

THREE RIVERS SCHOOL DISTRICT
Josephine County, Oregon

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FISCAL YEAR ENDED JUNE 30, 2022
WITH
INDEPENDENT AUDITOR'S REPORTS**



THREE RIVERS SCHOOL DISTRICT

Josephine County, Oregon

June 30, 2022

BOARD OF EDUCATION AS OF JUNE 30, 2022

Jennifer Johnstun	Board Chair
Paul Kelly	Board Vice-Chair
Rich Halsted	Member
Susan Fischer-Maki	Member
Jenn Searle	Member

ADMINISTRATION

P.O. Box 160
Murphy, Oregon 97533

Dave Valenzuela	Superintendent-Clerk
Lisa Cross	Accounting Manager

THREE RIVERS SCHOOL DISTRICT

Josephine County, Oregon

June 30, 2022

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Independent Auditor's Report

Board of Education
Three Rivers School District
Murphy, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Three Rivers School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the General Fund and Major Special Revenue Fund budgetary comparison information, certain other postemployment benefit schedules, and certain pension schedules as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis, certain pension schedules and certain other post-employment benefit schedule in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The General Fund and Major Special Revenue Fund budgetary comparison information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting

and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the general fund and major special revenue fund budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 listed in the Table of Contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplementary information, other financial schedules, and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, other financial schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2022 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with Oregon State Regulation, we have also issued our report dated December 21, 2022 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 162-010-0000 through 162-010-3200 of the Minimum Standards for Audits of Oregon Municipal Corporations. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Jeny L. Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 21, 2022

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022**

	Primary Governmental Governmental Activities	Component Unit Southern Oregon Success Academy (SOSA)
ASSETS AND DEFERRED OUTFLOWS:		
ASSETS:		
Cash, cash equivalents, and investments	\$ 13,938,452	\$ 897,533
Receivables	6,553,828	-
Prepaid expenses	174,971	-
Inventories	11,645	-
Assets held in trust (Sinking fund)	238,071	-
Other post employment benefit (RHIA)	903,176	-
Capital assets, net:		
Land	802,110	-
Construction in progress	205,004	-
Buildings and improvements	24,464,599	-
Machinery, equipment and vehicles	2,231,000	-
Leased assets	1,297,783	-
TOTAL ASSETS	50,820,639	897,533
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows related to pension	13,964,895	-
Deferred outflows related to pension (Stipend)	341,527	-
Deferred outflows related to other post employment benefits	493,575	-
Deferred outflows related to other post employment benefits (RHIA)	386,628	-
TOTAL DEFERRED OUTFLOWS	15,186,625	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	66,007,264	897,533
LIABILITIES AND DEFERRED INFLOWS:		
LIABILITIES:		
Accounts payable	1,066,053	6,457
Accrued payroll liabilities	1,500,235	-
Accrued interest payable	3,821	-
Accrued compensated absences	150,126	-
Unearned revenue	559,105	-
Pension liability (stipend) (due in more than one year)	2,848,850	-
Other post employment benefit obligation (due in more than one year)	4,862,783	-
Net pension liability (OPERS) (due in more than one year)	26,659,650	-
Leases payable:		
Due within one year	305,130	-
Due in more than one year	615,100	-
Note payable:		
Due within one year	16,514	-
Due in more than one year	19,902	-
Debt payable:		
Due within one year	2,280,894	-
Due in more than one year	13,527,345	-
TOTAL LIABILITIES	54,415,508	6,457
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pension	24,021,314	-
Deferred inflows related to pension (Stipend)	1,004,186	-
Deferred inflows related to other post employment benefits	1,579,518	-
Deferred inflows related to other post employment benefits (RHIA)	413,411	-
TOTAL DEFERRED INFLOWS	27,018,429	-
TOTAL LIABILITIES AND DEFERRED INFLOWS	81,433,937	6,457
NET POSITION:		
Net investment in capital assets	26,137,828	-
Restricted for:		
Education grants	30,952	-
Student body	1,148,915	-
Debt service	208,563	-
Capital projects	1,530,564	-
Unrestricted	(44,483,495)	891,076
TOTAL NET POSITION	\$ (15,426,673)	\$ 891,076

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FISCAL YEAR END JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Government Total	Unit SOSA
Primary government:						
Governmental activities:						
Instruction	\$ 38,534,177	\$ 642,429	\$ 11,834,445	\$ -	\$ (26,057,303)	
Supporting services	27,857,931	265,190	5,307,790	-	(22,284,951)	
Community services	2,153,127	114,830	2,170,261	-	131,964	
Facilities acquisition and construction	431,423	-	-	109,982	(321,441)	
Interest on long term debt	989,208	-	-	-	(989,208)	
Total primary government	<u>\$ 69,965,866</u>	<u>\$ 1,022,449</u>	<u>\$ 19,312,496</u>	<u>\$ 109,982</u>	<u>(49,520,939)</u>	<u>-</u>
Component Unit:						
SOSA	\$ 1,028,128	\$ -	\$ -	\$ -	-	(1,028,128)
General revenues:						
Property taxes levied for general purposes					18,847,328	-
Construction excise tax					349,113	-
State school fund - general support					33,316,207	1,835,072
Common school fund					524,060	-
Federal forest fees					105,736	-
Unrestricted state and local sources					1,209,214	-
Earnings on investments					86,838	-
Gain (Loss) on sale of fixed assets					188,785	-
Contributions					32,757	-
Miscellaneous					1,214,350	-
Total general revenues					<u>55,874,388</u>	<u>1,835,072</u>
CHANGE IN NET POSITION					6,353,449	806,944
NET POSITION - JULY 1, 2021, as restated					<u>(21,780,122)</u>	<u>84,132</u>
NET POSITION - JUNE 30, 2022					<u>\$ (15,426,673)</u>	<u>\$ 891,076</u>

FUND FINANCIAL STATEMENTS

**THREE RIVERS SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
ASSETS:					
Equity in pooled cash and investments	\$ 10,493,957	\$ -	\$ 208,563	\$ 1,665,681	\$ 12,368,201
Receivables	2,010,617	4,414,696	-	128,352	6,553,665
Prepaid	174,971	-	-	-	174,971
Inventory	11,645	-	-	-	11,645
Interfund receivable	833,235	-	-	-	833,235
Assets held in trust (Sinking fund)	-	-	-	238,071	238,071
TOTAL ASSETS	\$ 13,524,425	\$ 4,414,696	208,563	\$ 2,032,104	\$ 20,179,788
LIABILITIES:					
Accounts payable	\$ 274,937	\$ 745,286	-	\$ 39,150	\$ 1,059,373
Interfund payable	-	833,235	-	-	833,235
Accrued payroll liabilities	1,372,627	127,608	-	-	1,500,235
Unearned revenue	-	559,105	-	-	559,105
TOTAL LIABILITIES	1,647,564	2,265,234	-	39,150	3,951,948
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	808,793	-	-	-	808,793
TOTAL DEFERRED INFLOWS	808,793	-	-	-	808,793
Fund Balances:					
Nonspendable:					
Prepaid & inventory	186,616	-	-	-	186,616
Restricted:					
Education - grants	-	30,952	-	-	30,952
Student body funds	-	1,148,915	-	-	1,148,915
Food service	-	461,053	-	-	461,053
Debt service	-	-	208,563	-	208,563
Energy conservation - SB1149	-	-	-	312,251	312,251
Excise tax projects	-	-	-	757,260	757,260
Committed:					
Emergency funds	3,000,000	-	-	-	3,000,000
Assigned:					
School improvement projects	-	-	-	-	-
Other purposes	1,560,550	508,542	-	-	2,069,092
Capital improvements	-	-	-	923,443	923,443
Unassigned	6,320,902	-	-	-	6,320,902
TOTAL FUND BALANCES	11,068,068	2,149,462	208,563	1,992,954	15,419,047
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 13,524,425	\$ 4,414,696	\$ 208,563	\$ 2,032,104	\$ 20,179,788

**THREE RIVERS SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2022**

TOTAL FUND BALANCES		\$ 15,419,047
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	\$ 121,092,663	
Accumulated depreciation	<u>(92,092,167)</u>	29,000,496
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.		808,793
Internal service funds are used by management to charge the costs of unemployment insurance premiums to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		1,563,734
The other post employment benefit asset (RHIA) is not reported with the governmental funds.		903,176
The net deferred outflow/(inflow) associated with the District's pension and other post employment benefits is not recorded in the governmental funds as it is not available nor payable currently.		(11,831,804)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due. These liabilities consist of:		
Accrued interest payable	\$ (3,821)	
Note payable	(36,416)	
Leases payable	(920,230)	
Pension liability (Stipend)	(2,848,850)	
Pension liability (OPERS)	(26,659,650)	
Other post employment benefit obligation	(4,862,783)	
Debt payable, net of bond premium	(15,808,239)	
Accrued compensated absences	<u>(150,126)</u>	<u>(51,290,115)</u>
TOTAL NET POSITION		<u>\$ (15,426,673)</u>

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FISCAL YEAR END JUNE 30, 2022**

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total
REVENUES					
Property taxes and other taxes	\$ 18,885,217	\$ -	\$ 10,021	\$ 349,113	\$ 19,244,351
Intergovernmental	35,338,657	18,130,562	-	309,982	53,779,201
Charges for services	50,524	971,925	-	-	1,022,449
Local contributions	-	32,657	-	-	32,657
Investment earnings	80,856	737	9,556	(6,395)	84,754
Miscellaneous	302,356	835,289	2,692,761	224,121	4,054,527
TOTAL REVENUES	54,657,610	19,971,170	2,712,338	876,821	78,217,939
EXPENDITURES					
Current					
Instruction	28,213,545	11,791,254	-	-	40,004,799
Support services	23,639,451	4,617,998	-	916,267	29,173,716
Enterprise and community services	-	2,195,299	-	-	2,195,299
Facilities and acquisition	205,000	634,265	-	480,724	1,319,989
Debt service	-	-	2,872,171	-	2,872,171
TOTAL EXPENDITURES	52,057,996	19,238,816	2,872,171	1,396,991	75,565,974
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,599,614	732,354	(159,833)	(520,170)	2,651,965
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	-	330,835	330,835
Transfers in	222,677	21,004	17,500	370,677	631,858
Transfers out	(439,181)	-	(222,677)	-	(661,858)
TOTAL OTHER FINANCING SOURCES (USES)	(216,504)	21,004	(205,177)	701,512	300,835
NET CHANGE IN FUND BALANCE	2,383,110	753,358	(365,010)	181,342	2,952,800
FUND BALANCE, JULY 1, 2021, as restated	8,684,958	1,396,104	573,573	1,811,612	12,466,247
FUND BALANCE, JUNE 30, 2022	\$ 11,068,068	\$ 2,149,462	\$ 208,563	\$ 1,992,954	\$ 15,419,047

**THREE RIVERS SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR END JUNE 30, 2022**

NET CHANGE IN FUND BALANCE \$ 2,952,800

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

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

Expenditures for capital assets	\$ 1,780,859	
Less current year depreciation	<u>(2,724,035)</u>	(943,176)

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

Lease principal repaid	\$ 281,353	
Issuance of lease payable	(334,614)	
Debt principal repaid	<u>2,050,400</u>	1,997,139

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.

381,812

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

Interest paid	\$ 991,058	
Interest expense	<u>(989,208)</u>	1,850

Governmental funds report proceeds from the sale of capital assets as revenue. However, only the net gain (loss) on the sale or disposal is reported in the Statement of Activities.

Cost basis of assets sold	\$ (408,431)	
Accumulated depreciation	<u>266,381</u>	(142,050)

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.

(47,910)

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

694,783

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

106,299

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.

