

**THREE RIVERS SCHOOL DISTRICT
Josephine County, Oregon**

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FISCAL YEAR ENDED JUNE 30, 2014

WITH

INDEPENDENT AUDITOR'S REPORTS

THREE RIVERS SCHOOL DISTRICT
Josephine County, Oregon
June 30, 2014

BOARD OF EDUCATION AS OF JUNE 30, 2014

| | |
|-------------|------------------|
| Danny York | Chairperson |
| Ron Lengwin | Vice Chairperson |
| Kara Olmo | Member |
| Ron Crume | Member |
| Kate Dwyer | Member |

ADMINISTRATION

P.O. Box 160
Murphy, Oregon 97533

| | |
|----------------|----------------------|
| Patricia Adams | Superintendent-Clerk |
| Lisa Cross | Accounting Manager |

THREE RIVERS SCHOOL DISTRICT

Josephine County, Oregon

June 30, 2014

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640 Superior Court
Medford, OR97504
Tel: (541)773-6633
Fax: (541)773-1965
www.kdcoCPA.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Three Rivers School District
Murphy, OR

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), Oregon, as of and for the year ended June 30, 2014, 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 presentation 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 16 to the financial statements, in 2014 the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress (other postemployment benefits), and the budgetary comparison information 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 and the schedule of funding progress (other postemployment benefits) 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 management's discussion and analysis and the schedule of funding progress (other postemployment benefits) because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The 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 major governmental funds budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplementary Information

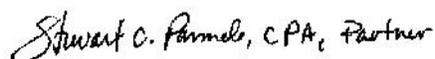
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information and other financial schedules listed in the Table of Contents are presented for purposes of additional analysis 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 the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplementary information, other financial schedules, and schedule of expenditures of federal awards is the responsibility of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 18, 2014, 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 18, 2014 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
KDCO Piels, Certified Public Accountants, LLP
Medford, Oregon
December 18, 2014

**THREE RIVERS/JOSEPHINE COUNTY UNIT JOINT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

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, 2014. 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 liabilities of the District at year end. Net position is what remains after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The **Statement of Activities**, which presents information showing how the net position of the District changed over the year, by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position 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.

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.

Government-Wide Financial Analysis

Over time, net position may serve as a useful indicator of the District's financial position; as of 30 June 2014, the District's assets exceeded its liabilities by \$22.0 million, an increase of approximately \$170,000 from Fiscal year 2013.

About 60% 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 \$40.6 million. The remaining assets consist mainly of cash, prepaid pension asset, and receivables. A large portion of these assets, \$14.1 million is in a prepaid pension asset created by a contribution made to PERS from the 2004 pension obligation bonds.

The District's largest liability is \$41.5 million for the repayment of general and pension obligation bonds, additional compensation obligation and leases. Current liabilities, representing about 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.

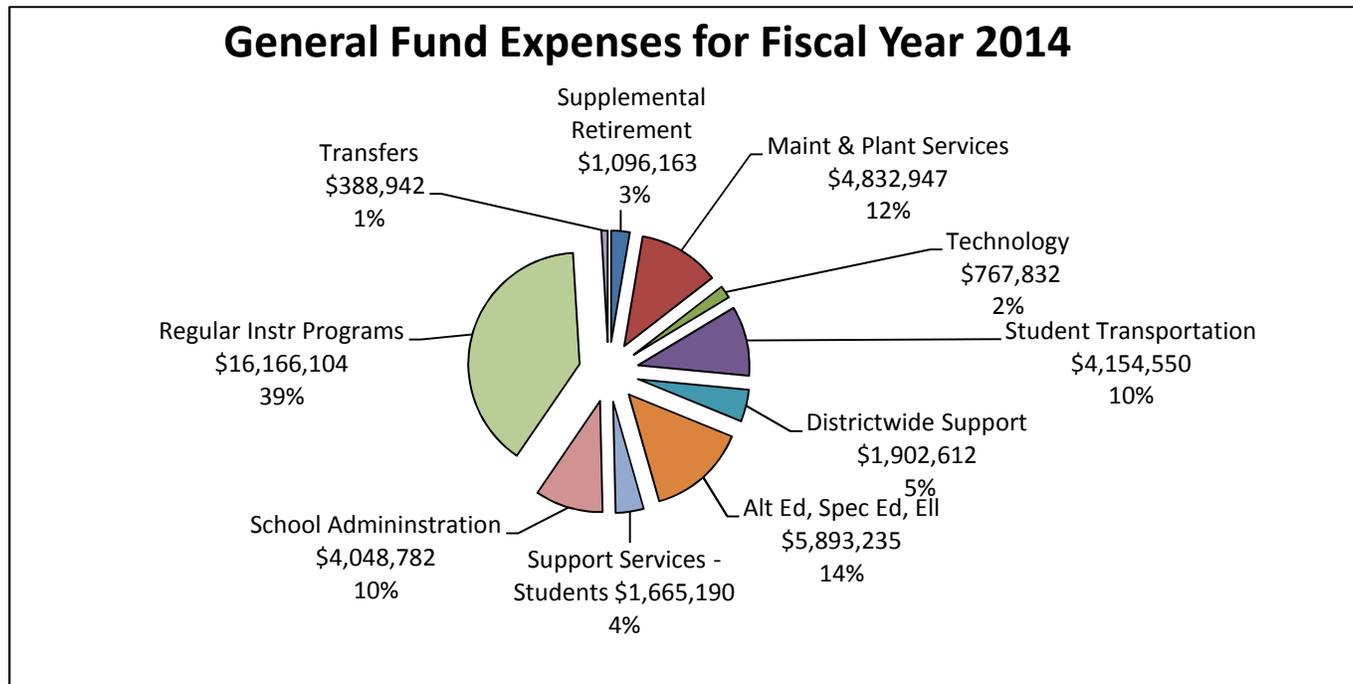
| Statement of Net Assets Summary | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| Governmental Activities | | | | | | |
| | 2010 | 2011 | 2012 | 2013 | 2014 | Increase (Decrease): 2013 to 2014 |
| Assets | | | | | | |
| Current and other assets | 31,791,206 | 30,311,500 | 29,008,169 | 26,110,083 | 26,701,945 | 591,862 |
| Capital assets | 50,301,395 | 48,473,773 | 45,990,739 | 43,224,558 | 40,579,794 | (2,644,764) |
| Total assets | 82,092,601 | 78,785,273 | 74,998,908 | 69,334,641 | 67,281,739 | (2,052,902) |
| Liabilities | | | | | | |
| Current liabilities | 2,525,384 | 3,244,505 | 3,877,747 | 3,714,720 | 3,232,577 | (482,143) |
| Long term liabilities | 48,839,443 | 47,173,227 | 45,275,520 | 43,771,186 | 41,540,479 | (2,230,707) |
| Total Liabilities | 51,364,827 | 50,417,732 | 49,153,267 | 47,485,906 | 44,773,056 | (2,712,850) |
| Net Assets | | | | | | |
| Invested in capital assets, net of debt | 28,483,372 | 28,078,928 | 27,146,236 | 25,937,024 | 24,878,602 | (1,058,422) |
| Restricted | 5,712,713 | 4,458,137 | 4,156,447 | 3,427,598 | 3,501,709 | 74,111 |
| Unrestricted | (3,468,311) | (4,169,524) | (5,457,043) | (7,515,887) | (5,871,628) | 1,644,259 |
| Total Net Assets | 30,727,774 | 28,367,541 | 25,845,640 | 21,848,735 | 22,508,683 | 659,948 |

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 2013-2014 | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
| Assets | | | | | | |
| Equity in cash and investments | 8,341,382 | 7,561,652 | 7,397,463 | 7,004,095 | 5,025,365 | 7,654,537 |
| Taxes receivable | 949,463 | 1,269,233 | 1,355,681 | 1,551,197 | 1,535,887 | 1,591,735 |
| Other receivables | 1,934,364 | 1,976,507 | 2,040,965 | 1,798,996 | 1,719,701 | 1,358,814 |
| Prepaid expenses | - | 739,710 | 299,206 | 611,030 | 754,684 | 140,138 |
| Total Assets | 11,225,209 | 11,547,102 | 11,093,315 | 10,965,318 | 9,035,637 | 10,745,224 |
| Liabilities | | | | | | |
| Accounts Payable | 235,836 | 604,359 | 625,324 | 366,910 | 354,415 | 945,008 |
| Accrued payroll and interest p | 909,366 | 786,599 | 741,367 | 1,170,837 | 882,144 | 1,001,435 |
| Deferred revenue | 782,863 | 1,327,629 | 1,187,513 | 1,442,804 | 1,297,062 | 1,494,648 |
| Total Liabilities | 1,928,065 | 2,718,587 | 2,554,204 | 2,980,551 | 2,533,621 | 3,441,091 |
| Fund Balances | | | | | | |
| Non-spendable | | | 355,458 | 655,067 | 810,903 | 180,728 |
| Restricted Balances | | | 2,817,868 | 1,871,512 | 2,094,443 | 2,402,667 |
| Committed Balances | | | 1,130,304 | 2,029,354 | 1,328,167 | 1,252,324 |
| Assigned Balances | | | 2,949,409 | 1,848,553 | 1,703,486 | 2,246,630 |
| Unassigned Balances | 9,297,145 | 8,828,515 | 1,286,072 | 1,580,281 | 565,017 | 1,221,784 |
| Total Fund Balar | 9,297,145 | 8,828,515 | 8,539,111 | 7,984,767 | 6,502,016 | 7,304,133 |

General Fund - The General Fund is the primary operating fund of the District. As of June 30, 2014, the fund balance was \$2.8 million; an increase of \$738 thousand from the previous year. While 30% of the increased fund balance was State School Fund awarded in May of 2014, the district used a portion of resources to reinstate 4 of the 9 school days reduced in the prior year, 2012-13.



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, only down \$10 thousand from 2012-2013.

Debt Service - The Ending Fund Balance in the debt service fund remained relatively the same. 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 remained constant despite increased capital expenditures. This was due to increased local option taxes received.

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, 2014, the District had invested \$40.58 million in capital assets, net of depreciation. This is down \$2.65 million from the previous year due to the accumulated depreciation far outweighing acquisitions. The major capital asset additions were:

- 1 Utility van for maintenance
- Water heaters at Manzanita
- HVAC systems in 3 classrooms

Long Term Debt – At the end of the current fiscal year, the District had total bonded debt outstanding of \$41.1 million, consisting of the following:

- | | |
|---------------------------|-----------------|
| • PERS Bond | \$25.03 million |
| • General Obligation Bond | \$13.64 million |
| • QZAB Bonds | \$ 1.56 million |
| • Capital Leases | \$.84 million |

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

Economic Factors & Next Year's Budget

For the first time in many years, revenues in the General Fund have increased. Despite having the District's General Fund reserves depleted over the past 10 years (leaving a minimal contingency), and the PERS reserve being exhausted in 2013-2014 due to rapid rate increases, the District has started the process of making itself "whole" again. The 2014-15 Adopted Budget includes a full school calendar year for students, as well as conferences and staff development days; a small increase in employee compensation; and the enhancement of alternative education.

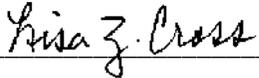
The District is encouraged by reports for a call to increase K-12 funding in the future, however, there are many additional expenses that need to be taken into consideration as well. Plans for full day kindergarten in the 2015-16 fiscal year include requirements for additional staffing, facilities, and materials; increases in health insurance costs as well as rising Public Employee Retirement System (PERS) costs; and changes to enrollment figures within the district as well as charter schools. All of these factors require the District to closely examine future budgeting and spending practices.

Since the conclusion of 2013-2014, the Three Rivers School District Board of Directors approved a resolution transfer of not more than \$246,000 from General Fund to cover the 2013-14 Special Revenue Food Service deficits. In addition, the District has a balance of \$428,000 due over the next 2 years for payment resulting from an Unfair Labor Practice case filed by the Three Rivers Education Association (TREA) against the District.

