

THREE RIVERS SCHOOL DISTRICT
Josephine County, Oregon

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FISCAL YEAR ENDED JUNE 30, 2011

WITH

INDEPENDENT AUDITOR'S REPORT

THREE RIVERS SCHOOL DISTRICT
Josephine County, Oregon
June 30, 2011

BOARD OF EDUCATION AS OF JUNE 30, 2011

Dave Strahan	Chairperson
Robert Litak	Vice-Chair
Jim Weaver	Member
Leslie Meier	Member
Ronald Lengwin	Member

ADMINISTRATION

P.O. Box 160
Murphy, Oregon 97533

Dan Huber-Kantola	Superintendent-Clerk
Lisa Cross	Accounting Manager

THREE RIVERS SCHOOL DISTRICT

Murphy, Oregon

Year Ended June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Three Rivers School District
Josephine County, Oregon

We have audited the accompanying financial statements of governmental activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Three Rivers School District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Three Rivers School District as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2011, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors
Three Rivers School District
Josephine County, Oregon

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis, the General Fund, the Special Revenue Fund budgetary comparison information, and the Schedule of Funding Progress – Other Postemployment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 and the Schedule of Funding Progress – Other Postemployment Benefits in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of District management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basics financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The General Fund and Special Revenue Fund budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental information, as listed in the Table of Contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as listed in the Table of Contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplemental information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 Stewart C. Armule CPA, Partner

Michael L. Piels CPAs, LLP
November 18, 2011

**THREE RIVERS/JOSEPHINE COUNTY UNIT JOINT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
30 JUNE 2011**

The discussion and analysis of Three Rivers School District's financial performance provides an overall review of the District's financial activities for the fiscal year ending June 30, 2011. The intent of this discussion and analysis is to review the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34. Certain comparative information between the current year and prior years is required to be presented in the MD&A.

Overview of the Financial Statements

The District's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the basic financial statements. In addition to the basic financial statements, we provide supplementary information that you may also find useful.

Government-wide financial statements (pages 1 - 2) The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances using the accrual basis of accounting, in a manner similar to a private-sector business. These statements include:

The ***Statement of Net Assets***, which presents information on all of the assets and liabilities of the District at year end. Net assets are what remain after the liabilities have been paid or otherwise satisfied. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The ***Statement of Activities***, which presents information showing how the net assets of the District changed over the year, by tracking revenues, expenses and other transactions that increase or reduce net assets. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (for example, uncollected taxes and earned but unused vacation leave).

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

Fund Financial Statements The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives (like the Food Service Fund) or to show that it is meeting legal responsibilities for using certain grants (like Title I and other federal, state, or locally funded grants). All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds (pages 3 - 6) reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using an accounting method called modified accrual, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's operations and the services it provides. Governmental fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

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

The District maintains one **Proprietary Fund** (pages 7 – 9); this fund is used to accumulate and allocate costs internally among the District's various functions. The District also uses its internal service fund for self-insurance purposes, primarily for employees' unemployment benefits, deductibles on insurance, and for the costs of vandalism.

Fiduciary funds (pages 10 – 11) are used to account for resources held for the benefit of parties by the District in a trustee capacity. These funds include student scholarships and foundation funds. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs.

Overview of Fund Balance Reporting (GASB 54)

On July 1, 2010, the District adopted GASB Statement 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*", a new accounting standard. This statement requires new fund balance presentations under the following classifications;

- 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.

Government-Wide Financial Analysis

Over time, net assets may serve as a useful indicator of the District's financial position; as of 30 June 2011, the District's assets exceeded its liabilities by \$28.4 million, a decrease of approximately \$2.36 million from Fiscal year 2010.

- The primary factor for the decrease in Net Assets was due to accumulated depreciation of capital assets without an increase in newly purchased equipment and an increase in Other Post Employment Benefits.
- The District's long-term liabilities are \$47.17 million (with \$1.9 million due within one year) and consist of the following:
 - 2001 G. O. bonds - \$17.54 million
 - 2004 PERS (UAL) bonds - \$26.27 million
 - Capital Leases - \$ 1.40 million
 - QZAB bonds - \$ 1.90 million
- The District's OPEB (Other Post Employment Benefits) obligation increased this year but the estimated cash flow over the next 7 years should gradually decrease by approximately 29% or \$665,000.
- The District's current liabilities, including the obligations due within the next year (above), are \$5.14 million.

Statement of Net Assets Summary Governmental Activities						
	2007	2008	2009	2010	2011	Increase (Decrease): 2010 to 2011
Assets						
Current and other assets	34,240,529	34,094,854	32,430,677	31,791,206	30,311,500	(1,479,706)
Capital assets	53,701,529	51,446,673	50,894,198	50,301,395	48,473,773	(1,827,622)
Total assets	87,942,058	85,541,527	83,324,875	82,092,601	78,785,273	(3,307,328)
Liabilities						
Current liabilities	4,526,176	4,555,746	2,998,366	2,525,384	3,244,505	719,121
Long term liabilities	54,154,162	51,748,550	46,831,153	48,839,443	47,173,227	(1,666,216)
Total Liabilities	58,680,338	56,304,296	49,829,519	51,364,827	50,417,732	(947,095)
Net Assets						
Invested in capital assets, net of debt	32,321,529	30,141,673	29,406,096	28,483,372	28,078,928	(404,444)
Restricted	3,957,295	3,995,686	4,108,950	5,712,713	4,458,137	(1,254,576)
Unrestricted	(7,017,104)	(4,900,128)	(19,691)	(3,468,311)	(4,169,524)	(701,213)
Total Net Assets	29,261,720	29,237,231	33,495,355	30,727,774	28,367,541	(2,360,233)

Financial Analysis of the District's Funds

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

General Fund: The General Fund is the primary operating fund of the District. As of June 30, 2011, the fund balance was \$2.14 million; an increase of \$209,000 from the previous year. While the District saw a decrease in revenues, it also reduced personnel and operating costs by eliminating 15 days from the school calendar.

Debt Service - The Ending Fund Balance in the debt service fund increased by \$10,500.

- The District rating of A+ through Standard & Poor's Rating Service was downgraded to A- this year due to the strength of the State's rating and our ratio of the pooled PERS Bond debt. However, this rating is expected to remain stable for quite some time.

Capital Projects – The Ending Fund Balance in the Capital Projects fund decreased this year by \$702,000 due to completion of energy projects and related payments made. During 2010-2011 the District received over \$150,000 in construction excise tax that was set aside for projects as outlined in the District's long range facility plan.

The District's investment in capital assets includes land, vehicles, equipment, buildings and improvements and totaled approximately \$48.5 million, a decrease of \$1.8 million from the previous year. The decrease was due to accumulated depreciation and only a small portion of capital equipment being added.

- Additions to the District's capital assets were 2 vehicles for maintenance, a convection oven at Fleming Middle School, PA system at North Valley High School, and surveillance systems at Evergreen, Hidden Valley and North Valley High Schools.

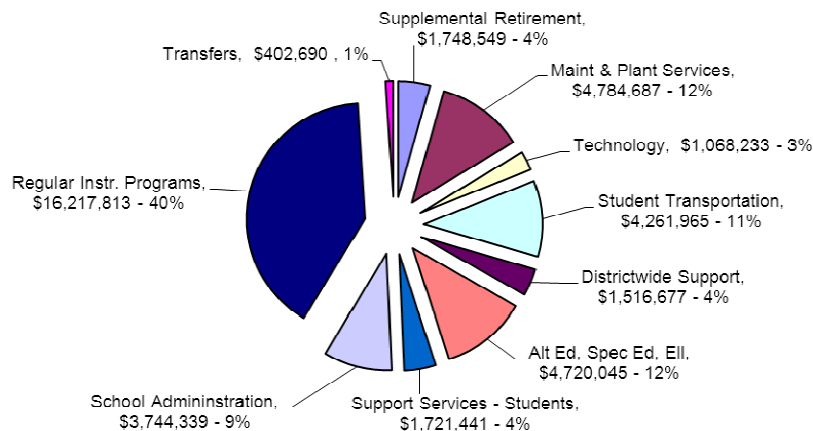
Three Rivers/Josephine County Unit School District
Management's Discussion and Analysis

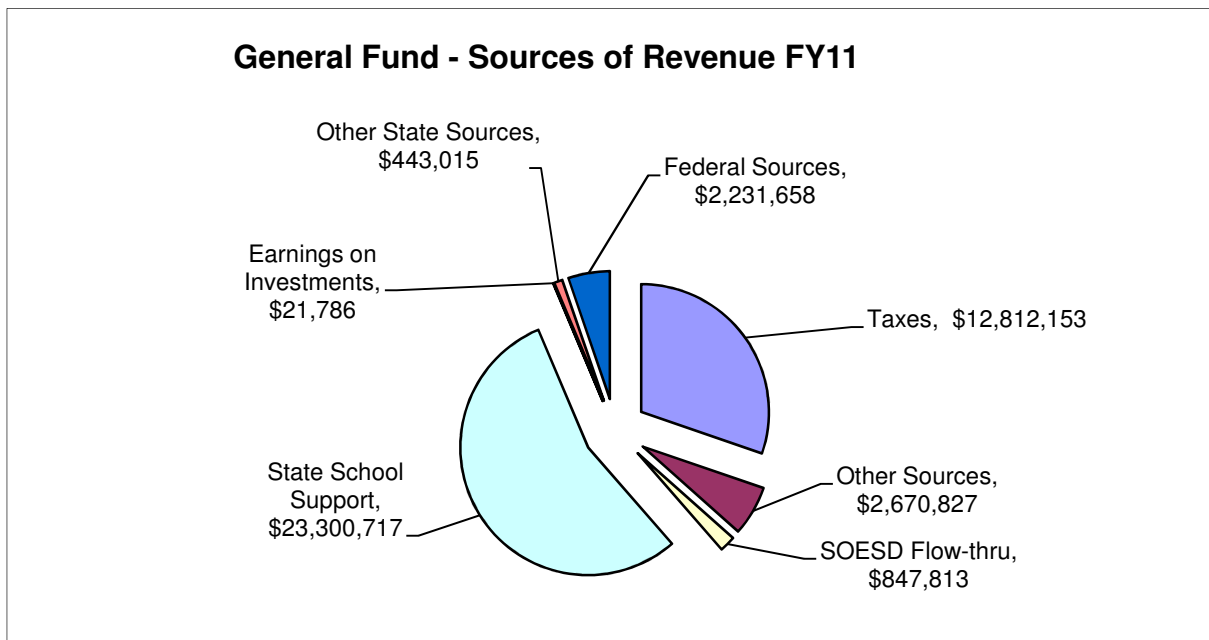
	2006	2007	2008	2009	2010	2011	Increase (Decrease): 2010 to 2011
Assets							
Equity in cash and investments	9,726,768	8,685,092	9,246,093	8,341,382	7,561,652	7,397,463	(779,730)
Taxes receivable	562,538	650,780	717,039	949,463	1,269,233	1,355,681	319,770
Other receivables	1,242,903	1,521,586	2,020,083	1,934,364	1,976,507	1,984,713	42,143
Prepaid expenses/Inventory	-	375,863	-	-	739,710	355,458	739,710
Total Assets	11,532,209	11,233,321	11,983,215	11,225,209	11,547,102	11,093,315	321,893
Liabilities							
Accounts Payable	380,114	684,590	753,318	235,836	604,359	625,324	368,523
Accrued payroll and interest payable	865,395	1,213,016	1,229,638	909,366	786,599	741,367	(122,767)
Deferred revenue	449,769	460,100	546,644	782,863	1,327,629	1,187,513	544,766
Total Liabilities	1,695,278	2,357,706	2,529,600	1,928,065	2,718,587	2,554,204	790,522
Fund Balances							
Nonspendable						355,458	
Restricted Balances						2,817,868	2,817,868
Committed Balances						1,130,304	1,130,304
Assigned Balances						2,949,409	2,949,409
Unassigned Balances	9,836,932	8,875,614	9,453,615	9,297,145	8,828,515	1,286,072	(7,542,443)
Total Fund Balances	9,836,931	8,875,615	9,453,615	9,297,145	8,828,515	8,539,111	(289,404)