7,742

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned (actuarially determined) net of employee contributions is reported as pension expense. (OPERS and stipend, including deferred outflows and inflows).

1,344,160

CHANGE IN NET POSITION \$ 6,353,449

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022**

	Self Insurance Fund
ASSETS:	
Equity in pooled cash and investments	\$ 1,570,251
Accounts receivable	<u>163</u>
TOTAL ASSETS	<u><u>\$ 1,570,414</u></u>
LIABILITIES:	
Current liabilities:	
Accounts payable	<u>\$ 6,680</u>
TOTAL LIABILITIES	<u>6,680</u>
NET POSITION:	
Unrestricted	<u>1,563,734</u>
TOTAL NET POSITION	<u><u>\$ 1,563,734</u></u>

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FISCAL YEAR END JUNE 30, 2022**

	Self Insurance Fund
OPERATING REVENUES	
Self insurance revenues	\$ 651,158
TOTAL OPERATING REVENUES	<u>651,158</u>
OPERATING EXPENSES	
Current:	
Support services	<u>301,430</u>
TOTAL OPERATING EXPENSES	<u>301,430</u>
TOTAL OPERATING INCOME / (LOSS)	<u>349,728</u>
NONOPERATING REVENUES (EXPENSES)	
NONOPERATING REVENUES	
Interest income	<u>2,084</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>2,084</u>
INCOME (LOSS) BEFORE TRANSFERS	351,812
Transfers in	<u>30,000</u>
CHANGE IN NET POSITION	381,812
NET POSITION, July 1, 2021	<u>1,181,922</u>
NET POSITION, June 30, 2022	<u>\$ 1,563,734</u>

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FISCAL YEAR END JUNE 30, 2022**

	Self Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Interfund activity - self insurance receipts	\$ 651,158
Supporting services	<u>(298,557)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>352,601</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	<u>30,000</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>30,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>2,084</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,084</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	384,685
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,185,566</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,570,251</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING INCOME	
Operating income (loss)	\$ 349,728
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in accounts payable	3,036
Increase in accounts receivable	<u>(163)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 352,601</u></u>

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2022**

	Trust and Agency Scholarship Fund
ASSETS:	
Equity in pooled cash and investments	\$ 3,144
NET POSITION:	
Reserved for scholarships	\$ 3,144

**THREE RIVERS SCHOOL DISTRICT
STATEMENT OF FIDUCIARY REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FIDUCIARY FUND
FISCAL YEAR END JUNE 30, 2022**

	Trust and Agency Scholarship Fund
	<u> </u>
ADDITIONS	
Earnings on investments	<u>\$ 18</u>
TOTAL ADDITIONS	<u> 18</u>
CHANGE IN NET POSITION	18
NET POSITION, July 1, 2021	<u> 3,126</u>
NET POSITION, June 30, 2022	<u><u>\$ 3,144</u></u>

NOTES TO BASIC FINANCIAL STATEMENT

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 1 - Summary of Significant Accounting Policies

The Reporting Entity

Primary Government

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

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

It has been determined that both Sunny Wolf Charter School and Woodland Charter School will not be included in the Three Rivers School District statements as a component unit.

It has been determined that Southern Oregon Success Academy (SOSA) will be included in the Three Rivers School District (the District) statements as a discretely presented component unit for the following reasons:

- The District is a separate legal entity from SOSA
- The District does not have control over SOSA
- The District is able to impose its will on SOSA
- There is potential for SOSA to provide specific financial benefits to, or impose specific financial burdens on the District
- The District can legally access SOSA's resources
- The District is not legally obligated for any debt of SOSA
- The District is not legally obligated to provide financial support to the 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, they are not considered component units or included in these basic financial statements.

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

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 (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide Financial Statements

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

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 revenues designated for specific purposes. This fund accounts for the revenues and expenditures related to specific purpose grants and other revenues when required by statute, charter provision, or the terms of the grant.

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Financial Statements (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, grants, miscellaneous revenues, investment earnings and interfund transfers.

Additionally, the following proprietary fund is reported:

Self Insurance Fund – This fund accounts for monies used for self-insurance policies. Principal revenue sources are fees charged, miscellaneous revenues and investment earnings.

Additionally, 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:

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

Measurement Focus and Basis of Accounting

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

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

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

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

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.

Assets Held by Trustee (Sinking Fund)

On September 24, 2009, the District issued Qualified Zone Academy Bonds (QZAB) in the amount of \$2,000,000. The bonds purchased by All Points Capital Corp. with Section 1397E of the Internal Revenue Code, and as such, qualified for tax credits relating to the transaction. The bond proceeds were required to be used to provide for facility preservation and major maintenance in accordance with the QZAB financing plan. In addition to annual principal and interest payments, the District was required to transmit \$133,332 to the Deutsche Bank at closing on September 24, 2009, which was used to purchase a State & Local Government Security, which will mature on September 14, 2024. The value of the sinking fund as of June 30, 2022 was \$238,071.

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, 2022

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 uncollectible receivables has been made.

Grants

Unreimbursed grant expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue.

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.

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
Right of use assets	Depends on life of lease

Pensions

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position (government-wide financials and proprietary funds) and the balance sheet (governmental funds) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two types of deferred outflows, which arise only under the full accrual of accounting (i.e. government-wide financials) that qualify for reporting in this category. Accordingly, the items, a deferred amounts related to pensions and a deferred amounts related to other post employment benefit (OPEB) obligations, is reported only in the government-wide statement of net position.

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

Long-term Debt

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Post-employment Health Benefits

Eligible employees who elect early retirement are entitled to payment of group medical insurance premiums. In the Government-wide financial statements, the District reports its liability for other post-employment benefits consistent with established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees. Such costs are recorded as expenses in the Governmental Funds and funded as premiums become due.

Leases

Leases are recognized in accordance with GASB Statement No. 87, *Leases*.

A lessee is required to recognize a lease payable and an intangible right-to-use lease asset. A lease payable is recognized at the net present value of future lease payments, and is adjusted over time by interest and payments. Future lease payments include fixed payments. The right-to-use asset is initially recorded at the amount of the lease liability plus prepayments less any lease incentives received prior to lease commencement, and is subsequently amortized over the life of the lease.

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

Net Position / Fund Balance

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

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

Restricted net position – Consists of restricted assets and deferred outflows 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.

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Net Position / Fund Balance (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) and debt service, which are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

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

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund between the levels of control (major function levels) with Board approval. During the year there was one supplemental budget appropriating unanticipated resources and five resolutions transferring appropriation authority within the General Fund, Capital Projects Fund and Debt Service Fund. Appropriations lapse at the end of each fiscal year.

During the fiscal year ended June 30, 2022, the District was in compliance with Local Budget Law, except as follows:

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

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Adoption of New GASB Pronouncements

During the fiscal year ended June 30, 2022, the District implemented the following GASB Pronouncements:

GASB Statement No. 87, *Leases*. Issued June 2017 to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments and increases the usefulness of governments' financial statements. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. There was an initial lease liability and right-of-use asset recorded of \$835,374 and \$866,969, respectively, along with a \$31,595 decrease to beginning net position.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. This statement was issued June 2018 to establish accounting requirements for interest cost incurred before the end of a construction period. The objectives of the Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. There is no effect on the District's financial statements as a result of this statement.

GASB Statement No 92, *Omnibus 2020*. Issued January 2020, this statement establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, post-employment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments.

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2022:

GASB Statement No 91, *Conduit Debt Obligations*. Issued May 2019, this statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. GASB Statement No. 91 will be effective for the District for fiscal year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. This statement will be effective for the District for fiscal year ending June 30, 2023.

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 1 - Summary of Significant Accounting Policies (continued)

Future GASB Pronouncements (continued)

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

Note 2 - Restatement of Beginning Fund Balance and Beginning Net Position

During the fiscal year ended June 30, 2022, Southern Oregon Success Academy (SOSA), previously reported as a fund in the District's financial statements, became a discretely presented component unit (see Note 1). The result of the restatement was a \$84,132 decrease in the total beginning fund balance of the District from \$12,550,379 to \$12,466,247.

Additionally, due to implementation of GASB 87, there was a decrease of \$31,595 to government-wide net position.

Note 3 - Equity in Pooled Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments are comprised of the following as of June 30, 2022:

Petty cash	\$	100
Carrying amount of demand deposits		1,200,400
Carrying amount of investments		12,979,167
		14,179,667
	\$	14,179,667

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

Statement of Net Position		
Cash, cash equivalents, and investments	\$	13,938,452
Assets held in trust		238,071
		14,176,523
Statement of Net Position Fiduciary Fund		
Cash, cash equivalents, and investments		3,144
		3,144
Total cash, cash equivalents, and investments	\$	14,179,667

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, 2022. 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, 2022, the carrying amounts of the District's deposits in various financial institutions were \$1,200,400 and the bank balances were \$1,480,814. 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 \$828,372 was covered by FDIC. However, this balance was covered by the State of Oregon shared liability structure for participating bank depositories in Oregon.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 3 - Equity in Pooled Cash and Investments (continued)

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

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

Investments. Three Rivers School District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2022. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer.

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

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

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

Treasury securities are valued on the basis of last available bid prices or current market quotations.

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, 2022 and for the year then ended, the District was in compliance with the aforementioned State of Oregon statutes.

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

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 3 - Equity in Pooled Cash and Investments (continued)

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

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

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

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

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

Investments Measured at Fair Value:	Totals as of 6/30/2022	Level One	Level Two	Level Three	Amortized Cost Not Measured at Fair Value
Local Government					
Investment pool	\$ 12,402,153	\$ -	\$ -	\$ -	12,402,153
Certificates of deposit	241,385	-	241,385	-	-
Treasury securities	97,558	97,558	-	-	-
2012 QSCB Sinking Fund Reserve:					
Cash held in reserve account	100	100	-	-	-
Treasury securities	237,971	237,971	-	-	-
	<u>\$ 12,979,167</u>	<u>\$ 335,629</u>	<u>\$ 241,385</u>	<u>\$ -</u>	<u>\$ 12,402,153</u>

As of June 30, 2022, the District's investments had the following maturities and credit ratings:

	Total Investments	Investment Maturities		
		Less than 1 yr	1-5 years	6-10 years
Cash held in sinking fund accounts	\$ 100	\$ 100	\$ -	\$ -
Local Government				
Investment Pool	12,402,153	12,402,153	-	-
Certificates of Deposit	241,385	-	-	241,385
Treasury Securities	335,529	-	335,529	-
Total Investments	<u>\$ 12,979,167</u>	<u>\$ 12,402,253</u>	<u>\$ 335,529</u>	<u>\$ 241,385</u>

	Moody's Rating	Standard & Poor Rating	Percentage of Total Investments
Cash held in sinking fund accounts	N/R	N/R	0.01%
Local Government			
Investment Pool	N/R	N/R	95.55%
Certificates of Deposit	N/R	N/R	1.86%
Treasury Securities	N/R	N/R	2.58%
Total Investments			<u>100.00%</u>

N/R = Not Rated

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 4 - Receivables

Receivables are comprised of the following as of June 30, 2022:

	<u>Grants / Other</u>	<u>Property Taxes</u>	<u>Total</u>
General fund	\$ 960,711	\$ 1,049,906	\$ 2,010,617
Special revenue fund	4,414,696	-	4,414,696
Capital projects fund	128,352	-	128,352
Internal service fund	163	-	163
	<u>\$ 5,503,922</u>	<u>\$ 1,049,906</u>	<u>\$ 6,553,828</u>

Note 5 - Capital Assets

The changes in capital assets for the year ended June 30, 2022, are as follows:

