

**THREE RIVERS SCHOOL DISTRICT**

**Josephine County, Oregon**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FISCAL YEAR ENDED JUNE 30, 2016**

**WITH**

**INDEPENDENT AUDITOR'S REPORTS**



**THREE RIVERS SCHOOL DISTRICT**

**Josephine County, Oregon**

**June 30, 2016**

BOARD OF EDUCATION AS OF JUNE 30, 2016

Danny York	Chairperson
Kate Dwyer	Vice Chairperson
Kara Olmo	Member
Paul Kelly	Member
Ron Lengwin	Member

ADMINISTRATION

P.O. Box 160  
Murphy, Oregon 97533

David Holmes	Superintendent-Clerk
Lisa Cross	Accounting Manager

# THREE RIVERS SCHOOL DISTRICT

Josephine County, Oregon

June 30, 2016

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Three Rivers School District  
Murphy, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Three Rivers School District (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2016, 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.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the General Fund and Special Revenue Fund budgetary comparison information, the Schedule of Funding Progress - Other Postemployment Benefits, the Schedule of the District's Proportionate Share of the Net Pension (Liability)/Asset, and the Schedule of the District's Pension Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to Management's Discussion and Analysis, the Schedule of Funding Progress - Other Postemployment Benefits, the Schedule of the District's Proportionate Share of the Net Pension (Liability)/Asset, and the Schedule of the District's Pension Contributions in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on 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 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 Special Revenue Fund budgetary comparison information, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information and other financial schedules listed in the Table of Contents are presented for purposes of additional analysis and are not required as part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information, other financial schedules and the Schedule of Expenditures of Federal Awards are 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 financial statements or to the 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 and Oregon State Regulations**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016, 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 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 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.

In accordance with Oregon State Regulation, we have also issued our report dated December 9, 2016 on our consideration of the District's compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Stewart C. Parmele, CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 9, 2016

**THREE RIVERS/JOSEPHINE COUNTY UNIT JOINT SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
30 JUNE 2016**

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, 2016. 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.

**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 deferred outflows, as well as liabilities and deferred inflows of the District at year end. Net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. 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 is 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).

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 I 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.



### **Overview of the Financial Statements (continued)**

**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 readily be 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* is reconciled in the financial statements.

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

**Proprietary Fund** this fund is 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.

### **Financial Analysis of the District's Funds**

Over time, net position may serve as a useful indicator of the District's financial position; as of 30 June 2016, the District's liabilities and deferred inflows exceeded its assets and deferred outflows by \$4.9 million, a decrease of approximately \$11.65 million from Fiscal year 2015.

About 63% of the District's total assets signify its investment in capital assets, which consist of the District's land, buildings and improvements, equipment, and vehicles and total \$37.2 million. The remaining assets consist mainly of cash and receivables. A large portion of these assets, \$9.4 million, is a deferred outflow related to pension costs.

The District's largest liability is \$36.2 million for the repayment of general and pension obligation bonds and leases. In accordance with the parameters of GASB statement 68, the District's second highest liability is the Net Pension Liability of \$13.8 million and the reason for the significant decrease in Net Assets. Current liabilities, representing about 8.7% of the District's total liabilities, consist primarily of payables on accounts, and salaries and benefits.

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 is 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**

<b>Assets and Deferred Outflows</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>Increase (Decrease): 2015 to 2016</b>
Current and other assets	29,008,169	26,110,083	26,320,657	18,905,013	12,401,138	(6,503,875)
Capital assets	45,990,739	43,224,558	40,579,794	38,899,054	37,208,662	(1,690,392)
Deferred outflows related to pension	-	-	-	3,146,651	9,423,883	6,277,232
<b>Total assets and deferred outflows</b>	<b>74,998,908</b>	<b>69,334,641</b>	<b>66,900,451</b>	<b>60,950,718</b>	<b>59,033,683</b>	<b>(1,917,035)</b>
<b>Liabilities</b>						
Current liabilities	3,877,747	3,714,720	3,340,704	3,560,227	5,588,502	2,028,275
Long term liabilities	45,275,520	43,771,186	41,540,479	38,887,806	49,065,620	10,177,814
Deferred inflows related to pension	-	-	-	11,764,814	9,300,629	(2,464,185)
<b>Total Liabilities and deferred inflows</b>	<b>49,153,267</b>	<b>47,485,906</b>	<b>44,881,183</b>	<b>54,212,847</b>	<b>63,954,751</b>	<b>9,741,904</b>
<b>Net Position</b>						
Net investments in capital assets	27,146,236	25,937,024	24,497,314	24,626,267	24,880,635	254,368
Restricted	4,156,447	3,427,598	2,582,248	2,495,184	1,919,927	(575,257)
Unrestricted	(5,457,043)	(7,515,887)	(5,060,294)	(20,383,582)	(31,721,630)	(11,338,048)
<b>Total Net Assets</b>	<b>25,845,640</b>	<b>21,848,735</b>	<b>22,019,268</b>	<b>6,737,869</b>	<b>(4,921,068)</b>	<b>(11,658,937)</b>

**Financial Analysis of the District's Funds**

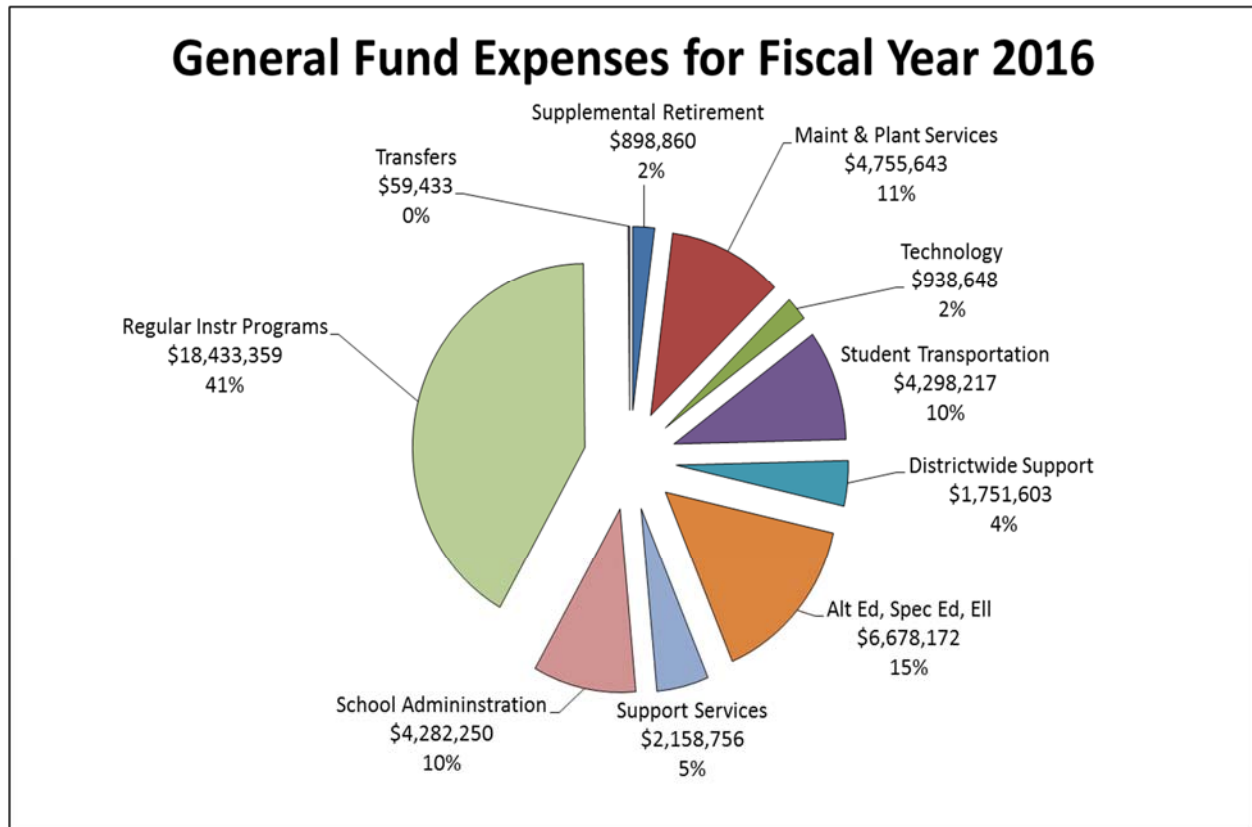
The significance of the District's governmental funds is that they provide information about short-term cash flow and funding for future basic services. This information is useful in assessing the District's financing requirements. In particular, the *unassigned fund balance* may serve as a useful measure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

**Governmental Funds Balance Sheet 2015 - 2016**

<b>Assets</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Equity in cash and investments	7,004,095	5,025,365	7,654,537	7,852,400	7,283,400
Taxes receivable	1,551,197	1,535,887	1,591,735	1,657,608	1,608,392
Other receivables	1,798,996	1,719,701	1,358,814	1,490,825	2,222,032
Prepaid expenses	611,030	754,684	140,138	609,067	124,512
<b>Total assets</b>	<b>10,965,318</b>	<b>9,035,637</b>	<b>10,745,224</b>	<b>11,609,900</b>	<b>11,238,336</b>
<b>Liabilities</b>					
Accounts Payable	366,910	354,415	945,008	618,083	452,521
Accrued Payroll	1,170,837	882,144	1,001,435	1,013,155	1,939,098
Unearned/Unavailable Revenues	1,442,804	1,297,062	1,494,648	1,463,778	1,369,986
<b>Total Liabilities</b>	<b>2,980,551</b>	<b>2,533,621</b>	<b>3,441,091</b>	<b>3,095,016</b>	<b>3,761,605</b>
<b>Fund Balances</b>					
Non-Spendable	655,067	810,903	180,728	652,449	124,512
Restricted Balances	1,871,512	2,094,443	2,402,667	2,311,950	1,735,938
Committed Balance	2,029,354	1,328,167	1,252,324	1,128,222	1,004,902
Assigned Balances	1,848,553	1,703,486	2,246,630	2,364,249	2,887,360
Unassigned Balances	1,580,281	565,017	1,221,784	2,058,012	1,724,019
<b>Total Fund Balance</b>	<b>7,984,767</b>	<b>6,502,016</b>	<b>7,304,133</b>	<b>8,514,882</b>	<b>7,476,731</b>

**General Fund** - The General Fund is the primary operating fund of the District. As of June 30, 2016, the fund balance was \$3.4 million; a decrease of \$552 thousand from the previous year. This decrease was due to a small reduction in state funding and an increase in employee compensation.

**Financial Analysis of the District's Funds - continued**



**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 balance is consistent with the prior year, up \$141 thousand from 2014-2015.

**Debt Service** - The Ending Fund Balance in the debt service fund increased by \$36 thousand. The revenue source for general obligation bonds is through a property tax levy with the amounts based on debt service requirements and the revenue source for the limited tax pension obligation bonds is through a payroll fringe expenditure.

**Capital Projects** – The Ending Fund Balance in the Capital Projects fund decreased by approximately \$663,000, this was due to district maintenance projects, equipment and vehicles purchased as mentioned below.