General Fund Expenditures

	<-- Fiscal Year 2009 -->		<-- Fiscal Year 2010 -->		<-- Fiscal Year 2011 -->		Change	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Instruction	22,956,870	22,466,137	23,187,711	23,193,613	22,740,563	20,937,858	(447,148)	(2,255,755)
Support Services	19,264,199	19,125,509	18,968,245	18,967,289	18,838,730	18,835,561	(129,515)	(131,728)
Community Services	-	-	-	-	-	-	-	-
Building Improvement Services	3,650	1,999,787	65,000	50,333	13,000	10,330	(52,000)	(40,003)
Debt Service	-	-	-	-	-	-	-	-
Transfer	664,152	529,419	497,392	447,677	223,000	215,968	(274,392)	(231,709)
Contingency	1,516,891	-	674,427	-	361,683	-	(312,744)	-
							-	
Total Expenditures	44,405,762	44,120,852	43,392,775	42,658,912	42,176,976	39,999,717	(903,055)	(2,659,195)

General Fund Expenses for Fiscal Year 2011





Economic Factors & Next Year's Budget

As anticipated, Fiscal year 2011 was a difficult year for Three Rivers School District. In order to survive fiscal year 2010, the District had to exhaust most of its reserves in order to complete a full school year for students. Fiscal year 2011 dealt students and staff a hard blow. The combination of our declining enrollment, lack of adequate state funding for schools and the loss of our reserves, forced us to reduce our student days by eleven and our staff days by fifteen. We limped through 2011 with the reality that even more changes would be needed in fiscal year 2012.

Fiscal year 2012 will bring both drastic and subtle changes to Three Rivers School District. We will have to reduce as many as 38 teachers forcing class sizes higher than anyone wants. Elementary schools will be staffed at a 30 to 1 ratio and secondary schools will be staffed near a 35 to 1 ratio. Three Rivers School District will also have to alter school start and end times, eliminate activity busing, change staff development models, and change our student conference model, all in an effort to reduce transportation expenses. With rising fuel and energy costs, health care costs and retirement obligations coupled with the elimination of one time federal revenue streams 2012 will be a challenge. However, Three Rivers School District has a history of making budget decisions that keep the harm as far away from students as possible and that will continue in these difficult times

Requests for Information

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Superintendent at 8550 New Hope Road, Grants Pass, Oregon 97527.

David B. Huber-Kantola, Superintendent

Lisa Z. Cross, Accounting Manager

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Primary Governmental	
	Governmental Activities	Component Unit
Assets		
Cash and cash equivalents	\$ 8,658,362	\$ 45,942
Property Taxes Receivables	1,355,681	-
Other Receivables	509,436	-
Intergovernmental Accounts Receivables	1,475,277	-
Prepaid Expenses	299,206	-
Inventory	56,252	-
Prepaid Pension Asset	17,448,904	-
Bond issue costs	508,382	-
Capital assets, net of depreciation	48,473,773	-
	<hr/>	<hr/>
Total Assets	78,785,273	45,942
	<hr/>	<hr/>
Liabilities		
Accounts payable	634,843	-
Accrued payroll liabilities	741,367	2,783
Accrued interest	44,569	-
Accrued compensated absences	86,928	-
Deferred revenue	60,223	-
Accrued retirement benefits	1,676,575	-
Long-term liabilities:		-
Due within one year	1,897,707	-
Due in more than one year	45,275,520	-
	<hr/>	<hr/>
Total liabilities	50,417,732	2,783
	<hr/>	<hr/>
Net assets		
Invested in capital assets, net of related debt	28,078,928	-
Restricted for:		-
Debt Service	3,049,410	-
Capital Projects	1,286,072	-
Grants	-	8,200
Unrestricted	(4,046,869)	34,959
	<hr/>	<hr/>
Total net assets	\$ 28,367,541	\$ 43,159
	<hr/>	<hr/>

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Primary Government	Component Unit
Instruction	\$ 29,317,324	\$ 1,550,678	\$ 7,674,439	\$ (20,092,207)	\$ -
Support services	24,220,321	1,549,434	2,128,207	(20,542,680)	-
Community services	2,334,192	426,803	1,693,030	(214,359)	-
Facilities acquisition and construction	-	4,609	-	4,609	-
Interest on long-term debt	2,320,124	-	-	(2,320,124)	-
Total governmental activities	58,191,961	3,531,524	11,495,676	(43,164,761)	-
Component Unit	192,807	1,775	28,392	-	(162,640)
Total	<u>\$ 58,384,768</u>	<u>\$ 3,533,299</u>	<u>\$ 11,524,068</u>	(43,164,761)	(162,640)
General Revenues					
Property taxes				14,851,114	-
Construction Excise Tax				152,236	-
State support				23,300,717	199,900
Common school fund				443,015	-
Federal forest fees				227,780	-
ESD Apportionment				847,813	-
Earnings on investments				73,197	-
Contributions				10,500	-
Miscellaneous				898,156	5,899
Total general revenues				<u>40,804,528</u>	<u>205,799</u>
Change in net assets				(2,360,233)	43,159
Net assets beginning of year				<u>30,727,774</u>	<u>-</u>
Net assets end of year				<u>\$ 28,367,541</u>	<u>\$ 43,159</u>

FUND FINANCIAL STATEMENTS

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

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
ASSETS					
Cash and Investments	\$ 2,227,374	\$ 481,193	\$ 2,779,342	\$ 1,909,554	\$ 7,397,463
Receivables:					
Accounts	394,494	82,931	-	32,011	509,436
Grants	-	1,126,839	-	348,438	1,475,277
Property Taxes	1,173,743	-	181,938	-	1,355,681
Prepaid	299,206	-	-	-	299,206
Inventory	56,252	-	-	-	56,252
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 4,151,069</u>	<u>\$ 1,690,963</u>	<u>\$ 2,961,280</u>	<u>\$ 2,290,003</u>	<u>\$ 11,093,315</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 307,151	\$ 129,204	\$ -	\$ 188,969	\$ 625,324
Payroll Liabilities	726,004	15,363	-	-	741,367
Deferred Revenues	976,384	60,223	150,906	-	1,187,513
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>2,009,539</u>	<u>204,790</u>	<u>150,906</u>	<u>188,969</u>	<u>2,554,204</u>
FUND BALANCE					
Nonspendable	355,458	-	-	-	355,458
Restricted	-	7,494	2,810,374	-	2,817,868
Committed	500,000	10,482	-	619,822	1,130,304
Assigned	-	1,468,197	-	1,481,212	2,949,409
Unassigned	1,286,072	-	-	-	1,286,072
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>2,141,530</u>	<u>1,486,173</u>	<u>2,810,374</u>	<u>2,101,034</u>	<u>8,539,111</u>
Total Liabilities and Fund Balances	<u>\$ 4,151,069</u>	<u>\$ 1,690,963</u>	<u>\$ 2,961,280</u>	<u>\$ 2,290,003</u>	<u>\$ 11,093,315</u>

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011**

TOTAL FUND BALANCES			\$ 8,539,111
Prepaid pension benefit obligations are not a financial resource and therefore are not reported in the governmental funds			17,448,904
Capital assets are not financial resources and therefore are not reported in the governmental funds:			
Cost	\$ 112,454,690		
Accumulated depreciation	<u>(63,980,917)</u>	48,473,773	
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.			1,127,290
The unamortized portion of issuance costs is not available to pay for current period expenditures, and therefore, is not reported in the governmental funds.			508,382
Internal service funds are used by management to charge the costs of unemployment insurance premiums to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			1,251,380
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather recognized as an expenditure when due.			
These liabilities consist of:			
Accrued interest payable	(44,569)		
Bonds payable, net of bond premium	(47,173,227)		
Accrued compensated absences	<u>(86,928)</u>	(47,304,724)	
Other post employment benefit liability obligation is not reported in governmental funds.			<u>(1,676,575)</u>
TOTAL NET ASSETS			<u>\$ 28,367,541</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
REVENUES:					
From Local Sources	\$ 13,385,659	\$ 1,904,044	\$ 3,570,988	\$ 382,999	\$ 19,243,690
From Intermediate Sources	847,813	-	-	-	847,813
From State Sources	23,743,732	1,357,236	-	371,226	25,472,194
From Federal Sources	<u>2,231,658</u>	<u>7,291,405</u>	<u>-</u>	<u>471,932</u>	<u>9,994,995</u>
Total Revenues	<u>40,208,862</u>	<u>10,552,685</u>	<u>3,570,988</u>	<u>1,226,157</u>	<u>55,558,692</u>
EXPENDITURES					
Instruction	20,937,858	6,169,822	-	-	27,107,680
Support Services	18,835,561	2,025,395	-	1,717,595	22,578,551
Enterprise & Community	-	2,184,974	-	-	2,184,974
Facilities Acquisition	10,330	2,386	-	373,726	386,442
Debt Service	<u>-</u>	<u>-</u>	<u>3,560,449</u>	<u>-</u>	<u>3,560,449</u>
Total Expenditures	<u>39,783,749</u>	<u>10,382,577</u>	<u>3,560,449</u>	<u>2,091,321</u>	<u>55,818,096</u>
Excess (Deficiency) of Revenues over Expenditures	<u>425,113</u>	<u>170,108</u>	<u>10,539</u>	<u>(865,164)</u>	<u>(259,404)</u>
OTHER FINANCING SOURCES AND USES					
Transfers In	-	22,968	-	163,000	185,968
Transfers Out	<u>(215,968)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(215,968)</u>
Total Other Financing Sources and - Uses	<u>(215,968)</u>	<u>22,968</u>	<u>-</u>	<u>163,000</u>	<u>(30,000)</u>
Net Change in Fund Balance	209,145	193,076	10,539	(702,164)	(289,404)
Beginning Fund Balance	<u>1,932,385</u>	<u>1,293,097</u>	<u>2,799,835</u>	<u>2,803,198</u>	<u>8,828,515</u>
FUND BALANCE					
Nonspendable	355,458	-	-	-	355,458
Restricted	-	7,494	2,810,374	-	2,817,868
Committed	500,000	10,482	-	619,822	1,130,304
Assigned	-	1,468,197	-	1,481,212	2,949,409
Unassigned	<u>1,286,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,286,072</u>
Ending Fund Balance	<u>\$ 2,141,530</u>	<u>\$ 1,486,173</u>	<u>\$ 2,810,374</u>	<u>\$ 2,101,034</u>	<u>\$ 8,539,111</u>

See accompanying notes to basic financial statements.