	<u>Balance July 1, 2021 as restated</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance June 30, 2022</u>
Capital assets not being depreciated or amortized:				
Land	\$ 598,310	\$ 205,000	\$ (1,200)	\$ 802,110
Construction-in-progress	219,517	669,255	(683,768)	205,004
Total capital assets not being depreciated or amortized	<u>817,827</u>	<u>874,255</u>	<u>(684,968)</u>	<u>1,007,114</u>
Capital assets being depreciated or amortized:				
Buildings and improvements	111,560,740	235,562	683,768	112,480,070
Machinery/equipment/vehicles	5,001,341	336,428	(223,931)	5,113,838
Leased assets	2,340,327	334,614	(183,300)	2,491,641
Total capital assets being depreciated or amortized	<u>118,902,408</u>	<u>906,604</u>	<u>276,537</u>	<u>120,085,549</u>
Less accumulated depreciation or amortization:				
Buildings and improvements	(85,803,173)	(2,212,298)	-	(88,015,471)
Machinery/equipment/vehicles	(2,742,395)	(241,854)	101,411	(2,882,838)
Leased assets	(1,088,945)	(269,883)	164,970	(1,193,858)
Total accumulated depreciation or amortization	<u>(89,634,513)</u>	<u>(2,724,035)</u>	<u>266,381</u>	<u>(92,092,167)</u>
Total capital assets, net:				
Land	598,310	205,000	(1,200)	802,110
Construction-in-progress	219,517	669,255	(683,768)	205,004
Buildings and improvements	25,757,567	(1,976,736)	683,768	24,464,599
Machinery/equipment/vehicles	2,258,946	94,574	(122,520)	2,231,000
Leased assets	1,251,382	64,731	(18,330)	1,297,783
Total	<u>\$ 30,085,722</u>	<u>\$ (943,176)</u>	<u>\$ (142,050)</u>	<u>\$ 29,000,496</u>

Depreciation and amortization expense for the fiscal year was \$2,724,035 and is allocated to the various functions.

<u>Program</u>	
Instruction	\$ 1,537,173
Supporting services	1,083,621
Community services	103,241
Total	<u>\$ 2,724,035</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 5 - Capital Assets (continued)

Right-of-Use assets

A lease is defined as a contract that conveys control of the right of use of another entity's nonfinancial asset as specified in a contract for a period of time in an exchange or exchange-like transaction. The District is party to a variety of lease contracts as lessee for which this right-of-use (ROU) has been recognized as an asset on the balance sheet. This recognition is new for the current fiscal year due to the implementation of GASB 87. You can find further information on these transactions in Note 8.

Lease right-of-use assets at June 30, 2022 consisted of the following:

	Balance July 1, 2021 as restated	Additions	Deletions / Transfers	Balance June 30, 2022
Leased assets being amortized:				
Machinery/equipment/vehicles	\$ 2,340,327	\$ 334,614	\$ (183,300)	\$ 2,491,641
Total leased assets	2,340,327	334,614	(183,300)	2,491,641
Less accumulated amortization for:				
Machinery/equipment/vehicles	(1,088,945)	(269,883)	164,970	(1,193,858)
Total accumulated amortization	(1,088,945)	(269,883)	164,970	(1,193,858)
Total leased assets, net:				
Machinery/equipment/vehicles	1,251,382	64,731	(18,330)	1,297,783
Total leased assets, net	\$ 1,251,382	\$ 64,731	\$ (18,330)	\$ 1,297,783

Note 6 - Unavailable / Unearned Revenues

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

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

Fund Type	Property Tax Unavailable	Grants/Other Unearned	Total
General fund	\$ 808,793	\$ -	\$ 808,793
Special revenue fund	-	559,105	559,105
Total	\$ 808,793	\$ 559,105	\$ 1,367,898

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 7 - Long-Term Debt

Qualified Zone Academy Bonds

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

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

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 2024. Interest paid for the fiscal year was \$8,959.

As part of the terms of the QZAB agreement, the District opted to create a sinking fund upon bond issuance to pay for the fifteenth and final balloon payment of \$358,168, which includes principal and interest, due and payable in fiscal 2025. At closing on September 24, 2009, the District transmitted \$133,332 to the Deutsche Bank, which was used to purchase a State & Local Government Security, which will mature on September 14, 2024. The value of the sinking fund as of June 30, 2022 was \$238,071.

Year ending June 30th	Principal	Interest	Total
2023	\$ 125,894	\$ 7,438	\$ 133,332
2024	127,434	5,898	133,332
2025	354,911	3,257	358,168
	<u>\$ 608,239</u>	<u>\$ 16,593</u>	<u>\$ 624,832</u>

Pension Obligation Bonds

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 7 - Long-Term Debt (continued)

Pension Obligation Bonds (continued)

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

The issuance of the bonds was evaluated based on advance refunding criteria. The actual savings realized by the District over the life of the bonds is uncertain due to various legislative changes and legal issues pending with the PERS system, which could impact the District's future required contribution rate. Interest paid on these bonds for the fiscal year was \$944,790.

<u>Year ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,155,000	\$ 840,256	\$ 2,995,256
2024	2,420,000	721,128	3,141,128
2025	2,705,000	587,350	3,292,350
2026	3,015,000	437,818	3,452,818
2027	3,350,000	271,148	3,621,148
2028	1,555,000	85,960	1,640,960
	<u>\$ 15,200,000</u>	<u>\$ 2,943,660</u>	<u>\$ 18,143,660</u>

Hidden Valley Turf Field Note Payable

On September 4, 2014, the District entered into an agreement with Evergreen Federal Bank for \$150,000 at 3.00% fixed interest to finance a portion of the new turf field at Hidden Valley High School. Monthly payments of principal and interest are to be repaid over a period of ten years commencing on October 1, 2014. Interest paid on this note for the fiscal year was \$1,354. This note matures September, 2024 and is payable from non-restricted General Fund revenues. If any payment obligation under this note is not paid when due, the remaining unpaid principal balance shall become due immediately at the option of the lender.

<u>Year ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 16,514	\$ 867	\$ 17,381
2024	17,017	364	17,381
2025	2,885	7	2,892
	<u>\$ 36,416</u>	<u>\$ 1,238</u>	<u>\$ 37,654</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 7 - Long-Term Debt (continued)

The changes in long-term obligations for year ended June 30, 2022, are as follows:

<u>Issue Date:</u>	<u>Outstanding July 1, 2021</u>	<u>New Debt Issued</u>	<u>Matured & Redeemed</u>	<u>Outstanding June 30, 2022</u>	<u>Due within 1 year</u>	<u>Interest Rate</u>
PERS Bonds						
February 5, 2004	\$ 17,110,000	\$ -	\$(1,910,000)	\$ 15,200,000	\$ 2,155,000	5.22-5.53%
QZAB Bonds (direct placement)						
September 24, 2009	732,612	-	(124,373)	608,239	125,894	1.22%
Turf Field Note Payable (direct borrowing)						
September 24, 2009	52,443	-	(16,027)	36,416	16,514	3.00%
Total	<u>\$ 17,895,055</u>	<u>\$ -</u>	<u>\$(2,050,400)</u>	<u>\$ 15,844,655</u>	<u>\$ 2,297,408</u>	

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

	<u>Balance 7/1/2021</u>	<u>Earned</u>	<u>Used</u>	<u>Balance 6/30/2022</u>	<u>Due Within One Year</u>
Compensated absences	\$157,868	\$271,483	\$279,225	\$150,126	\$150,126

Note 8 - Leases Payable

The District has entered into several non-cancellable lease agreements for copiers, equipment, and participates in leases for several properties. During the year ended June 30, 2022, lease principal and interest payments of \$281,353 and \$35,955 were made, respectively. Lease payable at June 30, 2022 consisted of the following:

<u>Year ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 305,130	\$ 22,480	\$ 327,610
2024	201,225	13,973	215,198
2025	207,347	7,851	215,198
2026	142,883	2,673	145,556
2027	63,645	439	64,084
Total	<u>\$ 920,230</u>	<u>\$ 47,416</u>	<u>\$ 967,646</u>

The District has a non-qualified lease under GASB 87 related to student transportation. This lease is variable in nature. Total variable lease payments for non-qualified leases was \$5,228,737 for the year ended June 30, 2022.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 9 - Interfund Transactions

Interfund transfers during the year ended June 30, 2022, were as follows:

	Transfers	
	In	Out
General fund	\$ 222,677	\$ (439,181)
Special revenue fund	21,004	-
Debt service fund	17,500	(222,677)
Capital projects fund	370,677	-
Self insurance fund	30,000	-
	\$ 661,858	\$ (661,858)

During the 2021-22 fiscal year the Board of Education approved transfers out from the General Fund and Debt Service Fund. Special Revenue Funds received the transfer to fund the food service required food match program. The Debt Service fund received the transfer of funds committed by Hidden Valley High School to repay the obligation related to their new turf field. The Capital Projects transfer was set aside for future energy lease, and QZAB payments. The Self Insurance Fund transfer was to ensure sufficient funds for unemployment and property claims requiring payment. The General Fund received the transfer as a result of the liquidation of the Debt Service General Obligation Bond Fund 300.

Note 10 - Postemployment Benefits Other Than Pensions (OPEB)

Single-Employer Defined Benefit Health Care Plan –

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

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

**THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022**

Note 10 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (continued)–

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

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

Employees Covered by Benefit Terms – The explicit benefit for the single-employer defined benefit OPEB plan was ceased to all employees entering employment subsequent to August 30, 2007. As a result, the total plan members receiving the explicit benefit will decrease over time. At June 30, 2022, the following employees were covered by the explicit benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	33
Active employees entitled to but not yet receiving benefit payments	47
	80

Total OPEB Liability – The districts total OPEB liability of \$4,862,783 was measured as of June 30, 2022, and was determined by an actuarial valuation date as of July 1, 2020.

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

Input	Assumption
Actuarial Cost Method	Early age normal, level percent of salary
Interest Rate Utilized for Discounting	3.5% per year, based on all years discounted at municipal bond rate
General Inflation	2.0% per year
Salary Scale	3.0% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table
Annual Premium Increase Rate	Between 4.57% and 6.5% annually
Mortality Rates	PUB 2010 employee and retiree tables
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Participation	80% active employees currently enrolled in a medical plan (100% if eligible for District paid benefits)
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 10 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (continued)–

Changes in the Total OPEB Liability –

Total OPEB Liability at June 30, 2021	\$ 5,263,809
Changes for the year:	
Service cost	278,978
Interest	120,153
Assumptions or other input	(394,875)
Benefit payments	<u>(405,282)</u>
Total OPEB Liability at June 30, 2022	<u><u>\$ 4,862,783</u></u>

Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 277,096	\$ 534,842
Changes of assumptions or other input	<u>216,479</u>	<u>1,044,676</u>
Total	<u><u>\$ 493,575</u></u>	<u><u>\$ 1,579,518</u></u>

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

Year Ended June 30	Deferred Outflow/(Inflow) of Resources
2023	\$ (265,349)
2024	(215,819)
2025	(215,823)
2026	(139,212)
2027	(193,331)
Thereafter	<u>(56,409)</u>
Total	<u><u>\$ (1,085,943)</u></u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 10 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Single-Employer Defined Benefit Health Care Plan (continued)–

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

	1% Decrease Rate 2.5%	Current Discount Rate 3.5%	1% Increase Rate 4.5%
Total OPEB Liability	\$ (5,155,498)	\$ (4,862,783)	\$ (4,586,010)

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

	1% Decrease 5.3% Graded Down to 3.5%	Current Trend Rate 6.3% Graded Down to 4.5% Trend Rates	1% Increase 7.3% Graded Down to 5.5%
Total OPEB Liability	\$ (4,569,040)	\$ (4,862,783)	\$ (5,221,861)

OPEB Expense – For the year ended June 30, 2022, the District recognized a reduction of OPEB expense of \$694,783 which was charged to various functions as follows: 56% instruction, 40% support services, and 4% community services.