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
JOSEPHINE COUNTY, OREGON**

**STATEMENT OF NET POSITION
JUNE 30, 2014**

| | Primary Government |
|--|----------------------------|
| | Governmental Activities |
| Assets | |
| Cash and cash equivalents | \$ 9,052,735 |
| Property taxes receivables | 1,591,736 |
| Other receivables | 401,424 |
| Intergovernmental accounts receivables | 916,800 |
| Prepaid expenses | 140,138 |
| Inventory | 40,590 |
| Prepaid pension asset | 14,177,234 |
| Capital assets, net of depreciation | 40,579,794 |
| | 66,900,451 |
| Total | |
| Liabilities | |
| Accounts payable | 957,545 |
| Accrued payroll liabilities | 1,001,433 |
| Accrued interest | 36,926 |
| Accrued compensated absences | 73,649 |
| Unearned revenue | 109,479 |
| Accrued retirement benefits | 1,161,671 |
| Accrued compensation | |
| Due within one year | 214,000 |
| Due in more than one year | 214,000 |
| Bonds payable | |
| Due within one year | 2,282,298 |
| Due in more than one year | 37,990,202 |
| Capital leases | |
| Due within one year | 81,520 |
| Due in more than one year | 758,460 |
| | 44,881,183 |
| Total | |
| Net Position | |
| Net investment in capital assets | 24,497,314 |
| Restricted for: | |
| Special Projects | 137,934 |
| Debt Service | 1,039,339 |
| Capital Projects | 1,404,975 |
| Unrestricted | (5,060,294) |
| | 22,019,268 |
| Total | \$ 22,019,268 |

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Changes in Net Assets</u> |
|--|----------------------|---------------------------------|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Primary Government</u> |
| Instruction | \$ 28,424,728 | \$ 1,567,136 | \$ 3,803,795 | \$ (23,053,797) |
| Support services | 20,947,241 | - | 2,179,838 | (18,767,403) |
| Community services | 2,139,982 | 230,096 | 1,719,094 | (190,792) |
| Facilities acquisition and construction | - | 49,011 | - | 49,011 |
| Interest on long-term debt | <u>2,115,983</u> | <u>-</u> | <u>-</u> | <u>(2,115,983)</u> |
| Total governmental activities | <u>\$ 53,627,934</u> | <u>\$ 1,846,243</u> | <u>\$ 7,702,727</u> | <u>\$ (44,078,964)</u> |
| General Revenues | | | | |
| Property taxes | | | | 15,673,015 |
| Construction excise tax | | | | 191,159 |
| State support | | | | 26,275,528 |
| Common school fund | | | | 436,179 |
| Federal forest fees | | | | 159,518 |
| ESD apportionment | | | | 762,141 |
| Earnings on investments | | | | 79,397 |
| Miscellaneous | | | | <u>1,096,212</u> |
| Total general revenues | | | | <u>44,673,149</u> |
| Change in net position | | | | 594,185 |
| Net position, beginning of the year as restated. | | | | <u>21,425,083</u> |
| Net position end of year | | | | <u>\$ 22,019,268</u> |

FUND FINANCIAL STATEMENTS

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

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014**

| | GENERAL FUND | SPECIAL REVENUE FUND | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | TOTAL |
|--|---------------------|-------------------------|----------------------|--------------------------|----------------------|
| ASSETS | | | | | |
| Cash and Investments | \$ 3,917,393 | \$ 455,108 | \$ 832,860 | \$ 2,449,173 | \$ 7,654,534 |
| Receivables: | | | | | |
| Property Taxes | 1,385,257 | - | 206,479 | - | 1,591,736 |
| Accounts | 300,117 | 72,196 | - | 29,111 | 401,424 |
| Grants | - | 916,800 | - | - | 916,800 |
| Prepaid | 140,138 | - | - | - | 140,138 |
| Inventory | 40,590 | - | - | - | 40,590 |
| Total Assets | \$ 5,783,495 | \$ 1,444,104 | \$ 1,039,339 | \$ 2,478,284 | \$ 10,745,222 |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 790,612 | \$ 151,958 | \$ - | \$ 2,437 | \$ 945,007 |
| Payroll Liabilities | 984,783 | 16,650 | - | - | 1,001,433 |
| Unearned Revenues | - | 109,479 | - | - | 109,479 |
| Total Liabilities | 1,775,394 | 278,087 | - | 2,437 | 2,055,919 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 1,205,587 | - | 179,580 | - | 1,385,167 |
| Total Deferred Inflows of Resources | 1,205,587 | - | 179,580 | - | 1,385,167 |
| FUND BALANCE | | | | | |
| Non-Spendable | 180,728 | - | - | - | 180,728 |
| Restricted | - | 137,934 | 859,759 | 1,404,975 | 2,402,668 |
| Committed | 510,000 | - | - | 742,324 | 1,252,324 |
| Assigned | 890,000 | 1,028,083 | - | 328,548 | 2,246,631 |
| Unassigned | 1,221,786 | - | - | - | 1,221,786 |
| Total Fund Balances | 2,802,514 | 1,166,017 | 859,759 | 2,475,847 | 7,304,137 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 5,783,495 | \$ 1,444,104 | \$ 1,039,339 | \$ 2,478,284 | \$ 10,745,223 |

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014**

| | | |
|---|---------------------|------------------------------------|
| TOTAL FUND BALANCES | | \$ 7,304,137 |
| Prepaid pension benefit obligations are not a financial resource and therefore are not reported in the governmental funds | | 14,177,234 |
| Capital assets are not financial resources and therefore are not reported in the governmental funds: | | |
| Cost | \$ 113,022,863 | |
| Accumulated depreciation | <u>(72,443,069)</u> | 40,579,794 |
| 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. | | 1,385,167 |
| 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 governmental activities in the statement of net position. | | 1,385,662 |
| Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of: | | |
| Accrued interest payable | (36,926) | |
| ERB liability | (428,000) | |
| Bonds payable, net of bond premium | (40,272,500) | |
| Capital leases payable | (839,980) | |
| Accrued compensated absences | <u>(73,649)</u> | (41,651,055) |
| Other post employment benefit liability obligation is not reported in governmental funds. | | <u>(1,161,671)</u> |
| TOTAL NET POSITION | | <u><u>\$ 22,019,268</u></u> |

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

| | GENERAL FUND | SPECIAL REVENUE FUND | DEBT SERVICE FUND | CAPITAL PROJECTS FUND | TOTAL |
|--|---------------------|-------------------------|----------------------|--------------------------|---------------------|
| REVENUES: | | | | | |
| Local sources | | | | | |
| Property Taxes | \$ 13,522,728 | \$ - | \$ 2,062,182 | \$ - | \$ 15,584,910 |
| Construction excise tax | - | - | - | 191,159 | 191,159 |
| Tuition | 87,646 | - | - | - | 87,646 |
| Earnings on investments | 46,484 | 1,951 | 9,744 | 19,196 | 77,375 |
| Lunch sales | - | 230,096 | - | - | 230,096 |
| Co-curricular | 44,850 | 1,434,640 | - | - | 1,479,490 |
| Rentals | 23,131 | - | - | 25,880 | 49,011 |
| Contributions | - | 79,997 | - | - | 79,997 |
| Miscellaneous | 280,957 | 251,970 | 1,918,826 | 216,804 | 2,668,557 |
| Intermediate sources | | | | | |
| ESD apportionment | 762,141 | - | - | - | 762,141 |
| Intermediate grant | - | 12,182 | - | - | 12,182 |
| State sources | | | | | |
| School support fund | 26,275,528 | - | - | - | 26,275,528 |
| Common school fund | 436,179 | - | - | - | 436,179 |
| State grants | - | 1,351,946 | - | 2,173 | 1,354,119 |
| Federal sources | | | | | |
| Federal grants | - | 6,256,429 | - | - | 6,256,429 |
| Federal forest fees | 159,518 | - | - | - | 159,518 |
| Total Revenues | 41,639,162 | 9,619,211 | 3,990,752 | 455,212 | 55,704,337 |
| EXPENDITURES | | | | | |
| Instruction | 22,173,214 | 5,915,365 | - | - | 28,088,579 |
| Support Services | 18,515,381 | 1,619,318 | - | 546,297 | 20,680,996 |
| Enterprise & Community | - | 2,108,632 | - | - | 2,108,632 |
| Facilities Acquisition | - | 5,750 | - | - | 5,750 |
| Debt Service | - | - | 3,988,260 | - | 3,988,260 |
| Total Expenditures | 40,688,595 | 9,649,065 | 3,988,260 | 546,297 | 54,872,217 |
| Excess (Deficiency) of Revenues over Expenditures | 950,567 | (29,854) | 2,492 | (91,085) | 832,120 |
| OTHER FINANCING SOURCES AND USES | | | | | |
| Transfers In | 175,937 | 19,793 | - | 163,212 | 358,942 |
| Transfers Out | (388,942) | - | - | - | (388,942) |
| Total Other Financing Sources and Uses | (213,005) | 19,793 | - | 163,212 | (30,000) |
| Net Change in Fund Balance | 737,562 | (10,061) | 2,492 | 72,127 | 802,120 |
| Beginning Fund Balance | 2,064,952 | 1,176,078 | 857,267 | 2,403,720 | 6,502,017 |
| Ending Fund Balance | <u>\$ 2,802,514</u> | <u>\$ 1,166,017</u> | <u>\$ 859,759</u> | <u>\$ 2,475,847</u> | <u>\$ 7,304,137</u> |

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

| | | | |
|---|--|--------------------|----------------|
| NET CHANGE IN FUND BALANCE | | \$ | 802,120 |
| <p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> | | | |
| <p>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 capital outlays exceeded depreciation in the current period.</p> | | | |
| Expenditures for capital assets | | \$ 188,834 | |
| Less current year depreciation | | <u>(2,833,598)</u> | (2,644,764) |
| <p>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.</p> | | | |
| | | | 2,222,637 |
| <p>Governmental funds report the effect of issuance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in Statement of Activities. This amount is the net effect of these differences:</p> | | | |
| Amortization of premium | | | 8,069 |
| <p>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.</p> | | | |
| | | | 3,219 |
| <p>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.</p> | | | |
| Interest paid | | 2,088,753 | |
| Interest expense | | <u>(2,085,956)</u> | 2,797 |
| <p>Prepaid pension benefit obligations are reported as an asset on the Statement of Net Position. These amounts are amortized in the Statement of Activities.</p> | | | |
| | | | (1,090,557) |
| <p>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.</p> | | | |
| | | | 88,106 |
| <p>The District implemented GASB Statement 45, which requires the District record the net post employment benefit obligation, actuarially determined. The other post employment benefit liability is not reported in government funds.</p> | | | |
| Net post employment benefit obligation change actuarially determined | | | 1,198,104 |
| <p>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.</p> | | | |
| | | | <u>4,454</u> |
| CHANGE IN NET POSITION | | \$ | <u>594,185</u> |

THREE RIVERS SCHOOL DISTRICT
JOSEPHINE COUNTY, OREGON

STATEMENT OF PROPRIETARY NET POSITION
JUNE 30, 2014

| | <u>Internal Service Fund</u> |
|------------------------------------|----------------------------------|
| Assets | |
| Current Assets: | |
| Cash and Cash Equivalents | <u>\$ 1,398,201</u> |
| Total Assets | <u>1,398,201</u> |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | <u>12,538</u> |
| Total Liabilities | <u>12,538</u> |
| Net Position | |
| Unrestricted Net Position | <u>1,385,662</u> |
| Total Liabilities and Net Position | <u><u>\$ 1,398,200</u></u> |

THREE RIVERS SCHOOL DISTRICT
JOSEPHINE COUNTY, OREGON

STATEMENT OF CHANGES IN PROPRIETARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Internal Service Fund</u> |
|--------------------------------------|----------------------------------|
| Operating Revenues | |
| Local Sources | |
| Earnings on Investments | \$ 2,022 |
| Miscellaneous | <u>346,281</u> |
| Total operating revenues | <u>348,303</u> |
| | |
| Operating Expenses | |
| Support Services | <u>375,084</u> |
| Operating Income | (26,781) |
| | |
| Nonoperating Revenues (Expenses): | |
| Transfers In | <u>30,000</u> |
| | |
| Change in Net Position | 3,219 |
| Total Net Position Beginning of Year | <u>1,382,443</u> |
| Total Net Position End of Year | <u><u>\$ 1,385,662</u></u> |

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2014**

| | <u>Internal Service Fund</u> |
|---|----------------------------------|
| Cash Flows from Operating Activities | |
| Local Sources | \$ 348,303 |
| Supporting Services | <u>(363,106)</u> |
| Net Cash Provided by Operating Activities | <u>(14,803)</u> |
| Cash Flows from Noncapital Financing Activities | |
| Transfers in | <u>30,000</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>30,000</u> |
| Net Increase in Cash and Cash Equivalents | 15,197 |
| Cash Balance Beginning of Year | <u>1,383,003</u> |
| Cash Balance End of Year | <u><u>\$ 1,398,200</u></u> |
| Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities: | |
| Operating Income (Loss) | \$ (26,781) |
| Increase in Accounts Payable | <u>11,978</u> |
| Net Cash Provided (Used) by Operating Activities | <u><u>\$ (14,803)</u></u> |

See accompanying notes to basic financial statements.

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

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014**

| | <u>Scholarship Expendable Trust Fund</u> |
|----------------------------------|--|
| Assets | |
| Cash and Cash Equivalents | \$ 8,664 |
| Liabilities | |
| Due to Students and Other Groups | <u> -</u> |
| Net Position | |
| Reserved for Scholarships | <u><u>\$ 8,664</u></u> |

THREE RIVERS SCHOOL DISTRICT
JOSEPHINE COUNTY, OREGON

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

ADDITIONS:

| | |
|-------------------------|--------------|
| Earnings on investments | \$ <u>87</u> |
| Total Additions | <u>87</u> |

REDUCTIONS:

| | |
|------------------------|------------------------|
| Total Deductions | <u>50,540</u> |
| Change in Net Position | (50,453) |
| Begininng Net Position | <u>59,117</u> |
| Ending Net Position | <u><u>\$ 8,664</u></u> |

NOTES TO BASIC FINANCIAL STATEMENT

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

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, 2014

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, 2014

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 currently does not have any items that qualify for reporting in this category.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

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 only one type of deferred inflow, 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.