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

NET CHANGE IN FUND BALANCE		\$ (289,404)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Government funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for capital assets	\$ 964,521	
Less current year depreciation	<u>(2,792,143)</u>	(1,827,622)
Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Assets. This is the principal payment.		
		1,658,147
Governmental funds report the effect of issuance costs, premiums, and discounts when debt is first issued, whereas these amounts are deferred and amortized in Statement of Activities. This amount is the net effect of these differences:		
Amortization of premium (discount)	8,069	
Amortization of issuance costs	<u>(42,365)</u>	(34,296)
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.		
		100,457
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	2,295,409	
Interest expense	<u>(2,285,828)</u>	9,581
Prepaid pension benefit obligations are reported as an asset on the Statement of Net Assets. These amounts are amortized in the Statement of Activities.		
		(1,090,556)
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.		
		39,452
The District implemented GASB Statement 45, which requires the District record the net post employment benefit obligation, actuarially determined. The other post employment benefit liability is not reported in government funds.		
Net post employment benefit obligation actuarially determined		(919,625)
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.		
		<u>(6,367)</u>
CHANGE IN NET ASSETS		<u><u>\$ (2,360,233)</u></u>

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

**STATEMENT OF PROPRIETARY NET ASSETS
JUNE 30, 2011**

	Internal Service Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 1,260,899
Total Assets	<u>\$ 1,260,899</u>
Liabilities	
Current Liabilities	
Accounts Payable	\$ 9,519
Total Liabilities	9,519
Net Assets	
Unrestricted Net Assets	<u>1,251,380</u>
Total Liabilities and Net Assets	<u>\$ 1,260,899</u>

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

**STATEMENT OF CHANGES IN PROPRIETARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	Internal Service Fund
Operating Revenues	
Local Sources	<u>\$ 233,583</u>
Operating Expenses	
Support Services	<u>163,126</u>
Operating Income	70,457
Nonoperating Revenues (Expenses):	
Transfers In	<u>30,000</u>
Change in Net Assets	100,457
Total Net Assets Beginning of Year	<u>1,150,923</u>
Total Net Assets End of Year	<u><u>\$ 1,251,380</u></u>

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2011**

	Internal Service Fund
Cash Flows from Operating Activities	
Local Sources	\$ 233,583
Supporting Services	<u>(156,581)</u>
Net Cash Provided by Operating Activities	<u>77,002</u>
Cash Flows from Noncapital Financing Activities	
Transfers in	<u>30,000</u>
Net Cash Provided by Noncapital Financing Activities	<u>30,000</u>
Net Increase in Cash and Cash Equivalents	107,002
Cash Balance Beginning of Year	<u>1,153,897</u>
Cash Balance End of Year	<u><u>\$ 1,260,899</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 70,457
Increase in accounts payable	6,883
Decrease in accrued payroll liabilities	<u>(338)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 77,002</u></u>

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

**STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2011**

	Private Purpose Trust Scholarship Fund
Assets	
Cash and Cash Equivalents	\$ 62,595
Liabilities	
Due to Students and Other Groups	-
Net Assets	
Reserved for Scholarships	\$ 62,595

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

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

	Private Purpose Trust Scholarship Fund
ADDITIONS:	
Earnings on Investments	\$ 465
Other Local Sources	<u> 2,752</u>
Total Additions	<u> 3,217</u>
DEDUCTIONS:	
Total Deductions	<u> 3,710</u>
Change in Net Assets	(493)
Begininng Net Assets	<u> 63,088</u>
Ending Net Assets	<u><u> \$ 62,595</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies

The Reporting Entity

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

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has one component unit which requires inclusion in the combined financial statements.

Sunny Wolf Charter School is a non-profit corporation governed by an eight member board. Sunny Wolf uses the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This accounting basis differs from the District's basis of accounting.

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

Basis of Presentation

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

Government-wide Financial Statements

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided, (2) operating grants and contributions and (3) capital grants and contributions.

Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Separate financial statements are presented for governmental funds and fiduciary funds. The District has an internal service fund, which is reported as a proprietary fund.

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

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund.

Special Revenue Fund - This fund accounts for revenue sources that are legally restricted to expenditure for specific purposes. This fund accounts for the revenues and expenditures related to Federal and State grants, as well as those related to student body activities.

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

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

Additionally, the District reports the following fund type:

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

The following Fiduciary fund is reported:

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

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

Measurement Focus and Basis of Accounting

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

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

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.

Private sector standards of accounting and reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that these standards do not conflict or contradict the guidance of the Governmental Accounting Standards Board.

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

securities are stated at amortized cost which approximates fair value. The LGIP is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in the pool shares.

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

Investment Income

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

Property Taxes Receivable

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

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

Accounts and Other Receivables

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

Grants

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

Interfund Transactions

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

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

Supplies Inventory

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

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

Capital Assets

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

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

Retirement Plan

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

Compensated Absences

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

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

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Assets. Bonds payable are reported net of the applicable bond premium or discount.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

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.

Unamortized Bond Issuance Costs

Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

Post-employment Health Benefits

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

Fund Equity

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

- a. Restricted net assets - Consists of net assets with constraints 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.
- b. Unrestricted net assets - All other net assets that do not meet the definition of "restricted".

In the fund financial statements, governmental fund equity 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 Director's, 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.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

Net Assets

Net assets represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or law or regulations of other governments.

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental fund types, except capital outlay expenditures, including items below the District's capitalization level, are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

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

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund between the levels of control (major function levels) with Board approval. During the year there were no resolutions appropriating unanticipated resources. Appropriations lapse at the end of each fiscal year. The District did not exceed its authorized appropriations for the year ended June 30, 2011.

Use of Estimates

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

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 2 - Equity in Pooled Cash and Investments

Cash and investments are comprised of the following as of June 30, 2011:

Deposits with financial institutions:	
Demand Deposits	\$ 3,861,242
LGIP	<u>4,859,715</u>
Total deposits with financial institutions	<u><u>\$ 8,720,957</u></u>

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

Statement of Net Assets	
Cash and Cash Equivalents	\$ 8,658,362
Statement of Fiduciary Net Assets	
Cash and Cash Equivalents	<u>62,595</u>
Total Cash and Cash Equivalents	<u><u>\$ 8,720,957</u></u>

Deposits. The Governmental Accounting Standards Boards has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the District at June 30, 2011. 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, 2011, the carrying amounts of the District's deposits in various financial institutions were \$3,861,242 and the bank balances were \$4,698,679. All deposits are held in the name of the District. Of the bank balance, all is considered to be covered by federal depository insurance and the State of Oregon shared liability structure for participating bank depositories in Oregon. At fiscal year end, the District also held \$34,726 of deposits for the Sunny Wolf Charter School.

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.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

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

Investments. Three Rivers School District has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2011. 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. LGIP is not rated.

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

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

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper, and the State of Oregon Treasurer's Local Government Investment Pool. As of June 30, 2011 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, 2011

Note 2 - 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.

<u>Investment Type</u>	<u>Maturity</u>	<u>Percentage of Portfolio</u>	<u>Fair Value</u>
State of Oregon Treasurer's Local Government Investment Pool	1 day	100%	<u>\$ 4,859,715</u>

Note 3 - Receivables

Receivables are comprised of the following as of June 30, 2011:

	<u>Other</u>	<u>Grants</u>	<u>Property Taxes</u>	<u>Total</u>
General Fund	\$ 394,494	\$ -	\$ 1,173,743	\$ 1,568,237
Special Revenue Fund	82,931	1,126,839	-	1,209,770
Debt Service Fund	-	-	181,938	181,938
Capital Projects Fund	<u>32,011</u>	<u>348,438</u>	<u>-</u>	<u>380,449</u>
Total receivables	<u>\$ 509,436</u>	<u>\$ 1,475,277</u>	<u>\$ 1,355,681</u>	<u>\$ 3,340,394</u>

Note 4 - Prepaid Pension Expense

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

	<u>Original Issue</u>	<u>Prepaid at June 30, 2010</u>	<u>Amortization</u>	<u>Prepaid at June 30, 2011</u>
Prepaid Pension Expense	<u>\$ 24,394,028</u>	<u>\$ 18,539,460</u>	<u>\$ 1,090,556</u>	<u>\$ 17,448,904</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 5 - Capital Assets

The changes in capital assets for the year ended June 30, 2011, are as follows:

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2011</u>
Capital assets not being depreciated				
Land	\$ 598,311	\$ -	\$ -	\$ 598,311
Construction in Progress	<u>665,535</u>	<u>424,970</u>	<u>(665,535)</u>	<u>424,970</u>
Total capital assets not being depreciated	<u>1,263,846</u>	<u>424,970</u>	<u>(665,535)</u>	<u>1,023,281</u>
Capital assets being depreciated				
Building & Improvements	105,436,484	427,364	-	105,863,848
Machinery/Equipment/Vehicles	<u>4,845,639</u>	<u>777,722</u>	<u>(55,800)</u>	<u>5,567,561</u>
Totals	<u>110,282,123</u>	<u>1,205,086</u>	<u>(55,800)</u>	<u>111,431,409</u>
Less accumulated depreciation for:				
Building Improvements	(60,145,998)	(2,374,500)	-	(62,520,498)
Machinery/Equipment/Vehicles	<u>(1,098,576)</u>	<u>(417,643)</u>	<u>55,800</u>	<u>(1,460,419)</u>
Total	<u>(61,244,574)</u>	<u>(2,792,143)</u>	<u>55,800</u>	<u>(63,980,917)</u>
Total capital assets, net				
Land	598,311	-	-	598,311
Construction in Progress	665,535	424,970	(665,535)	424,970
Building Improvements	45,290,486	(1,947,136)	-	43,343,350
Machinery/Equipment/Vehicles	<u>3,747,063</u>	<u>360,079</u>	<u>-</u>	<u>4,107,142</u>
Totals	<u>\$ 50,301,395</u>	<u>\$ (1,162,087)</u>	<u>\$ (665,535)</u>	<u>\$ 48,473,773</u>

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

<u>Program</u>	
Instruction	\$ 1,454,595
Supporting Services	1,220,303
Community Services	<u>117,245</u>
Total	<u>\$ 2,792,143</u>

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 6 - Long-Term Debt

Qualified Zone Academy Bonds

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

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

As a result of the structure of the QZAB, the District is required to repay \$2,224,816 in total principal and interest payments over the 15 year term. The District will make equal annual payments in the amount of \$133,332 through 2023. Interest expense for the fiscal year was \$29,960. For the fiscal year 2024, a balloon payment of \$358,168, which includes principal and interest, is due and payable.