Changes in Assumptions - A summary of key changes implemented since the July 1, 2020 valuation are noted below:

- Premium increase rates were modified to better reflect anticipated experience.
- Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for Oregon PERS.
- Discount rates increased from 2.25% to 3.5%.

Retirement Health Insurance Account (RHIA)

Plan Description - As a member of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other post-employment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan was closed to new entrants hired on or after August 29, 2003.

OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO box 23700, Tigard, OR 97281-3700.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 10 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (RHIA) – (continued)

Funding Policy - Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410.

To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS. The contribution rates in effect for the fiscal year ended June 30, 2022 for the OPEB program were: Tier1/Tier 2 – 0.05%, and OPSRP general service – 0.00%. The District contributed \$4,795 for the year ended June 30, 2022.

Pension Plan Annual Comprehensive Financial Report (AFCR) –

Oregon PERS produces an independently audited AFCR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

Actuarial Valuation -

The actuarial valuation used for RHIA is identical to the actuarial valuation details related to the OPERS Plan disclosed in Note 11 – Pension and Retirement Plans. (excluding the healthcare cost trend rate and a retiree healthcare participation assumption of 32% for healthy retirees and 20% for disabled retirees has been used). The actuarial valuation details are the Actuarial Methods and Assumptions, Discount Rate, Assumed Asset Allocation, and the Investment Rate of Return.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB –

At June 30, 2022, the District reported \$903,176 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2019. The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, (measurement date), the District's proportion was 0.26300956 percent.

For the year ended June 30, 2022, the District recognized a reduction of OPEB expense of \$106,299. The \$106,299 was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Supporting Services, and Community Services using allocation percentages of 56%, 40% and 4%, respectively.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 10 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (RHIA) – (continued)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 25,128
Changes of assumptions	17,771	13,436
Net difference in projected and actual earnings on investments	-	214,643
Changes In Proportionate Share	364,062	160,204
District's contributions subsequent to the measurement date	<u>4,795</u>	<u>-</u>
Total	<u>\$ 386,628</u>	<u>\$ 413,411</u>

\$4,795 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2023.

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

<u>Year Ended June 30</u>	<u>Deferred Outflow/(Inflow) of Resources</u>
2023	\$ (20,882)
2024	106,110
2025	(49,003)
2026	(67,803)
Thereafter	-
Total	<u>\$ (31,578)</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 10 - Postemployment Benefits Other Than Pensions (OPEB) (continued)

Retirement Health Insurance Account (RHIA) – (continued)

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

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

District's Net Pension Asset/(Liability)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Retirement Health Insurance Account	\$ 798,727	\$ 903,176	\$ 992,401

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

Changes in Assumptions

The changes in assumptions used for RHIA are identical to the changes in assumptions related to the OPERS Plan disclosed in Note 11 – Pension and Retirement Plans.

Note 11 - Pension and Retirement Plans

Early Retirement Stipend Pension Plan –

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

Funding Policy – The benefits from this program are fully paid by the District and, consequently, no contributions by employees are required. The District funds this benefit as it comes due and the amount paid by the District for the benefit for the period ended June 30, 2022 was \$228,683. There are no assets accumulated in a trust.

Employees Covered by Benefit Terms – At June 30, 2022, the following employees were covered by the stipend benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	25
Active employees entitled to but not yet receiving benefit payments	224
	<u>249</u>

Total Stipend Pension Liability – The districts total stipend pension liability of \$2,848,850 was measured as of June 30, 2022, and was determined by an actuarial valuation date as of July 1, 2020.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 11 - Pension and Retirement Plans (continued)

Early Retirement Stipend Pension Plan (continued)

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

<u>Input</u>	<u>Assumption</u>
Actuarial Cost Method	Early age normal, level percent of salary
Interest Rate Utilized for Discounting	3.5% per year, based on all years discounted at municipal bond rate
General Inflation	2.0% per year
Salary Scale	3.0% per year
Salary Merit Scale	Total payroll increase is overall payroll growth plus merit table
Annual Premium Increase Rate	Between 4.57% and 6.5% annually
Mortality Rates	PUB 2010 employee and retiree tables
Turnover Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Disability Rates	As developed for the valuation of benefits under Oregon PERS, age dependent
Retirement Rates	As developed for the valuation of benefits under Oregon PERS, depending on YOS
Participation	80% active employees currently enrolled in a medical plan (100% if eligible for District paid benefits)
Plan Enrollment	Current and future retirees are assumed to remain enrolled in the plans in which currently enrolled
Marital Status	70% of future retirees electing coverage are assumed to cover a spouse as well
Coverage of Eligible Children	We have assumed no impact of dependent children on the implicit subsidy

Changes in the Total Stipend Pension Liability –

Total Stipend Pension Liability at June 30, 2021	\$ 3,071,906
Changes for the year:	
Service cost	142,549
Interest	69,753
Changes of assumptions or other input	(206,675)
Benefit payments	<u>(228,683)</u>
Total Stipend Pension Liability at June 30, 2022	<u>\$ 2,848,850</u>

Deferred Outflows of Resources, and Deferred Inflows of Resources -

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 209,840	\$ 651,949
Changes of assumptions or other input	<u>131,687</u>	<u>352,237</u>
Total	<u>\$ 341,527</u>	<u>\$ 1,004,186</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 11 - Pension and Retirement Plans (continued)

Early Retirement Stipend Pension Plan (continued)

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

Year Ended June 30	Net deferred Outflow/(Inflow) of Resources
2023	\$ (170,104)
2024	(170,104)
2025	(170,101)
2026	(141,385)
2027	19,942
Thereafter	(30,907)
Total	\$ (662,659)

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

	1% Decrease 2.5%	Current Discount Rate 3.5%	1% Increase 4.5%
Total Stipend Pension Liability	\$ (3,013,494)	\$ (2,848,850)	\$ (2,690,616)

Stipend Pension Expense – For the year ended June 30, 2022, the District recognized an increase in stipend pension expense of \$236,799, which was charged to various functions as follows: 56% instruction, 40% support services, and 4% community services.

Changes in Assumptions - A summary of key changes implemented since the July 1, 2020 valuation are noted at the end of Note 10. Additional detail and list of changes can be found in the 2018 Experience Study for the System, which can be found at:

https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf.

OPERS Plan -

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

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

The ORS Chapter 238 Defined Benefit Plan was closed to new members hired on or after August 29, 2003. In 1995, the Oregon Legislature created a second tier of benefits for those who became OPERS Program members after 1995 but before August 29, 2003. The second tier does not have the Tier One assumed earnings rate guarantee.

Beginning January 1, 2004, PERS active Tier One or Tier Two members became members of the OPSRP IAP Program. OPERS plan member contributions (the employee contribution, whether made by the employee or "picked-up" by the employer) go into the IAP portion of OPSRP. OPERS plan members retain their existing OPERS accounts; however, member contributions after January 1, 2004 are deposited in the member's IAP, not into the member's OPERS account.

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

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

Under Senate Bill 1049, passed during 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021, and will be indexed with inflation in later years.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General Service employees may retire after reaching age 55. Tier One General Service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan was closed to new members hired on or after August 29, 2003.

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

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

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

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

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

OPSRP Pension Program (Chapter 238A)

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

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

Under Senate Bill 1049, passed during 2019 legislative session, the salary included in the determination of final average salary will be limited for all members beginning in 2021. The limit will be equal to \$197,730 in 2021, and will be indexed with inflation each year.

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

Death Benefits - Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70 ½ years.

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

Benefit Changes After Retirement - Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living changes. The COLA is capped at 2.0 percent.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Contributions -

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

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

Employer contributions during the period July 1, 2021 through June 30, 2023, were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. For the period July 1, 2021 through June 30, 2022, net employer contribution rates were 16.24% for Tier 1/Tier 2 employees and 13.13% for OPSRP General Employees and 17.49% for OPSRP Police and Fire Employees. Employer contributions for the year ended June 30, 2022 were \$4,276,914.

Pension Plan Annual Comprehensive Financial Report (ACFR) -

OPERS prepares their financial statements in accordance with generally accepted accounting principles in the United States of America as set forth in Governmental Accounting Standards Board (GASB) pronouncements that apply to governmental accounting for fiduciary funds and enterprise funds. The accrual basis of accounting is used for all funds. Contributions are recognized when due, pursuant to legal (or statutory) requirements. Benefits and withdrawals are recognized when they are currently due and payable in accordance with the terms of the plan. Investments are recognized at fair value, the amount that could be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>

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

**THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022**

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Actuarial Methods and Assumptions Used in Developing Total Pension Liability -

Valuation date	December 31, 2019
Measurement date	June 30, 2021
Experience study	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Inflation rate	2.40 percent
Long-term expected rate of return ¹	6.9 percent
Discount rate	6.9 percent
Projected salary increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><i>Healthy retirees and beneficiaries:</i> Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i> Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><i>Disabled retirees:</i> Pub-2010 Disabled Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study, which reviewed experience for the four-year period ending on December 31, 2018.

Discount Rate -

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan, a reduction approved by the Board from 7.20 percent in the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Assumed Asset Allocation -

Asset Class	Target Allocation
Cash	0.00%
Debt Securities	20.00%
Public equity	30.00%
Private equity	20.00%
Real estate	12.50%
Alternative equity	15.00%
Opportunity portfolio	2.50%
Total	100.00%

Investment Rate of Return –

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June, 2021 the OPERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

Asset Class	Target Allocation	20-Year Annualized Geometric Mean
Global equity	30.62%	5.85%
Private equity	25.50%	7.71%
Core fixed income	23.75%	2.73%
Real estate	12.25%	5.66%
Master limited partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge fund of funds - multistrategy	1.25%	5.11%
Hedge fund equity - hedge	0.63%	5.31%
Hedge fund - macro	5.62%	5.06%
US cash	-2.50%	1.76%
Total	100.00%	
Assumed inflation - mean		2.40%

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

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

At June 30, 2022, the District reported a liability of \$26,659,650 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, (measurement date), the District's proportion was approximately .22278607 percent.