### **Capital Asset and Debt Administration**

**Capital Assets** – The District's investment in capital assets includes land, buildings and improvements, vehicles, and equipment. As of June 30, 2016, the District had invested \$37.2 million in capital assets, net of depreciation. This is down \$1.7 million from the previous year due to the accumulated depreciation outweighing acquisitions. The major capital asset gains were:

- 1 food service delivery van
- 3 maintenance / technology vehicles
- 1 alternative education van
- 2 district wide vehicles
- Football and basketball scoreboards at IVHS
- Security cameras at HVHS
- Modular classroom at Fruitdale Elementary
- Fleming WWTP improvements
- Fire alarm at IVHS
- LifeSkills room renovations
- Wireless network connections
- Evergreen gym floor replacement

**Long Term Debt** – At the end of the current fiscal year, the District had total bonded debt outstanding of \$36.2 million, consisting of the following:

- |                           |                 |
|---------------------------|-----------------|
| • PERS Bond               | \$23.59 million |
| • General Obligation Bond | \$10.49 million |
| • QZAB Bonds              | \$ 1.33 million |
| • HV Turf Field           | \$ .13 million  |
| • Capital Leases          | \$ .68 million  |

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

### **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. Expenditures cannot legally exceed the above appropriations except in the case of grants which could not be estimated at the time of budget adoption. Expenditures of all district funds were within authorized appropriations for the year ending June 30, 2016 with the following exception: In the Federal Programs Funds (Funds 200) the Food Service Program community services expenses exceeded the appropriations by \$3,012 (see page 40). It should be noted the total expenditures for this fund are over \$2.1 million, and the variance is less than 2-tenths of 1 percent. A combination of a significant increase in student lunches served (which directly relates to program expenses) and the fact that the district is on modified accrual and did not receive June invoices until after the end of the fiscal year, in July, resulted in this variance.


### **Economic Factors & Next Year's Budget**

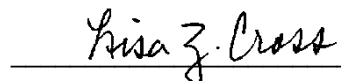
For the first time in 15 years, the District's 2016-17 student enrollment is projected to be stable as compared to the previous year. This is a significant improvement and will be an advantage to state funding allocations not only in 2016-17 but the following year as well. However, primary resources for the District are, in order, allocation of state taxes (primarily income taxes), local taxes (primarily property taxes) and federal and state grants and while the State of Oregon has reported the economy is "stable", Oregon continues to face projected budget shortfalls in 2015-17 and 2017-19. In addition, PERS employer contribution rates (as a percentage of payroll) are expected to increase 4-5 percent in each of the next three biennia, starting in 2017-19 through 2021-23. This equates to over \$1 million in additional expenses to the District every year.

For the 2017-19 biennium, the District and its stakeholders will face the challenge of retaining programs and learning opportunities for students, providing safe and healthy learning environments, and offering viable employee benefits.

### **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 Superintendent at 8550 New Hope Road, Grants Pass, Oregon 97527.

\_\_\_\_\_, Superintendent

\_\_\_\_\_, Accounting Manager

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



**THREE RIVERS SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

	Governmental Activities
<b>ASSETS AND DEFERRED OUTFLOWS:</b>	
<b>ASSETS:</b>	
Cash and investments	\$ 8,444,467
Taxes receivable	1,608,392
Other receivables	852,940
Intergovernmental account receivables	1,370,827
Prepaid expenses	77,727
Inventories	46,785
Capital assets, net	
Land	598,310
Buildings and improvements	33,518,845
Machinery, equipment and vehicles	3,091,507
<b>TOTAL ASSETS</b>	<b>49,609,800</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred outflows related to pension	9,423,883
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>59,033,683</b>
<b>LIABILITIES AND DEFERRED INFLOWS:</b>	
<b>LIABILITIES:</b>	
Accounts payable	454,834
Accrued payroll liabilities	1,939,581
Accrued interest payable	30,575
Accrued compensated absences	130,318
Accrued retirement benefits	2,015,862
Net pension liability	13,848,281
Capital lease payable	
Due within one year	84,644
Due in more than one year	592,765
Note payable	
Due within one year	13,797
Due in more than one year	111,958
Debt payable, net of bond premiums	
Due within one year	2,850,109
Due in more than one year	32,581,398
<b>TOTAL LIABILITIES</b>	<b>54,654,122</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pension	9,300,629
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<b>63,954,751</b>
<b>NET POSITION:</b>	
Net investment in capital assets	24,880,635
Restricted for:	
Special projects	45,694
Debt service	1,254,485
Capital projects	607,036
Unrestricted	(31,708,918)
<b>TOTAL NET POSITION</b>	<b>\$ (4,921,068)</b>

**THREE RIVERS SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change In Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 37,778,650	\$ 1,789,359	\$ 4,316,186	\$ (31,673,105)
Supporting services	26,109,535	196,598	1,441,533	(24,471,404)
Community services	2,693,302	144,024	2,096,698	(452,580)
Facilities acquisition and construction	22,562	38,765	-	16,203
Interest on long term debt	1,915,035	-	-	(1,915,035)
Total government activities	<u>\$ 68,519,084</u>	<u>\$ 2,168,746</u>	<u>\$ 7,854,417</u>	<u>(58,495,921)</u>
General revenues:				
Property taxes levied for general purposes				14,800,435
Property taxes levied for debt service				2,198,322
Construction excise tax				256,031
State school fund - general support				26,949,925
Common school fund				542,869
Federal forest fees				135,369
Unrestricted state and local sources				802,881
Earnings on investments				116,537
Gain on sale of surplus property				103,677
Miscellaneous				<u>930,938</u>
Total general revenues				<u>46,836,984</u>
<b>CHANGE IN NET POSITION</b>				(11,658,937)
<b>NET POSITION - July 1, 2015</b>				<u>6,737,869</u>
<b>NET POSITION - June 30, 2016</b>				<u>\$ (4,921,068)</u>

**FUND FINANCIAL STATEMENTS**

**THREE RIVERS SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 4,461,559	\$ 273,335	\$ 1,044,240	\$ 1,504,266	\$ 7,283,400
Receivables					
Property taxes	1,398,147	-	210,245	-	1,608,392
Accounts	400,411	363,321	-	87,473	851,205
Grants	-	1,370,827	-	-	1,370,827
Prepaid	77,727	-	-	-	77,727
Inventory	46,785	-	-	-	46,785
<b>TOTAL ASSETS</b>	<b>\$ 6,384,629</b>	<b>\$ 2,007,483</b>	<b>\$ 1,254,485</b>	<b>\$ 1,591,739</b>	<b>\$ 11,238,336</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 291,755	\$ 158,107	\$ -	\$ 2,659	\$ 452,521
Accrued payroll liabilities	1,548,562	386,479	-	4,057	1,939,098
<b>TOTAL LIABILITIES</b>	<b>1,840,317</b>	<b>544,586</b>	<b>-</b>	<b>6,716</b>	<b>2,391,619</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	1,185,997	-	183,989	-	1,369,986
<b>TOTAL DEFERRED INFLOWS</b>	<b>1,185,997</b>	<b>-</b>	<b>183,989</b>	<b>-</b>	<b>1,369,986</b>
Fund Balances:					
Nonspendable					
Prepaid & Inventory	124,512	-	-	-	124,512
Restricted					
Education - Grants	-	12,712	-	-	12,712
Building Improvements	-	45,694	-	-	45,694
Debt Service	-	-	1,070,496	-	1,070,496
Excise Tax Projects	-	-	-	607,036	607,036
Committed					
Emergency funds	500,000	-	-	-	500,000
Energy projects	-	-	-	504,902	504,902
Assigned					
School improvement projects	1,009,784	-	-	-	1,009,784
Technology	-	191,422	-	-	191,422
Student Body Funds	-	954,884	-	-	954,884
Other purposes	-	258,185	-	-	258,185
Capital improvements	-	-	-	473,085	473,085
Unassigned	1,724,019	-	-	-	1,724,019
<b>TOTAL FUND BALANCES</b>	<b>3,358,315</b>	<b>1,462,897</b>	<b>1,070,496</b>	<b>1,585,023</b>	<b>7,476,731</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,384,629</b>	<b>\$ 2,007,483</b>	<b>\$ 1,254,485</b>	<b>\$ 1,591,739</b>	<b>\$ 11,238,336</b>

**THREE RIVERS SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO STATEMENT OF NET POSITION  
JUNE 30, 2016**

<b>TOTAL FUND BALANCES</b>		<b>\$ 7,476,731</b>
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 114,711,519	
Accumulated depreciation	<u>(77,502,857)</u>	37,208,662
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.		1,369,986
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.		1,160,006
The asset (liability) associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.		(13,848,281)
The net deferred outflow/(inflow) associated with the District's pension (OPERS) is not recorded in the governmental funds as it is not available nor payable currently.		123,254
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable	(30,575)	
Note payable	(125,755)	
Capital leases payable	(677,409)	
Debt payable, net of bond premium	(35,431,507)	
Accrued compensated absences	<u>(130,318)</u>	(36,395,564)
The other post employment benefit liability obligation is not reported with the governmental funds.		<u>(2,015,862)</u>
<b>TOTAL NET POSITION</b>		<b><u>\$ (4,921,068)</u></b>

**THREE RIVERS SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2016**

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>REVENUES</b>					
Property taxes and other taxes	\$ 14,831,571	\$ -	\$ 2,198,322	\$ 256,031	\$ 17,285,924
Intergovernmental	28,431,044	7,854,417	-	-	36,285,461
Charges for services	98,699	1,742,775	-	-	1,841,474
Local grants and contributions	7,500	96,177	-	-	103,677
Investment earnings	63,640	862	10,847	39,084	114,433
Miscellaneous	270,840	302,036	2,143,207	262,404	2,978,487
<b>TOTAL REVENUES</b>	<b>43,703,294</b>	<b>9,996,267</b>	<b>4,352,376</b>	<b>557,519</b>	<b>58,609,456</b>
<b>EXPENDITURES</b>					
Current					
Instruction	25,111,531	5,935,793	-	-	31,047,324
Support services	19,083,978	1,728,583	-	1,118,297	21,930,858
Enterprise and community services	-	2,210,381	-	-	2,210,381
Facilities and acquisition	-	-	-	102,652	102,652
Debt Service	-	-	4,326,388	-	4,326,388
<b>TOTAL EXPENDITURES</b>	<b>44,195,509</b>	<b>9,874,757</b>	<b>4,326,388</b>	<b>1,220,949</b>	<b>59,617,603</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(492,215)</b>	<b>121,510</b>	<b>25,988</b>	<b>(663,430)</b>	<b>(1,008,147)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers	(59,433)	19,433	10,000	-	(30,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(59,433)</b>	<b>19,433</b>	<b>10,000</b>	<b>-</b>	<b>(30,000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(551,648)</b>	<b>140,943</b>	<b>35,988</b>	<b>(663,430)</b>	<b>(1,038,147)</b>
<b>FUND BALANCE, July 1, 2015</b>	<b>3,909,963</b>	<b>1,321,954</b>	<b>1,034,508</b>	<b>2,248,453</b>	<b>8,514,878</b>
<b>FUND BALANCE, June 30, 2016</b>	<b>\$ 3,358,315</b>	<b>\$ 1,462,897</b>	<b>\$ 1,070,496</b>	<b>\$ 1,585,023</b>	<b>\$ 7,476,731</b>

**THREE RIVERS SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

**NET CHANGE IN FUND BALANCE** **\$ (1,038,147)**

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

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

Expenditures for capital assets	\$ 907,823	
Less current year depreciation	<u>(2,598,212)</u>	(1,690,389)

Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position. This is the principal payment.		2,645,066
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Governmental funds report the effect of issuance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences: Amortization of premium		8,069
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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.		(37,459)
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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	1,895,739	
Interest expense	<u>(1,888,336)</u>	7,403

Governmental funds report proceeds from the sale of capital assets as revenue. However, only the net gain (loss) on the sale is reported in the Statement of Activities. Cost basis of assets sold	182,420	
Accumulated depreciation	<u>(182,420)</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.		(31,136)
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The change in the net post employment benefit obligation is not recognized in the governmental funds.		(489,083)
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Accrued ERB liability is recognized as an expenditure in the governmental funds when paid. In the Statement of Activities accrued ERB liability is recognized as an expenditure when the liability is incurred.		214,000
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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.		(43,359)
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Governmental funds report pension contributions as expenditures. In the statement of activities, the cost of pension benefits earned (actuarially determined) net of employee contributions is reported as pension expense.		<u>(11,203,902)</u>
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<b>CHANGE IN NET POSITION</b>		<u><u>\$ (11,658,937)</u></u>
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**THREE RIVERS SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2016**

	Internal Service Fund
<b>ASSETS</b>	
Equity in pooled cash and investments	\$ 1,161,067
Accounts receivable	<u>1,735</u>
<b>TOTAL ASSETS</b>	<u><u>1,162,802</u></u>
<b>LIABILITIES AND NET POSITION</b>	
Current liabilities	
Accounts payable	2,313
Accrued payroll liabilities	<u>483</u>
<b>TOTAL LIABILITIES</b>	<u>2,796</u>
<b>NET POSITION</b>	
Unrestricted	<u>1,160,006</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 1,160,006</u></u>



**THREE RIVERS SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2016**

	Internal Service Fund
	<hr/>
<b>OPERATING REVENUES</b>	
Self insurance revenues	\$ 415,429
	<hr/>
<b>TOTAL OPERATING REVENUES</b>	415,429
	<hr/>
<b>OPERATING EXPENSES</b>	
Current	
Support services	484,990
	<hr/>
<b>TOTAL OPERATING EXPENSES</b>	484,990
	<hr/>
<b>TOTAL OPERATING INCOME / (LOSS)</b>	(69,561)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
<b>NONOPERATING REVENUES</b>	
Interest income	2,102
	<hr/>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	2,102
	<hr/>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(67,459)
Transfers in	30,000
	<hr/>
<b>CHANGE IN NET POSITION</b>	(37,459)
<b>NET POSITION, June 30, 2015</b>	1,197,465
	<hr/>
<b>NET POSITION, June 30, 2016</b>	\$ 1,160,006
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**THREE RIVERS SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2016**

	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Interfund activity - self insurance receipts	\$ 415,429
Supporting services	<u>(484,530)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(69,101)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers in	<u>30,000</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>30,000</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>2,102</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>2,102</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(36,999)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,198,066</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 1,161,067</u></u>
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING INCOME</b>	
Operating income (loss)	\$ (69,561)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in accounts receivable	(1,722)
Decrease in accounts payable	<u>2,182</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (69,101)</u></u>

**THREE RIVERS SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2016**

	Scholarship Expendable Trust Fund
<b>ASSETS:</b>	
Equity in pooled cash and investments	\$ 5,810
<b>LIABILITIES</b>	
Due to students and other groups	-
<b>NET POSITION</b>	
Reserved for scholarships	\$ 5,810

**THREE RIVERS SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION  
FIDUCIARY FUND  
YEAR ENDED JUNE 30, 2016**

	Scholarship Expendable Trust Fund
<b>ADDITIONS</b>	
Earnings on investments	\$ 69
<b>TOTAL ADDITIONS</b>	<u>69</u>
<b>REDUCTIONS</b>	
Total Deductions	<u>2,000</u>
<b>CHANGE IN NET POSITION</b>	(1,931)
<b>NET POSITION, June 30, 2015</b>	<u>7,741</u>
<b>NET POSITION, June 30, 2016</b>	<u><u>\$ 5,810</u></u>

**NOTES TO BASIC FINANCIAL STATEMENT**

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies**

**The Reporting Entity**

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 the both Sunny Wolf Charter School and Woodland Charter School will not be included in the Three Rivers School District statements as a component unit for the following reasons:

- TRSD is not financially accountable for either Sunny Wolf or Woodland Charter School
- TRSD does not appoint any members of the charter schools' governing body
- TRSD is not able to impose its will on either of the organizations
- There is no potential for either charter school to provide specific financial benefits to, or imposes specific financial burdens on TRSD
- TRSD cannot legally access either charter schools' resources
- TRSD is not legally obligated for the debt of either organization
- TRSD is not legally obligated to provide financial support to either organization

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, none of them are considered component units or included in these basic financial statements.

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

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**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 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.

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 and fiduciary funds. 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 remaining governmental funds are aggregated and reported as other governmental 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 revenue sources that are legally restricted to expenditure for specific purposes. This fund accounts for the revenues and expenditures related to Federal and State grants, as well as those related to student body activities.

*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 and Full Faith General Obligation Bonds payments. The principal sources of revenues are property taxes, earnings on investments, services provided to other funds and other local revenues.

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

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

Additionally, the District reports the following fund type:

*Internal Service Fund* - The Internal Service Fund accounts for monies used for self-insurance policies. Principal revenue sources are fees charged, miscellaneous revenues and investment earnings.

The following Fiduciary fund is reported:

*Fiduciary Fund* - These are the funds that account for the assets held by the District as a trustee or agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. The fund included in this category is:

*Private Purpose Trust 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 capital leases are reported as other financing sources.

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 one type of deferred outflow, which arises only under the full accrual of accounting (i.e. government-wide financials) that qualifies for reporting in this category. Accordingly, the item, a deferred amount related to pensions, is reported only in the government-wide statement of net position.



**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

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 two types of deferred inflows. One arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The District has one type of deferred inflow which arises only under the full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred amounts related to pensions, is reported in the government-wide statement of net position.

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 cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

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

**Investment Income**

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

**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.

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Property Taxes Receivable (continued)**

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.

**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.

**Interfund Transactions**

Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. These advances (reported in "due from" asset accounts) are considered "available spendable resources".

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

**Supplies 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.

A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when purchased and are stated at their fair market value based on guidelines provided by the USDA. Commodities on hand at year end are included in Supplies Inventory on the Statement of Net Position.

**Capital Assets**

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	25 to 50 years
Vehicles	10 to 15 years
Equipment	5 to 20 years

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Retirement Plan**

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged as expenditures/expenses as funded.

**Compensated Absences**

The District's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay. The current and long term liabilities for vested or accumulated vacation leave, compensatory time, and retirement benefits are reported on the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave or resignation.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, 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 currently has deferred outflows related to pension costs reported on the Statement of Net Position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition on net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has deferred inflows related to pension costs reported on the Statement of Net Position. Additionally, the District has one type of deferred inflows which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

**Long-term Debt**

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. 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 debt service expenditures.

**Post-employment Health Benefits**

Eligible employees who elect early retirement are entitled to payment of group medical insurance premiums. Such costs are recorded as expenses in the governmental fund types as premiums become due.

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Net Position / Fund Balance**

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

- a. 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 inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included.
- b. Restricted net position – Consists of restricted assets and deferred outflows or resources reduced by liabilities and deferred inflows of resources related to those assets and deferred outflows of resources. 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.
- c. 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.

**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 and appropriation resolution.

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Budget (continued)**

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget 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 one resolution transferring appropriation authority within the General Fund. Appropriations lapse at the end of each fiscal year.

During the fiscal year ended June 30, 2016, the District was in compliance with Local Budget Law, except as follows:

The District over expended in the Federal Programs Fund in the Enterprise and Community Services category by \$3,012. This was due to an increase in student lunches served as well as the fact that the district is on modified accrual and did not receive June invoices until after the end of the fiscal year.

**Use of Estimates**

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that 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.

**Note 2 - Equity in Pooled Cash and Investments**

Cash and investments are comprised of the following as of June 30, 2016:

Petty cash	\$ 50
Carrying amount of demand deposits	3,868,669
Carrying amount of investments	4,581,558
	<hr/>
	\$ 8,450,277
	<hr/>

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

Statement of Net Position	
Cash and investments	\$ 8,444,467
Statement of Fiduciary Net Position	
Cash and investments	5,810
	<hr/>
Total cash and investments	\$ 8,450,277
	<hr/>

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 2 - Equity in Pooled Cash and Investments (continued)**

**Deposits.** The Governmental Accounting Standards Board 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, 2016. 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, 2016, the carrying amounts of the District's deposits in various financial institutions were \$3,868,669 and the bank balances were \$4,350,431. 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 \$3,600,431 was covered by FDIC. However, this balance was covered by the State of Oregon shared liability structure for participating bank depositories in Oregon.

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

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

**Investments.** Three Rivers School District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2016. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer.

It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allow governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB statement No. 40, the LGIP is not rated.

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

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

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 2 - Equity in Pooled Cash and Investments (continued)**

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, 2016 and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

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

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

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

Investment Type	Maturity	of Portfolio	Fair Value
Local Government Investment Pool	1 day	100%	\$ 4,151,990

**Note 3 - Receivables**

Receivables are comprised of the following as of June 30, 2016:

	Other	Grants	Property Taxes	Total
General fund	\$ 400,411	\$ -	\$ 1,398,147	\$ 1,798,558
Special revenue fund	363,321	1,370,827	-	1,734,148
Debt service fund	-	-	210,245	210,245
Capital projects fund	87,473	-	-	87,473
Internal service fund	1,735	-	-	1,735
	<u>\$ 851,205</u>	<u>\$ 1,370,827</u>	<u>\$ 1,608,392</u>	<u>\$ 3,830,424</u>

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 4 - 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.

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	\$ 1,185,997	\$ -	\$ 1,185,997
Debt Service Fund	183,989	-	183,989
Total	<u>\$ 1,369,986</u>	<u>\$ -</u>	<u>\$ 1,369,986</u>



**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 5 - Capital Assets**

The changes in capital assets for the year ended June 30, 2016, are as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated				
Land	\$ 598,310	\$ -	\$ -	\$ 598,310
Construction-in-Progress	155,131	-	(155,131)	-
Total capital assets not being depreciated	753,441	-	(155,131)	598,310
Capital assets being depreciated				
Buildings and Improvements	107,158,690	665,890	-	107,824,580
Machinery/Equipment/Vehicles	6,073,985	397,064	(182,420)	6,288,629
Total	113,232,675	1,062,954	(182,420)	114,113,209
Less accumulated depreciation for:				
Buildings and Improvements	(72,009,142)	(2,296,593)	-	(74,305,735)
Machinery/Equipment/Vehicles	(3,077,923)	(301,619)	182,420	(3,197,122)
Total	(75,087,065)	(2,598,212)	182,420	(77,502,857)
Total capital assets, net				
Land	598,310	-	-	598,310
Construction-in-Progress	155,131	-	(155,131)	-
Buildings and Improvements	35,149,548	(1,630,703)	-	33,518,845
Machinery/Equipment/Vehicles	2,996,062	95,445	-	3,091,507
Total	\$38,899,051	\$ (1,535,258)	\$ (155,131)	\$37,208,662

Depreciation expense for the fiscal year was \$2,598,212 and is allocated to the various functions.