Year ending June 30th	<u>QZAB Installment</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 110,139	\$ 23,193
2013	111,486	21,846
2014	112,849	20,483
2015	114,229	19,103
2016	115,626	17,706
2017-2021	599,688	66,972
2022-2025	732,611	25,553
	<u>\$ 1,896,628</u>	<u>\$ 194,856</u>

Pension Obligation Bonds

On February 5, 2004, limited tax pension obligation bonds totaling \$26,620,000 were issued to finance the District's unfunded actuarially accrued liability (UAAL) with the State of Oregon Public Employees Retirement System (PERS). The issuance of the bonds was considered an advance refunding of the District's UAAL. The actual savings realized over the life of the bonds is uncertain because of the various legislative changes and legal issues pending with the PERS system which could impact the future required contribution rate. Interest expense on these bonds for the fiscal year was \$1,428,580.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 6 - Long-Term Debt (continued)

General Obligation Bonds

General Obligation bonds are direct obligation and pledge the full faith and credit of the District. These bonds were issued to provide funds for the acquisition and construction of school facilities. The original amount of the General Obligation bonds issued in prior years was \$24,000,000. On January 26, 2005, the District issued \$17,720,000 of general obligation bonds to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$17,405,000 of general obligation bonds. The interest expense on these bonds for the fiscal year was \$836,869. As a result, the refunded bonds are considered to be defeased, and the liability has been removed from the governmental activities column on the Statement of Net Assets.

Capital Leases

Various lease agreements have been entered into with interest rates varying from 1.223% to 4.478%. During the current fiscal year, the District entered into two lease-purchase arrangements for computer equipment. These agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments as of the inception date in the Statement of Net Assets. The total cost of the lease purchase items is \$2,189,852 with a net book value of \$1,554,603.

The changes in long-term obligations for year ended June 30, 2011, are as follows:

Issue Date:	Outstanding July 1, 2010	Issued	Matured and Redeemed	Outstanding June 30, 2011	Interest Rates
PERS Bonds February 5, 2004	\$ 26,475,000	\$ -	\$ (205,000)	\$ 26,270,000	4.40-5.53%
GO Bonds January 26, 2005	18,630,000	-	(1,090,000)	17,540,000	3.25-5.25%
QZAB Bonds September 24, 2009	2,000,000	-	(103,372)	1,896,628	1.23%
Capital Leases Various	1,661,822	-	(259,775)	1,402,047	1.22-4.48%
Total	48,766,822	-	(1,658,147)	47,108,675	
Unamortized premium / (discount)	72,621	-	(8,069)	64,552	
Total	\$ 48,839,443	\$ -	\$ (1,666,216)	\$ 47,173,227	

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 6 - Long-Term Debt (continued)

The annual debt service requirements on long-term debt outstanding as of June 30, 2011 are as follows:

Year Ending June 30th	Bonds	Capital Leases	Total	Interest
2012	\$ 1,620,139	\$ 269,499	\$ 1,889,638	\$ 2,267,517
2013	1,821,486	179,780	2,001,266	2,200,137
2014	2,032,849	112,788	2,145,637	2,126,849
2015	2,274,229	81,520	2,355,749	2,033,977
2016	2,550,626	81,051	2,631,677	1,923,102
2017-2021	17,564,687	462,452	18,027,139	7,362,855
2022-2026	12,937,611	214,958	13,152,569	3,566,758
2027-2029	4,905,000	-	4,905,000	357,109
Total	<u>\$ 45,706,627</u>	<u>\$ 1,402,048</u>	<u>\$ 47,108,675</u>	<u>\$ 21,838,304</u>

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

	Balance 7/1/2010	Earned	Used	Balance 6/30/11	Due Within 1 Year
Compensated absences	<u>\$ 80,561</u>	<u>\$ 152,415</u>	<u>\$ (146,048)</u>	<u>\$ 86,928</u>	<u>\$ 86,928</u>

Note 7 - Interfund Transactions

Interfund transfers during the year ended June 30, 2011, were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 215,968
Special Revenue	22,968	-
Capital Projects	163,000	-
Self Insurance	30,000	-
Total Transfers	<u>\$ 215,968</u>	<u>\$ 215,968</u>

During the 2010-11 fiscal year, the Board of Directors approved transfers out from the General Fund. Special Revenue Funds received the transfer to fund a variety of special programs. Capital Projects Fund transfer was to fund energy projects and capital lease payments. The Self Insurance Fund transfer was to fund future obligations.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 8 - Pension Plan

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

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

Covered employees are required by state statute to contribute 6.00% of their annual salary to the system. The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2010 were 10.52% and 11.04% respectively. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature. The District borrowed \$26,620,000 to prepay part of its PERS liability thereby reducing the rate paid to PERS to 2.78% on Tier I and Tier 2 employees, effective March 1, 2004. The District's contributions to PERS for the years ending June 30, 2011, 2010, and 2009 were \$2,374,632, \$2,638,099, and \$3,691,444, respectively, equal to the required contributions for each year. The District has included the prepaid pension asset in the Statement of Net Assets and will amortize the asset over 25 years effectively reducing the annual future pension required contribution to below the annual pension cost.

Note 9 - 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.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 10 - Other Postemployment Benefits (OPEB)

Post Employment Stipends

Plan Description - A single-employer defined benefits supplemental early retirement program is maintained, which covers all licensed employees not receiving explicit medical benefits and who have at least 18 years of service. This program has been established under collective bargaining agreements and provides employees with a stipend of 1/84 of their final annual salary per month. Payments are made for a maximum of seven years, but in no event past age 65 or death.

Funding Policy - The benefits from this program are fully paid and, consequently, no contributions by employees are required. There is no obligation to fund these benefits in advance. The only obligation is to make current benefit payments due each fiscal year. Consequently, it has not been found necessary to establish a pension trust fund, and makes benefit payments on a pay-as-you-go basis each year out of the General Funds. An estimate of this liability for current retirees is done annually. There is no separately issued financial report for the plan. For the fiscal year ended June 30, 2010, there were no expenditures recognized on a budgetary basis for early retirement stipends.

Annual Pension Cost and Net Pension Obligation - The annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 27. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities or funding excess) over a period not to exceed thirty years. The following table shows the components of the annual (OPEB cost for the year ending June 30, 2011, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	<u>2011</u>
Annual required contribution (ARC	\$ 237,507
Contributions made	<u>(33,916)</u>
Increase (Decrease) in Net OPEB obligation	203,591
Net OPEB Obligation - Beginning of fiscal year	<u>394,719</u>
Net OPEB Obligation - End of fiscal year	<u><u>\$ 598,310</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011 are:

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2011	\$ 238,100	14.00%	\$ 598,310

Actuarial methods and assumptions - The annual required contribution (ARC) for the current year was determined as part of the July 1, 2010 actuarial valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 10 - Other Postemployment Benefits (continued)

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

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

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

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

Schedule of Funding Progress - Stipend Benefits:

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b) -(a) ALL (UAAL)	(a/b) Funded Ration	(c) Covered Payroll	(b-a)/c UAAL as a Percentage of Covered Payroll
7/1/2007	\$ -	\$ 1,322,774	\$ 1,322,744	0%	\$ 20,860,770	6.30%
7/1/2009	-	2,202,235	2,202,235	0%	23,019,318	9.60%

Post Employment Health and Life Insurance Subsidy

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

Current administrators who have served in the administrative capacity for more than ten years as of June 30, 2004 shall receive early retirement benefits of ten years of current health insurance benefits, but not beyond age 65. All other administrators who have served in an administrative capacity for seven years, or as a licensed teacher and administrator for 18 or more years, will receive seven years of current health insurance, but not beyond age 65. Notwithstanding the above, any administrator hired after August 15, 2007, will not be eligible for any early retirement benefits. Classified bargaining unit members who have at least 20 years of service as of June 30, 2004 shall receive early retirement benefits of ten years of current health insurance benefits, but not beyond age 65. Classified bargaining unit members who have at least 15 years of service in a classified position, and are on the highest step of the salary schedule, shall receive early retirement benefits of seven years of current health insurance benefits, but no beyond age 65. However, if such an employee retires after June 30, 2011, the coverage will be for the employee only. Notwithstanding the above, any classified employee hired after June 30, 2000, will not be eligible

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 10 - Other Postemployment Benefits (continued)

for any early retirement benefits. Licensed bargaining unit members who have at least 20 years of service and were hired in 1991 or earlier shall receive early retirement benefits of ten years of current health insurance benefits, but not beyond age 65. Notwithstanding the above, any licensed employee retiring after June 30, 2011, will not be eligible for any early retirement benefits.

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

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

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

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

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

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

	2011
Annual required contribution	\$ 2,430,667
Contributions made	<u>(1,714,633)</u>
Increase in net pension obligation (NPO)	716,034
NPO (Asset) at beginning of year	<u>362,231</u>
NPO (Asset) at end of year	<u><u>\$ 1,078,265</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011 are:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB cost contributed	Net OPEB Obligation
2011	\$ 2,424,133	70.73%	\$ 1,078,265

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 10 - Other Postemployment Benefits (continued)

Actuarial Methods and Assumptions - The annual required contribution (ARC) for the current year was determined as part of the July 1, 2009 actuarial valuation using the projected unit credit method. The objective of this method is to fund each participant's benefits under the plans as they accrue. The unfunded accrued liability is amortized over various periods, which is dependent on the employee class of life insurance. The amortized period range from 10, 20 and 30 years as a percentage of payroll. The actual assumptions included (a) an interest rate for discounting future liabilities of 4% compounded annually, a payroll growth rate of 3.0% and a payroll growth plus merit and longevity increases of 4.0% annually (b) 100% of future retirees electing to participate. The demographic assumptions, such as mortality rates, disability incidence rates, retirement rates and withdrawal rates, are the same as those used by Oregon PERS for School Districts.