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.

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.

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.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

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 uncollectibles 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 |

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.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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.

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 e definitions above.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 1 - Summary of Significant Accounting Policies (continued)

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, 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.

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 were no resolutions appropriating unanticipated resources. Appropriations lapse at the end of each 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.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 2 - Equity in Pooled Cash and Investments

Cash and investments are comprised of the following as of June 30, 2014:

| | |
|--|--------------------------------|
| Deposits with financial institutions: | |
| Demand Deposits | \$ 4,518,453 |
| LGIP | <u>4,542,946</u> |
| Total deposits with financial institutions | <u><u>\$ 9,061,399</u></u> |

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

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

| | |
|-------------------------------------|--------------------------------|
| Statement of Net Position | |
| Cash and Cash Equivalents | \$ 9,052,735 |
| Statement of Fiduciary Net Position | |
| Cash and Cash Equivalents | <u>8,664</u> |
| Total Cash and Cash Equivalents | <u><u>\$ 9,061,399</u></u> |

Deposits. The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2014. 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, 2014, the carrying amounts of the District's deposits in various financial institutions were \$4,518,404 and the bank balances were \$4,920,581. 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 \$3,879,851 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 2014. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 2 - Equity in Pooled Cash and Investments

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.

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, 2014 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.

| <u>Investment Type</u> | <u>Maturity</u> | <u>Percentage of Portfolio</u> | <u>Fair Value</u> |
|---|-----------------|------------------------------------|---------------------|
| State of Oregon Treasurer's Local Government Investment Pool | 1 day | 100% | <u>\$ 4,542,946</u> |

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 3 - Receivables

Receivables are comprised of the following as of June 30, 2014:

| | <u>Other</u> | <u>Grants</u> | <u>Property Taxes</u> | <u>Total</u> |
|-----------------------|-------------------|-------------------|-----------------------|---------------------|
| General Fund | \$ 300,117 | \$ - | \$ 1,385,257 | \$ 1,685,374 |
| Special Revenue Fund | 72,196 | 916,800 | - | 988,996 |
| Debt Service Fund | - | - | 206,479 | 206,479 |
| Capital Projects Fund | 29,111 | - | - | 29,111 |
| Total receivables | <u>\$ 401,424</u> | <u>\$ 916,800</u> | <u>\$ 1,591,736</u> | <u>\$ 2,909,960</u> |

Note 4 - Prepaid Pension Expense

Payments for fees or services that will benefit periods beyond the fiscal year end are recorded as prepaid items. In February, 2004, Three Rivers School District issued limited tax pension obligation bonds to finance its unfunded actuarial retirement liability. As a result, the District has prepaid a significant portion of its pension expense. This prepaid amount reflects twenty-six years advance payment of the District's pension obligation. Therefore, the amounts are being amortized over a twenty-six year period utilizing the straight-line method.

| | <u>Original Issue</u> | <u>Prepaid at June 30, 2013</u> | <u>Amortization</u> | <u>Prepaid at June 30, 2014</u> |
|-------------------------|-----------------------|---------------------------------|---------------------|---------------------------------|
| Prepaid Pension Expense | <u>\$ 24,394,028</u> | <u>\$ 15,267,791</u> | <u>\$ 1,090,557</u> | <u>\$ 14,177,234</u> |

Note 5 - Deferred Inflow / 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 available (deferred inflow) and unearned revenue in the governmental funds were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|----------------------|---------------------|-------------------|---------------------|
| General Fund | | | |
| Property taxes | \$ 1,205,587 | \$ - | \$ 1,205,587 |
| Special Revenue Fund | | | |
| Grants | - | 109,479 | 109,479 |
| Debt Service Fund | | | |
| Property Taxes | 179,580 | - | 179,580 |
| | <u>\$ 1,385,167</u> | <u>\$ 109,479</u> | <u>\$ 1,494,646</u> |

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 6 - Capital Assets

The changes in capital assets for the year ended June 30, 2014, are as follows:

| | Balance July 1, 2013 | Additions | Deletions | Balance June 30, 2014 |
|---|-------------------------|-----------------------|-----------------|--------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 598,311 | \$ - | \$ - | \$ 598,311 |
| Total capital assets not being depreciated | <u>598,311</u> | <u>-</u> | <u>-</u> | <u>598,311</u> |
| Capital assets being depreciated | | | | |
| Building & Improvements | 106,019,884 | 106,348 | - | 106,126,232 |
| Machinery/Equipment/Vehicles | 6,260,016 | 82,486 | (44,182) | 6,298,320 |
| Totals | <u>112,279,900</u> | <u>188,834</u> | <u>(44,182)</u> | <u>112,424,552</u> |
| Less accumulated depreciation for: | | | | |
| Building Improvements | (67,295,238) | (2,380,013) | - | (69,675,251) |
| Machinery/Equipment/Vehicles | (2,358,415) | (453,585) | 44,182 | (2,767,818) |
| Total | <u>(69,653,653)</u> | <u>(2,833,598)</u> | <u>44,182</u> | <u>(72,443,069)</u> |
| Total capital assets, net | | | | |
| Land | 598,311 | - | - | 598,311 |
| Building Improvements | 38,724,646 | (2,273,665) | - | 36,450,981 |
| Machinery/Equipment/Vehicles | 3,901,601 | (371,099) | - | 3,530,502 |
| Totals | <u>\$ 43,224,558</u> | <u>\$ (2,644,764)</u> | <u>\$ -</u> | <u>\$ 40,579,794</u> |

Depreciation expense for the year was charged to the following programs:

| | |
|---------------------|-----------------------------|
| <u>Program</u> | |
| Instruction | \$ 1,536,202 |
| Supporting Services | 1,182,072 |
| Community Services | 115,324 |
| | <u> </u> |
| Total | <u>\$ 2,833,598</u> |

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 7 - Long-Term Debt

Accrued Compensation Liability

On August 8, 2013, the Employment Relations Board of the State of Oregon issued an order holding that the District was responsible for additional compensation relating to the 2008 approval of an increase in student contact time for high school teachers represented by the Three Rivers Education Association. The District will make three payments as follows: November 2013, \$77,000; November 2014, \$214,000; and November 2015, \$214,000.

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 \$20,483. For the fiscal year 2024, a balloon payment of \$358,168, which includes principal and interest, is due and payable.

| | <u>QZAB Installment</u> | |
|--|-------------------------|-------------------|
| <u>Year ending</u> <u>June 30th</u> | <u>Principal</u> | <u>Interest</u> |
| 2015 | \$ 114,229 | \$ 19,103 |
| 2016 | 115,626 | 17,706 |
| 2017 | 117,040 | 16,292 |
| 2018 | 118,471 | 14,861 |
| 2019 | 119,920 | 13,412 |
| 2020-2024 | 621,957 | 44,703 |
| 2024-2025 | 354,913 | 3,255 |
| | <u>\$1,562,155</u> | <u>\$ 129,333</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 \$1,385,998.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 7 - Long-Term Debt (continued)

General Obligation Bonds

General Obligation bonds are 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 \$682,272. 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.

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 \$885,297.

The changes in long-term obligations for year ended June 30, 2014, are as follows:

| <u>Issue Date:</u> | <u>Outstanding July 1, 2013</u> | <u>Matured & Redeemed</u> | <u>Outstanding June 30, 2014</u> | <u>Due within 1 year</u> | <u>Interest Rate</u> |
|----------------------|-------------------------------------|-----------------------------------|--------------------------------------|------------------------------|--------------------------|
| Accrued Compensation | | | | | |
| Liability 2013 | \$ 505,000 | \$ (77,000) | \$ 428,000 | \$ 214,000 | |
| PERS Bonds | | | | | |
| February 5, 2004 | 25,555,000 | (525,000) | 25,030,000 | 650,000 | 4.77-5.53% |
| GO Bonds | | | | | |
| January 26, 2005 | 15,035,000 | (1,395,000) | 13,640,000 | 1,510,000 | 3.25-5.25% |
| QZAB Bonds | | | | | |
| September 24, 2009 | 1,675,004 | (112,849) | 1,562,155 | 114,229 | 1.23% |
| Capital Leases | | | | | |
| Various | 952,768 | (112,788) | 839,980 | 81,520 | 1.22-4.346% |
| Total | <u>43,722,772</u> | <u>(2,222,637)</u> | <u>41,500,135</u> | <u>2,569,749</u> | |
| Unamortized premium | 48,414 | (8,069) | 40,345 | 8,069 | |
| Total | <u>\$ 43,771,186</u> | <u>\$ (2,230,706)</u> | <u>\$ 41,540,480</u> | <u>\$ 2,577,818</u> | |

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 7 - Long-Term Debt (continued)

The annual debt service requirements on long-term debt outstanding as of June 30, 2014 are as follows:

| <u>Year Ending June 30th</u> | <u>Accrued Compensation</u> | <u>PERS Bonds</u> | <u>G.O. Bonds</u> | <u>QZAB Bonds</u> | <u>Capital Lease</u> |
|----------------------------------|---------------------------------|-----------------------|-----------------------|-----------------------|--------------------------|
| 2015 | \$ 214,000 | \$ 650,000 | \$ 1,510,000 | \$ 114,229 | \$ 81,520 |
| 2016 | 214,000 | 790,000 | 1,645,000 | 115,626 | 81,051 |
| 2017 | - | 940,000 | 1,785,000 | 117,040 | 84,644 |
| 2018 | - | 1,105,000 | 1,930,000 | 118,471 | 88,397 |
| 2019 | - | 1,280,000 | 2,085,000 | 119,920 | 92,316 |
| 2020-2024 | - | 9,640,000 | 4,685,000 | 621,956 | 412,052 |
| 2025-2028 | - | 10,625,000 | - | 354,913 | - |
| | <u>\$ 428,000</u> | <u>\$25,030,000</u> | <u>\$13,640,000</u> | <u>\$1,562,155</u> | <u>\$ 839,980</u> |

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

| | <u>Balance 7/1/2013</u> | <u>Earned</u> | <u>Used</u> | <u>Balance 6/30/14</u> | <u>Due Within 1 Year</u> |
|----------------------|-----------------------------|-------------------|-------------------|----------------------------|------------------------------|
| Compensated absences | <u>\$ 78,103</u> | <u>\$ 144,125</u> | <u>\$ 148,579</u> | <u>\$ 73,649</u> | <u>\$ 73,649</u> |

Note 8 - 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, 2014. The future minimum lease payments for these leases are as follows:

| <u>Fiscal Year Ending June 30</u> | |
|---|-------------------|
| 2015 | \$ 62,653 |
| 2016 | 62,653 |
| | <u>\$ 125,306</u> |

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 9 - Interfund Transactions

Interfund transfers during the year ended June 30, 2014, were as follows:

| | Transfers In | Transfers Out |
|------------------|-------------------|-------------------|
| | <hr/> | <hr/> |
| General Fund | \$ 175,937 | \$ 388,942 |
| Special Revenue | 19,793 | - |
| Capital Projects | 163,212 | - |
| Self Insurance | 30,000 | - |
| | <hr/> | <hr/> |
| Total Transfers | <u>\$ 388,942</u> | <u>\$ 388,942</u> |

During the 2013-14 fiscal year, the Board of Directors approved transfers out from the General Fund. The Carry Over fund received the transfer of unspent funds. Special Revenue Funds received the transfer to fund the food service required food match program. Capital Projects Fund transfer was to fund capital lease payments. The Self Insurance Fund transfer was to fund future obligations and legal settlement fees.

Note 10 - Pension Plan

The District contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost-sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs: The Pension Program, the defined benefit portion of the plan, applies to qualifying District employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Oregon Public Employees Retirement Board (OPERB) as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, PO Box 23700, Tigard, OR, 97281-3700 or by calling 503-598-7377.

Covered employees are required by state statute to contribute 6.00% of their annual salary to the system, the District contributes this 6% on their behalf. The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2014 were 13.28% and 11.28% respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The District borrowed \$26,620,000 to prepay part of its PERS liability thereby reducing the rate paid to PERS to 2.78% on Tier 1 and Tier 2 employees, effective March 1, 2004. The District's contributions to PERS for the years ending June 30, 2014, 2013 and 2012 were \$3,813,900, \$3,812,338

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 10 - Pension Plan (Continued)

and \$3,794,592, respectively, equal to the required contributions for each year. The District has included the prepaid pension asset in the Statement of Net Position and will amortize the asset over 25 years effectively reducing the annual future pension required contribution to below the annual pension cost.

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.

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 - 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. The following table shows the components of the annual (OPEB cost for the year ending June 30, 2014), the amount actually contributed to the plan, and changes in the net OPEB obligation:

| | 2014 |
|--|--------------|
| Annual required contribution (ARC) | \$ 203,145 |
| Contributions made | (86,657) |
| Increase (Decrease) in Net OPEB obligation | 116,488 |
| Net OPEB Obligation - Beginning of fiscal year | 950,702 |
| Net OPEB Obligation - End of fiscal year | \$ 1,067,190 |

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 12 - Other Postemployment Benefits (continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2014 are:

| Fiscal Year Ending | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-----------------------|---------------------|--|------------------------|
| 2014 | \$ 203,145 | 19.03% | \$ 1,067,190 |
| 2013 | \$ 210,044 | 26.60% | \$ 950,702 |
| 2012 | \$ 244,632 | 22.10% | \$ 796,529 |

Actuarial methods and assumptions - The annual required contribution (ARC) for the current year was determined as part of the June 30, 2014 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 Note 11 –

supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to actuarial accrued liabilities for benefits.

