds**:
Please enter your expenditures for
electricity & heating fuel for these
Functions & Objects.

	Objects 325 & 326 & *327
Function 2540	\$1,644,905
Function 2550	\$0

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

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

\$253,232

Exclude these functions:

1113, 1122 & 1132	Co-curricular Activities
1140	Pre-Kindergarten
1300	Continuing Education
1400	Summer School
2550	Pupil Transportation
3100	Food Service
3300	Community Services
4150	Construction

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



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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Education
Three Rivers School District
Murphy, Oregon

We have audited the basic financial statements of Three Rivers School District (the District) as of and for the year ended June 30, 2025, and have issued our report thereon dated December 22, 2025. 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 162-010-0330 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 162-010-0330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as disclosed in *Note 1* of the financial statements.

OAR 162-010-0330 Internal Control

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.

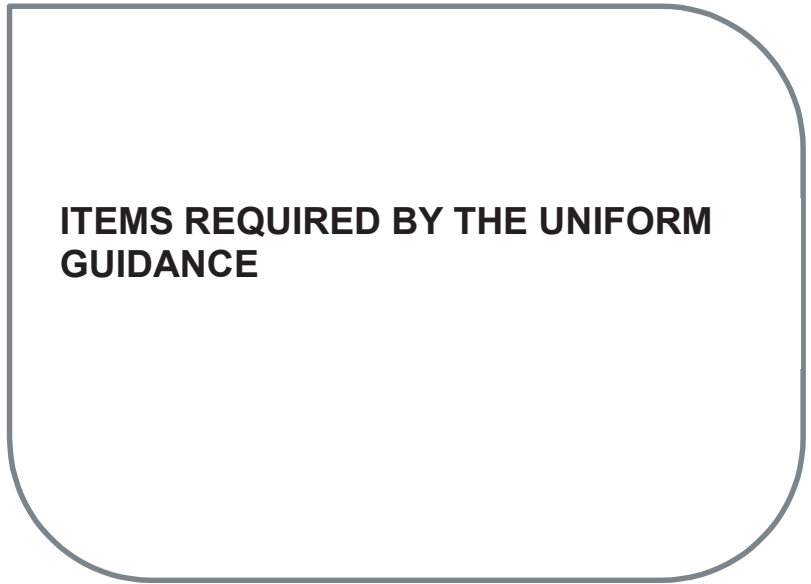
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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 L. Grupe, CPA, Shareholder
Sorren CPAs P.C.
Boise, Idaho
December 22, 2025



**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

Board of Education
Three Rivers School District
Murphy, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Three River School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2025.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 disclose no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Jeny Grupe".

Jeny L. Grupe CPA, Shareholder
Sorren CPAs P.C.
Boise, Idaho
December 22, 2025



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
Three Rivers School District
Murphy, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Three River School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 GAAS, *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 GAAS, *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 control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Jeny Grupe".

Jeny L. Grupe CPA, Shareholder
Sorren CPAs P.C.
Boise, Idaho
December 22, 2025

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>GRANT/CONTRACT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Oregon State Department of Education:			
Child Nutrition Cluster			
National School Breakfast Program	10.553	N/A	\$ 528,279
Supply Chain Assistance	10.555	N/A	103,421
National School Lunch Program	10.555	N/A	1,823,405
National School Lunch Program (Commodities)	10.555	N/A	114,895
CNP Fresh Fruit & Vegetable Program	10.582	N/A	68,663
Total Child Nutrition Cluster			<u>2,638,663</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			\$ 2,638,663
U.S. DEPARTMENT OF EDUCATION			
Passed Through Oregon State Department of Education:			
TITLE I - Grants to Local Education Agencies			
Title I Grants to Local Educational Agencies	84.010	72630	\$ 78,580
Title I Grants to Local Educational Agencies	84.010	76595	584,878
Title I Grants to Local Educational Agencies	84.010	82278	2,227,058
Total AL 84.010			<u>2,890,516</u>
Supporting Effective Instruction State Grant	84.367	72827	16,891
Supporting Effective Instruction State Grant	84.367	76792	32,134
Supporting Effective Instruction State Grant	84.367	82541	219,456
Total AL 84.367			<u>268,481</u>
Student Support and Academic Enrichment Program	84.424	73024	34,062
Student Support and Academic Enrichment Program	84.424	77209	83,766
Student Support and Academic Enrichment Program	84.424	82738	124,566
Student Support and Academic Enrichment Program	84.424	81229	37,159
Total AL 84.424			<u>279,553</u>
COVID-19 Education Stabilization Fund -			
ARP Homeless Children & Youth	84.425W	69411	5,852
COVID-19 Education Stabilization Fund - American Rescue Plan -			
Elementary and Secondary School Emergency Relief Fund	84.425U	65002	3,538,086
Total AL 84.425			<u>3,543,938</u>
Special Education - Preschool grants	84.173	77892	7,342
Special Education - Grants to State	84.027	78077	270,394
COVID-19 Special Education - Grants to State	84.027	83467	700,545
Total Special Education Cluster (IDEA)			<u>978,281</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			\$ 7,960,769

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>GRANT/CONTRACT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Oregon State Department of Education:			
Foster Care - Title IV-E	93.658	81353	\$ 110,924
Total AL 93.658			<u>110,924</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 110,924</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 10,710,356</u>
Passed through Southern Oregon Education Service District:			
Schools and Roads - Grants to States	10.665	N/A	\$ 27,646
Total Forest Service Schools and Roads Cluster			<u>\$ 27,646</u>

**THREE RIVERS SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

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, 2025. 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 – FOOD DISTRIBUTION:

Non-monetary assistance is reported in the Schedule at fair market value of the commodities received and disbursed. For the year ended June 30, 2025, the District received food commodities totaling \$114,895.

NOTE E – SUBRECIPIENTS:

There were no awards passed through to subrecipients.

NOTE F – SCHOOLS AND ROADS – GRANTS TO STATES:

The District includes Schools and Roads – Grants to States in the schedule due to requirements of the Oregon Department of Education. These expenditures are not subject to the Uniform Guidance audit due to treatment based on guidance provided by both the Oregon Department of Education and United States Department of Agriculture.

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2025**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Three Rivers School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weakness in internal controls were disclosed by the audit of the financial statements of Three Rivers School District.
3. No instances of noncompliance material to the financial statements of Three Rivers School District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

FEDERAL AWARDS

1. No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed by the audit.
2. The auditor's report on compliance for the major federal award programs for Three Rivers School District expresses an unmodified opinion on all major federal programs.
3. The audit disclosed no findings that are required to be reported in accordance with 2 CFR section 200.516(a).
4. The programs tested as a major program include:

US Department of Education

COVID-19 Education Stabilization Fund
Special Education Cluster

AL # 84.425W, 84.425U
AL # 84.173, 84.027

5. The threshold for distinguishing Types A and B Programs was \$750,000.
6. Three Rivers School District qualified as a low-risk auditee under the criteria specified in the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None