Funding Status and Funding Progress - As of July 1, 2010, the plan was 0% funded. The actuarial accrued liability for benefits was \$19,548,007, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,548,007. The covered payroll (annual payroll of active employees covered by the plan) was \$23,019,318, and the ratio of the UAAL to the covered payroll was 84.9%. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

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

Note 11 - 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 12 - 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. The District, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these lawsuits is not presently determinable. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year and the District has not been required to pay any settlements in excess of insurance coverage during the past three fiscal years ending June 30, 2011.

THREE RIVERS SCHOOL DISTRICT
Notes to Basic Financial Statements
June 30, 2011

Note 13 - 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 \$23,300,717 to the District, which represents approximately 57.23% of the District's total general revenues for the year.

Note 14 - Implementation of GASB Statement No. 54 - New Fund Balance

During the fiscal year, the District implemented GASB Statement No. 54. GASB Statement No. 54 requires analysis and presentation of fund balance in five categories. The new fund balance categories are:

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.

	Non Spendable	Restricted	Committed	Assigned	Unassigned
Fund					
General	\$ 355,458	\$ -	\$ 500,000	\$ -	\$ 1,286,072
Special Revenue	-	7,494	10,482	1,468,197	-
Debt Service	-	2,810,374	-	-	-
Capital Projects	-	-	619,822	1,481,212	-
	<u>\$ 355,458</u>	<u>\$ 2,817,868</u>	<u>\$ 1,130,304</u>	<u>\$ 2,949,409</u>	<u>\$ 1,286,072</u>

Note 15 - Subsequent Events

Management of the District has evaluated events and transactions occurring after June 30, 2011 through the date of the financial statements were available for issuance, for recognition and/or disclosure in the financial statements. There were no additional events and/or transactions that required recognition and disclosure in the financial statements.

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET**

For the Year Ended June 30, 2011

	<u>GENERAL FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Local sources	\$ 13,206,090	\$ 13,206,090	\$ 13,385,659	\$ 179,569
Intermediate sources	734,400	734,400	847,813	113,413
State sources	26,014,235	26,014,235	23,743,732	(2,270,503)
Federal sources	<u>755,659</u>	<u>755,659</u>	<u>2,231,658</u>	<u>1,475,999</u>
TOTAL REVENUES	<u>40,710,384</u>	<u>40,710,384</u>	<u>40,208,862</u>	<u>(501,522)</u>
EXPENDITURES				
Current				
Instruction	22,731,863	22,740,563	20,937,858	1,802,705
Support services	18,846,730	18,838,730	18,835,561	3,169
Facilities Acquisition and Construction	5,000	13,000	10,330	2,670
Contingency	<u>370,383</u>	<u>361,683</u>	<u>-</u>	<u>361,683</u>
Total expenditures	<u>41,953,976</u>	<u>41,953,976</u>	<u>39,783,749</u>	<u>2,170,227</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,243,592)</u>	<u>(1,243,592)</u>	<u>425,113</u>	<u>1,668,705</u>
Other Financing Sources (Uses)				
Transfers out	<u>(223,000)</u>	<u>(223,000)</u>	<u>(215,968)</u>	<u>7,032</u>
Total Other Financing Sources (Uses)	<u>(223,000)</u>	<u>(223,000)</u>	<u>(215,968)</u>	<u>7,032</u>
Net Change in Fund Balance	(1,466,592)	(1,466,592)	209,145	1,675,737
Beginning Fund Balance	<u>1,966,592</u>	<u>1,966,592</u>	<u>1,932,385</u>	<u>(34,207)</u>
Ending Fund Balance	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 2,141,530</u>	<u>\$ 1,641,530</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2011**

	<u>SPECIAL REVENUE FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
From Local Sources	\$ 1,560,733	\$ 1,560,733	\$ 1,904,044	\$ 343,311
From State Sources	1,217,710	1,217,710	1,357,236	139,526
From Federal Sources	<u>8,868,335</u>	<u>9,145,500</u>	<u>7,291,405</u>	<u>(1,854,095)</u>
Total Revenues	<u>11,646,778</u>	<u>11,923,943</u>	<u>10,552,685</u>	<u>(1,371,258)</u>
EXPENDITURES:				
Instruction	7,084,917	7,084,917	6,169,822	915,095
Support Services:	3,034,834	3,311,999	2,025,395	1,286,604
Enterprise and Community Services	2,671,527	2,671,527	2,184,974	486,553
Facilities Acquisition and Construction	<u>71,000</u>	<u>71,000</u>	<u>2,386</u>	<u>68,614</u>
Total Expenditures	<u>12,862,278</u>	<u>13,139,443</u>	<u>10,382,577</u>	<u>2,756,866</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,215,500)</u>	<u>(1,215,500)</u>	<u>170,108</u>	<u>1,385,608</u>
Other Financing Sources (Uses)				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>22,968</u>	<u>(7,032)</u>
Net Change in Fund Balance	(1,185,500)	(1,185,500)	193,076	1,378,576
Beginning Fund Balance	<u>1,185,500</u>	<u>1,185,500</u>	<u>1,293,097</u>	<u>107,597</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,486,173</u>	<u>\$ 1,486,173</u>

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

**SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2011**

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL/ Payroll</u>
7/1/2007	\$ -	\$ 17,998,798	\$ 17,998,798	0.00%	\$ 20,860,770	86.3%
7/1/2009	\$ -	\$ 19,548,007	\$ 19,548,007	0.00%	\$ 23,019,318	84.9%

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

OTHER SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2011**

	<u>DEBT SERVICE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
From Local Sources:				
Earnings On Investments	\$ 30,000	\$ 30,000	\$ 22,046	\$ (7,954)
Other Local Sources	1,576,351	1,576,351	1,549,434	(26,917)
Taxes	<u>1,908,869</u>	<u>1,908,869</u>	<u>1,999,508</u>	<u>90,639</u>
Total Revenues	<u>3,515,220</u>	<u>3,515,220</u>	<u>3,570,988</u>	<u>55,768</u>
EXPENDITURES:				
Debt Service:				
Principal	1,295,000	1,295,000	1,295,000	-
Interest	<u>2,267,449</u>	<u>2,267,449</u>	<u>2,265,449</u>	<u>2,000</u>
Total Debt Service Expenditures	<u>3,562,449</u>	<u>3,562,449</u>	<u>3,560,449</u>	<u>2,000</u>
Net Change in Fund Balance	(47,229)	(47,229)	10,539	57,768
Beginning Fund Balance	<u>2,711,673</u>	<u>2,711,673</u>	<u>2,799,835</u>	<u>88,162</u>
Ending Fund Balance	<u>\$ 2,664,444</u>	<u>\$ 2,664,444</u>	<u>\$ 2,810,374</u>	<u>\$ 145,930</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2011**

	<u>CAPITAL PROJECTS FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:				
From Local Sources:				
Earnings on Investments	\$ 19,000	\$ 19,000	\$ 18,604	\$ (396)
Construction Exise Tax	110,000	110,000	152,236	42,236
Miscellaneous	137,524	137,524	212,159	74,635
From State Sources:	-	-	371,226	371,226
From Federal Sources:	1,441,569	1,441,569	471,932	(969,637)
	<u>1,708,093</u>	<u>1,708,093</u>	<u>1,226,157</u>	<u>(481,936)</u>
Total Revenue				
	<u>1,708,093</u>	<u>1,708,093</u>	<u>1,226,157</u>	<u>(481,936)</u>
EXPENDITURES:				
Support Services	2,258,790	2,258,790	1,717,595	541,195
Facilities Acquisition and Construction	1,590,000	1,590,000	373,726	1,216,274
Contingency	287,564	287,564	-	287,564
	<u>4,136,354</u>	<u>4,136,354</u>	<u>2,091,321</u>	<u>2,045,033</u>
Total Expenditures				
	<u>4,136,354</u>	<u>4,136,354</u>	<u>2,091,321</u>	<u>2,045,033</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,428,261)</u>	<u>(2,428,261)</u>	<u>(865,164)</u>	<u>1,563,097</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	160,000	160,000	163,000	3,000
	<u>160,000</u>	<u>160,000</u>	<u>163,000</u>	<u>3,000</u>
Total Other Financing Sources (Uses)				
	<u>160,000</u>	<u>160,000</u>	<u>163,000</u>	<u>3,000</u>
Net Change in Fund Balance	(2,268,261)	(2,268,261)	(702,164)	1,566,097
Beginning Fund Balance	2,268,261	2,268,261	2,803,198	534,937
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,101,034</u>	<u>\$ 2,101,034</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2011**

	<u>SELF-INSURANCE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Earnings on Investments	\$ 4,500	\$ 4,500	\$ 2,498	\$ (2,002)
Local Sources	<u>270,500</u>	<u>270,500</u>	<u>231,085</u>	<u>(39,415)</u>
				-
Total Revenues	<u>275,000</u>	<u>275,000</u>	<u>233,583</u>	<u>(41,417)</u>
EXPENDITURES				
Support Services	815,336	815,336	163,126	652,210
Contingency	<u>819,821</u>	<u>819,821</u>	<u>-</u>	<u>819,821</u>
Total Expenditures	<u>1,635,157</u>	<u>1,635,157</u>	<u>163,126</u>	<u>1,472,031</u>
Excess (Deficiency) of Revenues over Expenditures	(1,360,157)	(1,360,157)	70,457	1,430,614
Other Financing Sources				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>30,000</u>	<u>(20,000)</u>
Total Financing Sources	<u>50,000</u>	<u>50,000</u>	<u>30,000</u>	<u>(20,000)</u>
Net Change in Net Assets	(1,310,157)	(1,310,157)	100,457	1,410,614
Beginning Net Assets	<u>1,310,157</u>	<u>1,310,157</u>	<u>1,150,923</u>	<u>(159,234)</u>
Ending Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,251,380</u>	<u>\$ 1,251,380</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2011**

PRIVATE PURPOSE TRUST SCHOLARSHIP FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Local Sources	<u>\$ 5,170</u>	<u>\$ 5,170</u>	<u>\$ 3,217</u>	<u>\$ (1,953)</u>
Total Revenues	<u> 5,170</u>	<u> 5,170</u>	<u> 3,217</u>	<u> (1,953)</u>
EXPENDITURES				
Instruction	<u> 6,800</u>	<u> 6,800</u>	<u> 3,710</u>	<u> 3,090</u>
Contingency	<u> 2,000</u>	<u> 2,000</u>	<u> -</u>	<u> 2,000</u>
Total Expenditures	<u> 8,800</u>	<u> 8,800</u>	<u> 3,710</u>	<u> 5,090</u>
Net Change in Fund Balance	<u> (3,630)</u>	<u> (3,630)</u>	<u> (493)</u>	<u> 3,137</u>
Beginning Fund Balance	<u> 63,985</u>	<u> 63,985</u>	<u> 63,088</u>	<u> (897)</u>
Ending Fund Balance	<u><u>\$ 60,355</u></u>	<u><u>\$ 60,355</u></u>	<u><u>\$ 62,595</u></u>	<u><u>\$ 2,240</u></u>