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.

Schedule of Funding Progress - Stipend Benefits:

| Actuarial Valuation Date | (a) Actuarial Value of Assets | (b) Actuarial Accrued Liability (AAL) | (b) -(a) ALL (UAAL) | (a/b) Funded Ration | (c) Covered Payroll | (b-a)/c) UAAL as a Percentage of Covered Payroll |
|--------------------------------|--|--|---------------------------|---------------------------|-----------------------------|--|
| 7/1/2007 | \$ - | \$ 1,322,774 | \$ 1,322,774 | 0% | \$ 20,860,770 | 6.30% |
| 7/1/2009 | \$ - | \$ 2,202,235 | \$ 2,202,235 | 0% | \$ 23,019,318 | 9.60% |
| 7/1/2011 | \$ - | \$ 2,070,014 | \$ 2,070,014 | 0% | TBD | TBD |

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 12 - Other Postemployment Benefits (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, 2014

Note 12 - Other Postemployment Benefits (continued)

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

| | |
|--|--------------|
| | 2014 |
| Annual required contribution | \$ 1,276,061 |
| Contributions made | (1,413,919) |
| Decrease in net pension obligation (NPO) | (137,858) |
| NPO (Asset) at beginning of year | 232,339 |
| NPO (Asset) at end of year | \$ 94,481 |

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2014 are:

| Fiscal Year | Annual OPEB Cost | Percentage of Annual OPEB cost contributed | Net OPEB Obligation |
|-------------|---------------------|--|------------------------|
| 2014 | \$ 1,276,061 | 90.25% | \$ 94,481 |
| 2013 | 1,226,925 | 95.35% | 232,339 |
| 2012 | 1,540,779 | 89.75% | 256,617 |

Actuarial Methods and Assumptions - The annual required contribution (ARC) for the current year was determined as part of the July 1, 2009 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, 2011, the plan was 0% funded. The actuarial accrued liability for benefits was \$10,629,144, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,629,144. 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.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 12 - Other Postemployment Benefits (continued)

Schedule of Funding Progress - Postemployment Health Care and Life Insurance Benefits:

| Actuarial Valuation Date | (a) Actuarial Value of Assets | (b) Actuarial Accrued Liability (AAL) | (b) - (a) AAL (UAAL) | (a/b) Funded Ratio | (c) Covered Payroll | (b-a)/(c) UAAL as a Percentage of Covered Payroll |
|--------------------------|----------------------------------|--|-------------------------|-----------------------|------------------------|--|
| 7/1/2007 | - | \$ 17,998,798 | \$ 17,998,798 | 0% | \$ 20,860,770 | 86.30% |
| 7/1/2009 | - | \$ 19,548,007 | \$ 19,548,007 | 0% | \$ 23,019,318 | 84.90% |
| 7/1/2011 | - | \$ 10,629,144 | \$ 10,629,144 | 0% | TBD | TBD |

Note 13 - Current Vulnerability Due to Certain Concentrations

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

Note 14 - Risk Management

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

Note 15 - Economic Dependency

Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenue. The Basic School Support funding provided by the state to all public school systems in Oregon is primarily based on student enrollment. The State provided \$26,275,528 to the District, which represents approximately 59.9% of the District's total general revenues for the year.

Note 16 - New Pronouncement

For the year ending June 30, 2014, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 was effective for financial statement periods beginning after December 15, 2012. GASB 65 amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets and liabilities. The objective is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). The implementation of GASB 65 resulted in reclassification of property tax previously identified as a liability (deferred revenue) in governmental funds to a deferred inflow of resources (unavailable revenue).

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2014

Note 17 - Restricted Net Position

As noted on the Statement of Net Position, there are various restrictions. In the Special Revenue fund, the restriction for \$137,934 consists of monies to be used for building upgrades (\$60,184), an energy project (\$4,406), the music program (\$3,344), and a studio grant (\$70,000). All of these funds are restricted for these various projects.

Note 18 - Prior Period Adjustment

In accordance with GASB No. 65, the beginning net position of the District was restated in order to write-off the unamortized portion of bond issuance costs that occurred in the prior years. The result of the restatement was a \$423,652 reduction in the beginning net position of the District.

Note 19 - Subsequent Events

Subsequent to the fiscal year end, other events were evaluated through December 3, 2014, which is the date the financial statements were available to be issued. There were no additional events and/or transactions that required recognition and disclosure in the financial statements, except as follows:

The Three Rivers School District Board of Directors approved a resolution transfer of not more than \$246,000 from the General Fund to cover the 2013-2014 Special Revenue Food Service deficits.

REQUIRED SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended JUNE 30, 2014**

| | <u>GENERAL FUND</u> | | | VARIANCE |
|--|----------------------------|-------------------------|---------------------|--------------------------------|
| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>POSITIVE (NEGATIVE)</u> |
| REVENUES | | | | |
| Local sources | | | | |
| Property Taxes | \$ 13,400,085 | \$ 13,400,085 | \$ 13,522,728 | \$ 122,643 |
| Tuition | 12,000 | 12,000 | 87,646 | 75,646 |
| Earnings on investments | 45,000 | 45,000 | 46,484 | 1,484 |
| Co-curricular | 42,780 | 42,780 | 44,850 | 2,070 |
| Rentals | - | - | 23,131 | 23,131 |
| Miscellaneous | 321,113 | 321,113 | 280,957 | (40,156) |
| Intermediate sources | | | | |
| ESD apportionment | 710,000 | 710,000 | 762,141 | 52,141 |
| State sources | | | | |
| School support fund | 26,001,504 | 26,001,504 | 26,275,528 | 274,024 |
| Common school fund | 390,629 | 390,629 | 436,179 | 45,550 |
| Federal sources | | | | |
| Federal forest fees | - | - | 159,518 | 159,518 |
| TOTAL REVENUES | <u>40,923,111</u> | <u>40,923,111</u> | <u>41,639,162</u> | <u>716,051</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Instruction | 21,898,653 | 22,312,173 | 22,173,214 | 138,959 |
| Support services | 19,041,246 | 19,080,846 | 18,515,381 | 565,465 |
| Contingency | 760,000 | 666,880 | - | 666,880 |
| Total expenditures | <u>41,699,899</u> | <u>42,059,899</u> | <u>40,688,595</u> | <u>1,371,304</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(776,788)</u> | <u>(1,136,788)</u> | <u>950,567</u> | <u>2,087,355</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | 180,097 | 175,937 | (4,160) |
| Transfers out | (223,212) | (403,309) | (388,942) | 14,367 |
| Total Other Financing Sources (Uses) | <u>(223,212)</u> | <u>(223,212)</u> | <u>(213,005)</u> | <u>10,207</u> |
| Net Change in Fund Balance | <u>(1,000,000)</u> | <u>(1,360,000)</u> | <u>737,562</u> | <u>2,097,562</u> |
| Beginning Fund Balance | <u>1,000,000</u> | <u>1,360,000</u> | <u>2,064,952</u> | <u>704,952</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,802,514</u> | <u>\$ 2,802,514</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended JUNE 30, 2014**

SPECIAL REVENUE FUND

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE POSITIVE (NEGATIVE) |
|--|--------------------|--------------------|---------------------|------------------------------------|
| REVENUES: | | | | |
| Local Sources | | | | |
| Earnings on investments | \$ 15,000 | \$ 15,000 | \$ 1,951 | \$ (13,049) |
| Lunch sales | 378,000 | 378,000 | 230,096 | (147,904) |
| Co-curricular | 1,190,000 | 1,190,000 | 1,434,640 | 244,640 |
| Contributions | - | - | 79,997 | 79,997 |
| Miscellaneous | 33,000 | 33,000 | 251,970 | 218,970 |
| Intermediate Sources | | | | |
| Intermediate grant | - | - | 12,182 | 12,182 |
| State Sources | | | | |
| State grants | 1,306,000 | 1,306,000 | 1,351,946 | 45,946 |
| Federal Sources | | | | |
| Federal grants | 6,920,109 | 6,920,109 | 6,256,429 | (663,680) |
| Total Revenues | 9,842,109 | 9,842,109 | 9,619,211 | (222,898) |
| EXPENDITURES: | | | | |
| Instruction | 6,533,319 | 6,533,319 | 5,915,365 | 617,954 |
| Support services: | 2,242,152 | 2,242,152 | 1,619,318 | 622,834 |
| Enterprise and community services | 2,162,638 | 2,162,638 | 2,108,632 | 54,006 |
| Facilities acquisition and construction | 76,000 | 76,000 | 5,750 | 70,250 |
| Total Expenditures | 11,014,109 | 11,014,109 | 9,649,065 | 1,365,044 |
| Excess (Deficiency) of Revenues over Expenditures | (1,172,000) | (1,172,000) | (29,854) | 1,142,146 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 30,000 | 30,000 | 19,793 | (10,207) |
| Total Other Financing Sources (Uses) | 30,000 | 30,000 | 19,793 | (10,207) |
| Net Change in Fund Balance | (1,142,000) | (1,142,000) | (10,061) | 1,131,939 |
| Beginning Fund Balance | 1,142,000 | 1,142,000 | 1,176,078 | 34,078 |
| Ending Fund Balance | \$ - | \$ - | \$ 1,166,017 | \$ 1,166,017 |

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

**SCHEDULE OF FUNDING PROGRESS
For the Year Ended JUNE 30, 2014**

| Valuation Date | Assets | Actuarial Accrued Liability | Unfunded Actuarial Accrued Liability | Funded Ratio | Covered Payroll | UAAL/ Payroll |
|-------------------|--------|-----------------------------------|---|-----------------|--------------------|------------------|
| 7/1/2009 | \$ - | \$ 21,750,242 | \$ 21,750,242 | 0.00% | \$ 23,019,318 | 94.49% |
| 7/1/2011 | \$ - | \$ 12,699,158 | \$ 12,699,158 | 0.00% | \$ 22,723,268 | 55.89% |
| 7/1/2013 | \$ - | \$ 11,409,196 | \$ 11,409,196 | 0.00% | 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.

OTHER SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended JUNE 30, 2014**

DEBT SERVICE FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE POSITIVE (NEGATIVE)</u> |
|---------------------------------|----------------------------|-------------------------|-------------------|---|
| REVENUES: | | | | |
| Local Sources: | | | | |
| Taxes | \$ 2,077,272 | \$ 2,077,272 | \$ 2,062,182 | \$ (15,090) |
| Earnings on investments | 7,500 | 7,500 | 9,744 | 2,244 |
| Miscellaneous | 1,906,782 | 1,906,782 | 1,918,826 | 12,044 |
| Total Revenues | <u>3,991,554</u> | <u>3,991,554</u> | <u>3,990,752</u> | <u>(802)</u> |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| Principal | 1,920,000 | 1,920,000 | 1,920,000 | - |
| Interest | 2,070,270 | 2,070,270 | 2,068,260 | 2,010 |
| Total Debt Service Expenditures | <u>3,990,270</u> | <u>3,990,270</u> | <u>3,988,260</u> | <u>2,010</u> |
| Net Change in Fund Balance | 1,284 | 1,284 | 2,492 | 1,208 |
| Beginning Fund Balance | <u>523,140</u> | <u>523,140</u> | <u>857,267</u> | <u>334,127</u> |
| Ending Fund Balance | <u>\$ 524,424</u> | <u>\$ 524,424</u> | <u>\$ 859,759</u> | <u>\$ 335,335</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended JUNE 30, 2014**

CAPITAL PROJECTS FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE POSITIVE (NEGATIVE)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| REVENUES: | | | | |
| Local Sources: | | | | |
| Construction exise tax | \$ 140,000 | \$ 140,000 | \$ 191,159 | \$ 51,159 |
| Earnings on investments | 4,060 | 4,060 | 19,196 | 15,136 |
| Rentals | 20,000 | 20,000 | 25,880 | 5,880 |
| Miscellaneous | 129,000 | 129,000 | 216,804 | 87,804 |
| State Sources: | | | | |
| State grants | - | - | 2,173 | 2,173 |
| Total Revenue | <u>293,060</u> | <u>293,060</u> | <u>455,212</u> | <u>162,152</u> |
| EXPENDITURES: | | | | |
| Support services | 918,788 | 918,788 | 546,297 | 372,491 |
| Facilities acquisition and construction | 200,000 | 200,000 | - | 200,000 |
| Contingency | 1,527,303 | 1,527,303 | - | 1,527,303 |
| Total Expenditures | <u>2,646,091</u> | <u>2,646,091</u> | <u>546,297</u> | <u>2,099,794</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(2,353,031)</u> | <u>(2,353,031)</u> | <u>(91,085)</u> | <u>2,261,946</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 163,212 | 163,212 | 163,212 | - |
| Total Other Financing Sources (Uses) | <u>163,212</u> | <u>163,212</u> | <u>163,212</u> | <u>-</u> |
| Net Change in Fund Balance | <u>(2,189,819)</u> | <u>(2,189,819)</u> | <u>72,127</u> | <u>2,261,946</u> |
| Beginning Fund Balance | <u>2,189,819</u> | <u>2,189,819</u> | <u>2,403,720</u> | <u>213,901</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,475,847</u> | <u>\$ 2,475,847</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended JUNE 30, 2014**