<u>Program</u>	
Instruction	\$ 1,466,212
Supporting Services	1,033,633
Community Services	98,367
Total	\$ 2,598,212

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**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. 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.

As a result of the structure of the QZAB, the District is required to repay \$2,224,816 in total principal and interest payments over the 15 year term. The District will make equal annual payments in the amount of \$133,332 through 2023. Interest paid for the fiscal year was \$17,706.

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 includes principal and interest, due and payable in fiscal 2024. 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, which will mature on September 14, 2024. The value of the sinking fund as of June 30, 2016 was \$224,404.

Year ending June 30th	QZAB Installment		
	Principal	Interest	Total
2017	\$ 117,040	\$ 16,292	\$ 133,332
2018	118,471	14,861	133,332
2019	119,920	13,412	133,332
2020	121,386	11,946	133,332
2021	122,871	10,461	133,332
2022 - 2026	732,612	25,550	758,162
	<u>\$ 1,332,300</u>	<u>\$ 92,522</u>	<u>\$ 1,424,822</u>

Pension Obligation Bonds

On February 5, 2004, limited tax pension obligation bonds totaling \$26,620,000 were issued to finance the District's unfunded actuarially accrued liability (UAAL) with the State of Oregon Public Employees Retirement System (PERS). The issuance of the bonds was considered an advance refunding of the District's UAAL. The actual savings realized over the life of the bonds is uncertain because of the various legislative changes and legal issues pending with the PERS system which could impact the future required contribution rate. Interest paid on these bonds for the fiscal year was \$1,328,834.

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 6 - Long-Term Debt (continued)**

Year ending June 30th	Pension Obligation Bonds		
	Principal	Interest	Total
2017	\$ 940,000	\$ 1,289,156	\$ 2,229,156
2018	1,105,000	1,240,997	2,345,997
2019	1,280,000	1,183,283	2,463,283
2020	1,475,000	1,115,148	2,590,148
2021	1,680,000	1,035,897	2,715,897
2022 - 2026	12,205,000	3,531,342	15,736,342
2027 - 2029	4,905,000	357,109	5,262,109
	<u>\$ 23,590,000</u>	<u>\$ 9,752,932</u>	<u>\$ 33,342,932</u>

**General Obligation Bonds**

General Obligation bonds are a direct obligation and pledge the full faith and credit of the District. These bonds were issued to provide funds for the acquisition and construction of school facilities. The original amount of the General Obligation bonds issued in prior years was \$24,000,000. On January 26, 2005, the District issued \$17,720,000 of general obligation bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$17,405,000 of general obligation bonds. The interest paid on these bonds for the fiscal year was \$545,173. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the governmental activities column on the Statement of Net Position.

Year ending June 30th	General Obligation Bonds		
	Principal	Interest	Total
2017	\$ 1,785,000	\$ 464,288	\$ 2,249,288
2018	1,930,000	371,413	2,301,413
2019	2,085,000	272,600	2,357,600
2020	2,255,000	167,256	2,422,256
2021	2,430,000	56,238	2,486,238
	<u>\$ 10,485,000</u>	<u>\$ 1,331,795</u>	<u>\$ 11,816,795</u>

**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. This loan (note) is payable from non-restricted General Fund revenues.

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 6 - Long-Term Debt (continued)**

Year ending June 30th	HVHS Turf Field Note Payable		
	Principal	Interest	Total
2017	\$ 13,797	\$ 3,584	\$ 17,381
2018	14,217	3,164	17,381
2019	14,649	2,732	17,381
2020	15,095	2,286	17,381
2021	15,554	1,827	17,381
2022 - 2025	52,443	2,592	55,035
	<u>\$ 125,755</u>	<u>\$ 16,185</u>	<u>\$ 141,940</u>

**Capital Leases**

Various lease agreements have been entered into with interest rates varying from 1.223% to 5.65%. The District entered into various lease-purchase arrangements. These agreements qualify as capital leases for accounting purposes and were recorded at the present value of the future minimum lease payments as of the inception date in the Statement of Net Position. The total cost of the lease purchase items is \$1,369,772 with a net book value of \$677,409.

Year ending June 30th	Capital Leases		
	Principal	Interest	Total
2017	\$ 84,644	\$ 27,768	\$ 112,412
2018	88,397	24,015	112,412
2019	92,316	20,096	112,412
2020	96,409	16,003	112,412
2021	100,684	11,728	112,412
2022 - 2026	214,959	9,866	224,825
	<u>\$ 677,409</u>	<u>\$ 109,476</u>	<u>\$ 786,885</u>

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 6 - Long-Term Debt (continued)**

The changes in long-term obligations for year ended June 30, 2016, are as follows:

<u>Issue Date:</u>	<u>Outstanding July 1, 2015</u>	<u>New Debt Issued</u>	<u>Matured &amp; Redeemed</u>	<u>Outstanding June 30, 2016</u>	<u>Due within 1 year</u>	<u>Interest Rate</u>
PERS Bonds						
February 5, 2004	\$ 24,380,000	\$ -	\$ (790,000)	\$ 23,590,000	\$ 940,000	4.77-5.53%
GO Bonds						
January 26, 2005	12,130,000	-	(1,645,000)	10,485,000	1,785,000	3.25-5.25%
QZAB Bonds						
September 24, 2009	1,447,926	-	(115,626)	1,332,300	117,040	1.23%
Turf Field Note Payable						
September 24, 2009	139,144	-	(13,389)	125,755	13,797	3.00%
Capital Leases						
Various Equipment	758,460	-	(81,051)	677,409	84,644	1.22-4.346%
Total	38,855,530	-	(2,645,066)	36,210,464	2,940,481	
Unamortized premium	32,276	-	(8,069)	24,207	8,069	
Total	<u>\$ 38,887,806</u>	<u>\$ -</u>	<u>\$ (2,653,135)</u>	<u>\$ 36,234,671</u>	<u>\$ 2,948,550</u>	

The District also has the following changes in Other Long Term Obligations:

	<u>Balance 7/1/2015</u>	<u>Earned</u>	<u>Used</u>	<u>Balance 6/30/2016</u>	<u>Due Within One Year</u>
Compensated absences	\$ 86,960	\$ 178,637	\$ 135,279	\$ 130,318	\$ 130,318

**Note 7 - Operating Lease**

The District has several operating leases associated with office equipment. Total expense for such leases was \$62,653 for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

<u>Fiscal Year Ending June 30</u>	
2017	<u>\$ 62,653</u>
Total	<u>\$ 62,653</u>

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 8 - Interfund Transactions**

Interfund transfers during the year ended June 30, 2016, were as follows:

	Transfers	
	In	Out
General fund	\$ -	\$ 59,433
Special revenue fund	19,433	-
Debt service fund	10,000	-
Self insurance fund	30,000	-
	\$ 59,433	\$ 59,433

During the 2015-16 fiscal year, the Board of Directors approved transfers out from the General Fund. Special Revenue Funds received the transfer to fund the food service required food match program and prior year deficit. The Debt Service Fund transfer was to transfer funds committed by Hidden Valley High School to repay the new obligation related to their new turf field. The Self Insurance Fund transfer was to fund future obligations and legal settlement fees.

**Note 9 - Pension Plan**

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan.

**Plan Benefits -**

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

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

The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

*Pension Benefits* - The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (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 ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 9 - Pension Plan (continued)**

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

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

*Disability Benefits* - A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The COLA for fiscal year 2015 was capped at 1.5 percent for all benefit recipients. As a result of the *Moro Decision* (*Everice Moro et al v. State of Oregon et al*), the cap on the COLA was restored to 2.0 percent for fiscal year 2016 and beyond.

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

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

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

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

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

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 9 - Pension Plan (continued)**

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

*Death Benefits* - Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

*Disability Benefits* - A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

*Benefit Changes After Retirement* - Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living changes. The COLA for fiscal year 2015 was capped at 1.5 percent for all benefit recipients. As a result of the *Moro Decision (Everice Moro et al v. State of Oregon et al)*, the cap on the COLA was restored to 2.0 percent for fiscal year 2016 and beyond.

**Contributions –**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation, which became effective July, 2013. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced. Employer contribution rates during the period July 1, 2015 through June 30, 2016 were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. Employer contributions for the year ended June 30, 2016 were \$2,376,272 excluding amounts to fund employer specific liabilities.

A 10 year schedule of Defined Benefit Pension Plan Contributions can be found beginning on page 62 of the June 30, 2015 PERS CAFR.

**Pension Plan Comprehensive Annual Financial Report (CAFR) –**

Oregon PERS produces an independently audited CAFR which can be found at: [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

**Actuarial Valuation –**

The employer contribution rates effective July 1, 2013, through June 30, 2015 and July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tire One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.



**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 9 - Pension Plan (continued)**

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

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

Valuation date	December 31, 2013
Measurement date	June 30, 2015
Experience Study	2014, published September 2015
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Inflation rate	2.75 percent
Long-term expected rate of return	7.75 percent
Discount rate	7.75 percent
Projected salary increases	3.75 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i>  RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i>  Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><i>Disabled retirees:</i>  Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

**Proportionate Share Allocation Methodology -**

The basis for the employer's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers. The contribution rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 9 - Pension Plan (continued)**

Since the December 31, 2013 actuarial valuation, the system-side actuarial accrued liability has increased primarily due to the *Moro* Decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contributions effort has been adjusted for the estimated impact of the *Moro* Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, was effective January 1, 2016.

**Discount Rate –**

The discount rate used to measure the total pension liability was 7.75 percent for the Defined 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.

**Investment Rate of Return –**

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means; see PERS' audited financial statements at:

[http://www.oregon.gov/pers/docs/financial\\_reports/2015\\_cafr.pdf](http://www.oregon.gov/pers/docs/financial_reports/2015_cafr.pdf).

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

At June 30, 2016, the District reported a liability of \$13,848,281 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. 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, 2015, the District's proportion was approximately 0.2412 percent.

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 9 - Pension Plan (continued)**

For the year ended June 30, 2016, the District recognized pension expense of \$11,203,902. Pension expense was generated during the measurement period as a result of less than anticipated investment returns and factors associated with the Moro Decision. At June 30, 2016, 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
Net difference between projected and actual earnings on investments:	\$ 5,920,697	\$ 8,823,611
Change in proportion and differences between employer contributions and proportionate share of contributions:	380,145	477,018
District's contributions subsequent to the measurement date:	2,376,272	-
Difference between expected and actual experience:	746,769	-
Total	<u>\$ 9,423,883</u>	<u>\$ 9,300,629</u>

\$2,376,272 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a decrease to the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year Ended June 30	Deferred Outflow/Inflow of Resources (prior to post- measurement date)
2017	\$ (1,219,550)
2018	(1,219,550)
2019	(1,219,550)
2020	1,378,633
2021	26,999
Thereafter	-
Total	<u>\$ (2,253,018)</u>

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 9 - Pension Plan (continued)**

**Sensitivity for the District's Proportionate Share of the Net Pension Asset (Liability) to Changes in Discount Rate -**

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage point lower (6.75 percent) or 1-percentage point higher (8.75 percent) than the current rate:

District's Net Pension Asset/Liability	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Defined Benefit Pension	\$ (33,422,310)	\$ (13,848,281)	\$ 2,647,484

**Note 10 - Other Postemployment Benefits (OPEB)**

**Post Employment Stipends**

Plan Description - A single-employer defined benefits supplemental early retirement program is maintained, which covers all licensed employees not receiving explicit medical benefits and who have at least 18 years of service. This program has been established under collective bargaining agreements and 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 and, consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance. The only obligation is to make current benefit payments due each fiscal year. Consequently, it has not been found necessary to establish a pension trust fund, and makes benefit payments on a pay-as-you-go basis each year out of the General Funds. An estimate of this liability for current retirees is done annually. There is no separately issued financial report for the plan.