OTHER FINANCIAL SCHEDULES

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2011**

	Tax Year	Uncollected July 1, 2010	Levy as Extended by Assessor	Discounts and Adjustments	Interest	Collections Per Treasurer	Uncollected June 30, 2011
<u>GENERAL FUND:</u>							
Current	2010-2011		\$ 13,117,513	\$ (344,972)	\$ 7,988	\$ (12,118,717)	\$ 661,812
Prior	2009-10	\$ 663,873		(16,383)	21,318	(366,078)	302,730
	2008-09	266,220		(881)	21,672	(143,686)	143,325
	2007-08	118,573		2,255	22,468	(95,343)	47,953
	2006-07	40,035		408	7,831	(39,159)	9,115
	2005-06	4,155		(59)	624	(1,921)	2,799
	Prior	7,450		25	349	(1,816)	6,008
Total prior		1,100,306	-	(14,635)	74,263	(648,003)	511,931
TOTAL GENERAL FUND		\$ 1,100,306	\$ 13,117,513	\$ (359,607)	\$ 82,251	\$ (12,766,720)	\$ 1,173,743
<u>DEBT SERVICE:</u>							
Current	2010-2011		\$ 2,049,000	\$ (53,895)	\$ 1,247	\$ (1,892,987)	\$ 103,365
Prior	2009-10	\$ 100,628		(2,481)	3,232	(55,490)	45,889
	2008-09	40,990		(136)	3,337	(22,123)	22,068
	2007-08	18,343		345	3,473	(14,738)	7,423
	2006-07	6,808		69	1,332	(6,659)	1,550
	2005-06	730		(10)	109	(336)	493
	Prior	1,426		5	67	(348)	1,150
Total prior		168,925	-	(2,208)	11,550	(99,694)	78,573
TOTAL DEBT SERVICE FUND		\$ 168,925	\$ 2,049,000	\$ (56,103)	\$ 12,797	\$ (1,992,681)	\$ 181,938
						General Fund	Debt Service Fund
Collections						\$ 12,766,720	\$ 1,992,681
less 60 days prior year						(157,038)	(24,357)
add 60 days current year						204,745	31,817
						<u>\$ 12,814,427</u>	<u>\$ 2,000,141</u>
Deferred Property Taxes						<u>\$ 968,998</u>	<u>\$ 150,121</u>

SCHOOL DISTRICT FINANCIAL
ACCOUNTING SUMMARIES

**2010 - 11 DISTRICT AUDIT REVENUE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Revenue from Local Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
1110 Ad Valorem Taxes Levied by District	\$ 12,812,153		\$ 1,999,508				
1120 Local Option Ad Valorem Taxes Levied by District							
1130 Construction Excise Tax				\$ 152,236			
1200 Rev from Local Gov't Units Other Than Districts							
1310 Regular Day School Tuition	\$ 43,536						
1320 Adult/Continuing Education Tuition							
1330 Summer School Tuition		\$ 5,575					
1400 Local & Federal Sources							
1500 Earnings on Investments	\$ 21,786	\$ 8,263	\$ 22,046	\$ 18,604		\$ 2,498	\$ 465
1600 Food Service		\$ 426,803					
1700 Extracurricular Activities	\$ 46,005	\$ 1,224,934					
1800 Community Services Activities							
1910 Rentals	\$ 4,609						
1920 Contributions and Donations From Private Sources	\$ 3,500	\$ 7,000					\$ 2,752
1930 Rental or Lease Payments From Private Contractors	\$ 95						
1940 Services Provided Other Local Education Agencies							
1950 Textbook Sales and Rentals							
1960 Recovery of Prior Years' Expenditure	\$ 67,868						
1970 Services Provided Other Funds			\$ 1,549,434				
1980 Fees Charged to Grants						\$ 230,628	
1990 Miscellaneous	\$ 386,107	\$ 231,469		\$ 212,159		\$ 457	
Total Revenue from Local Sources	\$ 13,385,659	\$ 1,904,044	\$ 3,570,988	\$ 382,999	\$	\$ 233,583	\$ 3,217

Revenue from Intermediate Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
2101 County School Funds							
2102 Education Service District Apportionment	\$ 847,813						
2105 Natural Gas, Oil, and Mineral Receipts							
2199 Other Intermediate Sources							
2200 Restricted Revenue							
2800 Revenue in Lieu of Taxes							
2900 Revenue for/on Behalf of the District							
Total Revenue from Intermediate Sources	\$ 847,813	\$	\$	\$	\$	\$	\$

Revenue from State Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
3101 State School Fund - General Support	\$ 23,300,717						
3102 State School Fund - School Lunch Match							
3103 Common School Fund	\$ 443,015						
3104 State Managed County Timber							
3199 Other Unrestricted Grants-in-Aid							
3204 Driver Education							
3222 State School Fund (SSF) Transportation Equipment							
3299 Other Restricted Grants-in-Aid		\$ 1,357,236		\$ 371,226			
3800 Revenue in Lieu of Taxes							
3900 Revenue for/on Behalf of the District							
Total Revenue from State Sources	\$ 23,743,732	\$ 1,357,236	\$	\$ 371,226	\$	\$	\$

Revenue from Federal Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
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	\$ 2,003,877	\$ 7,140,056		\$ 471,932			
4700 Grants-In-Aid From the Federal Government Through Other Intermediate Agencies							
4801 Federal Forest Fees	\$ 227,781						
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		\$ 151,349					
Total Revenue from Federal Sources	\$ 2,231,658	\$ 7,291,405	\$	\$ 471,932	\$	\$	\$

Revenue from Other Sources

	Fund 100	Fund 200	Fund 300	Fund 400	Fund 500	Fund 600	Fund 700
5100 Long Term Debt Financing Sources							
5200 Interfund Transfers		\$ 22,968		\$ 163,000		\$ 30,000	
5300 Sale of or Compensation for Loss of Fixed Assets							
5400 Resources - Beginning Fund Balance	\$ 1,932,385	\$ 1,293,097	\$ 2,799,835	\$ 2,803,198		\$ 1,150,923	\$ 63,088
Total Revenue from Other Sources	\$ 1,932,385	\$ 1,316,065	\$ 2,799,835	\$ 2,966,198	\$	\$ 1,180,923	\$ 63,088

Grand Totals

\$ 42,141,247	\$ 11,868,750	\$ 6,370,823	\$ 4,192,355	\$	\$ 1,414,506	\$ 66,305
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**2010 - 11 DISTRICT AUDIT EXPENDITURE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 100 - General Fund

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ 4,098,373	\$ 2,767,817	\$ 1,249,280	\$ 5,038	\$ 76,238			
1112 Intermediate Programs	\$ 2,238,632	\$ 1,530,178	\$ 691,296	\$ 2,003	\$ 15,155			
1113 Elementary Extracurricular	\$							
1121 Middle/Junior High Programs	\$ 3,701,579	\$ 2,528,080	\$ 1,126,108	\$ 5,321	\$ 42,070			
1122 Middle/Junior High School Extracurricular	\$ 7,028	\$ 5,629	\$ 1,399					
1131 Local & Federal Sources	\$ 5,499,307	\$ 3,698,880	\$ 1,611,931	\$ 15,369	\$ 169,236		\$ 3,891	
1132 High School Extracurricular	\$ 672,894	\$ 396,955	\$ 122,347	\$ 51,295	\$ 38,675		\$ 63,622	
1140 Pre-Kindergarten Programs	\$							
1210 Programs for the Talented and Gifted	\$							
1220 Restrictive Programs for Students with Disabilities	\$ 1,338,287	\$ 824,550	\$ 492,333	\$ 15,255	\$ 6,149			
1250 Less Restrictive Programs for Students with Disabilities	\$ 2,345,863	\$ 1,461,920	\$ 794,548	\$ 17,624	\$ 71,771			
1260 Early Intervention	\$							
1271 Remediation	\$							
1272 Title I	\$							
1280 Alternative Education	\$ 903,849	\$ 312,431	\$ 169,431	\$ 410,598	\$ 11,389			
1291 English Second Language Programs	\$ 132,046	\$ 63,064	\$ 31,825	\$ 37,133	\$ 24			
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	\$ 20,937,858	\$ 13,589,504	\$ 6,290,498	\$ 559,636	\$ 430,707	\$	\$ 67,513	\$

Support Services Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$ 1,258				\$ 1,258			
2120 Guidance Services	\$ 757,396	\$ 500,919	\$ 251,500	\$ 4,076	\$ 901			
2130 Health Services	\$ 3,303				\$ 3,303			
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$							
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$ 238,312	\$ 153,870	\$ 66,811	\$ 3,482	\$ 13,439		\$ 710	
2210 Improvement of Instruction Services	\$ 88,200	\$ 56,326	\$ 19,527	\$ 6,561	\$ 4,541		\$ 1,245	
2220 Educational Media Services	\$ 632,972	\$ 286,352	\$ 179,367	\$ 97,348	\$ 69,905			
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$ 4,837	\$ 162	\$ 29	\$ 4,646				
2310 Board of Education Services	\$ 116,887	\$ 13,626	\$ 7,022	\$ 84,305	\$ 2,049		\$ 9,885	
2320 Executive Administration Services	\$ 203,261	\$ 141,337	\$ 54,852	\$ 631	\$ 5,117		\$ 1,324	
2410 Office of the Principal Services	\$ 3,744,339	\$ 2,336,141	\$ 1,240,564	\$ 75,070	\$ 77,084		\$ 15,480	
2490 Other Support Services - School Administration	\$							
2510 Direction of Business Support Services	\$ 234,177			\$ 517			\$ 233,660	
2520 Fiscal Services	\$ 410,431	\$ 152,826	\$ 157,678	\$ 75,045	\$ 13,525		\$ 11,357	
2540 Operation and Maintenance of Plant Services	\$ 4,774,357	\$ 1,587,162	\$ 972,362	\$ 1,940,694	\$ 252,274	\$ 18,812	\$ 3,053	
2550 Student Transportation Services	\$ 4,261,965			\$ 4,261,965				
2570 Internal Services	\$ 86,226	\$ 54,558	\$ 40,140	\$ 7,873	\$ (18,345)		\$ 2,000	
2610 Direction of Central Support Services	\$							
2620 Planning, Research, Development, Evaluation Services, Grant Writing and Statistical Services	\$							
2640 Staff Services	\$ 460,858	\$ 285,134	\$ 118,175	\$ 40,973	\$ 8,607		\$ 7,969	
2660 Technology Services	\$ 1,068,233	\$ 295,262	\$ 134,360	\$ 458,962	\$ 150,311	\$ 29,338		
2670 Records Management Services	\$							
2690 Other Support Services - Central	\$							
2700 Supplemental Retirement Program	\$ 1,748,549	\$ 33,916	\$ 1,714,633					
Total Support Services Expenditures	\$ 18,835,561	\$ 5,897,591	\$ 4,957,020	\$ 7,062,148	\$ 583,969	\$ 48,150	\$ 286,683	\$