SELF-INSURANCE FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE POSITIVE (NEGATIVE)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| REVENUES | | | | |
| Local Sources | | | | |
| Earnings on Investments | \$ 1,200 | \$ 1,200 | \$ 2,022 | \$ 822 |
| Miscellaneous | <u>254,572</u> | <u>254,572</u> | <u>346,281</u> | <u>91,709</u> |
| Total Revenues | <u>255,772</u> | <u>255,772</u> | <u>348,303</u> | <u>92,531</u> |
| EXPENDITURES | | | | |
| Support services | 645,484 | 720,484 | 375,084 | 345,400 |
| Contingency | <u>784,594</u> | <u>709,594</u> | <u>-</u> | <u>709,594</u> |
| Total Expenditures | <u>1,430,078</u> | <u>1,430,078</u> | <u>375,084</u> | <u>1,054,994</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(1,174,306)</u> | <u>(1,174,306)</u> | <u>(26,781)</u> | <u>1,147,525</u> |
| Other Financing Sources | | | | |
| Transfers in | <u>30,000</u> | <u>30,000</u> | <u>30,000</u> | <u>-</u> |
| Total Financing Sources | <u>30,000</u> | <u>30,000</u> | <u>30,000</u> | <u>-</u> |
| Net Change in Fund Balance | (1,144,306) | (1,144,306) | 3,219 | 1,147,525 |
| Beginning Fund Balance | <u>1,144,306</u> | <u>1,144,306</u> | <u>1,382,443</u> | <u>238,137</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,385,662</u> | <u>\$ 1,385,662</u> |

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended JUNE 30, 2014**

PRIVATE PURPOSE TRUST SCHOLARSHIP FUND

| | <u>ORIGINAL BUDGET</u> | <u>FINAL BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE POSITIVE (NEGATIVE)</u> |
|--|----------------------------|-------------------------|-----------------|---|
| REVENUES | | | | |
| Local Sources | | | | |
| Earnings on investments | \$ 3,230 | \$ 3,230 | \$ 87 | \$ (3,143) |
| Total Revenues | <u>3,230</u> | <u>3,230</u> | <u>87</u> | <u>(3,143)</u> |
| EXPENDITURES | | | | |
| Instruction | 3,633 | 3,633 | 1,330 | 2,303 |
| Support Services | - | 50,000 | 49,210 | 790 |
| Contingency | <u>64,603</u> | <u>14,603</u> | <u>-</u> | <u>14,603</u> |
| Total Expenditures | <u>68,236</u> | <u>68,236</u> | <u>50,540</u> | <u>17,696</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (65,006) | (65,006) | (50,453) | 14,553 |
| Beginning Fund Balance | <u>65,006</u> | <u>65,006</u> | <u>59,117</u> | <u>(5,889)</u> |
| Ending Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,664</u> | <u>\$ 8,664</u> |

OTHER FINANCIAL SCHEDULES

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

**2013 - 14 DISTRICT AUDIT REVENUE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

| | Fund 100 | Fund 200 | Fund 300 | Fund 400 | Fund 500 | Fund 600 | Fund 700 |
|--|----------------------|----------------------|---------------------|---------------------|-----------|---------------------|------------------|
| Revenue from Local Sources | | | | | | | |
| 1110 Ad Valorem Taxes Levied by District | \$ 13,522,728 | \$ | \$ 2,062,182 | \$ | \$ | \$ | \$ |
| 1120 Local Option Ad Valorem Taxes Levied by District | - | - | - | - | - | - | - |
| 1130 Construction Excise Tax | - | - | - | 191,159 | - | - | - |
| 1200 Rev from Local Gov't Units Other Than Districts | - | - | - | - | - | - | - |
| 1310 Regular Day School Tuition | 87,646 | - | - | - | - | - | - |
| 1320 Adult/Continuing Education Tuition | - | - | - | - | - | - | - |
| 1330 Summer School Tuition | - | - | - | - | - | - | - |
| 1400 Local & Federal Sources | - | - | - | - | - | - | - |
| 1500 Earnings on Investments | 46,484 | 1,951 | 9,744 | 19,196 | - | 2,022 | 87 |
| 1600 Food Service | - | 230,096 | - | - | - | - | - |
| 1700 Extracurricular Activities | 44,850 | 1,434,640 | - | - | - | - | - |
| 1800 Community Services Activities | - | - | - | - | - | - | - |
| 1910 Rentals | 2,501 | - | - | 25,880 | - | - | - |
| 1920 Contributions and Donations From Private Sources | - | 79,997 | - | - | - | - | - |
| 1930 Rental or Lease Payments From Private Contractors | 20,630 | - | - | - | - | - | - |
| 1940 Services Provided Other Local Education Agencies | - | - | - | - | - | - | - |
| 1950 Textbook Sales and Rentals | - | - | - | - | - | - | - |
| 1960 Recovery of Prior Years' Expenditure | - | - | - | - | - | - | - |
| 1970 Services Provided Other Funds | 33,825 | - | 1,918,826 | - | - | - | - |
| 1980 Fees Charged to Grants | - | - | - | - | - | 280,157 | - |
| 1990 Miscellaneous | 247,132 | 251,970 | - | 216,804 | - | 66,124 | - |
| Total Revenue from Local Sources | 14,005,796 | 1,998,654 | 3,990,752 | 453,039 | - | 348,303 | 87 |
| Revenue from Intermediate Sources | | | | | | | |
| 2101 County School Funds | - | - | - | - | - | - | - |
| 2102 Education Service District Apportionment | 762,141 | - | - | - | - | - | - |
| 2105 Natural Gas, Oil, and Mineral Receipts | - | - | - | - | - | - | - |
| 2199 Other Intermediate Sources | - | - | - | - | - | - | - |
| 2200 Restricted Revenue | - | 12,182 | - | - | - | - | - |
| 2800 Revenue in Lieu of Taxes | - | - | - | - | - | - | - |
| 2900 Revenue for/on Behalf of the District | - | - | - | - | - | - | - |
| Total Revenue from Intermediate Sources | 762,141 | 12,182 | - | - | - | - | - |
| Revenue from State Sources | | | | | | | |
| 3101 State School Fund - General Support | 26,275,528 | - | - | - | - | - | - |
| 3102 State School Fund - School Lunch Match | - | - | - | - | - | - | - |
| 3103 Common School Fund | 436,179 | - | - | - | - | - | - |
| 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 | - | 1,351,946 | - | 2,173 | - | - | - |
| 3800 Revenue in Lieu of Taxes | - | - | - | - | - | - | - |
| 3900 Revenue for/on Behalf of the District | - | - | - | - | - | - | - |
| Total Revenue from State Sources | 26,711,707 | 1,351,946 | - | 2,173 | - | - | - |
| Revenue from Federal Sources | | | | | | | |
| 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 | - | 6,145,800 | - | - | - | - | - |
| 4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies | - | - | - | - | - | - | - |
| 4801 Federal Forest Fees | 159,518 | - | - | - | - | - | - |
| 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 | - | 110,629 | - | - | - | - | - |
| Total Revenue from Federal Sources | 159,518 | 6,256,429 | - | - | - | - | - |
| Revenue from Other Sources | | | | | | | |
| 5100 Long Term Debt Financing Sources | - | - | - | - | - | - | - |
| 5200 Interfund Transfers | 175,937 | 19,793 | - | 163,212 | - | 30,000 | - |
| 5300 Sale of or Compensation for Loss of Fixed Assets | - | - | - | - | - | - | - |
| 5400 Resources - Beginning Fund Balance | 2,064,952 | 1,176,078 | 857,267 | 2,403,720 | - | 1,382,443 | 59,117 |
| Total Revenue from Other Sources | 2,240,889 | 1,195,871 | 857,267 | 2,566,932 | - | 1,412,443 | 59,117 |
| Grand Totals | \$ 43,880,051 | \$ 10,815,082 | \$ 4,848,019 | \$ 3,022,144 | \$ | \$ 1,760,746 | \$ 59,204 |

**2013 - 14 DISTRICT AUDIT REVENUE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 100 - General Fund

| Instruction Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|---|----------------------|----------------------|----------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| 1111 Primary, K-3 | \$ 6,937,440 | \$ 4,352,075 | \$ 2,460,031 | \$ 16,720 | \$ 108,614 | | \$ | \$ |
| 1113 Elementary Extracurricular | - | - | - | - | - | - | - | - |
| 1121 Middle/Junior High Programs | 3,667,265 | 2,292,776 | 1,322,953 | 3,983 | 47,503 | - | 50 | - |
| 1122 Middle/Junior High School Extracurricular | 1,986 | 1,522 | 285 | 179 | - | - | - | - |
| 1131 Local & Federal Sources | 4,951,917 | 3,143,873 | 1,684,173 | 19,062 | 101,162 | - | 3,647 | - |
| 1132 High School Extracurricular | 721,371 | 407,546 | 159,974 | 35,721 | 42,193 | 9,308 | 66,629 | - |
| 1140 Pre-Kindergarten Programs | - | - | - | - | - | - | - | - |
| 1210 Programs for the Talented and Gifted | - | - | - | - | - | - | - | - |
| 1220 Restrictive Programs for Students with Disabilities | 1,943,274 | 1,165,367 | 760,651 | 7,717 | 9,539 | - | - | - |
| 1250 Less Restrictive Programs for Students with Disabilities | 2,237,597 | 1,328,150 | 790,253 | 106,301 | 12,893 | - | - | - |
| 1260 Early Intervention | - | - | - | - | - | - | - | - |
| 1271 Remediation | - | - | - | - | - | - | - | - |
| 1272 Title I | - | - | - | - | - | - | - | - |
| 1280 Alternative Education | 1,600,467 | 253,113 | 154,027 | 1,182,074 | 11,253 | - | - | - |
| 1291 English Second Language Programs | 111,897 | 68,377 | 40,891 | 231 | 2,398 | - | - | - |
| 1292 Teen Parent Program | - | - | - | - | - | - | - | - |
| 1293 Migrant Education | - | - | - | - | - | - | - | - |
| 1294 Youth Corrections Education | - | - | - | - | - | - | - | - |
| 1299 Other Programs | - | - | - | - | - | - | - | - |
| 1300 Adult/Continuing Education Programs | - | - | - | - | - | - | - | - |
| 1400 Summer School Programs | - | - | - | - | - | - | - | - |
| Total Instruction Expenditures | 22,173,214 | 13,012,799 | 7,373,238 | 1,371,988 | 335,555 | 9,308 | 70,326 | - |
| Support Services Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 2110 Attendance and Social Work Services | 1,784 | - | - | 393 | 1,391 | - | - | - |
| 2120 Guidance Services | 614,059 | 385,618 | 222,918 | 4,189 | 1,334 | - | - | - |
| 2130 Health Services | 1,060 | - | - | - | 1,060 | - | - | - |
| 2140 Psychological Services | - | - | - | - | - | - | - | - |
| 2150 Speech Pathology and Audiology Services | - | - | - | - | - | - | - | - |
| 2160 Other Student Treatment Services | - | - | - | - | - | - | - | - |
| 2190 Service Direction, Student Support Services | 222,067 | 140,696 | 76,645 | 2,331 | 1,800 | - | 595 | - |
| 2210 Improvement of Instruction Services | 141,743 | 80,938 | 35,845 | 13,980 | 10,385 | - | 595 | - |
| 2220 Educational Media Services | 687,858 | 294,912 | 207,288 | 99,708 | 85,950 | - | - | - |
| 2230 Assessment & Testing | - | - | - | - | - | - | - | - |
| 2240 Instructional Staff Development | 3,150 | - | - | 3,150 | - | - | - | - |
| 2310 Board of Education Services | 146,610 | 19,104 | 12,663 | 106,197 | 1,261 | - | 7,385 | - |
| 2320 Executive Administration Services | 218,747 | 159,915 | 52,032 | 1,587 | 3,792 | - | 1,421 | - |
| 2410 Office of the Principal Services | 4,063,986 | 2,387,864 | 1,518,129 | 63,109 | 79,439 | - | 15,445 | - |
| 2490 Other Support Services - School Administration | - | - | - | - | - | - | - | - |
| 2510 Direction of Business Support Services | 298,190 | - | - | - | - | - | 298,190 | - |
| 2520 Fiscal Services | 495,388 | 162,875 | 238,309 | 72,314 | 12,234 | - | 9,656 | - |
| 2540 Operation and Maintenance of Plant Services | 4,861,668 | 1,634,868 | 1,037,648 | 1,894,869 | 260,954 | 28,217 | 5,112 | - |
| 2550 Student Transportation Services | 4,154,550 | 11,824 | 3,560 | 4,139,166 | - | - | - | - |
| 2570 Internal Services | 155,809 | 67,808 | 43,596 | 7,693 | 36,712 | - | - | - |
| 2610 Direction of Central Support Services | - | - | - | - | - | - | - | - |
| 2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services | - | - | - | - | - | - | - | - |
| 2640 Staff Services | 584,717 | 296,728 | 198,772 | 79,008 | 5,334 | - | 4,875 | - |
| 2660 Technology Services | 767,832 | 279,613 | 143,336 | 187,982 | 55,690 | 101,211 | - | - |
| 2670 Records Management Services | - | - | - | - | - | - | - | - |
| 2690 Other Support Services - Central | - | - | - | - | - | - | - | - |
| 2700 Supplemental Retirement Program | 1,096,163 | 86,657 | 1,009,506 | - | - | - | - | - |
| Total Support Services Expenditures | 18,515,381 | 6,009,420 | 4,800,247 | 6,675,676 | 557,336 | 129,428 | 343,274 | - |
| Enterprise and Community Services Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 3100 Food Services | - | - | - | - | - | - | - | - |
| 3200 Other Enterprise Services | - | - | - | - | - | - | - | - |
| 3300 Community Services | - | - | - | - | - | - | - | - |
| 3500 Custody and Care of Children Services | - | - | - | - | - | - | - | - |
| Total Enterprise and Community Services Expenditures | - | - | - | - | - | - | - | - |
| Facilities Acquisition and Construction Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 4110 Service Area Direction | - | - | - | - | - | - | - | - |
| 4120 Site Acquisition and Development Services | - | - | - | - | - | - | - | - |
| 4150 Building Acquisition, Construction, and Improvement Services | - | - | - | - | - | - | - | - |
| 4190 Other Facilities Construction Services | - | - | - | - | - | - | - | - |
| Total Facilities Acquisition and Construction Expenditures | - | - | - | - | - | - | - | - |
| Other Uses Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 5100 Debt Service | - | - | - | - | - | - | - | - |
| 5200 Transfers of Funds | 388,942 | - | - | - | - | - | - | 388,942 |
| 5300 Apportionment of Funds by ESD | - | - | - | - | - | - | - | - |
| 5400 PERS UAL Bond Lump Sum | - | - | - | - | - | - | - | - |
| Total Other Uses Expenditures | 388,942 | - | - | - | - | - | - | 388,942 |
| Grand Total | \$ 41,077,537 | \$ 19,022,219 | \$ 12,173,485 | \$ 8,047,664 | \$ 892,891 | \$ 138,736 | \$ 413,600 | \$ 388,942 |