For the year ended June 30, 2022, the District recognized a reduction in pension expense of \$1,580,959. The \$1,580,959 was treated as a reduction of payroll related expense in the Statement of Activities and allocated to Instruction, Supporting Services, and Community Services using allocation percentages of 56%, 40% and 4%, respectively.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$2,495,518	\$ -
Changes in assumptions	6,673,713	70,162
Net difference between projected and actual earnings on investments	-	19,735,932
Changes in proportionate share	436,461	2,985,052
Difference in proportion and contribution differences	82,289	1,230,168
District's contributions subsequent to the measurement date	4,276,914	-
Total	\$ 13,964,895	\$ 24,021,314

\$4,276,914 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 11 - Pension and Retirement Plans (continued)

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

Year Ended June 30	Deferred Outflow/(Inflow) of Resources
2023	\$ (2,755,134)
2024	(3,073,281)
2025	(3,550,937)
2026	(5,340,955)
2027	386,974
Thereafter	-
Total	\$ (14,333,333)

OPERS Plan (continued)

Sensitivity for the District's Proportionate Share of the Net Pension Liability to Changes in Discount Rate –

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Defined Benefit Pension Plan Asset (Liability)	\$ (52,353,176)	\$ (26,659,650)	\$ (5,163,495)

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Changes in Assumptions –

A summary of key changes implemented since the December 31, 2019 valuation are noted below. Additional detail and list of changes can be found in the 2020 Experience Study for the System, which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

- Reduce the long-term inflation assumption from the current 2.50% to 2.40% or lower
- Reduce the system payroll growth assumption from the current 3.50% to 3.40% or lower, paralleling the change in inflation
- The current investment return assumption of 7.20% per year should be lowered at 0.20%, based on PERS' current target allocation
- Update the assumption for future administrative expenses and use a combined assumption amount for the Tier 1/Tier 2 and OPSRP programs
- Update the RHIPA health cost trend assumption
- Adjust the base mortality table assumption and make a routine update to the mortality improvement scale for all groups
- Adjust retirement rates for certain member categories and service bands to more closely align with recent and expected future experience
- Increase the merit component of the individual member salary increase assumption for all member categories
- Update pre-retirement termination of employment assumptions for one member category
- Lower assumed rates of ordinary (non-duty) disability and general service duty disability incidence
- Increase the Tier 1 unused vacation cash out assumption for three member categories
- Increase the Tier 1/Tier 2 unused sick leave assumption for all member categories
- Decrease the healthy and disabled likelihood of program participation assumptions for the RHIA retiree healthcare program
- Decrease the RHIPA likelihood of program participation assumption for most service bands
- Revise the parameters of the rate collar methodology to only restrict changes in the Unfunded Actuarial Liability (UAL) Rate contribution rate component and to narrow the width of allowable changes
- Introduce a methodology for UAL Rate amortization in the RHIA or RHIPA programs when one or both are in an actuarial surplus position (over 100% funded)
- Update the assumed system-average level of member redirect contributions to Tier 1/Tier 2 and OPSRP reflecting the projected effects of HB 2906, which passed in June 2021.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 11 - Pension and Retirement Plans (continued)

OPERS Plan (continued)

Defined Contribution Plan – Individual Account Program (IAP)

Pension Benefits - Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. The IAP is an individual account-based program under the OPERS tax-qualified governmental plan as defined under ORS 238A.400. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. All covered employees are required by State statute to contribute 6% of their salary to the plan. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

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

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

Member Contributions - Beginning January 1, 2004, all the member contributions, except for contributions by judge members, were placed in the OPSRP Individual Account Program (IAP). Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 or 7.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf.

Starting July 1, 2020, Senate Bill 1049 required a portion of member contributions to their IAP accounts to be redirected to the Defined Benefit fund. If the member earns more than \$2,500 per month (increased to \$2,535 per month on January 2021) 0.75 percent (if OPSRP member) or 2.5 percent (if Tier One/Tier Two member) of the member's contributions that were previously contributed to the member's IAP now fund the new Employee Pension Stability Accounts (EPSA). The EPSA accounts will be used to fund the cost of future pension benefits without changing those benefits, which means reduced contributions to the member's IAP account. Members may elect to make voluntary IAP contributions equal to the amount redirected.

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

During 2022, the District, as an employee benefit, paid the employee portion of the contribution. Employer contributions for the year ended June 30, 2022 were \$1,607,268, of which \$1,337,762 was deposited into the individual members' accounts.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 12 - Contingencies

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

The School District has elected, under the State Unemployment Act of July 1, 1974, to reimburse the State Employment Department for any claims paid. Reimbursements are made from the District's Unemployment Insurance Fund. The District is unable to determine at this time the amount of the contingent liability for potential unemployment insurance claims.

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 \$33,316,207 to the District, which represents approximately 61% of the District's total general revenues for the year.

Note 16 - Tax Abatements

As of June 30, 2022, Jackson and Josephine counties provide tax abatements through the Enterprise Zone program.

Enterprise Zone (ORS 285.597):

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

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2022

Note 16 - Tax Abatements (continued)

For the fiscal year ended June 30, 2022, Three Rivers School District abated property taxes totaling \$8,400 under this program.

Note 17 - Restricted Net Position

As noted on the Statement of Net Position, there are various restrictions. The amount of \$30,952 restricted for education grants, consists of monies to be used for JCF - a classroom grant (\$636), a music program grant (\$10,718), and an Allcare professional development grant (\$19,598). All of these funds are restricted for these various projects. Other amounts are restricted to student body, debt service and capital projects as stated.

Note 18 - Commitments

The District has various active construction obligations at June 30, 2022. The total project costs of these obligations was approximately \$13,983,600. As of June 30, 2022, there was \$13,710,000 outstanding remaining on the contracts.

Note 19 - Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2022 through December 21, 2022, the date the financial statements were available for issuance, for recognition and/or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FISCAL YEAR END JUNE 30, 2022**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget
				Positive (Negative)
REVENUES				
Local sources:				
Property taxes	\$ 18,148,630	\$ 18,148,630	\$ 18,885,217	\$ 736,587
Charges for services	49,612	49,612	50,524	912
Interest on investments	49,600	49,600	80,856	31,256
Miscellaneous	150,000	548,437	302,356	(246,081)
Intermediate sources:				
Intergovernmental	1,300,000	1,300,000	1,212,764	(87,236)
State sources:				
Basic school support	31,106,114	31,106,114	33,316,207	2,210,093
Intergovernmental	466,962	466,962	621,172	154,210
Federal sources:				
Intergovernmental	100,000	100,000	188,514	88,514
TOTAL REVENUES	51,370,918	51,769,355	54,657,610	2,888,255
EXPENDITURES				
Current:				
Instruction	30,756,022	30,766,822	28,213,545	2,553,277
Support services	23,980,518	24,378,955	23,639,451	739,504
Facilities acquisition and construction	125,000	205,000	205,000	-
Contingency	460,000	1,436,523	-	1,436,523
TOTAL EXPENDITURES	55,321,540	56,787,300	52,057,996	4,729,304
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,950,622)	(5,017,945)	2,599,614	7,617,559
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	222,677	222,677
Transfers out	(445,500)	(668,177)	(439,181)	228,996
TOTAL OTHER FINANCING SOURCES (USES)	(445,500)	(668,177)	(216,504)	451,673
NET CHANGE IN FUND BALANCE	(4,396,122)	(5,686,122)	2,383,110	8,069,232
FUND BALANCE, July 1, 2021	7,396,122	8,686,122	8,684,958	(1,164)
FUND BALANCE, June 30, 2022	\$ 3,000,000	\$ 3,000,000	\$ 11,068,068	\$ 8,068,068

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
FISCAL YEAR END JUNE 30, 2022**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget Positive (Negative)
REVENUES				
Local sources:				
Charges for services	\$ 1,525,000	\$ 1,525,000	\$ 971,925	\$ (553,075)
Donations	-	-	32,657	32,657
Interest on investments	-	-	737	737
Miscellaneous	79,000	79,000	835,289	756,289
Intermediate sources:				
Intergovernmental	-	-	400	400
State sources:				
Intergovernmental	7,783,278	7,783,278	6,286,194	(1,497,084)
Federal sources:				
Intergovernmental	32,054,712	32,054,712	11,843,968	(20,210,744)
TOTAL REVENUES	41,441,990	41,441,990	19,971,170	(21,470,820)
EXPENDITURES				
Current:				
Instruction	21,113,917	21,113,917	11,791,254	9,322,663
Support services	18,273,963	18,273,963	4,617,998	13,655,965
Enterprise and community services	3,069,315	3,069,315	2,195,299	874,016
Facilities acquisition and construction	2,243,993	2,243,993	634,265	1,609,728
TOTAL EXPENDITURES	44,701,188	44,701,188	19,238,816	25,462,372
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,259,198)	(3,259,198)	732,354	3,991,552
OTHER FINANCING SOURCES (USES):				
Transfers in	250,000	250,000	21,004	(228,996)
TOTAL OTHER FINANCING SOURCES (USES)	250,000	250,000	21,004	(228,996)
NET CHANGE IN FUND BALANCE	(3,009,198)	(3,009,198)	753,358	3,762,556
FUND BALANCE, July 1, 2021	3,009,198	3,009,198	1,396,104	(1,613,094)
FUND BALANCE, June 30, 2022	\$ -	\$ -	\$ 2,149,462	\$ 2,149,462

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

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

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.2227861%	0.2396684%	0.2360184%	0.2485268%	0.2440468%	0.2437456%	0.2411978%	0.2689813%
District's proportion of the net pension asset/(liability)	(26,659,650)	(52,303,893)	(40,825,524)	(37,648,531)	\$(32,897,601)	\$(36,591,868)	\$(13,848,281)	\$ 6,097,038
District's covered-employee payroll	\$ 29,979,164	\$ 28,411,408	\$ 28,610,083	\$ 28,164,703	\$ 26,105,736	\$ 24,804,360	\$ 23,985,316	\$ 23,058,311
District's proportionate share of the net pension asset/(liability) as a percentage of its covered-employee payroll	-88.93%	-184.09%	-142.70%	-133.67%	-126.02%	-147.52%	-57.74%	26.44%
Plan fiduciary net position as a percentage of the total pension liability	87.57%	75.80%	80.20%	82.10%	83.10%	80.52%	91.88%	103.59%

Three Rivers School District Pension Contributions

	2021	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	\$ 4,276,914	\$ 4,722,996	\$ 4,520,220	\$ 2,806,404	\$ 3,805,443	\$ 2,403,712	\$ 2,376,272	\$ 2,695,646
Contribution in relation to the contractually required	(4,276,914)	(4,722,996)	(4,520,220)	(2,806,404)	(3,805,443)	(2,403,712)	(2,376,272)	(2,695,646)
Contributions deficiency (excess)	-	-	-	-	-	-	-	-
District's covered - employee payroll	\$ 30,955,141	\$ 29,979,164	\$ 28,411,408	\$ 28,610,083	\$ 28,164,703	\$ 26,105,736	\$ 24,804,360	\$ 23,985,316
Contributions as a percentage of covered-employee payroll	13.82%	15.75%	15.91%	9.81%	13.51%	9.21%	9.58%	11.24%

Notes to Schedule -

A summary of key changes implemented since the December 31, 2019 valuation are described in *Note 11* in the Notes to the Basic Financial Statements. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the system can be found at: <https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

Other Information -

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 68 during fiscal 2015, as a result, only eight years of information is presented.