Annual Pension Cost and Net Pension Obligation - The annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities or funding excess) over a period not to exceed thirty years.

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 10 - Other Postemployment Benefits (OPEB) (continued)**

**Post Employment Stipends (continued)**

The following table shows the components of the annual (OPEB cost for the year ending June 30, 2016), the amount actually contributed to the plan, and changes in the net OPEB obligation:

Annual required contribution (ARC) and annual OPEB cost (expense)	\$ 230,351
Interest	47,616
Adjustment to ARC	(45,488)
Less: Contribution made	<u>(171,031)</u>
Increase in net OPEB obligation	61,448
Net OPEB obligation - beginning of the year	<u>1,164,667</u>
Net OPEB obligation - end of year	<u><u>\$ 1,226,115</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016 are:

<u>Fiscal year</u>	<u>Annual OPEB Cost</u>	<u>Contributions</u>	<u>Percentage of Annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2016	\$ 230,351	\$ 171,031	74.25%	\$ 1,226,115
2015	223,642	128,105	57.28%	1,164,667
2014	203,145	86,657	42.66%	1,067,190
2013	210,044	55,871	26.60%	950,702

Actuarial methods and assumptions - The annual required contribution (ARC) for the current year was determined as part of the July 1, 2013 actuarial valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend.

Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits. The schedule of funding progress is required to report the last three actuarial valuations.

For the initial valuation, the Projected Unit Credit Actuarial Cost Method was the valuation method used to determine the Actuarial Accrued Liability and the Normal Cost.

Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year.

The present value of benefits accrued in as of the valuation date is called the accrued liability. The difference between the accrued liability and the actuarial value of plan assets is called the unfunded accrued liability. The unfunded accrued liability is being amortized over the initial period of 30 years as a level percent of payroll for stipend benefits.

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 10 - Other Postemployment Benefits (OPEB) (continued)**

**Post Employment Health and Life Insurance Subsidy**

Plan Description - A single-employer defined benefit plan is maintained that provides District paid postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements.

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 no 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 benefits.

Retirees pay the whole active (composite) premium unless they have District-paid coverage, in which case they pay according to the cost sharing shown under Current Premiums. There is an implicit subsidy with respect to retired employees because the medical premium rates charges for coverage typically are less than actual expected retiree claims costs. This is due to medical premium rates being determined by blending both active employees and retiree experience.

The post-retirement healthcare plan is established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution.

An irrevocable trust (or equivalent arrangement) has not been established to account for the plan.

Funding Policy - The benefits from this program are paid as described above and the required contribution is based on projected pay-as-you-go financing requirements. There is no obligation to fund these benefits in advance.

Annual Pension Cost and Net Pension Obligation - the annual other postemployment benefits cost is calculated based on the annual required contribution of the employer (ARC), and amount actuarially determined in accordance within the parameter of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 10 - Other Postemployment Benefits (OPEB) (continued)**

**Post Employment Health and Life Insurance Subsidy (continued)**

The following table shows the components of the OPEB obligation at the end of the year:

Annual required contribution (ARC) and annual OPEB cost (expense)	\$ 1,151,583
Interest	(772)
Adjustment to ARC	4,654
Less: Contribution made	<u>(727,830)</u>
Increase in net OPEB obligation	427,635
Net OPEB obligation - beginning of the year	<u>362,112</u>
Net OPEB obligation - end of year	<u><u>\$ 789,747</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2016 are:

<u>Fiscal year</u>	<u>Annual OPEB Cost</u>	<u>Contributions</u>	<u>Percentage of Annual OPEB cost contributed</u>	<u>Net OPEB obligation</u>
2016	\$ 1,151,583	\$ 727,830	63.20%	\$ 789,747
2015	1,118,042	851,491	76.16%	362,112
2014	1,276,061	1,151,645	90.25%	94,481
2013	1,226,925	1,169,873	95.35%	232,339

**Actuarial Methods and Assumptions** - The annual required contribution (ARC) for the current year was determined as part of the July 1, 2013 actuarial valuation using the projected unit credit method. The objective of this method is to fund each participant's benefits under the plans as they accrue. The unfunded accrued liability is amortized over various periods, which is dependent on the employee class of life insurance. The amortized period range from 10, 20 and 30 years as a percentage of payroll. The actual assumptions included (a) an interest rate for discounting future liabilities of 4% compounded annually, a payroll growth rate of 3.0% and a payroll growth plus merit and longevity increases of 4.0% annually (b) 100% of future retirees electing to participate. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates and withdrawal rates, are the same as those used by Oregon PERS for School Districts.

**Funding Status and Funding Progress** - As of July 1, 2013, the plan was 0% funded. The actuarial accrued liability for benefits was \$9,047,450, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,047,450. The covered payroll (annual payroll of active employees covered by the plan) was to be determined, and the ratio of the UAAL to the covered payroll has yet to be determined. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Note 11 - 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.

**THREE RIVERS SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
**June 30, 2016**

**Note 11 - Contingencies (continued)**

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 Unemployment Insurance Fund. The District is unable to determine at this time the amount of the contingent liability for potential unemployment insurance claims.

**Note 12 - 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 13 - 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.

**Note 14 - 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 \$26,949,925 to the District, which represents approximately 57.5% of the District's total general revenues for the year.

**Note 16 - Restricted Net Position**

As noted on the Statement of Net Position, there are various restrictions. The amount restricted for special projects, \$58,406, consists of monies to be used for building upgrades (\$45,694), an ETIC grant (\$4,405), the music program (\$7,781), and a studio grant (\$526). All of these funds are restricted for these various projects. Other amounts are restricted to debt service and capital projects as stated.

**Note 17 - Subsequent Events**

Management of the District has evaluated events and transactions occurring after June 30, 2016 through the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements. Based on management's knowledge, there were no additional events and/or transactions that required recognition and 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  
YEAR ENDED JUNE 30, 2016**

	Budget			Variance with Final Budget Positive (Negative)
	Adopted	Final	Actual	
<b>REVENUES</b>				
Local sources:				
Property taxes	\$ 14,622,484	\$ 14,622,484	\$ 14,831,571	\$ 209,087
Charges for services	82,500	82,500	98,699	16,199
Donations	8,700	8,700	7,500	(1,200)
Interest on investments	50,000	50,000	63,640	13,640
Miscellaneous	133,500	133,500	270,840	137,340
Intermediate sources				
Intergovernmental	825,000	825,000	802,881	(22,119)
State sources				
Basic school support	27,268,107	27,268,107	26,949,925	(318,182)
Intergovernmental	439,778	439,778	542,869	103,091
Federal sources				
Intergovernmental	-	-	135,369	135,369
<b>TOTAL REVENUES</b>	<b>43,430,069</b>	<b>43,430,069</b>	<b>43,703,294</b>	<b>273,225</b>
<b>EXPENDITURES</b>				
Current				
Instruction	25,201,913	25,484,832	25,111,531	373,301
Support services	20,292,252	20,344,849	19,083,978	1,260,871
Contingency	810,000	1,509,484	-	1,509,484
<b>TOTAL EXPENDITURES</b>	<b>46,304,165</b>	<b>47,339,165</b>	<b>44,195,509</b>	<b>3,143,656</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,874,096)</b>	<b>(3,909,096)</b>	<b>(492,215)</b>	<b>3,416,881</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(70,000)	(70,000)	(59,433)	10,567
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(70,000)</b>	<b>(70,000)</b>	<b>(59,433)</b>	<b>10,567</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,944,096)</b>	<b>(3,979,096)</b>	<b>(551,648)</b>	<b>3,427,448</b>
<b>FUND BALANCE, July 1, 2015</b>	<b>2,944,096</b>	<b>3,979,096</b>	<b>3,909,963</b>	<b>(69,133)</b>
<b>FUND BALANCE, June 30, 2016</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,358,315</b>	<b>\$ 3,358,315</b>

**THREE RIVERS SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FEDERAL PROGRAMS FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budget</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Adopted</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Local sources:				
Charges for services	\$ 695,280	\$ 695,280	\$ 1,742,775	\$ 1,047,495
Donations	-	-	96,177	96,177
Interest on investments	4,720	4,720	862	(3,858)
Miscellaneous	121,200	121,200	302,036	180,836
Intermediate sources				
Intergovernmental	-	-	10,344	10,344
State sources				
Intergovernmental	1,164,153	1,164,153	1,375,366	211,213
Federal sources				
Intergovernmental	5,915,007	5,915,007	6,468,707	553,700
<b>TOTAL REVENUES</b>	<b>7,900,360</b>	<b>7,900,360</b>	<b>9,996,267</b>	<b>2,095,907</b>
<b>EXPENDITURES</b>				
Current				
Instruction	6,308,086	6,308,086	5,935,793	372,293
Support services	2,157,639	2,157,639	1,728,583	429,056
Enterprise and community services	2,207,369	2,207,369	2,210,381	(3,012)
Facilities acquisition and construction	60,200	60,200	-	60,200
<b>TOTAL EXPENDITURES</b>	<b>10,733,294</b>	<b>10,733,294</b>	<b>9,874,757</b>	<b>858,537</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,832,934)</b>	<b>(2,832,934)</b>	<b>121,510</b>	<b>2,954,444</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	30,000	30,000	19,433	(10,567)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,802,934)</b>	<b>(2,802,934)</b>	<b>140,943</b>	<b>2,943,877</b>
<b>FUND BALANCE, July 1, 2015</b>	<b>2,802,934</b>	<b>2,802,934</b>	<b>1,321,954</b>	<b>(1,480,980)</b>
<b>FUND BALANCE, June 30, 2016</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,462,897</b>	<b>\$ 1,462,897</b>

**THREE RIVERS SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2016**

Actuarial Valuation	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) unit credit (b)	Unfunded (funded) AAL (b - a)	Funded ratio (a / b)	Covered Payroll (c)	UAAL as a percentage of covered payroll [(b - a) / c]
7/1/2007	\$ -	\$ 19,321,572	\$ 19,321,572	0%	\$ 20,860,770	93%
7/1/2009	-	21,750,242	21,750,242	0%	23,019,318	94%
7/1/2011	-	12,699,158	12,699,158	0%	22,723,269	56%
7/1/2013	-	11,409,196	11,409,196	0%	TBD	TBD

The above table represents the most recent actuarial valuation for the District's other postemployment benefits and provides information that approximates the funding progress of the plan.