**2013 - 14 DISTRICT AUDIT REVENUE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 200 - Special Revenue

| | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|------------------|-------------------|-------------|
| Instruction Expenditures | | | | | | | | |
| 1111 Primary, K-3 | \$ 30,001 | \$ 26,667 | \$ 2,248 | \$ - | \$ 1,086 | \$ - | \$ - | \$ - |
| 1112 Intermediate Programs | - | - | - | - | - | - | - | - |
| 1113 Elementary Extracurricular | 168,435 | - | - | 54,845 | 113,590 | - | - | - |
| 1121 Middle/Junior High Programs | 85 | - | - | - | 85 | - | - | - |
| 1122 Middle/Junior High School Extracurricular | 192,598 | - | - | 12,997 | 139,440 | - | 40,161 | - |
| 1131 Local & Federal Sources | 19,651 | 1,842 | 409 | 6,000 | 11,400 | - | - | - |
| 1132 High School Extracurricular | 984,110 | - | - | 317,709 | 473,320 | 6,000 | 187,081 | - |
| 1140 Pre-Kindergarten Programs | - | - | - | - | - | - | - | - |
| 1210 Programs for the Talented and Gifted | - | - | - | - | - | - | - | - |
| 1220 Restrictive Programs for Students with Disabilities | 352,499 | 144,135 | 78,709 | 109,243 | 3,630 | - | 16,782 | - |
| 1250 Less Restrictive Programs for Students with Disabilities | 982,900 | 606,879 | 332,649 | 5,000 | 156 | - | 38,216 | - |
| 1260 Early Intervention | - | - | - | - | - | - | - | - |
| 1271 Remediation | 289,169 | 163,101 | 54,052 | 3,958 | 67,243 | - | 815 | - |
| 1272 Title I | 2,094,408 | 1,181,813 | 751,747 | 47,941 | 112,907 | - | - | - |
| 1280 Alternative Education | - | - | - | - | - | - | - | - |
| 1291 English Second Language Programs | 3,821 | 3,416 | 405 | - | - | - | - | - |
| 1292 Teen Parent Program | - | - | - | - | - | - | - | - |
| 1293 Migrant Education | - | - | - | - | - | - | - | - |
| 1294 Youth Corrections Education | 732,350 | 449,348 | 233,151 | 22,020 | 27,831 | - | - | - |
| 1299 Other Programs | 891 | - | - | 212 | 679 | - | - | - |
| 1300 Adult/Continuing Education Programs | - | - | - | - | - | - | - | - |
| 1400 Summer School Programs | 64,447 | 48,253 | 16,194 | - | - | - | - | - |
| Total Instruction Expenditures | 5,915,365 | 2,625,454 | 1,469,564 | 579,925 | 951,367 | 6,000 | 283,055 | - |
| Support Services Expenditures | | | | | | | | |
| 2110 Attendance and Social Work Services | 56,776 | 24,965 | 23,805 | 2,725 | 4,256 | - | 1,025 | - |
| 2120 Guidance Services | 180,462 | 25,531 | 3,274 | 130,853 | 20,804 | - | - | - |
| 2130 Health Services | 96,648 | - | - | 96,648 | - | - | - | - |
| 2140 Psychological Services | - | - | - | - | - | - | - | - |
| 2150 Speech Pathology and Audiology Services | - | - | - | - | - | - | - | - |
| 2160 Other Student Treatment Services | - | - | - | - | - | - | - | - |
| 2190 Service Direction, Student Support Services | 21,775 | 11,791 | 9,635 | 349 | - | - | - | - |
| 2210 Improvement of Instruction Services | 409,382 | 141,841 | 74,862 | 28,029 | 33,093 | - | 131,557 | - |
| 2220 Educational Media Services | - | - | - | - | - | - | - | - |
| 2230 Assessment & Testing | - | - | - | - | - | - | - | - |
| 2240 Instructional Staff Development | 597,965 | 340,437 | 155,639 | 53,670 | 3,713 | - | 44,506 | - |
| 2310 Board of Education Services | - | - | - | - | - | - | - | - |
| 2320 Executive Administration Services | - | - | - | - | - | - | - | - |
| 2410 Office of the Principal Services | 212,103 | 102,100 | 56,693 | 3,769 | - | - | 49,541 | - |
| 2490 Other Support Services - School Administration | 941 | - | - | 941 | - | - | - | - |
| 2510 Direction of Business Support Services | - | - | - | - | - | - | - | - |
| 2520 Fiscal Services | - | - | - | - | - | - | - | - |
| 2540 Operation and Maintenance of Plant Services | - | - | - | - | - | - | - | - |
| 2550 Student Transportation Services | 35,647 | - | - | 35,647 | - | - | - | - |
| 2570 Internal Services | - | - | - | - | - | - | - | - |
| 2610 Direction of Central Support Services | - | - | - | - | - | - | - | - |
| 2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services | - | - | - | - | - | - | - | - |
| 2640 Staff Services | 140 | - | - | 140 | - | - | - | - |
| 2660 Technology Services | 7,479 | - | - | 2,970 | 4,509 | - | - | - |
| 2670 Records Management Services | - | - | - | - | - | - | - | - |
| 2690 Other Support Services - Central | - | - | - | - | - | - | - | - |
| 2700 Supplemental Retirement Program | - | - | - | - | - | - | - | - |
| Total Support Services Expenditures | 1,619,318 | 646,665 | 323,908 | 355,741 | 66,375 | - | 226,629 | - |
| Enterprise and Community Services Expenditures | | | | | | | | |
| 3100 Food Services | 2,023,675 | 617,298 | 439,513 | 935,706 | 11,526 | - | 19,632 | - |
| 3200 Other Enterprise Services | - | - | - | - | - | - | - | - |
| 3300 Community Services | 84,957 | 588 | 223 | 83,960 | 186 | - | - | - |
| 3500 Custody and Care of Children Services | - | - | - | - | - | - | - | - |
| Total Enterprise and Community Services Expenditures | 2,108,632 | 617,886 | 439,736 | 1,019,666 | 11,712 | - | 19,632 | - |
| Facilities Acquisition and Construction Expenditures | | | | | | | | |
| 4110 Service Area Direction | - | - | - | - | - | - | - | - |
| 4120 Site Acquisition and Development Services | - | - | - | - | - | - | - | - |
| 4150 Building Acquisition, Construction, and Improvement Services | 5,750 | - | - | - | - | 5,750 | - | - |
| 4190 Other Facilities Construction Services | - | - | - | - | - | - | - | - |
| Total Facilities Acquisition and Construction Expenditures | 5,750 | - | - | - | - | 5,750 | - | - |
| Other Uses Expenditures | | | | | | | | |
| 5100 Debt Service | - | - | - | - | - | - | - | - |
| 5200 Transfers of Funds | - | - | - | - | - | - | - | - |
| 5300 Apportionment of Funds by ESD | - | - | - | - | - | - | - | - |
| 5400 PERS UAL Bond Lump Sum | - | - | - | - | - | - | - | - |
| Total Other Uses Expenditures | - | - | - | - | - | - | - | - |
| Grand Total | \$ 9,649,065 | \$ 3,890,005 | \$ 2,233,208 | \$ 1,955,332 | \$ 1,029,454 | \$ 11,750 | \$ 529,316 | \$ - |

**2013 - 14 DISTRICT AUDIT REVENUE 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 | - | - | - | - | - | - | - | - |
| 1112 Intermediate Programs | - | - | - | - | - | - | - | - |
| 1113 Elementary Extracurricular | - | - | - | - | - | - | - | - |
| 1121 Middle/Junior High Programs | - | - | - | - | - | - | - | - |
| 1122 Middle/Junior High School Extracurricular | - | - | - | - | - | - | - | - |
| 1131 Local & Federal Sources | - | - | - | - | - | - | - | - |
| 1132 High School Extracurricular | - | - | - | - | - | - | - | - |
| 1140 Pre-Kindergarten Programs | - | - | - | - | - | - | - | - |
| 1210 Programs for the Talented and Gifted | - | - | - | - | - | - | - | - |
| 1220 Restrictive Programs for Students with Disabilities | - | - | - | - | - | - | - | - |
| 1250 Less Restrictive Programs for Students with Disabilities | - | - | - | - | - | - | - | - |
| 1260 Early Intervention | - | - | - | - | - | - | - | - |
| 1271 Remediation | - | - | - | - | - | - | - | - |
| 1272 Title I | - | - | - | - | - | - | - | - |
| 1280 Alternative Education | - | - | - | - | - | - | - | - |
| 1291 English Second Language Programs | - | - | - | - | - | - | - | - |
| 1292 Teen Parent Program | - | - | - | - | - | - | - | - |
| 1293 Migrant Education | - | - | - | - | - | - | - | - |
| 1294 Youth Corrections Education | - | - | - | - | - | - | - | - |
| 1299 Other Programs | - | - | - | - | - | - | - | - |
| 1300 Adult/Continuing Education Programs | - | - | - | - | - | - | - | - |
| 1400 Summer School Programs | - | - | - | - | - | - | - | - |
| Total Instruction Expenditures | - | - | - | - | - | - | - | - |

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

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

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

| Other Uses Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
|--------------------------------------|---------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 5100 Debt Service | \$ 3,988,260 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,988,260 | \$ - |
| 5200 Transfers of Funds | - | - | - | - | - | - | - | - |
| 5300 Apportionment of Funds by ESD | - | - | - | - | - | - | - | - |
| 5400 Bond Lump Sum | - | - | - | - | - | - | - | - |
| Total Other Uses Expenditures | 3,988,260 | - | - | - | - | - | 3,988,260 | - |

| | | | | | | | | |
|--------------------|--------------|------|------|------|------|------|--------------|------|
| Grand Total | \$ 3,988,260 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,988,260 | \$ - |
|--------------------|--------------|------|------|------|------|------|--------------|------|

