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December 21, 2023

Board of Education
Three Rivers School District
Grants Pass, Oregon 97527

This letter is to inform the Board of Education of Three Rivers School District (the District) about significant matters related to the conduct of our audit as of and for the year ended June 30, 2023, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our engagement letter dated June 5, 2023. The audit of the financial statements, the governmental activities and the major fund of the District does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to management.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

In this letter to you, we will discuss our views about the qualitative aspects of the District's significant accounting practices, including significant accounting policies, significant unusual transactions, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. As described in Note 1 to the financial statements, during the year, the entity changed its method of accounting for Subscription Bases Information Technology Arrangements by adopting Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription Bases Information Technology Arrangements. There was no change to beginning net position as a result of adopting this standard. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Account Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the District's financial statements are:

- Management's estimate of the property taxes receivable is based on information obtained from the Jackson and Josephine County Tax Departments. We evaluated the key factors and assumptions used to develop the estimates in determining that it is reasonable in relation to the financial statements taken as a whole.
- There are two estimates of post employment benefits payable included in the Statement of Net Position. The first is management's estimate of the early retirement incentives it will pay to certain employees under their employment contracts. This estimate was based on the retirees currently covered, the length of continued payments and the current amount of the monthly payment. We reviewed the information provided by the actuary and applied it to the financial statements. The second estimate is the calculation of explicit and implicit rate subsidies retirees receive from medical insurance they purchase through the District. Management contracted with an outside party to perform an actuarial analysis to estimate these benefits. The actuary performed the analysis based on information provided by management. We reviewed the information provided by the actuary and applied it to the financial statements.
- Management's estimate of its net pension liability and associated deferred outflows and inflows based on information provided by the Oregon Public Employees Retirement System (OPERS). This information is subject to significant assumptions. In addition to testing certain contributions made by the District we have relied on the audit of the OPERS plan. Based on the audit of OPERS and the procedures performed the pension related entries appear reasonably stated.
- Management's estimate of the accumulated depreciation and related expense for the current year was based on management's estimate of the life expectancy of the fixed assets. We reviewed the capital asset listing, selected a sample, and recalculated the accumulated and current year depreciation expense. We were satisfied that the calculations used were reasonable.
- Management's estimate of the lease and subscription liability along with associated ROU assets for the current year was based on management's estimate of the incremental borrowing rate and the term of the lease or subscription. We reviewed the lease and subscription listing, selected samples, and reviewed the underlying contracts and calculations of the liability and ROU assets. We were satisfied that the calculations used were reasonable.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

- The disclosure of Long-Term Debt in Note 7 to the financial statements.
- The disclosure of Leases and Subscription-Based Information Technology Arrangements (SBITA) in Note 8 to the financial statements.
- The disclosure of Postemployment Benefits Other Than Pensions in Note 10 to the financial statements.
- The disclosure of Pension and Retirement Plans in Note 11 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Audit Adjustments and Uncorrected Misstatements

There were no material audit adjustments made to the original trial balance presented to us to begin our audit.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial. Uncorrected misstatements or matters underlying these uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Consultation With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Reports and Meal Trackers for Child Nutrition Cluster

KDP noted that reports and excel meal trackers for various months in the 2023 fiscal year did not tie to meal counts submitted to ODE. KDP notes that TRSD had corrected this issue prior to the end of the fiscal year.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 21, 2023.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

During our audit we found the management and staff to be very receptive to our comments and suggestions. They were hard-working, diligent, and conscientious about their assigned responsibilities and duties. They were a pleasure to work with.

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

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jeny Grupe".

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