Enterprise and Community Services Expenditures

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

Facilities Acquisition and Construction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$							
4150 Building Acquisition, Construction, and Improvement Services	\$ 10,330	\$ 1,862	\$ 166		\$ 8,302			
4190 Other Facilities Construction Services	\$							
Total Facilities Acquisition and Construction Expenditures	\$ 10,330	\$ 1,862	\$ 166	\$	\$ 8,302	\$	\$	\$

Other Uses Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$							
5200 Transfers of Funds	\$ 215,968							\$ 215,968
5300 Apportionment of Funds by ESD	\$							
5400 PERS UAL Bond Lump Sum	\$							
Total Other Uses Expenditures	\$ 215,968	\$	\$	\$	\$	\$	\$	\$ 215,968

Grand Total

\$ 39,999,717	\$ 19,488,957	\$ 11,247,684	\$ 7,621,784	\$ 1,022,978	\$ 48,150	\$ 354,196	\$ 215,968
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**2010 - 11 DISTRICT AUDIT EXPENDITURE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 200 - Special Revenue

Instruction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$ 32,286	\$ 27,184	\$ 2,135	\$ 2,967				
1112 Intermediate Programs	\$							
1113 Elementary Extracurricular	\$ 124,538			\$ 55,074	\$ 69,464			
1121 Middle/Junior High Programs	\$ 214			\$ 214				
1122 Middle/Junior High School Extracurricular	\$ 200,455			\$ 46,276	\$ 126,217		\$ 27,962	
1131 Local & Federal Sources	\$ 815			\$ 36	\$ 729		\$ 50	
1132 High School Extracurricular	\$ 922,092			\$ 239,325	\$ 454,598		\$ 228,169	
1140 Pre-Kindergarten Programs	\$							
1210 Programs for the Talented and Gifted	\$							
1220 Restrictive Programs for Students with Disabilities	\$ 431,643	\$ 197,983	\$ 104,730	\$ 120,150	\$ 2,388		\$ 6,392	
1250 Less Restrictive Programs for Students with Disabilities	\$ 1,273,026	\$ 787,071	\$ 446,547	\$ 18	\$ 78		\$ 39,312	
1260 Early Intervention	\$							
1271 Remediation	\$ 235,909	\$ 170,043	\$ 37,946	\$ 8,072	\$ 19,523		\$ 325	
1272 Title I	\$ 2,163,323	\$ 1,183,095	\$ 670,672	\$ 9,789	\$ 298,249		\$ 1,518	
1280 Alternative Education	\$							
1291 English Second Language Programs	\$ 3,742	\$ 2,916	\$ 512	\$ 314				
1292 Teen Parent Program	\$							
1293 Migrant Education	\$							
1294 Youth Corrections Education	\$ 722,222	\$ 465,964	\$ 172,048	\$ 4,377	\$ 67,929	\$ 11,904		
1299 Other Programs	\$ 3,208	\$ 1,998	\$ 499		\$ 711			
1300 Adult/Continuing Education Programs	\$							
1400 Summer School Programs	\$ 56,349	\$ 44,007	\$ 11,269	\$ 1,073				
Total Instruction Expenditures	\$ 6,169,822	\$ 2,880,261	\$ 1,446,358	\$ 487,471	\$ 1,040,100	\$ 11,904	\$ 303,728	\$
Support Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
2110 Attendance and Social Work Services	\$ 72,263	\$ 29,960	\$ 26,383	\$ 7,619	\$ 6,957		\$ 1,344	
2120 Guidance Services	\$ 174,310	\$ 12,301	\$ 2,088	\$ 143,110	\$ 16,811			
2130 Health Services	\$ 122,274			\$ 122,274				
2140 Psychological Services	\$							
2150 Speech Pathology and Audiology Services	\$							
2160 Other Student Treatment Services	\$							
2190 Service Direction, Student Support Services	\$ 18,039	\$ 10,072	\$ 7,967					
2210 Improvement of Instruction Services	\$ 533,581	\$ 309,916	\$ 118,185	\$ 10,576	\$ 13,186		\$ 81,718	
2220 Educational Media Services	\$ 684				\$ 684			
2230 Assessment & Testing	\$							
2240 Instructional Staff Development	\$ 596,915	\$ 336,529	\$ 114,788	\$ 54,719	\$ 37,732		\$ 53,147	
2310 Board of Education Services	\$							
2320 Executive Administration Services	\$							
2410 Office of the Principal Services	\$ 122,583	\$ 69,613	\$ 7,222	\$ 3,863	\$ 3,180		\$ 38,705	
2490 Other Support Services - School Administration	\$							
2510 Direction of Business Support Services	\$							
2520 Fiscal Services	\$							
2540 Operation and Maintenance of Plant Services	\$							
2550 Student Transportation Services	\$ 72,783			\$ 72,783				
2570 Internal Services	\$							
2610 Direction of Central Support Services	\$							
Planning, Research, Development, Evaluation Services, Grant								
2620 Writing and Statistical Services	\$ 277,676	\$ 557	\$ 107	\$ 135,067	\$ 131,286		\$ 10,659	
2640 Staff Services	\$							
2660 Technology Services	\$ 34,287			\$ 3,827	\$ 30,460			
2670 Records Management Services	\$							
2690 Other Support Services - Central	\$							
2700 Supplemental Retirement Program	\$							
Total Support Services Expenditures	\$ 2,025,395	\$ 768,948	\$ 276,740	\$ 553,838	\$ 240,296	\$	\$ 185,573	\$
Enterprise and Community Services Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
3100 Food Services	\$ 2,109,255	\$ 588,650	\$ 406,185	\$ 1,063,735	\$ 19,757	\$ 6,644	\$ 24,284	
3200 Other Enterprise Services	\$							
3300 Community Services	\$ 75,719			\$ 74,701			\$ 1,018	
3500 Custody and Care of Children Services	\$							
Total Enterprise and Community Services Expenditures	\$ 2,184,974	\$ 588,650	\$ 406,185	\$ 1,138,436	\$ 19,757	\$ 6,644	\$ 25,302	\$
Facilities Acquisition and Construction Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
4110 Service Area Direction	\$							
4120 Site Acquisition and Development Services	\$							
4150 Building Acquisition, Construction, and Improvement Services	\$ 2,386				\$ 2,386			
4190 Other Facilities Construction Services	\$							
Total Facilities Acquisition and Construction Expenditures	\$ 2,386	\$	\$	\$	\$ 2,386	\$	\$	\$
Other Uses Expenditures	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
5100 Debt Service	\$							
5200 Transfers of Funds	\$							
5300 Apportionment of Funds by ESD	\$							
5400 PERS UAL Bond Lump Sum	\$							
Total Other Uses Expenditures	\$	\$	\$	\$	\$	\$	\$	\$
Grand Total	\$ 10,382,577	\$ 4,237,859	\$ 2,129,283	\$ 2,179,745	\$ 1,302,539	\$ 18,548	\$ 514,603	\$

**2010 - 11 DISTRICT AUDIT EXPENDITURE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 300 - Debt Service

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$0							
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 Local & Federal Sources	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
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	\$3,560,449						\$3,560,449	
5200 Transfers of Funds	\$0							
5300 Apportionment of Funds by ESD	\$0							
5400 Bond Lump Sum	\$0							
Total Other Uses Expenditures	\$3,560,449	\$0	\$0	\$0	\$0	\$0	\$3,560,449	\$0
Grand Total	\$3,560,449	\$0	\$0	\$0	\$0	\$0	\$3,560,449	\$0

**2010 - 11 DISTRICT AUDIT EXPENDITURE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 400 - Capital Projects

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$0							
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 Local & Federal Sources	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
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	\$1,717,595			\$653,864	\$60,700	\$998,449	\$4,582	
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	\$1,717,595	\$0	\$0	\$653,864	\$60,700	\$998,449	\$4,582	\$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	\$373,726			\$2,500		\$370,097	\$1,129	
4190 Other Facilities Construction Services	\$0							
Total Facilities Acquisition and Construction Expenditures	\$373,726	\$0	\$0	\$2,500	\$0	\$370,097	\$1,129	\$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

\$2,091,321	\$0	\$0	\$656,364	\$60,700	\$1,368,546	\$5,711	\$0
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**2010 - 11 DISTRICT AUDIT EXPENDITURE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 600 - Self Insurance

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$0							
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 Local & Federal Sources	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$0							
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
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	\$72,567	\$44,208	\$25,235	\$534	\$2,590			
2540 Operation and Maintenance of Plant Services	\$6,632	\$90	\$23	\$1,854	\$4,665			
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	\$83,927	\$18,796	\$65,131					
2660 Technology Services	\$0							
2670 Records Management Services	\$0							
2690 Other Support Services - Central	\$0							
2700 Supplemental Retirement Program	\$0							
Total Support Services Expenditures	\$163,126	\$63,094	\$90,389	\$2,388	\$7,255	\$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	\$163,126	\$63,094	\$90,389	\$2,388	\$7,255	\$0	\$0	\$0

**2010 - 11 DISTRICT AUDIT EXPENDITURE SUMMARY
THREE RIVERS SCHOOL DISTRICT**

Fund: 700 - Trust & Agency

Instruction Expenditures

	Totals	Object 100	Object 200	Object 300	Object 400	Object 500	Object 600	Object 700
1111 Primary, K-3	\$0							
1112 Intermediate Programs	\$0							
1113 Elementary Extracurricular	\$0							
1121 Middle/Junior High Programs	\$0							
1122 Middle/Junior High School Extracurricular	\$0							
1131 Local & Federal Sources	\$0							
1132 High School Extracurricular	\$0							
1140 Pre-Kindergarten Programs	\$0							
1210 Programs for the Talented and Gifted	\$0							
1220 Restrictive Programs for Students with Disabilities	\$0							
1250 Less Restrictive Programs for Students with Disabilities	\$0							
1260 Early Intervention	\$0							
1271 Remediation	\$0							
1272 Title I	\$0							
1280 Alternative Education	\$0							
1291 English Second Language Programs	\$0							
1292 Teen Parent Program	\$0							
1293 Migrant Education	\$0							
1294 Youth Corrections Education	\$0							
1299 Other Programs	\$3,710			\$3,710				
1300 Adult/Continuing Education Programs	\$0							
1400 Summer School Programs	\$0							
Total Instruction Expenditures	\$3,710	\$0	\$0	\$3,710	\$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	\$3,710	\$0	\$0	\$3,710	\$0	\$0	\$0	\$0

SUPPLEMENTAL INFORMATION 2010-11

THREE RIVERS SCHOOL DISTRICT

A. Energy Bills for Heating - **All Funds:**

Please enter your expenditures for electricity
& heating fuel for these Functions & Objects

Objects 325 & 326	
Function 2540	\$ 1,197,344
Function 2550	\$ -

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

Include all General Fund Expenditures in Object 542, Except for the following exclusions:

\$ 18,491

Exclude these functions:

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

Exclude these functions:

4150 Construction
2550 Pupil Transportation
3100 Food Service
3300 Community Services



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

We have audited the basic financial statements of the Three Rivers School District (the District) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion.