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB RHIA asset/(liability)	0.26300956%	0.55890575%	0.22720791%	0.27381244%	0.24284476%
District's proportion of the net OPEB RHIA asset/(liability)	\$ 903,176	\$ 1,138,828	\$ 439,048	\$ 305,649	\$ 101,349
District's covered-employee payroll	\$ 29,979,164	\$ 28,411,408	\$ 28,610,083	\$ 28,164,703	\$ 26,105,736
District's proportionate share of the net OPEB RHIA asset/(liability) as a percentage of its covered-employee payroll	3.01%	4.01%	1.53%	1.09%	0.39%
Plan fiduciary net position as a percentage of the total pension liability	183.90%	150.10%	123.90%	123.90%	108.88%

Three Rivers School District Contributions

	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 4,795	\$ 7,037	\$ 39,912	\$ 112,609	\$ 132,581
Contribution in relation to the contractually required	(4,795)	(7,037)	(39,912)	(112,609)	(132,581)
Contributions deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered - employee payroll	\$ 30,955,141	\$ 29,979,164	\$ 28,411,408	\$ 28,610,083	\$ 28,164,703
Contributions as a percentage of covered-employee payroll	0.02%	0.02%	0.14%	0.39%	0.47%

Notes to Schedule -

A summary of assumption changes implemented since the December 31, 2019 valuation are outlined briefly in *Note 10* to the financial statements. A comprehensive list of changes in methods and assumptions can be found in the 2020 Experience Study for the system, which was published in July 2021, and can be found at: <https://www.oregon.gov/pers/Documents/Financials/Actuarial/2021/2020-Experience-Study.pdf>

Other Information -

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

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

Total Pension Liability (Stipend):	2022	2021	2020	2019	2018	2017
Service cost	\$ 142,549	\$ 118,390	\$ 114,386	\$ 188,346	\$ 183,752	\$ 183,752
Interest	69,753	66,457	97,343	122,524	124,163	121,038
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	279,788	-	(1,303,901)	-	-
Changes of assumptions of other inputs	(206,675)	(113,669)	200,109	13,240	(229,724)	-
Benefit payments	<u>(228,683)</u>	<u>(228,595)</u>	<u>(258,300)</u>	<u>(239,991)</u>	<u>(218,597)</u>	<u>(182,640)</u>
Net change in total pension liability (stipend)	(223,056)	122,371	153,538	(1,219,782)	(140,406)	122,150
Total Pension Liability (Stipend) - beginning	\$ <u>3,071,906</u>	\$ <u>2,949,535</u>	\$ <u>2,795,997</u>	\$ <u>4,015,779</u>	\$ <u>4,156,185</u>	\$ <u>4,034,035</u>
Total Pension liability (Stipend) - ending	\$ <u><u>2,848,850</u></u>	\$ <u><u>3,071,906</u></u>	\$ <u><u>2,949,535</u></u>	\$ <u><u>2,795,997</u></u>	\$ <u><u>4,015,779</u></u>	\$ <u><u>4,156,185</u></u>
Estimated Covered - employee payroll	\$ 15,949,603	\$ 15,485,051	\$ 13,725,109	\$ 13,260,975	\$ 18,394,083	\$ 17,858,333
Total pension liability (Stipend) as a percentage of estimated covered - employee payroll	17.86%	19.84%	21.49%	21.08%	21.83%	23.27%

Notes to Schedule -

A summary of assumption changes implemented since the December 31, 2019 valuation are outlined briefly in *Note 11* in Notes to the Basic Financial Statements. A comprehensive list of changes in methods and assumptions can be found in the 2018 Experience Study for the system, which was published in July 2019, and can be found at:

https://www.oregon.gov/pers/Documents/Exp_Study_2018.pdf

Other Information -

This schedule is presented to illustrate required supplementary information for a 10 year period. The District adopted GASB 68 during fiscal 2017, as a result, only six years of information is presented.

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

Total OPEB Liability (Medical):	2022	2021	2020	2019	2018	2017
Service cost	\$ 278,978	\$ 272,503	\$ 263,288	\$ 312,031	\$ 304,420	\$ 304,420
Interest	120,153	141,286	264,579	197,233	206,268	212,474
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	(748,780)	-	646,560	-	-
Changes of assumptions of other inputs	(394,875)	(209,678)	378,836	(1,182,792)	(297,175)	-
Benefit payments	(405,282)	(396,830)	(635,259)	(603,154)	(745,833)	(701,693)
Net change in total OPEB liability	(401,026)	(941,499)	271,444	(630,122)	(532,320)	(184,799)
Total OPEB liability - beginning	\$ 5,263,809	\$ 6,205,308	\$ 5,933,864	\$ 6,563,986	\$ 7,096,306	\$ 7,281,105
Total OPEB liability - ending	\$ 4,862,783	\$ 5,263,809	\$ 6,205,308	\$ 5,933,864	\$ 6,563,986	\$ 7,096,306
Estimated Covered - employee payroll	\$ 32,444,101	\$ 29,077,224	\$ 29,223,661	\$ 28,235,421	\$ 31,872,867	\$ 30,944,531
Total OPEB liability as a percentage of estimated covered - employee payroll	14.99%	18.10%	21.23%	21.02%	20.59%	22.93%

Notes to Schedule -

A summary of assumption changes implemented since the December 31, 2019 valuation are outlined briefly in *Note 10* in Notes to the Basic Financial Statements.

Other Information -

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

OTHER SUPPLEMENTARY INFORMATION

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FISCAL YEAR END JUNE 30, 2022**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget
				Positive (Negative)
REVENUES				
Local sources:				
Property taxes	\$ -	\$ -	\$ 10,021	\$ 10,021
Interest on investments	4,500	4,500	9,556	5,056
Miscellaneous	2,740,382	2,740,382	2,692,761	(47,621)
TOTAL REVENUES	2,744,882	2,744,882	2,712,338	(32,544)
EXPENDITURES				
Debt service:				
Principal and interest	2,872,171	2,872,171	2,872,171	-
Contingency	379,903	157,226	-	157,226
TOTAL EXPENDITURES	3,252,074	3,029,397	2,872,171	157,226
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(507,192)	(284,515)	(159,833)	124,682
OTHER FINANCING SOURCES (USES):				
Transfers in	17,500	17,500	17,500	-
Transfers out	-	(222,677)	(222,677)	-
TOTAL OTHER FINANCING SOURCES (USES)	17,500	(205,177)	(205,177)	-
NET CHANGE IN FUND BALANCE	(489,692)	(489,692)	(365,010)	124,682
FUND BALANCE, July 1, 2021	489,692	489,692	573,573	83,881
FUND BALANCE, June 30, 2022	\$ -	\$ -	\$ 208,563	\$ 208,563

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FISCAL YEAR END JUNE 30, 2022**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Local sources:				
Property taxes	\$ 325,000	\$ 325,000	\$ 349,113	\$ 24,113
Interest on investments	11,000	11,000	(6,395)	(17,395)
Miscellaneous	241,000	241,000	224,121	(16,879)
State sources:				
Intergovernmental	-	2,499,960	109,982	(2,389,978)
Federal sources				
Intergovernmental	-	-	200,000	200,000
TOTAL REVENUES	577,000	3,076,960	876,821	(2,200,139)
EXPENDITURES				
Current:				
Support services	1,879,301	1,879,301	916,267	963,034
Facilities acquisition and construction	-	2,499,960	480,724	2,019,236
Contingency	430,162	430,162	-	430,162
TOTAL EXPENDITURES	2,309,463	4,809,423	1,396,991	3,412,432
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,732,463)	(1,732,463)	(520,170)	1,212,293
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	330,835	330,835
Transfers in	148,000	148,000	370,677	222,677
TOTAL OTHER FINANCING SOURCES (USES)	148,000	148,000	701,512	553,512
NET CHANGE IN FUND BALANCE	(1,584,463)	(1,584,463)	181,342	1,765,805
FUND BALANCE, July 1, 2021	1,584,463	1,584,463	1,811,612	227,149
FUND BALANCE, June 30, 2022	\$ -	\$ -	\$ 1,992,954	\$ 1,992,954

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL
SELF-INSURANCE FUND
FISCAL YEAR END JUNE 30, 2022**

	Budget		Actual	Variance with
	Adopted	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Local sources:				
Interest on investments	\$ 6,000	\$ 6,000	\$ 2,084	\$ (3,916)
Self insurance revenues	1,054,776	1,054,776	651,158	(403,618)
State sources				-
Intergovernmental	1,062,000	1,062,000	-	(1,062,000)
TOTAL REVENUES	2,122,776	2,122,776	653,242	(1,469,534)
EXPENDITURES				
Current:				
Instruction	790,708	790,708	-	790,708
Support services	957,771	957,771	301,430	656,341
Contingency	1,543,376	1,543,376	-	1,543,376
TOTAL EXPENDITURES	3,291,855	3,291,855	301,430	2,990,425
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,169,079)	(1,169,079)	351,812	1,520,891
OTHER FINANCING SOURCES (USES):				
Transfers in	30,000	30,000	30,000	-
TOTAL OTHER FINANCING SOURCES (USES)	30,000	30,000	30,000	-
NET CHANGE IN NET POSITION	(1,139,079)	(1,139,079)	381,812	1,520,891
FUND BALANCE, July 1, 2021	1,139,079	1,139,079	1,181,922	42,843
FUND BALANCE, June 30, 2022	\$ -	\$ -	\$ 1,563,734	\$ 1,563,734

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FIDUCIARY NET POSITION - BUDGET AND ACTUAL
TRUST AND AGENCY SCHOLARSHIP FUND
FISCAL YEAR END JUNE 30, 2022**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Adopted	Final		
REVENUES				
Local sources:				
Interest on investments	\$ 24	\$ 24	\$ 18	\$ (6)
TOTAL REVENUES	<u>24</u>	<u>24</u>	<u>18</u>	<u>(6)</u>
EXPENDITURES				
Current:				
Instruction	<u>3,125</u>	<u>3,125</u>	<u>-</u>	<u>3,125</u>
TOTAL EXPENDITURES	<u>3,125</u>	<u>3,125</u>	<u>-</u>	<u>3,125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,101)	(3,101)	18	3,119
FUND BALANCE, July 1, 2021	<u>3,101</u>	<u>3,101</u>	<u>3,126</u>	<u>25</u>
FUND BALANCE, June 30, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,144</u>	<u>\$ 3,144</u>

OTHER FINANCIAL SCHEDULES

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

**2021 - 2022 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	\$ 18,885,217		\$ 10,021				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax				\$ 349,113			
1200 Rev from Local Gov't Units Other Than Districts							
1310 Regular Day School Tuition	\$ 18,131						
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition							
1400 Local & Federal Sources							
1500 Earnings on Investments	\$ 80,856	\$ 737	\$ 9,556	\$ (6,395)		\$ 2,084	\$ 18
1600 Food Service		\$ 28,910					
1700 Extracurricular Activities		\$ 943,015					
1800 Community Services Activities							
1910 Rentals	\$ 32,393						
1920 Contributions and Donations From Private Sources	\$ 100	\$ 32,657					
1930 Rental or Lease Payments From Private Contractors							
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure	\$ 60,871	\$ 21,803				\$ 42,134	
1970 Services Provided Other Funds			\$ 2,692,761				
1980 Fees Charged to Grants						\$ 511,029	
1990 Miscellaneous	\$ 241,385	\$ 813,486		\$ 224,121		\$ 97,995	
Total Revenue from Local Sources	\$ 19,318,953	\$ 1,840,608	\$ 2,712,338	\$ 566,839	\$	\$ 653,242	\$ 18
Revenue from Intermediate Sources							
2101 County School Funds							
2102 Education Service District Apportionment	\$ 1,209,214						
2105 Natural Gas, Oil, and Mineral Receipts							
2199 Other Intermediate Sources	\$ 3,550						
2200 Restricted Revenue		\$ 400					
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
Total Revenue from Intermediate Sources	\$ 1,212,764	\$ 400	\$	\$	\$	\$	\$
Revenue from State Sources							
3101 State School Fund - General Support	\$ 33,316,207						
3102 State School Fund - School Lunch Match							
3103 Common School Fund	\$ 524,060						
3104 State Managed County Timber	\$ 4,023						
3199 Other Unrestricted Grants-in-Aid							
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid	\$ 93,089	\$ 6,286,194		\$ 109,982			
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	\$ 33,937,379	\$ 6,286,194	\$	\$ 109,982	\$	\$	\$
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	\$ 82,778	\$ 11,623,836		\$ 200,000			
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees	\$ 105,736						
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		\$ 220,132					
Total Revenue from Federal Sources	\$ 188,514	\$ 11,843,968	\$	\$ 200,000	\$	\$	\$
Revenue from Other Sources							
5100 Long Term Debt Financing Sources							
5200 Interfund Transfers	\$ 222,677	\$ 21,004	\$ 17,500	\$ 370,677		\$ 30,000	
5300 Sale of or Compensation for Loss of Fixed Assets				\$ 330,835			
5400 Resources - Beginning Fund Balance	\$ 8,684,958	\$ 1,396,104	\$ 573,573	\$ 1,811,612		\$ 1,181,922	\$ 3,126
Total Revenue from Other Sources	\$ 8,907,635	\$ 1,417,108	\$ 591,073	\$ 2,513,124	\$	\$ 1,211,922	\$ 3,126
Grand Totals	\$ 63,565,245	\$ 21,388,278	\$ 3,303,411	\$ 3,389,945	\$	\$ 1,865,164	\$ 3,144