**2013 - 14 DISTRICT AUDIT REVENUE 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 | - | - | - | - | - | - | - | - |
| 1112 Intermediate Programs | - | - | - | - | - | - | - | - |
| 1113 Elementary Extracurricular | - | - | - | - | - | - | - | - |
| 1121 Middle/Junior High Programs | - | - | - | - | - | - | - | - |
| 1122 Middle/Junior High School Extracurricular | - | - | - | - | - | - | - | - |
| 1131 Local & Federal Sources | - | - | - | - | - | - | - | - |
| 1132 High School Extracurricular | - | - | - | - | - | - | - | - |
| 1140 Pre-Kindergarten Programs | - | - | - | - | - | - | - | - |
| 1210 Programs for the Talented and Gifted | - | - | - | - | - | - | - | - |
| 1220 Restrictive Programs for Students with Disabilities | - | - | - | - | - | - | - | - |
| 1250 Less Restrictive Programs for Students with Disabilities | - | - | - | - | - | - | - | - |
| 1260 Early Intervention | - | - | - | - | - | - | - | - |
| 1271 Remediation | - | - | - | - | - | - | - | - |
| 1272 Title I | - | - | - | - | - | - | - | - |
| 1280 Alternative Education | - | - | - | - | - | - | - | - |
| 1291 English Second Language Programs | - | - | - | - | - | - | - | - |
| 1292 Teen Parent Program | - | - | - | - | - | - | - | - |
| 1293 Migrant Education | - | - | - | - | - | - | - | - |
| 1294 Youth Corrections Education | - | - | - | - | - | - | - | - |
| 1299 Other Programs | - | - | - | - | - | - | - | - |
| 1300 Adult/Continuing Education Programs | - | - | - | - | - | - | - | - |
| 1400 Summer School Programs | - | - | - | - | - | - | - | - |
| Total Instruction Expenditures | - | - | - | - | - | - | - | - |
| Support Services Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 2110 Attendance and Social Work Services | - | - | - | - | - | - | - | - |
| 2120 Guidance Services | - | - | - | - | - | - | - | - |
| 2130 Health Services | - | - | - | - | - | - | - | - |
| 2140 Psychological Services | - | - | - | - | - | - | - | - |
| 2150 Speech Pathology and Audiology Services | - | - | - | - | - | - | - | - |
| 2160 Other Student Treatment Services | - | - | - | - | - | - | - | - |
| 2190 Service Direction, Student Support Services | - | - | - | - | - | - | - | - |
| 2210 Improvement of Instruction Services | - | - | - | - | - | - | - | - |
| 2220 Educational Media Services | - | - | - | - | - | - | - | - |
| 2230 Assessment & Testing | - | - | - | - | - | - | - | - |
| 2240 Instructional Staff Development | - | - | - | - | - | - | - | - |
| 2310 Board of Education Services | - | - | - | - | - | - | - | - |
| 2320 Executive Administration Services | - | - | - | - | - | - | - | - |
| 2410 Office of the Principal Services | - | - | - | - | - | - | - | - |
| 2490 Other Support Services - School Administration | - | - | - | - | - | - | - | - |
| 2510 Direction of Business Support Services | - | - | - | - | - | - | - | - |
| 2520 Fiscal Services | - | - | - | - | - | - | - | - |
| 2540 Operation and Maintenance of Plant Services | \$ 546,297 | \$ - | \$ - | \$ 228,946 | \$ 65,952 | \$ 249,267 | \$ 2,132 | \$ - |
| 2550 Student Transportation Services | - | - | - | - | - | - | - | - |
| 2570 Internal Services | - | - | - | - | - | - | - | - |
| 2610 Direction of Central Support Services | - | - | - | - | - | - | - | - |
| 2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services | - | - | - | - | - | - | - | - |
| 2640 Staff Services | - | - | - | - | - | - | - | - |
| 2660 Technology Services | - | - | - | - | - | - | - | - |
| 2670 Records Management Services | - | - | - | - | - | - | - | - |
| 2690 Other Support Services - Central | - | - | - | - | - | - | - | - |
| 2700 Supplemental Retirement Program | - | - | - | - | - | - | - | - |
| Total Support Services Expenditures | 546,297 | - | - | 228,946 | 65,952 | 249,267 | 2,132 | - |
| Enterprise and Community Services Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 3100 Food Services | - | - | - | - | - | - | - | - |
| 3200 Other Enterprise Services | - | - | - | - | - | - | - | - |
| 3300 Community Services | - | - | - | - | - | - | - | - |
| 3500 Custody and Care of Children Services | - | - | - | - | - | - | - | - |
| Total Enterprise and Community Services Expenditures | - | - | - | - | - | - | - | - |
| Facilities Acquisition and Construction Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 4110 Service Area Direction | - | - | - | - | - | - | - | - |
| 4120 Site Acquisition and Development Services | - | - | - | - | - | - | - | - |
| 4150 Building Acquisition, Construction, and Improvement Services | - | - | - | - | - | - | - | - |
| 4190 Other Facilities Construction Services | - | - | - | - | - | - | - | - |
| Total Facilities Acquisition and Construction Expenditures | - | - | - | - | - | - | - | - |
| Other Uses Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 5100 Debt Service | - | - | - | - | - | - | - | - |
| 5200 Transfers of Funds | - | - | - | - | - | - | - | - |
| 5300 Apportionment of Funds by ESD | - | - | - | - | - | - | - | - |
| 5400 Bond Lump Sum | - | - | - | - | - | - | - | - |
| Total Other Uses Expenditures | - | - | - | - | - | - | - | - |
| Grand Total | \$ 546,297 | \$ - | \$ - | \$ 228,946 | \$ 65,952 | \$ 249,267 | \$ 2,132 | \$ - |

**2013 - 14 DISTRICT AUDIT REVENUE 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 | - | - | - | - | - | - | - | - |
| 1112 Intermediate Programs | - | - | - | - | - | - | - | - |
| 1113 Elementary Extracurricular | - | - | - | - | - | - | - | - |
| 1121 Middle/Junior High Programs | - | - | - | - | - | - | - | - |
| 1122 Middle/Junior High School Extracurricular | - | - | - | - | - | - | - | - |
| 1131 Local & Federal Sources | - | - | - | - | - | - | - | - |
| 1132 High School Extracurricular | - | - | - | - | - | - | - | - |
| 1140 Pre-Kindergarten Programs | - | - | - | - | - | - | - | - |
| 1210 Programs for the Talented and Gifted | - | - | - | - | - | - | - | - |
| 1220 Restrictive Programs for Students with Disabilities | - | - | - | - | - | - | - | - |
| 1250 Less Restrictive Programs for Students with Disabilities | - | - | - | - | - | - | - | - |
| 1260 Early Intervention | - | - | - | - | - | - | - | - |
| 1271 Remediation | - | - | - | - | - | - | - | - |
| 1272 Title I | - | - | - | - | - | - | - | - |
| 1280 Alternative Education | - | - | - | - | - | - | - | - |
| 1291 English Second Language Programs | - | - | - | - | - | - | - | - |
| 1292 Teen Parent Program | - | - | - | - | - | - | - | - |
| 1293 Migrant Education | - | - | - | - | - | - | - | - |
| 1294 Youth Corrections Education | - | - | - | - | - | - | - | - |
| 1299 Other Programs | - | - | - | - | - | - | - | - |
| 1300 Adult/Continuing Education Programs | - | - | - | - | - | - | - | - |
| 1400 Summer School Programs | - | - | - | - | - | - | - | - |
| Total Instruction Expenditures | - | - | - | - | - | - | - | - |
| Support Services Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 2110 Attendance and Social Work Services | - | - | - | - | - | - | - | - |
| 2120 Guidance Services | - | - | - | - | - | - | - | - |
| 2130 Health Services | - | - | - | - | - | - | - | - |
| 2140 Psychological Services | - | - | - | - | - | - | - | - |
| 2150 Speech Pathology and Audiology Services | - | - | - | - | - | - | - | - |
| 2160 Other Student Treatment Services | - | - | - | - | - | - | - | - |
| 2190 Service Direction, Student Support Services | - | - | - | - | - | - | - | - |
| 2210 Improvement of Instruction Services | - | - | - | - | - | - | - | - |
| 2220 Educational Media Services | - | - | - | - | - | - | - | - |
| 2230 Assessment & Testing | - | - | - | - | - | - | - | - |
| 2240 Instructional Staff Development | - | - | - | - | - | - | - | - |
| 2310 Board of Education Services | - | - | - | - | - | - | - | - |
| 2320 Executive Administration Services | - | - | - | - | - | - | - | - |
| 2410 Office of the Principal Services | - | - | - | - | - | - | - | - |
| 2490 Other Support Services - School Administration | - | - | - | - | - | - | - | - |
| 2510 Direction of Business Support Services | - | - | - | - | - | - | - | - |
| 2520 Fiscal Services | \$ 157,206 | \$ 89,969 | \$ 63,747 | \$ 1,805 | \$ 1,685 | \$ - | \$ - | \$ - |
| 2540 Operation and Maintenance of Plant Services | 28,165 | 229 | 68 | 14,153 | 8,520 | 5,195 | - | - |
| 2550 Student Transportation Services | - | - | - | - | - | - | - | - |
| 2570 Internal Services | - | - | - | - | - | - | - | - |
| 2610 Direction of Central Support Services | - | - | - | - | - | - | - | - |
| 2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services | - | - | - | - | - | - | - | - |
| 2640 Staff Services | 169,858 | 78,790 | 78,700 | - | 2,368 | - | 10,000 | - |
| 2660 Technology Services | 19,855 | 6,500 | 2,355 | 11,000 | - | - | - | - |
| 2670 Records Management Services | - | - | - | - | - | - | - | - |
| 2690 Other Support Services - Central | - | - | - | - | - | - | - | - |
| 2700 Supplemental Retirement Program | - | - | - | - | - | - | - | - |
| Total Support Services Expenditures | 375,084 | 175,488 | 144,870 | 26,958 | 12,573 | 5,195 | 10,000 | - |
| Enterprise and Community Services Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 3100 Food Services | - | - | - | - | - | - | - | - |
| 3200 Other Enterprise Services | - | - | - | - | - | - | - | - |
| 3300 Community Services | - | - | - | - | - | - | - | - |
| 3500 Custody and Care of Children Services | - | - | - | - | - | - | - | - |
| Total Enterprise and Community Services Expenditures | - | - | - | - | - | - | - | - |
| Facilities Acquisition and Construction Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 4110 Service Area Direction | - | - | - | - | - | - | - | - |
| 4120 Site Acquisition and Development Services | - | - | - | - | - | - | - | - |
| 4150 Building Acquisition, Construction, and Improvement Services | - | - | - | - | - | - | - | - |
| 4190 Other Facilities Construction Services | - | - | - | - | - | - | - | - |
| Total Facilities Acquisition and Construction Expenditures | - | - | - | - | - | - | - | - |
| Other Uses Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 5100 Debt Service | - | - | - | - | - | - | - | - |
| 5200 Transfers of Funds | - | - | - | - | - | - | - | - |
| 5300 Apportionment of Funds by ESD | - | - | - | - | - | - | - | - |
| 5400 Bond Lump Sum | - | - | - | - | - | - | - | - |
| Total Other Uses Expenditures | - | - | - | - | - | - | - | - |
| Grand Total | \$ 375,084 | \$ 175,488 | \$ 144,870 | \$ 26,958 | \$ 12,573 | \$ 5,195 | \$ 10,000 | \$ - |