	<u>7/1/2007</u>
Stipend Benefit	\$ 1,322,774
Medical and Life Insurance Benefit	17,998,798
	<u>\$ 19,321,572</u>

	<u>7/1/2009</u>
Stipend Benefit	\$ 2,202,235
Medical and Life Insurance Benefit	19,548,007
	<u>\$ 21,750,242</u>

	<u>7/1/2011</u>
Stipend Benefit	\$ 2,070,014
Medical and Life Insurance Benefit	10,629,144
	<u>\$ 12,699,158</u>

	<u>7/1/2013</u>
Stipend Benefit	\$ 2,361,746
Medical and Life Insurance Benefit	9,047,450
	<u>\$ 11,409,196</u>

**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 (For Years Information is Available)**

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

	<b>2016</b>	<b>2015</b>	<b>2014</b>
District's proportion of the net pension asset/(liability)	0.2411978%	0.2689813%	0.2689813%
District's proportion of the net pension asset/(liability)	\$ (13,848,281)	\$ 6,097,038	\$ (13,726,509)
District's covered-employee payroll	\$ 24,804,360	\$ 23,985,316	\$ 23,058,311
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-55.83%	25.42%	-59.53%
Plan fiduciary net position as a percentage of the total pension liability	91.88%	103.59%	91.97%

**Three Rivers School District Pension Contributions**

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contributions	\$ 2,376,272	\$ 2,695,646	\$ 3,032,329
Contribution in relation to the contractually required	\$ (2,376,272)	\$ (2,695,646)	\$ (3,032,329)
Contributions deficiency (excess)	\$ -	\$ -	\$ -
District's covered - employee payroll	\$ 24,804,360	\$ 23,985,316	\$ 23,058,311
Contributions as a percentage of covered-employee payroll	9.58%	11.24%	13.15%

**Note 1 - Changes of Benefit Terms and Assumptions**

Since the December 31, 2013 actuarial valuation, the system-side actuarial accrued liability has increased primarily due to the Moro Decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contributions effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which was effective January 1, 2016.

## **OTHER SUPPLEMENTARY INFORMATION**

**THREE RIVERS SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budget</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Adopted</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Local sources:				
Property taxes	\$ 2,190,200	\$ 2,190,200	\$ 2,198,322	\$ 8,122
Interest on investments	7,500	7,500	10,847	3,347
Miscellaneous	2,157,500	2,157,500	2,143,207	(14,293)
<b>TOTAL REVENUES</b>	<b>4,355,200</b>	<b>4,355,200</b>	<b>4,352,376</b>	<b>(2,824)</b>
<b>EXPENDITURES</b>				
Debt service				
Principal	2,448,475	2,448,475	2,448,389	86
Interest	1,878,060	1,878,060	1,877,999	61
Contingency	1,044,791	1,044,791	-	1,044,791
<b>TOTAL EXPENDITURES</b>	<b>5,371,326</b>	<b>5,371,326</b>	<b>4,326,388</b>	<b>1,044,938</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,016,126)</b>	<b>(1,016,126)</b>	<b>25,988</b>	<b>1,042,114</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	10,000	10,000	10,000	-
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,006,126)</b>	<b>(1,006,126)</b>	<b>35,988</b>	<b>1,042,114</b>
<b>FUND BALANCE, July 1, 2015</b>	<b>1,006,126</b>	<b>1,006,126</b>	<b>1,034,508</b>	<b>28,382</b>
<b>FUND BALANCE, June 30, 2016</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,070,496</b>	<b>\$ 1,070,496</b>

**THREE RIVERS SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budget</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Adopted</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Local sources:				
Property taxes	\$ 200,000	\$ 200,000	\$ 256,031	\$ 56,031
Interest on investments	6,500	6,500	39,084	32,584
Miscellaneous	186,000	186,000	262,404	76,404
<b>TOTAL REVENUES</b>	<b>392,500</b>	<b>392,500</b>	<b>557,519</b>	<b>165,019</b>
<b>EXPENDITURES</b>				
Current				
Support services	1,180,572	1,180,572	1,118,297	62,275
Facilities acquisition and construction	140,000	140,000	102,652	37,348
Contingency	1,085,164	1,085,164	-	1,085,164
<b>TOTAL EXPENDITURES</b>	<b>2,405,736</b>	<b>2,405,736</b>	<b>1,220,949</b>	<b>1,184,787</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,013,236)</b>	<b>(2,013,236)</b>	<b>(663,430)</b>	<b>1,349,806</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,013,236)</b>	<b>(2,013,236)</b>	<b>(663,430)</b>	<b>1,349,806</b>
<b>FUND BALANCE, July 1, 2015</b>	<b>2,013,236</b>	<b>2,013,236</b>	<b>2,248,453</b>	<b>235,217</b>
<b>FUND BALANCE, June 30, 2016</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,585,023</b>	<b>\$ 1,585,023</b>



**THREE RIVERS SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - BUDGET AND ACTUAL  
SELF-INSURANCE FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budget</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Adopted</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Local sources:				
Interest on investments	\$ 1,500	\$ 1,500	\$ 2,102	\$ 602
Self insurance revenues	318,836	318,836	415,429	96,593
<b>TOTAL REVENUES</b>	<b>320,336</b>	<b>320,336</b>	<b>417,531</b>	<b>97,195</b>
<b>EXPENDITURES</b>				
Current				
Support services	644,714	644,714	484,990	159,724
Contingency	960,715	960,715	-	960,715
<b>TOTAL EXPENDITURES</b>	<b>1,605,429</b>	<b>1,605,429</b>	<b>484,990</b>	<b>1,120,439</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(1,285,093)</b>	<b>(1,285,093)</b>	<b>(67,459)</b>	<b>1,217,634</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	30,000	30,000	30,000	-
<b>NET CHANGE IN NET POSITION</b>	<b>(1,255,093)</b>	<b>(1,255,093)</b>	<b>(37,459)</b>	<b>1,217,634</b>
<b>NET POSITION, July 1, 2015</b>	<b>1,255,093</b>	<b>1,255,093</b>	<b>1,197,465</b>	<b>(57,628)</b>
<b>NET POSITION, June 30, 2016</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,160,006</b>	<b>\$ 1,160,006</b>

**THREE RIVERS SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN NET POSITION - BUDGET AND ACTUAL  
PRIVATE PURPOSE TRUST SCHOLARSHIP FUND  
YEAR ENDED JUNE 30, 2016**

	<b>Budget</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Adopted</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Local sources:				
Interest on investments	20	20	69	49
<b>TOTAL REVENUES</b>	<b>20</b>	<b>20</b>	<b>69</b>	<b>49</b>
<b>EXPENDITURES</b>				
Current				
Instruction	4,024	4,024	2,000	2,024
Contingency	5,660	5,660	-	5,660
<b>TOTAL EXPENDITURES</b>	<b>9,684</b>	<b>9,684</b>	<b>2,000</b>	<b>7,684</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(9,664)</b>	<b>(9,664)</b>	<b>(1,931)</b>	<b>7,733</b>
<b>NET POSITION, July 1, 2015</b>	<b>9,664</b>	<b>9,664</b>	<b>7,741</b>	<b>(1,923)</b>
<b>NET POSITION, June 30, 2016</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,810</b>	<b>\$ 5,810</b>

## **OTHER FINANCIAL SCHEDULES**

**SCHOOL DISTRICT FINANCIAL**  
**ACCOUNTING SUMMARIES**

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY  
THREE RIVERS SCHOOL DISTRICT**

<b>Revenue from Local Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
1110 Ad Valorem Taxes Levied by District	\$ 14,831,571		\$ 2,198,322				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax				\$ 256,031			
1200 Rev from Local Gov't Units Other Than Districts							
1310 Regular Day School Tuition	\$ 54,429						
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1400 Local & Federal Sources							
1500 Earnings on Investments	\$ 63,640	\$ 862	\$ 10,847	\$ 39,084		\$ 2,102	\$ 69
1600 Food Service		\$ 142,862					
1700 Extracurricular Activities	\$ 38,250	\$ 1,599,913					
1800 Community Services Activities							
1910 Rentals	\$ 6,021			\$ 27,004			
1920 Contributions and Donations From Private Sources	\$ 7,500	\$ 96,177					
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure							
1970 Services Provided Other Funds			\$ 2,135,707				
1980 Fees Charged to Grants						\$ 218,886	
1990 Miscellaneous	\$ 270,840	\$ 302,036	\$ 7,500	\$ 235,400		\$ 196,543	
<b>Total Revenue from Local Sources</b>	<b>\$ 15,272,250</b>	<b>\$ 2,141,850</b>	<b>\$ 4,352,376</b>	<b>\$ 557,519</b>	<b>\$</b>	<b>\$ 417,531</b>	<b>\$ 69</b>
<b>Revenue from Intermediate Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
2101 County School Funds							
2102 Education Service District Apportionment	\$ 802,881						
2105 Natural Gas, Oil, and Mineral Receipts							
2199 Other Intermediate Sources							
2200 Restricted Revenue		\$ 10,344					
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
<b>Total Revenue from Intermediate Sources</b>	<b>\$ 802,881</b>	<b>\$ 10,344</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue from State Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
3101 State School Fund - General Support	\$ 26,949,925						
3102 State School Fund - School Lunch Match							
3103 Common School Fund	\$ 542,870						
3104 State Managed County Timber							
3199 Other Unrestricted Grants-in-Aid							
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid		\$ 1,375,366					
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
<b>Total Revenue from State Sources</b>	<b>\$ 27,492,794</b>	<b>\$ 1,375,366</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue from Federal Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
4100 Unrestricted Revenue Direct From the Federal Government							
4200 Unrestricted Revenue From the Federal Government Through the State							
4500 Restricted Revenue From the Federal Government Through the State		\$ 6,336,186					
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees	\$ 135,369						
4802 Impact Aid to School Districts for Operation (PL 874)							
4803 Coos Bay Wagon Road Funds							
4899 Other Revenue in Lieu of Taxes							
4900 Revenue for/on Behalf of the District		\$ 132,521					
<b>Total Revenue from Federal Sources</b>	<b>\$ 135,369</b>	<b>\$ 6,468,707</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue from Other Sources</b>	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 500</b>	<b>Fund 600</b>	<b>Fund 700</b>
5100 Long Term Debt Financing Sources							
5200 Interfund Transfers	\$	\$ 19,433	\$ 10,000			\$ 30,000	
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	\$ 3,909,963	\$ 1,321,954	\$ 1,034,508	\$ 2,248,453		\$ 1,197,465	\$ 7,741
<b>Total Revenue from Other Sources</b>	<b>\$ 3,909,963</b>	<b>\$ 1,341,387</b>	<b>\$ 1,044,508</b>	<b>\$ 2,248,453</b>	<b>\$</b>	<b>\$ 1,227,465</b>	<b>\$ 7,741</b>
<b>Grand Totals</b>	<b>\$ 47,613,257</b>	<b>\$ 11,337,654</b>	<b>\$ 5,396,884</b>	<b>\$ 2,805,972</b>	<b>\$</b>	<b>\$ 1,644,996</b>	<b>\$ 7,810</b>

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY  
THREE RIVERS SCHOOL DISTRICT**