**2021 - 2022 DISTRICT AUDIT REVENUE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 100 - General Fund

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
Instruction Expenditures								
1111 Primary, K-3	\$ 7,830,642	\$ 4,794,888	\$ 2,712,698	\$ 190,129	\$ 132,927			
1113 Elementary Extracurricular	\$							
1121 Middle/Junior High Programs	\$ 3,130,855	\$ 1,966,510	\$ 1,037,700	\$ 80,871	\$ 45,552		\$ 222	
1122 Middle/Junior High School Extracurricular	\$ 14,757	\$ 7,386	\$ 2,717	\$ 70	\$ 2,602		\$ 1,982	
1131 High School Programs	\$ 5,695,605	\$ 3,349,078	\$ 1,966,126	\$ 209,578	\$ 168,550		\$ 2,273	
1132 High School Extracurricular	\$ 738,847	\$ 352,292	\$ 160,728	\$ 90,267	\$ 135,410		\$ 150	
1140 Pre-Kindergarten Programs	\$							
1210 Programs for the Talented and Gifted	\$							
1220 Restrictive Programs for Students with Disabilities	\$ 3,247,122	\$ 2,112,156	\$ 1,091,340	\$ 19,033	\$ 24,593			
1250 Less Restrictive Programs for Students with Disabilities	\$ 2,850,369	\$ 1,391,172	\$ 740,007	\$ 711,076	\$ 7,816		\$ 298	
1260 Early Intervention	\$							
1271 Remediation	\$							
1272 Title I	\$							
1280 Alternative Education	\$ 4,431,307	\$ 33,080	\$ 17,376	\$ 4,379,633	\$ 920		\$ 298	
1291 English Second Language Programs	\$ 274,041	\$ 170,035	\$ 89,490	\$ 2,828	\$ 11,688			
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	\$ 28,213,545	\$ 14,176,597	\$ 7,818,182	\$ 5,683,485	\$ 530,058		\$ 5,223	\$
Support Services Expenditures								
2110 Attendance and Social Work Services	\$ 9,169			\$ 525	\$ 8,644			
2120 Guidance Services	\$ 1,190,315	\$ 755,845	\$ 428,593	\$ 3,368	\$ 2,509			
2130 Health Services	\$ 25,084			\$ 23,281	\$ 1,803			
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$							
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$ 527,368	\$ 270,846	\$ 160,370	\$ 79,346	\$ 15,311		\$ 1,495	
2210 Improvement of Instruction Services	\$ 198,117	\$ 111,328	\$ 63,064	\$ 7,082	\$ 16,048		\$ 595	
2220 Educational Media Services	\$ 765,310	\$ 385,803	\$ 214,677	\$ 104,256	\$ 60,574			
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$ 4,929			\$ 1,629	\$ 3,300			
2310 Board of Education Services	\$ 110,833	\$ 23,366	\$ 15,729	\$ 53,018	\$ 11,468		\$ 7,252	
2320 Executive Administration Services	\$ 375,146	\$ 219,277	\$ 140,165	\$ 4,231	\$ 10,000		\$ 1,473	
2410 Office of the Principal Services	\$ 5,440,421	\$ 3,214,245	\$ 1,877,161	\$ 70,844	\$ 259,545		\$ 18,626	
2490 Other Support Services - School Administration	\$							
2510 Direction of Business Support Services	\$							
2520 Fiscal Services	\$ 1,116,496	\$ 306,887	\$ 168,519	\$ 79,768	\$ 14,678		\$ 546,644	
2540 Operation and Maintenance of Plant Services	\$ 6,614,456	\$ 2,204,896	\$ 1,383,446	\$ 2,567,098	\$ 358,926	\$ 79,305	\$ 20,785	
2550 Student Transportation Services	\$ 4,534,681	\$ 15,785	\$ 7,521	\$ 4,511,375				
2570 Internal Services	\$ 159,869	\$ 78,149	\$ 67,277	\$ 10,825	\$ 3,618			
2610 Direction of Central Support Services	\$							
2630 Information Services	\$ 136,174	\$ 64,735	\$ 44,970	\$ 25,597	\$ 872			
2640 Staff Services	\$ 661,711	\$ 362,509	\$ 183,397	\$ 89,730	\$ 17,444		\$ 8,631	
2660 Technology Services	\$ 1,290,068	\$ 535,543	\$ 285,237	\$ 322,121	\$ 146,572		\$ 595	
2670 Records Management Services	\$							
2680 Translation Services	\$							
2690 Other Support Services - Central	\$ 24,007	\$ 13,826	\$ 5,008	\$ 2,204	\$ 2,969			
2700 Supplemental Retirement Program	\$ 455,297	\$ 258,465	\$ 196,832					
Total Support Services Expenditures	\$ 23,639,451	\$ 8,821,505	\$ 5,241,966	\$ 7,956,298	\$ 934,281	\$ 79,305	\$ 606,096	\$
Enterprise and Community Services Expenditures								
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								
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$							
4150 Building Acquisition, Construction, and Improvement Services	\$ 205,000					\$ 205,000		
4190 Other Facilities Construction Services	\$							
Total Facilities Acquisition and Construction Expenditures	\$ 205,000	\$	\$	\$	\$	\$ 205,000	\$	\$
Other Uses Expenditures								
5100 Debt Service	\$							
5200 Transfers of Funds	\$ 439,181							\$ 439,181
5300 Apportionment of Funds by ESD	\$							
5400 PERS UAL Bond Lump Sum	\$							
Total Other Uses Expenditures	\$ 439,181	\$	\$	\$	\$	\$	\$	\$ 439,181
Grand Total	\$ 52,497,177	\$ 22,998,102	\$ 13,060,148	\$ 13,639,783	\$ 1,464,339	\$ 284,305	\$ 611,319	\$ 439,181

**2021 - 2022 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	\$ 1,918,207	\$ 1,051,332	\$ 617,671	\$ 7,148	\$ 242,056			
1112 Intermediate Programs	\$							
1113 Elementary Extracurricular	\$ 89,137			\$ 3,283	\$ 72,751		\$ 13,103	
1121 Middle/Junior High Programs	\$ 1,096,438	\$ 629,192	\$ 290,710	\$ 7,137	\$ 168,899		\$ 500	
1122 Middle/Junior High School Extracurricular	\$ 123,531			\$ 11,233	\$ 77,774		\$ 34,524	
1131 Local & Federal Sources	\$ 1,321,423	\$ 602,095	\$ 318,903	\$ 33,126	\$ 311,447	\$ 55,737	\$ 115	
1132 High School Extracurricular	\$ 1,118,447	\$ 275,930	\$ 75,320	\$ 94,915	\$ 428,480		\$ 243,802	
1140 Pre-Kindergarten Programs	\$							
1210 Programs for the Talented and Gifted	\$							
1220 Restrictive Programs for Students with Disabilities	\$ 126,624	\$ 79,661	\$ 43,329	\$ 2,687	\$ 947			
1250 Less Restrictive Programs for Students with Disabilities	\$ 1,618,275	\$ 953,963	\$ 475,004	\$ 98,367	\$ 58,660		\$ 32,281	
1260 Early Intervention	\$							
1271 Remediation	\$ 520,907	\$ 233,260	\$ 123,387	\$ 43,954	\$ 120,271		\$ 35	
1272 Title I	\$ 961,186	\$ 483,980	\$ 195,813	\$ 61,522	\$ 219,871			
1280 Alternative Education	\$ 1,323,168	\$ 512,411	\$ 296,225	\$ 431,676	\$ 49,443	\$ 30,458	\$ 2,955	
1291 English Second Language Programs	\$ 79				\$ 79			
1292 Teen Parent Program	\$							
1293 Migrant Education	\$							
1294 Youth Corrections Education	\$ 991,627	\$ 517,186	\$ 314,906	\$ 109,483	\$ 40,514	\$ 7,000	\$ 2,538	
1299 Other Programs	\$							
1300 Adult/Continuing Education Programs	\$							
1400 Summer School Programs	\$ 582,205	\$ 131,210	\$ 47,791	\$ 196,561	\$ 190,989		\$ 15,654	
Total Instruction Expenditures	\$ 11,791,254	\$ 5,470,220	\$ 2,799,059	\$ 1,101,092	\$ 1,982,181	\$ 93,195	\$ 345,507	\$
Support Services Expenditures								
2110 Attendance and Social Work Services	\$ 65,770	\$ 41,961	\$ 15,303	\$ 5,453	\$ 3,053			
2120 Guidance Services	\$ 735,616	\$ 345,062	\$ 161,153	\$ 143,793	\$ 28,917		\$ 56,691	
2130 Health Services	\$ 388,920	\$ 2,329	\$ 915	\$ 384,078	\$ 1,598			
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$							
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$ 103,385	\$ 67,100	\$ 36,285					
2210 Improvement of Instruction Services	\$ 1,462,211	\$ 556,802	\$ 285,649	\$ 119,716	\$ 304,750		\$ 195,294	
2220 Educational Media Services	\$ 42,693						42692.58	
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$ 227,606	\$ 81,182	\$ 38,407	\$ 71,942	\$ 11,489		\$ 24,586	
2310 Board of Education Services	\$							
2320 Executive Administration Services	\$							
2410 Office of the Principal Services	\$ 363,943	\$ 175,525	\$ 92,491	\$ 30,473	\$ 24,369		\$ 41,085	
2490 Other Support Services - School Administration	\$ 37,870			\$ 4,624			\$ 33,246	
2510 Direction of Business Support Services	\$							
2520 Fiscal Services	\$							
2540 Operation and Maintenance of Plant Services	\$ 97,891				\$ 97,891			
2550 Student Transportation Services	\$ 419,746			\$ 419,746				
2570 Internal Services	\$							
2610 Direction of Central Support Services	\$							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$ 55,735	\$ 13,694	\$ 1,395		\$ 40,646			
2640 Staff Services	\$ 50,007			\$ 40,000	\$ 8,007		\$ 2,000	
2660 Technology Services	\$ 259,249			\$ 52,087	\$ 197,389		\$ 9,773	
2670 Records Management Services	\$							
2690 Other Support Services - Central	\$ 307,356	\$ 46,330	\$ 17,471	\$ 15,218	\$ 125,309		\$ 103,028	
2700 Supplemental Retirement Program	\$							
Total Support Services Expenditures	\$ 4,617,998	\$ 1,329,985	\$ 649,069	\$ 1,287,130	\$ 843,418	\$	\$ 451,705	\$ 56,691
Enterprise and Community Services Expenditures								
3100 Food Services	\$ 2,166,433	\$ 761,696	\$ 406,173	\$ 945,505	\$ 34,225		\$ 18,834	
3200 Other Enterprise Services	\$							
3300 Community Services	\$ 28,866			\$ 2,487	\$ 4,576		\$ 21,803	
3500 Custody and Care of Children Services	\$							
Total Enterprise and Community Services Expenditures	\$ 2,195,299	\$ 761,696	\$ 406,173	\$ 947,992	\$ 38,801	\$	\$ 40,637	\$
Facilities Acquisition and Construction Expenditures								
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$							
4150 Building Acquisition, Construction, and Improvement Services	\$ 634,265			\$ 247,107	\$ 35,658	\$ 287,588	\$ 63,912	
4190 Other Facilities Construction Services	\$							
Total Facilities Acquisition and Construction Expenditures	\$ 634,265	\$	\$	\$ 247,107	\$ 35,658	\$ 287,588	\$ 63,912	\$
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	\$ 19,238,816	\$ 7,561,901	\$ 3,854,301	\$ 3,583,321	\$ 2,900,058	\$ 380,783	\$ 901,761	\$ 56,691