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

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Investments of surplus funds authorized under ORS Chapter 294.
- Public contracts and purchasing under ORS Chapters 279A, 279B, 279C.
- Debt limitations under ORS Chapter 328.245

In connection with our audit, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administration Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Accounting Systems and Internal Controls

The District's accounting and internal controls systems are adequate and the accounting records are properly maintained. The internal controls for the District are operating as designed and no material weaknesses were noted.

Collateral

Based on our review of the District's records, the District was in compliance with the provisions of ORS Chapter 295. The banks used by the District were considered qualified financial institutions for the year ended June 30, 2011.

Budget Compliance

We reviewed the preparation, adopting, and execution of the budget for the current year and the preparation and adoption of the ensuing year's budget. Based on our procedures, the District appears to have complied with statutory requirements for the current year and the ensuing year's budget.

A resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Appropriations are established by function (instruction, supporting services, community services, facilities acquisition, debt service, transfers to other funds and contingency) in all funds.

Insurance and Fidelity Bond Coverage

We reviewed the District's insurance policies and determined that such policies appeared to be in force at June 30, 2011. We are not competent by training to comment on the adequacy of the insurance policies covering District owned property at June 30, 2011.

Based on the results of our tests, the District has complied with the provisions of ORS 332.525 regarding the bonding of District personnel.

Indebtedness

The District's bonded indebtedness was in compliance with the provisions of ORS 328.245. The District was in compliance with all debt covenants and all payments were made on a timely basis.

Programs Funded From Outside Sources

We selected and tested, to the extent deemed appropriate, transactions, records, and reports relative to programs funded wholly or partially by other governmental agencies.

The results of our tests indicate, for the items tested, the District complied with the laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies, and for the items tested, financial reports and related data were in agreement with and supported by the accounting records.

Separate reports have been issued to report on compliance with appropriate laws and regulations pertaining to Federal Financial Assistance.

Investments

Based on our procedures, it appears that the District was in compliance with the legal requirements of ORS Chapter 294 pertaining to the investment of public funds.

Public Contracts and Purchasing

Based on our procedures and our review of the minutes, the District appears to have complied with the legal requirements pertaining to the awarding of public contracts and the construction of public improvements as contained in ORS Chapter 279.

State School Fund Distribution Factors

Based on our procedures, the District appears to have complied with the legal requirements as stated in ORS 327.013 and as further defined by the Oregon State Department of Education pertaining to the District's calculation and reporting of the factors used to compute the State School Fund distribution.

Internal Control

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

No material weakness or significant deficiencies relating to the audit of the basic financial statements are reported in the report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and management of Three Rivers School District and the State of Oregon, Division of Audits and is not intended to be and should not be used by anyone other than these specified parties.



Michael L. Piels CPAs, LLP
November 18, 2011

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



MICHAEL L. PIELS CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

Board of Directors
Three Rivers School District
Josephine County, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Three Rivers School District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Directors
Three Rivers School District
Josephine County, Oregon

Compliance and Other Matters

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

However, we noted certain matters that we reported to management of the District in a separate letter dated November 18, 2010.

This report is intended solely for the information and use of management; Board of Directors, the State of Oregon, Secretary of State, Division of Audits, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

 Stewart C. Armule CPA, Partner

Michael L. Piels CPAs, LLP
November 18, 2011



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Three Rivers School District
Josephine County, Oregon

Compliance

We have audited the compliance of the Three Rivers School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Board of Directors
Three Rivers School District
Josephine County, Oregon

Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

This report is intended solely for the information of the Board of Directors, management, the State of Oregon, Secretary of State, Division of Audits, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

 Stewart C. Parnelle CPA, Partner

Michael L. Piels CPAs, LLP
November 18, 2011

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2011**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>GRANT PERIOD</u>	<u>FEDERAL CFDA NUMBER</u>	<u>SUB GRANT NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>2010-2011 EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION					
Passed Through State Department of Education:					
TITLE I					
Title IA	7/2009-9/2010	84.010	16660	\$ 2,235,391	\$ 753,468
Title IA	7/2010-9/2011	84.010	19514	2,678,388	1,533,212
Title IA - MZ Sch Impr	7/2010-9/2011	84.010	19031	34,800	34,523
				<u>4,948,579</u>	<u>2,321,203</u>
Title IA ARRA	7/2009-9/2011	84.389	15753	1,528,182	499,202
Title IA - MZ TIII	7/2010-9/2011	84.389	20513	34,669	34,669
				<u>1,562,851</u>	<u>533,871</u>
McKinney Homeless	7/2009-9/2010	84.196	16894	35,658	11,118
McKinney Homeless	7/2010-9/2011	84.196	19893	35,658	25,242
				<u>71,316</u>	<u>36,360</u>
Title IA - SIF ARRA	7/2009-9/2010	84.389	18131	26,950	2,800
Title IA - SIG	7/2009-9/2010	84.377	18131	26,950	894
Title I - N&D SOASTC	7/2010-6/2011	84.013	-	55,262	55,262
TITLE IIA					
Title IIA	7/2009-9/2010	84.367	16859	526,535	133,383
Title IIA	7/2010-9/2011	84.367	19730	531,810	353,535
Improving Teacher Quality	7/2009-9/2010	84.367	19216	15,000	5,649
				<u>1,073,345</u>	<u>492,567</u>
TITLE IID					
Title IID	7/2009-9/2010	84.318	16446	19,650	13,255
IDEA Part B	7/2010-9/2011	84.173	21891	2,800	2,800
IDEA Part B	7/2010-9/2011	84.173	22077	4,730	4,730
				<u>7,530</u>	<u>7,530</u>
IDEA					
IDEA Part B	7/2009-12/2010	84.027	17836	944,855	868
IDEA Part B	7/2010-12/2011	84.027	20382	917,703	917,703
IDEA Part B	7/2010-9/2011	84.027	21891	21,974	21,974
SOASTC	7/2009-9/2010	84.027	8055	24,376	24,376
SPR&I	7/2010-6/2011	84.027	20072	4,409	200
Extended Assessment	10/2010-6/2011	84.027	21537	900	543
				<u>1,914,217</u>	<u>965,664</u>
OTHER FEDERAL PROGRAMS					
Charter School Planning Grant	12/2009-7/2010	84.282	18377	56,000	13,222
Charter School Planning Grant	7/2010-7/2011	84.282	19869	225,000	225,000
Charter School Planning Grant	7/2010-7/2011	84.282	19296	56,000	39,453
				<u>337,000</u>	<u>277,675</u>
21st Century Community Learning	7/2009-6/2010	84.287	16118	359,164	72,461
21st Century Community Learning	7/2010-9/2011	84.287	19346	357,885	259,870
21st Century Community Learning	2/2010-9/2011	84.287	18712	60,689	48,662
				<u>777,738</u>	<u>380,993</u>
Gear Up	9/2010-7/2011	84.334	-	\$ 40,000	\$ 39,861

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For The Year Ended June 30, 2011**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR / PROGRAM TITLE</u>	<u>GRANT PERIOD</u>	<u>FEDERAL CFDA NUMBER</u>	<u>SUB GRANT NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>2010-2011 EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION					
Passed Through State Department of Education:					
YCEP - ARRA SFSF	9/2009-9/2010	84.394	18728	\$ 30,816	\$ 21,080
YCEP - ARRA SFSF	9/2010-9/2011	84.394	21173	17,388	17,388
ARRA - SFSF	2010-2011	84.394	17264	1,392,701	439,897
ARRA - SFSF	2010-2011	84.394	21106	555,691	555,691
				<u>1,996,596</u>	<u>1,034,056</u>
YCEP - ARRA Ed Jobs	9/2010-9/2011	84.410	21149	31,550	31,550
ARRA - Ed Jobs	2010-2011	84.410	20898	1,008,289	1,008,289
				<u>1,039,839</u>	<u>1,039,839</u>
IDEA ARRA	7/2009-9/2011	84.391	15304	1,026,188	187,204
SOASTC	7/2010-9/2011	84.391	15964	11,772	11,772
				<u>1,037,960</u>	<u>198,976</u>
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>14,935,783</u>	<u>7,400,806</u>
U.S. DEPARTMENT OF AGRICULTURE					
Passed Through State Department of Education:					
Commodities Program		10.550		151,349	151,349
National School Breakfast Program		10.553		352,065	352,065
National School Lunch Program		10.555		1,034,946	1,034,946
Summer Food Service Program		10.559		78,950	78,950
Total National School Lunch Program				<u>1,617,310</u>	<u>1,617,310</u>
Passed Through Josephine County:					
Federal Forest Fees		10.666		227,781	227,781
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>1,845,091</u>	<u>1,845,091</u>
U.S. DEPARTMENT OF ENERGY					
Passed Through State Department of Education:					
ARRA - ODOE Energy Projects	3/2010-3/2012	81.041	-	601,569	471,932
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Direct Award					
Early Retirement Reinsurance Program		93.546		277,165	277,166
TOTAL FEDERAL ASSISTANCE				<u>\$ 17,659,608</u>	<u>\$ 9,994,995</u>

Note A - Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of the Three Rivers School District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements

Note B - Food Distribution

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2011, the District received food commodities totaling \$151,349.

**THREE RIVERS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial statements

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Three Rivers School District.
2. No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the basic financial statements of Three Rivers School District.
3. No instances of noncompliance material to the basic financial statements of Three Rivers School District were disclosed during the audit.

Federal Awards

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

<u>U.S. Department of Education</u>	
Charter School Planning Grant	CFDA # 84.282
ARRA-Ed Jobs	CFDA # 84.410
State Fiscal Stabilization Fund ARRA	CFDA # 84.394

<u>U.S. Department of Energy</u>	
ARRA Energy Projects	CFDA # 81.041

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

SECTION II FINDINGS - FINANCIAL STATEMENTS AUDIT

None

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

None