**Fund: 100 - General Fund**

<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
1111 Primary, K-3	\$ 8,138,072	\$ 5,106,522	\$ 2,650,889	\$ 218,383	\$ 162,278			
1113 Elementary Extracurricular	\$ 3,043	\$ 2,279	\$ 764					
1121 Middle/Junior High Programs	\$ 3,722,941	\$ 2,343,813	\$ 1,191,138	\$ 109,396	\$ 78,609		\$ (15)	
1122 Middle/Junior High School Extracurricular	\$ 45,299	\$ 38,720	\$ 5,862	\$ 22	\$ 675		\$ 20	
1131 Local & Federal Sources	\$ 5,599,691	\$ 3,433,127	\$ 1,693,964	\$ 209,498	\$ 259,572		\$ 3,530	
1132 High School Extracurricular	\$ 924,314	\$ 499,842	\$ 172,646	\$ 58,281	\$ 108,121		\$ 85,423	
1140 Pre-Kindergarten Programs	\$							
1210 Programs for the Talented and Gifted	\$							
1220 Restrictive Programs for Students with Disabilities	\$ 1,957,797	\$ 1,226,920	\$ 688,055	\$ 14,363	\$ 28,459			
1250 Less Restrictive Programs for Students with Disabilities	\$ 2,213,920	\$ 1,325,314	\$ 736,157	\$ 128,371	\$ 24,078			
1260 Early Intervention	\$							
1271 Remediation	\$							
1272 Title I	\$							
1280 Alternative Education	\$ 2,327,323	\$ 379,695	\$ 203,554	\$ 1,730,715	\$ 13,359			
1291 English Second Language Programs	\$ 179,132	\$ 118,494	\$ 51,603	\$ 614	\$ 8,421			
1292 Teen Parent Program	\$							
1293 Migrant Education	\$							
1294 Youth Corrections Education	\$							
1299 Other Programs	\$							
1300 Adult/Continuing Education Programs	\$							
1400 Summer School Programs	\$							
<b>Total Instruction Expenditures</b>	<b>\$ 25,111,531</b>	<b>\$ 14,474,726</b>	<b>\$ 7,394,632</b>	<b>\$ 2,469,643</b>	<b>\$ 683,572</b>	<b>\$</b>	<b>\$ 88,958</b>	<b>\$</b>
<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
2110 Attendance and Social Work Services	\$ 984			\$ 525	\$ 459			
2120 Guidance Services	\$ 759,280	\$ 502,998	\$ 251,197	\$ 4,365	\$ 615		\$ 105	
2130 Health Services	\$ 45,928			\$ 45,000	\$ 928			
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$							
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$ 386,797	\$ 218,929	\$ 119,921	\$ 41,818	\$ 5,535		\$ 595	
2210 Improvement of Instruction Services	\$ 183,759	\$ 104,578	\$ 53,361	\$ 5,436	\$ 19,193		\$ 1,190	
2220 Educational Media Services	\$ 782,008	\$ 361,337	\$ 241,039	\$ 108,045	\$ 71,497		\$ 90	
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$ 3,727			\$ 3,129	\$ 598			
2310 Board of Education Services	\$ 92,964	\$ 15,714	\$ 12,474	\$ 55,558	\$ 1,833		\$ 7,385	
2320 Executive Administration Services	\$ 274,397	\$ 182,647	\$ 82,554	\$ 3,055	\$ 4,772		\$ 1,369	
2410 Office of the Principal Services	\$ 4,282,250	\$ 2,604,428	\$ 1,444,031	\$ 60,847	\$ 122,113	\$ 29,764	\$ 21,067	
2490 Other Support Services - School Administration	\$							
2510 Direction of Business Support Services	\$							
2520 Fiscal Services	\$ 694,521	\$ 173,504	\$ 113,714	\$ 71,720	\$ 14,517		\$ 321,067	
2540 Operation and Maintenance of Plant Services	\$ 4,755,643	\$ 1,685,245	\$ 1,035,903	\$ 1,718,151	\$ 260,597	\$ 50,820	\$ 4,927	
2550 Student Transportation Services	\$ 4,298,217	\$ 13,315	\$ 6,500	\$ 4,278,402				
2570 Internal Services	\$ 103,151	\$ 55,548	\$ 36,122	\$ 2,979	\$ 8,501			
2610 Direction of Central Support Services	\$							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$							
2640 Staff Services	\$ 582,843	\$ 309,424	\$ 159,092	\$ 80,212	\$ 21,219		\$ 12,897	
2660 Technology Services	\$ 938,648	\$ 366,147	\$ 177,091	\$ 163,594	\$ 120,598	\$ 110,891	\$ 327	
2670 Records Management Services	\$							
2690 Other Support Services - Central	\$							
2700 Supplemental Retirement Program	\$ 898,860	\$ 171,031	\$ 727,830					
<b>Total Support Services Expenditures</b>	<b>\$ 19,083,978</b>	<b>\$ 6,764,846</b>	<b>\$ 4,460,828</b>	<b>\$ 6,642,837</b>	<b>\$ 652,974</b>	<b>\$ 191,474</b>	<b>\$ 371,019</b>	<b>\$</b>
<b>Enterprise and Community Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
3100 Food Services	\$							
3200 Other Enterprise Services	\$							
3300 Community Services	\$							
3500 Custody and Care of Children Services	\$							
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Facilities Acquisition and Construction Expenditures</b>	<b>Totals</b>	<b>1166016</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$							
4150 Building Acquisition, Construction, and Improvement Services	\$							
4190 Other Facilities Construction Services	\$							
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>
5100 Debt Service	\$							
5200 Transfers of Funds	\$ 59,433							\$ 59,433
5300 Apportionment of Funds by ESD	\$							
5400 PERS UAL Bond Lump Sum	\$							
<b>Total Other Uses Expenditures</b>	<b>\$ 59,433</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 59,433</b>
<b>Grand Total</b>	<b>\$ 44,254,942</b>	<b>\$ 21,239,572</b>	<b>\$ 11,855,460</b>	<b>\$ 9,112,479</b>	<b>\$ 1,336,546</b>	<b>\$ 191,474</b>	<b>\$ 459,977</b>	<b>\$ 59,433</b>

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY  
THREE RIVERS SCHOOL DISTRICT**

**Fund: 200 - Special Revenue**

**Instruction Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ 45,403	\$ 21,197	\$ 1,884		\$ 10,948			\$ 11,375
1112 Intermediate Programs	\$							\$
1113 Elementary Extracurricular	\$ 249,230			\$ 91,776	\$ 156,105		\$ 1,349	\$
1121 Middle/Junior High Programs	\$ 76,170			\$ 72,170	\$ 4,000			\$
1122 Middle/Junior High School Extracurricular	\$ 181,927			\$ 39,780	\$ 126,666		\$ 15,482	\$
1131 Local & Federal Sources	\$ 10,178	\$ 528	\$ 178	\$ 1,394	\$ 8,078			\$
1132 High School Extracurricular	\$ 1,047,728			\$ 262,165	\$ 560,464	\$	\$ 225,099	\$
1140 Pre-Kindergarten Programs	\$							\$
1210 Programs for the Talented and Gifted	\$							\$
1220 Restrictive Programs for Students with Disabilities	\$ 392,057	\$ 209,900	\$ 111,377	\$ 44,857	\$ 14,931		\$ 10,992	\$
1250 Less Restrictive Programs for Students with Disabilities	\$ 947,778	\$ 585,207	\$ 314,041		\$ 56		\$ 48,474	\$
1260 Early Intervention	\$							\$
1271 Remediation	\$ 268,806	\$ 132,522	\$ 40,425	\$ 2,785	\$ 92,724		\$ 350	\$
1272 Title I	\$ 1,846,040	\$ 1,083,916	\$ 559,086	\$ 70,422	\$ 132,443		\$ 174	\$
1280 Alternative Education	\$ 1,500				\$ 1,500			\$
1291 English Second Language Programs	\$ 3,405	\$ 1,517	\$ 463	\$ 1,425				\$
1292 Teen Parent Program	\$							\$
1293 Migrant Education	\$							\$
1294 Youth Corrections Education	\$ 816,596	\$ 512,201	\$ 242,711	\$ 36,397	\$ 25,263		\$ 25	\$
1299 Other Programs	\$ 5,722			\$ 5,000	\$ 722			\$
1300 Adult/Continuing Education Programs	\$							\$
1400 Summer School Programs	\$ 43,254	\$ 32,704	\$ 10,550					\$
<b>Total Instruction Expenditures</b>	\$ 5,935,793	\$ 2,579,690	\$ 1,280,715	\$ 628,171	\$ 1,133,898	\$	\$ 301,945	\$ 11,375

**Support Services Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$ 64,076	\$ 28,529	\$ 26,127	\$ 4,279	\$ 4,243		\$ 898	\$
2120 Guidance Services	\$ 139,739	\$ 20,395	\$ 2,179	\$ 92,650	\$ 23,345		\$ 1,170	\$
2130 Health Services	\$ 131,710	\$ 1,198	\$ 371	\$ 124,999	\$ 5,143			\$
2140 Psychological Services	\$							\$
2150 Speech Pathology and Audiology Services	\$							\$
2160 Other Student Treatment Services	\$							\$
2190 Service Direction, Student Support Services	\$ 78,869	\$ 50,116	\$ 27,948	\$ 805				\$
2210 Improvement of Instruction Services	\$ 402,153	\$ 172,181	\$ 72,762	\$ 31,136	\$ 36,191		\$ 89,883	\$
2220 Educational Media Services	\$							\$
2230 Assessment & Testing	\$							\$
2240 Instructional Staff Development	\$ 526,158	\$ 255,739	\$ 136,620	\$ 91,916	\$ 9,267		\$ 32,617	\$
2310 Board of Education Services	\$							\$
2320 Executive Administration Services	\$							\$
2410 Office of the Principal Services	\$ 234,822	\$ 128,902	\$ 66,190	\$ 3,917	\$ 30		\$ 35,783	\$
2490 Other Support Services - School Administration	\$ 5,006			\$ 5,006				\$
2510 Direction of Business Support Services	\$							\$
2520 Fiscal Services	\$							\$
2540 Operation and Maintenance of Plant Services	\$							\$
2550 Student Transportation Services	\$ 61,856			\$ 61,856				\$
2570 Internal Services	\$							\$
2610 Direction of Central Support Services	\$							\$
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$							\$
2640 Staff Services	\$ 95			\$ 95				\$
2660 Technology Services	\$ 84,100			\$ 1,320		\$ 82,780		\$
2670 Records Management Services	\$							\$
2690 Other Support Services - Central	\$							\$
2700 Supplemental Retirement Program	\$							\$
<b>Total Support Services Expenditures</b>	\$ 1,728,583	\$ 657,060	\$ 332,197	\$ 417,978	\$ 78,218	\$ 82,780	\$ 160,350	\$

**Enterprise and Community Services Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$ 2,135,328	\$ 628,050	\$ 372,766	\$ 1,093,339	\$ 20,247		\$ 20,926	\$
3200 Other Enterprise Services	\$							\$
3300 Community Services	\$ 75,053	\$ 18,756	\$ 3,144	\$ 53,015			\$ 138	\$
3500 Custody and Care of Children Services	\$							\$
<b>Total Enterprise and Community Services Expenditures</b>	\$ 2,210,381	\$ 646,806	\$ 375,910	\$ 1,146,354	\$ 20,247	\$	\$ 21,064	\$

**Facilities Acquisition and Construction Expenditures**

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

**Other Uses Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$							\$
5200 Transfers of Funds	\$							\$
5300 Apportionment of Funds by ESD	\$							\$
5400 PERS UAL Bond Lump Sum	\$							\$
<b>Total Other Uses Expenditures</b>	\$	\$	\$	\$	\$	\$	\$	\$
<b>Grand Total</b>	\$ 9,874,757	\$ 3,883,556	\$ 1,988,822	\$ 2,192,503	\$ 1,232,363	\$ 82,780	\$ 483,359	\$ 11,375