**2021 - 2022 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	\$0							
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 Local & Federal Sources	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$2,872,171						\$2,872,171	
5200 Transfers of Funds	\$222,677							\$222,677
5300 Apportionment of Funds by ESD	\$0							
5400 Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$3,094,848	\$0	\$0	\$0	\$0	\$0	\$2,872,171	\$0
Grand Total	\$3,094,848	\$0	\$0	\$0	\$0	\$0	\$2,872,171	\$0

**2021 - 2022 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	\$0							
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 Local & Federal Sources	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$916,267			\$147,323	\$5,560	\$622,124	\$141,260	
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$916,267	\$0	\$0	\$147,323	\$5,560	\$622,124	\$141,260	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$480,724			\$146,250		\$333,212	\$1,262	
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$480,724	\$0	\$0	\$146,250	\$0	\$333,212	\$1,262	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$1,396,991	\$0	\$0	\$293,573	\$5,560	\$955,336	\$142,522	\$0

**2021 - 2022 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		\$0							
1112 Intermediate Programs		\$0							
1113 Elementary Extracurricular		\$0							
1121 Middle/Junior High Programs		\$0							
1122 Middle/Junior High School Extracurricular		\$0							
1131 Local & Federal Sources		\$0							
1132 High School Extracurricular		\$0							
1140 Pre-Kindergarten Programs		\$0							
1210 Programs for the Talented and Gifted		\$0							
1220 Restrictive Programs for Students with Disabilities		\$0							
1250 Less Restrictive Programs for Students with Disabilities		\$0							
1260 Early Intervention		\$0							
1271 Remediation		\$0							
1272 Title I		\$0							
1280 Alternative Education		\$0							
1291 English Second Language Programs		\$0							
1292 Teen Parent Program		\$0							
1293 Migrant Education		\$0							
1294 Youth Corrections Education		\$0							
1299 Other Programs		\$0							
1300 Adult/Continuing Education Programs		\$0							
1400 Summer School Programs		\$0							
Total Instruction Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services		\$0							
2120 Guidance Services		\$0							
2130 Health Services		\$0							
2140 Psychological Services		\$0							
2150 Speech Pathology and Audiology Services		\$0							
2160 Other Student Treatment Services		\$0							
2190 Service Direction, Student Support Services		\$0							
2210 Improvement of Instruction Services		\$4,955	\$2,954	\$2,001					
2220 Educational Media Services		\$0							
2230 Assessment & Testing		\$0							
2240 Instructional Staff Development		\$0							
2310 Board of Education Services		\$0							
2320 Executive Administration Services		\$0							
2410 Office of the Principal Services		\$0							
2490 Other Support Services - School Administration		\$0							
2510 Direction of Business Support Services		\$0							
2520 Fiscal Services		\$114,734	\$61,451	\$33,444	\$7,052	\$12,787			
2540 Operation and Maintenance of Plant Services		\$15,972			\$14,956	\$1,016			
2550 Student Transportation Services		\$0							
2570 Internal Services		\$0							
2610 Direction of Central Support Services		\$0							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services		\$0							
2640 Staff Services		\$64,576	\$30,183	\$27,201		\$242		\$6,950	
2660 Technology Services		\$101,193	\$65,138	\$36,055					
2670 Records Management Services		\$0							
2690 Other Support Services - Central		\$0							
2700 Supplemental Retirement Program		\$0							
Total Support Services Expenditures		\$301,430	\$159,726	\$98,701	\$22,008	\$14,045	\$0	\$6,950	\$0
Enterprise and Community Services Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services		\$0							
3200 Other Enterprise Services		\$0							
3300 Community Services		\$0							
3500 Custody and Care of Children Services		\$0							
Total Enterprise and Community Services Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction		\$0							
4120 Site Acquisition and Development Services		\$0							
4150 Building Acquisition, Construction, and Improvement Services		\$0							
4190 Other Facilities Construction Services		\$0							
Total Facilities Acquisition and Construction Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures		Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service		\$0							
5200 Transfers of Funds		\$0							
5300 Apportionment of Funds by ESD		\$0							
5400 Bond Lump Sum		\$0							
Total Other Uses Expenditures		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total		\$301,430	\$159,726	\$98,701	\$22,008	\$14,045	\$0	\$6,950	\$0

**2021 - 2022 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	\$0							
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 Local & Federal Sources	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$0							
2120 Guidance Services	\$0							
2130 Health Services	\$0							
2140 Psychological Services	\$0							
2150 Speech Pathology and Audiology Services	\$0							
2160 Other Student Treatment Services	\$0							
2190 Service Direction, Student Support Services	\$0							
2210 Improvement of Instruction Services	\$0							
2220 Educational Media Services	\$0							
2230 Assessment & Testing	\$0							
2240 Instructional Staff Development	\$0							
2310 Board of Education Services	\$0							
2320 Executive Administration Services	\$0							
2410 Office of the Principal Services	\$0							
2490 Other Support Services - School Administration	\$0							
2510 Direction of Business Support Services	\$0							
2520 Fiscal Services	\$0							
2540 Operation and Maintenance of Plant Services	\$0							
2550 Student Transportation Services	\$0							
2570 Internal Services	\$0							
2610 Direction of Central Support Services	\$0							
2630 Information Services	\$0							
2640 Staff Services	\$0							
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$0							
3200 Other Enterprise Services	\$0							
3300 Community Services	\$0							
3500 Custody and Care of Children Services	\$0							
Total Enterprise and Community Services Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$0							
4120 Site Acquisition and Development Services	\$0							
4150 Building Acquisition, Construction, and Improvement Services	\$0							
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$0							
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Grand Total	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

SUPPLEMENTAL INFORMATION, 2021-2022

School District Business Managers and Auditors:

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

Part A is needed for computing Oregon's full allocation for ESEA, Title I & other Federal Funds for Education.

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

	Objects 325 & 326 & *327
Function 2540	\$ 1,475,027.02
Function 2550	\$ 0

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

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

\$	63,885.77
----	-----------

Exclude these functions:

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

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

INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Education
Three Rivers School District
Murphy, Oregon

We have audited the basic financial statements of Three Rivers School District (the District) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 21, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States.

Compliance

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

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

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

In connection with our audit, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as disclosed in Note 1 of the financial statements.

OAR 162-010-0230 Internal Control

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

Restrictions On Use

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

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

Jeny L. Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 21, 2022

ITEMS REQUIRED BY THE UNIFORM GUIDANCE

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

Board of Education
Three Rivers School District
Murphy, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Three Rivers School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jeny L. Grupe CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 21, 2022

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

Board of Education
Three Rivers School District
Murphy, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Three Rivers School District (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Jeny L. Grupe CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 21, 2022

**THREE RIVERS SCHOOL DISTRICT
JOSEPHINE COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2022**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>GRANT/CONTRACT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through State Department of Education:			
TITLE I - Grants to Local Education Agencies			
Title IA	84.010	67089	\$ 1,918,231
Title IA	84.010	58379	90,240
ESSA	84.010	65158	124,301
ESSA	84.010	60435	170,733
Total AL 84.010			<u>2,303,505</u>
Title IA - YCEP	84.013	15605	123,900
Total AL 84.013			<u>123,900</u>
TITLE IIA - Improving Teacher Quality State Grants	84.367	58873	90,489
TITLE IIA - Improving Teacher Quality State Grants	84.367	67523	86,484
Total AL 84.367			<u>176,973</u>
School Improvement Grants	84.377	54365	41,678
Total AL 84.377			<u>41,678</u>
Title IV	84.424	66879	33,429
Title IV	84.424	58682	140,797
Total AL 84.424			<u>174,226</u>
Special Education Cluster (IDEA)			
IDEA Part B	84.027	60763	144,593
IDEA Part B	84.027	68745	668,507
IDEA YCEP	84.027	15605	46,700
IDEA 611 ARP	84.027	68496	46,264
Total Special Education Cluster (IDEA)			<u>906,064</u>
COVID-19 Education Stabilization Fund			
Elementary and Secondary School Emergency Relief	84.425D	57927	366,825
Elementary and Secondary School Emergency Relief	84.425D	64698	1,580,021
Elementary and Secondary School Emergency Relief	84.425D	64786	17,008
ARP Elementary and Secondary School Emergency Relief	84.425U	65002	3,016,701
Total AL 84.425			<u>4,980,555</u>
21st Century Community Learning	84.287	61159	345,219
21st Century Community Learning	84.287	68797	227,398
Total AL 84.287			<u>572,617</u>
Foster Care Transportation	93.658	57273	54,458
Total AL 93.658			<u>54,458</u>
Voluntary School and Child Care Lead Testing and Reduction	66.444	70997	28,320
Total AL 66.444			<u>28,320</u>
Coronavirus State and Local Fiscal Recovery Funds	21.027	8143	200,000
Total AL 21.027			<u>200,000</u>
Passed Through Southern Oregon State University:			
Gear Up - IV year 7	84.334	ED159A-F	32,365
Total AL 84.334			<u>32,365</u>
Passed Through University of Oregon :			
YTP Grant	84.126A	160754	131,213
Total AL 84.126			<u>131,213</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>9,725,874</u>

**THREE RIVERS SCHOOL DISTRICT
JOSEPHINE COUNTY, OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For The Year Ended June 30, 2022**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>GRANT/CONTRACT NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through State Department of Education:			
Child Nutrition Cluster			
National School Breakfast Program	10.553	N/A	300,572
Supply Chain Assistance	10.555	N/A	85,610
National School Lunch Program	10.555	N/A	1,369,272
National School Lunch Program - Commodities	10.555	N/A	220,132
COVID-19 Summer Food Service Program for Children	10.559	N/A	143,041
CNP Fresh Fruit & Vegetable Program	10.582	N/A	32,623
Total Child Nutrition Cluster			<u>2,151,250</u>
Child Care	10.558	N/A	12,121
Total AL 10.558			<u>12,121</u>
COVID-19 State Pandemic Electric Benefit Transfer	10.649	N/A	3,063
Total AL 10.649			<u>3,063</u>
Passed Through Josephine County:			
Schools and Roads - Grants to States	10.665	N/A	105,736
Total Forest Service Schools and Roads Cluster			<u>105,736</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>2,272,170</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 11,998,044</u>

See notes to Schedule of Expenditures of Federal Awards

THREE RIVERS SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
Year Ended June 30, 2022

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in fund balance of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

NOTE C – INDIRECT COST RATE:

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

NOTE D – FOOD DISTRIBUTION:

Non-monetary assistance is reported in the Schedule at fair market value of the commodities received and disbursed. For the year ended June 30, 2022, the District received food commodities totaling \$220,132.

NOTE E – SUBRECIPIENTS:

There were no awards passed through to subrecipients.

NOTE F – SCHOOLS AND ROADS – GRANTS TO STATES:

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

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FISCAL YEAR ENDED JUNE 30, 2022**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of Three Rivers School District were prepared in accordance with GAAP.
2. No significant deficiencies or material weakness in internal controls were disclosed by the audit of the Financial Statements of Three Rivers School District.
3. No instances of noncompliance material to the financial statements of Three Rivers School District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal programs were disclosed by the audit.
5. The auditor’s report on compliance for the major federal award programs for Three Rivers School District expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as a major program include:

US Department of Education

Education Stabilization Fund
Special Education Cluster (IDEA)

AL # 84.425
AL # 84.027

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

SECTION II – FINANCIAL STATEMENT FINDINGS

None

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

None