**2013 - 14 DISTRICT AUDIT REVENUE 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 | - | - | - | - | - | - | - | - |
| 1112 Intermediate Programs | - | - | - | - | - | - | - | - |
| 1113 Elementary Extracurricular | - | - | - | - | - | - | - | - |
| 1121 Middle/Junior High Programs | - | - | - | - | - | - | - | - |
| 1122 Middle/Junior High School Extracurricular | - | - | - | - | - | - | - | - |
| 1131 Local & Federal Sources | - | - | - | - | - | - | - | - |
| 1132 High School Extracurricular | - | - | - | - | - | - | - | - |
| 1140 Pre-Kindergarten Programs | - | - | - | - | - | - | - | - |
| 1210 Programs for the Talented and Gifted | - | - | - | - | - | - | - | - |
| 1220 Restrictive Programs for Students with Disabilities | - | - | - | - | - | - | - | - |
| 1250 Less Restrictive Programs for Students with Disabilities | - | - | - | - | - | - | - | - |
| 1260 Early Intervention | - | - | - | - | - | - | - | - |
| 1271 Remediation | - | - | - | - | - | - | - | - |
| 1272 Title I | - | - | - | - | - | - | - | - |
| 1280 Alternative Education | - | - | - | - | - | - | - | - |
| 1291 English Second Language Programs | - | - | - | - | - | - | - | - |
| 1292 Teen Parent Program | - | - | - | - | - | - | - | - |
| 1293 Migrant Education | - | - | - | - | - | - | - | - |
| 1294 Youth Corrections Education | - | - | - | - | - | - | - | - |
| 1299 Other Programs | \$ 1,330 | \$ - | \$ - | \$ 1,330 | \$ - | \$ - | \$ - | \$ - |
| 1300 Adult/Continuing Education Programs | - | - | - | - | - | - | - | - |
| 1400 Summer School Programs | - | - | - | - | - | - | - | - |
| Total Instruction Expenditures | 1,330 | - | - | 1,330 | - | - | - | - |
| Support Services Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 2110 Attendance and Social Work Services | - | - | - | - | - | - | - | - |
| 2120 Guidance Services | - | - | - | - | - | - | - | - |
| 2130 Health Services | - | - | - | - | - | - | - | - |
| 2140 Psychological Services | - | - | - | - | - | - | - | - |
| 2150 Speech Pathology and Audiology Services | - | - | - | - | - | - | - | - |
| 2160 Other Student Treatment Services | - | - | - | - | - | - | - | - |
| 2190 Service Direction, Student Support Services | - | - | - | - | - | - | - | - |
| 2210 Improvement of Instruction Services | - | - | - | - | - | - | - | - |
| 2220 Educational Media Services | 91 | - | - | - | 91 | - | - | - |
| 2230 Assessment & Testing | - | - | - | - | - | - | - | - |
| 2240 Instructional Staff Development | - | - | - | - | - | - | - | - |
| 2310 Board of Education Services | - | - | - | - | - | - | - | - |
| 2320 Executive Administration Services | - | - | - | - | - | - | - | - |
| 2410 Office of the Principal Services | - | - | - | - | - | - | - | - |
| 2490 Other Support Services - School Administration | - | - | - | - | - | - | - | - |
| 2510 Direction of Business Support Services | - | - | - | - | - | - | - | - |
| 2520 Fiscal Services | 49,119 | - | - | 49,119 | - | - | - | - |
| 2540 Operation and Maintenance of Plant Services | - | - | - | - | - | - | - | - |
| 2550 Student Transportation Services | - | - | - | - | - | - | - | - |
| 2570 Internal Services | - | - | - | - | - | - | - | - |
| 2610 Direction of Central Support Services | - | - | - | - | - | - | - | - |
| 2630 Information Services | - | - | - | - | - | - | - | - |
| 2640 Staff Services | - | - | - | - | - | - | - | - |
| 2660 Technology Services | - | - | - | - | - | - | - | - |
| 2670 Records Management Services | - | - | - | - | - | - | - | - |
| 2690 Other Support Services - Central | - | - | - | - | - | - | - | - |
| 2700 Supplemental Retirement Program | - | - | - | - | - | - | - | - |
| Total Support Services Expenditures | 49,210 | - |
| Enterprise and Community Services Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 3100 Food Services | - | - | - | - | - | - | - | - |
| 3200 Other Enterprise Services | - | - | - | - | - | - | - | - |
| 3300 Community Services | - | - | - | - | - | - | - | - |
| 3500 Custody and Care of Children Services | - | - | - | - | - | - | - | - |
| Total Enterprise and Community Services Expenditures | - | - | - | - | - | - | - | - |
| Facilities Acquisition and Construction Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 4110 Service Area Direction | - | - | - | - | - | - | - | - |
| 4120 Site Acquisition and Development Services | - | - | - | - | - | - | - | - |
| 4150 Building Acquisition, Construction, and Improvement Services | - | - | - | - | - | - | - | - |
| 4190 Other Facilities Construction Services | - | - | - | - | - | - | - | - |
| Total Facilities Acquisition and Construction Expenditures | - | - | - | - | - | - | - | - |
| Other Uses Expenditures | Totals | Object 100 | Object 200 | Object 300 | Object 400 | Object 500 | Object 600 | Object 700 |
| 5100 Debt Service | - | - | - | - | - | - | - | - |
| 5200 Transfers of Funds | - | - | - | - | - | - | - | - |
| 5300 Apportionment of Funds by ESD | - | - | - | - | - | - | - | - |
| 5400 Bond Lump Sum | - | - | - | - | - | - | - | - |
| Total Other Uses Expenditures | - | - | - | - | - | - | - | - |
| Grand Total | \$ 50,540 | \$ - | \$ - | \$ 1,330 | \$ - | \$ - | \$ - | \$ - |

Three Rivers School District
 SUPPLEMENTAL INFORMATION, 2013-2014

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

Parts 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 | \$ 1,273,442.61 |
| Function 2550 | \$ 0 |

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

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

\$ 0

Exclude these functions:

1113, 1122 & 1132 Co-curricular Activities
 1140 Pre-Kindergarten
 1300 Continuing Education
 1400 Summer School

Exclude these functions:

4150 Construction
 2550 Pupil Transportation
 3100 Food Service
 3300 Community Services

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2014**

| | Tax Year | Uncollected July 1, 2013 | Levy as Extended by Assessor | Discounts and Adjustments | Interest | Collections Per Treasurer | Uncollected June 30, 2014 |
|--------------------------------|-----------|--------------------------------|------------------------------------|------------------------------|------------------|---------------------------------|---------------------------------|
| <u>GENERAL FUND:</u> | | | | | | | |
| Current | 2013-2014 | | \$ 13,886,720 | \$ (377,610) | \$ 7,350 | \$ (12,905,615) | \$ 610,845 |
| Prior | 2012-2013 | \$ 671,121 | | (39,975) | 20,402 | (330,563) | 320,985 |
| | 2011-2012 | 365,124 | | (37,964) | 19,383 | (116,179) | 230,364 |
| | 2010-2011 | 234,478 | | (11,970) | 25,913 | (111,144) | 137,277 |
| | 2009-2010 | 68,914 | | 57,800 | 13,461 | (73,286) | 66,889 |
| | 2008-2009 | 10,297 | | 3,682 | 2,271 | (6,759) | 9,491 |
| | Prior | 12,053 | | (543) | 1,707 | (3,811) | 9,406 |
| Total prior | | 1,361,987 | - | (28,970) | 83,137 | (641,742) | 774,412 |
| TOTAL GENERAL FUND | | <u>\$ 1,361,987</u> | <u>\$ 13,886,720</u> | <u>\$ (406,580)</u> | <u>\$ 90,487</u> | <u>\$ (13,547,357)</u> | <u>\$ 1,385,257</u> |
| <u>DEBT SERVICE:</u> | | | | | | | |
| Current | 2013-2014 | | \$ 2,119,052 | \$ (57,629) | \$ 1,122 | \$ (1,969,333) | \$ 93,212 |
| Prior | 2012-2013 | \$ 82,313 | | 16,800 | 3,203 | (51,910) | 50,406 |
| | 2011-2012 | 57,044 | | (16,950) | 2,380 | (14,259) | 28,215 |
| | 2010-2011 | 35,529 | | (764) | 4,048 | (17,364) | 21,449 |
| | 2009-2010 | 10,600 | | 8,603 | 2,039 | (11,104) | 10,138 |
| | 2008-2009 | 1,589 | | 560 | 349 | (1,039) | 1,459 |
| | Prior | 2,135 | | (177) | 291 | (649) | 1,600 |
| Total prior | | 189,210 | - | 8,072 | 12,310 | (96,325) | 113,267 |
| TOTAL DEBT SERVICE FUND | | <u>\$ 189,210</u> | <u>\$ 2,119,052</u> | <u>\$ (49,557)</u> | <u>\$ 13,432</u> | <u>\$ (2,065,658)</u> | <u>\$ 206,479</u> |

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



640 Superior Court
Medford, OR97504
Tel: (541)773-6633
Fax: (541)773-1965
www.kdcoCPA.com

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Three Rivers School District
Murphy, OR

We have audited the basic financial statements of the Three Rivers School District (the District) as of and for the year ended June 30, 2014, and have issued our report thereon dated December 18, 2014. 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.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Investments of surplus funds authorized under ORS Chapter 294.
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.
- Debt limitations under ORS Chapter 328.245
- State School Fund Distribution Factors

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*.

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 or over compliance.

This report is intended solely for the information and use of the Board of Directors and 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 specified parties.

Stewart C. Parmele, CPA, Partner

Stewart C. Parmele, CPA, Partner
KDCO Piels, Certified Public Accountants, LLP
Medford, Oregon
December 18, 2014

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



640 Superior Court
Medford, OR97504
Tel: (541)773-6633
Fax: (541)773-1965
www.kdcoCPA.com

**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, each major fund, and the aggregate remaining fund information of the Three Rivers School District (the District), Oregon, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report dated December 18, 2014.

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.

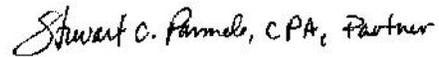
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Stewart C. Parmele, CPA, Partner
KDCO Piels, Certified Public Accountants, LLP
Medford, Oregon
December 18, 2014



640 Superior Court
Medford, OR97504
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Fax: (541)773-1965
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

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 Circular A-133 Compliance Supplement* that could have direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2014.

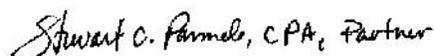
Report on Internal Control Over Compliance

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Stewart C. Parmele, CPA, Partner
KDCO Piels, Certified Public Accountants, LLP
Medford, Oregon
December 18, 2014

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2014**

| <u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u> | <u>GRANT PERIOD</u> | <u>FEDERAL CFDA NUMBER</u> | <u>SUB GRANT NUMBER</u> | <u>PROGRAM OR AWARD AMOUNT</u> | <u>2013-2014 EXPENDITURES</u> |
|---|---------------------|----------------------------|-------------------------|--------------------------------|-------------------------------|
| U.S. DEPARTMENT OF EDUCATION | | | | | |
| Passed Through State Department of Education: | | | | | |
| Title IA | 7/2013-9/2014 | 84.010 | 28237 | \$ 2,642,896 | \$ 2,171,779 |
| Title IA | 7/2012-9/2013 | 84.010 | 25357 | 2,824,426 | 569,438 |
| Total | | | | 5,467,322 | 2,741,217 |
| McKinney Homeless | 7/2013-9/2014 | 84.196 | 28803 | 50,000 | 9,835 |
| McKinney Homeless | 7/2012-9/2013 | 84.196 | 26131 | 50,000 | 11,458 |
| Total | | | | 100,000 | 21,293 |
| Title IA - YCEP | 7/2013-6/2014 | 84.013 | 30068 | 80,858 | 80,858 |
| Title I - N&D Kairos | 7/2013-6/2014 | 84.013 | 29648 | 26,666 | 26,666 |
| Total | | | | 107,524 | 107,524 |
| Title IIA | 7/2013-9/2014 | 84.367 | 28760 | 406,632 | 282,588 |
| Title IIA | 7/2012-9/2013 | 84.367 | 25590 | 429,654 | 94,784 |
| Total | | | | 836,286 | 377,372 |
| IDEA Part B | 7/2012-12/2013 | 84.027 | 26807 | 873,309 | 98,430 |
| IDEA Part B | 7/2013-9/2015 | 84.027 | 28568 | 827,917 | 700,752 |
| IDEA Enhancement | 7/2012-9/2013 | 84.027 | 26594 | 7,957 | 2,623 |
| IDEA Enhancement | 10/2013-9/2014 | 84.027 | 29898 | 7,957 | 3,895 |
| IDEA YCEP | 7/2013-6/2014 | 84.027 | 30059 | 41,284 | 41,284 |
| IDEA Part B Kairos | 7/2013-6/2014 | 84.027 | 29678 | 19,487 | 19,487 |
| SPR&I | 8/2013-6/2014 | 84.027 | 28015 | 3,432 | 349 |
| Extended Assessment | 7/2013-6/2014 | 84.027 | 27697 | 900 | - |
| Total | | | | 1,782,243 | 866,820 |
| SPDG EBISS YCEP | 8/2013-6/2014 | 84.323 | 29519 | 2,441 | 598 |
| 21st Century Community Learning | 7/2013-6/2014 | 84.287 | 28293 | 179,582 | 112,379 |
| 21st Century Community Learning | 7/2012-9/2013 | 84.287 | 25050 | 269,373 | 108,257 |
| 21st Century Community Learning | 7/2013-9/2014 | 84.287 | 28314 | 475,855 | 318,362 |
| 21st Century STEM | 7/2012-6/2013 | 84.287 | 27208 | 25,000 | 8,801 |
| Total | | | | 949,810 | 547,799 |
| Gear Up | 9/2013-6/2014 | 84.334 | - | 40,000 | 23,838 |
| Gear Up - Sustainability | 3/2014-8/2014 | 84.334 | - | 17,500 | 4,904 |
| Total | | | | 57,500 | 28,742 |
| SLP Partnership | 7/2012-6/2015 | 84.323 | 27303 | 10,000 | 5,000 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | | 9,313,126 | 4,696,365 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | |
| Passed Through State Department of Education: | | | | | |
| Kinder Readiness - ARRA | 7/2012-9/2013 | 93.708 | 27583 | 1,500 | 487 |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | |
| Passed Through State Department of Education: | | | | | |
| National School Breakfast Program | | 10.553 | | 356,875 | 356,875 |
| National School Lunch Program | | 10.555 | | 1,019,859 | 1,019,859 |
| Commodities Program | | 10.555 | | 110,629 | 110,629 |
| Summer Food Service Program | | 10.559 | | 38,632 | 38,632 |
| Total Program (Cluster) | | | | 1,525,995 | 1,525,995 |
| CNP Fresh Fruit & Vegetable Program | | 10.582 | | 33,582 | 33,582 |
| Passed Through Josephine County: | | | | | |
| Federal Forest Fees | | 10.666 | | 159,518 | 159,518 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | | 1,719,095 | 1,719,095 |
| TOTAL FEDERAL ASSISTANCE | | | | \$ 11,033,721 | \$ 6,415,947 |

THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014 (Continued)

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 modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, 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, 2014, the District received food commodities totaling \$110,629.

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2014**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Three Rivers School District.
2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the basic financial statements of Three Rivers School District were disclosed during the audit.

Federal Awards

4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Three Rivers School District expresses an unqualified opinion.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 reported in this schedule.
7. The programs tested as major programs include:

U.S. Department of Education
Title I

CFDA # 84.010

8. The threshold for distinguishing Types A and B Programs was \$300,000.
9. Three Rivers School District qualified as a low-risk auditee under the criteria specified in OMB Circular A-133.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS AUDIT

None