**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY  
THREE RIVERS SCHOOL DISTRICT**

**Fund: 300 - Debt Service**

**Instruction Expenditures**

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

**Support Services Expenditures**

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

**Enterprise and Community Services Expenditures**

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

**Facilities Acquisition and Construction Expenditures**

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

**Other Uses Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$4,326,388						\$4,326,388	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	\$4,326,388	\$0	\$0	\$0	\$0	\$0	\$4,326,388	\$0
<b>Grand Total</b>	\$4,326,388	\$0	\$0	\$0	\$0	\$0	\$4,326,388	\$0



**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY  
THREE RIVERS SCHOOL DISTRICT**

**Fund: 400 - Capital Projects**

**Instruction Expenditures**

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

**Support Services Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$1,118,297	\$34,713	\$5,409	\$209,705	\$49,766	\$685,009	\$133,696	
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	\$1,118,297	\$34,713	\$5,409	\$209,705	\$49,766	\$685,009	\$133,696	\$0

**Enterprise and Community Services Expenditures**

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

**Facilities Acquisition and Construction Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$102,652	\$99	\$30	\$25,632	\$2,328	\$73,090	\$1,472	
4190 Other Facilities Construction Services	\$0							
<b>Total Facilities Acquisition and Construction Expenditures</b>	\$102,652	\$99	\$30	\$25,632	\$2,328	\$73,090	\$1,472	\$0

**Other Uses Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Grand Total**

\$1,220,949	\$34,812	\$5,439	\$235,337	\$52,094	\$758,099	\$135,168	\$0
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**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY  
THREE RIVERS SCHOOL DISTRICT**

**Fund: 600 - Self Insurance**

**Instruction Expenditures**

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

**Support Services Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$142,592	\$86,365	\$50,986	\$1,300	\$3,869		\$72	
2540 Operation and Maintenance of Plant Services	\$45,278			\$34,391	\$10,887			
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2640 Staff Services	\$288,434	\$186,821	\$101,613					
2660 Technology Services	\$8,685	\$6,500	\$2,185					
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
<b>Total Support Services Expenditures</b>	\$484,990	\$279,686	\$154,784	\$35,691	\$14,756	\$0	\$72	\$0

**Enterprise and Community Services Expenditures**

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

**Facilities Acquisition and Construction Expenditures**

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

**Other Uses Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Grand Total**

\$484,990	\$279,686	\$154,784	\$35,691	\$14,756	\$0	\$72	\$0
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**2015 - 16 DISTRICT AUDIT EXPENDITURE SUMMARY  
THREE RIVERS SCHOOL DISTRICT**

**Fund: 700 - Trust & Agency**

**Instruction Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$0							
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 Local & Federal Sources	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$2,000			\$2,000				
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
<b>Total Instruction Expenditures</b>	<b>\$2,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Support Services Expenditures**

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

**Enterprise and Community Services Expenditures**

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

**Facilities Acquisition and Construction Expenditures**

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

**Other Uses Expenditures**

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 Bond Lump Sum	\$0							
<b>Total Other Uses Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Grand Total</b>	<b>\$2,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

SUPPLEMENTAL INFORMATION, 2015-2016

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
Function 2540		\$ 602,859
Function 2550		\$ 8,253

B.

Replacement of Equipment – **General Fund:**  
Include all General Fund expenditures in object 542, except for the following exclusions:  
Exclude these functions:

1113, 1122 & 1132	Co-curricular Activities	4150	Construction	\$ 16,660
1140	Pre-Kindergarten	2550	Pupil Transportation	
1300	Continuing Education	3100	Food Service	
1400	Summer School	3300	Community Services	

**THREE RIVERS SCHOOL DISTRICT  
JOSEPHINE COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS  
FOR THE YEAR ENDED JUNE 30, 2016**

	Tax Year	Uncollected July 1, 2015	Levy as Extended by Assessor	Discounts and Adjustments	Interest	Collections Per Treasurer	Uncollected June 30, 2016
<b><u>GENERAL FUND:</u></b>							
Current	2015-2016		\$ 15,069,803	\$ (294,044)	\$ 8,525	\$ (14,187,588)	\$ 596,696
Prior	2014-2015	\$ 614,630		(78,210)	19,794	(245,684)	310,529
	2013-2014	322,399		(1,493)	23,449	(139,500)	204,855
	2012-2013	216,534		33,043	29,985	(159,789)	119,774
	2011-2012	140,042		(57,187)	21,530	(47,631)	56,754
	2010-2011	69,704		(1,062)	9,235	(27,486)	50,390
	Prior	76,994		(3,372)	11,812	(26,286)	59,148
Total prior		1,440,303	-	(108,280)	115,805	(646,377)	801,451
<b>TOTAL GENERAL FUND</b>		<b>\$ 1,440,303</b>	<b>\$ 15,069,803</b>	<b>\$ (402,324)</b>	<b>\$ 124,330</b>	<b>\$ (14,833,964)</b>	<b>\$ 1,398,147</b>
<b><u>DEBT SERVICE:</u></b>							
Current	2015-2016		\$ 2,234,737	\$ (43,604)	\$ 1,264	\$ (2,103,913)	\$ 88,484
Prior	2014-2015	\$ 93,523		(11,895)	3,012	(37,386)	47,254
	2013-2014	49,209		(227)	3,579	(21,295)	31,267
	2012-2013	33,949		5,198	4,703	(25,085)	18,766
	2011-2012	17,202		(7,017)	2,637	(5,847)	6,976
	2010-2011	10,892		(165)	1,443	(4,295)	7,875
	Prior	12,527		(550)	1,921	(4,275)	9,623
Total prior		217,304	-	(14,656)	17,296	(98,183)	121,761
<b>TOTAL DEBT SERVICE FUND</b>		<b>\$ 217,304</b>	<b>\$ 2,234,737</b>	<b>\$ (58,260)</b>	<b>\$ 18,560</b>	<b>\$ (2,202,096)</b>	<b>\$ 210,245</b>

**Independent Auditor's Report  
Required by Oregon State Regulations**

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

Board of Directors  
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, 2016, and have issued our report thereon dated December 9, 2016. 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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not 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 under ORS 328.245.
- 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 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as disclosed in Note 1 of the financial statements.

## **OAR 162-10-0230 Internal Control**

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

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.

*Stewart C. Parmele, CPA, Partner*

Stewart C. Parmele, CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 9, 2016



**Items required by the Single Audit Act  
Amendments of 1996 for Federal award programs**

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

Board of Directors  
Three Rivers School District  
Murphy, OR

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Three Rivers School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Districts basic financial statements, and have issued our report thereon dated December 9, 2016.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 may exist that have not been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Stewart C. Parmele, CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 9, 2016

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

To the Board of Directors  
Three Rivers School District  
Murphy, Oregon

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

We have audited Three Rivers School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

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

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

***Opinion on Each Major Program***

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## Report on Internal Control Over Compliance

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

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

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

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



Stewart C. Parmele, CPA, Partner  
KDP Certified Public Accountants, LLP  
Medford, Oregon  
December 9, 2016

**THREE RIVERS SCHOOL DISTRICT  
JOSEPHINE COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2016**

	GRANT PERIOD	FEDERAL CFDA NUMBER	SUB GRANT NUMBER	PROGRAM OR AWARD AMOUNT	2015-2016 EXPENDITURES
<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>					
<b>U.S. DEPARTMENT OF EDUCATION</b>					
Local & Federal Sources					
Passed Through State Department of Education:					
TITLE I - Grants to Local Education Agencies					
Title IA	7/2014-9/2015	84.010	32700	\$ 2,511,472	\$ 540,968
Title IA	7/2015-9/2016	84.010	36091	2,260,767	1,811,635
Total				4,772,239	2,352,603
Title IA - YCEP	7/2015-6/2016	84.013	38981	127,329	127,329
Title I - N&D SOASTC	7/2015-6/2016	84.013	38534	21,027	21,027
Total				148,356	148,356
McKinney Homeless	7/2014-6/2015	84.196	34336	50,000	39,644
TITLE IIA - Improving Teacher Quality State Grants					
Title IIA	7/2014-9/2015	84.367	33024	407,292	96,350
Title IIA	7/2015-9/2016	84.367	36288	401,101	328,488
Total				808,393	424,838
Special Education Cluster (IDEA )					
IDEA Part B	7/2014-9/2015	84.027	33395	859,444	146,596
IDEA Part B	7/2015-9/2016	84.027	36982	868,591	675,420
IDEA Enhancement	7/2014-9/2015	84.027	33823	7,957	3,973
IDEA YCEP	7/2015-9/2016	84.027	38972	54,475	54,475
IDEA Kairos	7/2015-6/2016	84.027	38509	16,324	16,324
SPR&I	8/2015-6/2016	84.027	38012	3,606	805
IEP Training	8/2015-8/2015	84.027	38117	2,392	621
IDEA Enhancement	10/2015-9/2016	84.027	38449	7,957	2,298
Total				1,820,746	900,511
OTHER FEDERAL PROGRAMS					
21st Century Community Learning	7/2014-9/2015	84.287	32283	563,765	239,688
21st Century Community Learning	7/2015-9/2016	84.287	36395	500,000	193,086
				1,063,765	432,775
Gear Up - Sustainability yr 1 &2	7/2014-8/2016	84.334	-	27,479	2,989
Gear Up IV year 2	7/2015-6/2016	84.334	-	44,000	30,554
Gear Up - NV year 2	7/2015-6/2016	84.334	-	4,000	4,000
Total				75,479	37,543
Let's Go Learn	4/2015-4/2016	84.323	36724	740	103
YTP Grant	7/2015-6/2017	84.126A	149088	234,796	99,339
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>				<b>8,974,514</b>	<b>4,435,712</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>					
Passed Through State Department of Education:					
Child Nutrition Cluster					
National School Breakfast Program		10.553		422,405	422,405
National School Lunch Program		10.555		1,317,612	1,317,612
Commodities Program		10.555		132,521	132,521
CACFP		10.559		39,220	39,220
Child Nutrition Cluster Total				1,911,758	1,911,758
Child Care		10.558		61,258	61,258
CNP Fresh Fruit & Vegetable Program		10.582	36695-36699	8,428	8,428
CNP Fresh Fruit & Vegetable Program		10.582	38681-38685	51,550	51,550
				59,978	59,978
Passed Through Josephine County:					
Federal Forest Fees		10.665		135,369	135,369
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<b>2,168,363</b>	<b>2,168,363</b>
<b>TOTAL FEDERAL ASSISTANCE</b>				<b>\$ 11,142,877</b>	<b>\$ 6,604,076</b>

THREE RIVERS SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)  
For the Year Ended June 30, 2016

**Note A - Basis of Presentation**

The schedule of expenditures of federal awards includes the federal grant activity of the Three Rivers School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the OMB Compliance Supplement, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**Note B - Food Distribution**

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2016, the District received food commodities totaling \$132,521.

**THREE RIVERS SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FISCAL YEAR ENDED JUNE 30, 2016**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Three Rivers School District.
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.
4. No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed by the audit.
5. 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.
6. The audit disclosed no findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major program include:  

Title IIA	CFDA # 84.367
IDEA	CFDA # 84.027
8. The threshold for distinguishing Types A and B Programs was \$750,000.
9. 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