Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Evergreen School District No. 114

Clark County

For the period September 1, 2015 through August 31, 2016

Published April 17, 2017

Report No. 1018861

Office of the Washington State Auditor
Pat McCarthy

April 17, 2017

Board of Directors
Evergreen School District No. 114
Vancouver, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Evergreen School District No. 114's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

Pat McCarthy

State Auditor

Olympia, WA

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TABLE OF CONTENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Evergreen School District No. 114
Clark County
September 1, 2015 through August 31, 2016

SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of Evergreen School District No. 114 are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. Separately, we issued an unmodified opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the District.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.

- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the District's compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs:

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

CFDA No.	Program or Cluster Title
10.553	Child Nutrition Cluster – School Breakfast Program
10.555	Child Nutrition Cluster – National School Lunch Program
10.559	Child Nutrition Cluster – Summer Food Service Program for Children
84.027	Special Education Cluster – Special Education – Grants to States
84.173	Special Education Cluster – Special Education – Preschool Grants

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $750,000.

The District did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Evergreen School District No. 114
Clark County
September 1, 2015 through August 31, 2016

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of Evergreen School District No. 114. The State Auditor's Office has reviewed the status as presented by the District.

Audit Period: September 1, 2014 – August 31, 2015	**Report Ref. No:** 1016435	**Finding Ref. No:** 1	**CFDA Number(s):** 10.553/555/559
Federal Program Name and Granting Agency: Child Nutrition Cluster, U.S. Department of Agriculture		**Pass-Through Agency Name:** Office of Superintendent of Public Instruction	
Finding Caption: The District does not have adequate internal controls in place over eligibility requirements for its federal nutrition program.			
Background: We sampled applications submitted for students served during the 2014-2015 school year to determine whether the District properly processed applications and determined eligibility status. Of the 65 applications selected for testing, we identified 11 applications which should have been determined incomplete due to documentation requirements for applicants with no income.			
Status of Corrective Action: (check one)			
☐ Fully Corrected	☐ Partially Corrected	☐ Not Corrected	☒ Finding is considered no longer valid
Corrective Action Taken: *The District agrees with the State Auditor, that the majority of the errors found by the State Auditor was for student income not reported. For the errors found, the income section was left blank, $0 was not filled in, and the no income box was not checked. The applications with no income information are considered incomplete. The District was required to follow up with the household to determine their status as "zero" income, or by inserting $0.* *Please note that the USDA rules for 2015-2016 applications were changed. Specifically, if these 2015-2016 rule changes were in place for 2014-2015, the District would not have been in violation as explained above. Applications with blank income fields would have been processed as complete, the District would not have received the audit finding, and internal controls would not have been considered partially deficient.*			

In light of the issues found by the State Auditor, and rule change by the USDA, the District evaluated the USDA application process and significant changes were made starting in the 2015-2016 year. The result of the changes is to tighten internal controls and avoid errors in family applications submitted to the District and improve the review process of applications by District staff.

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

Evergreen School District No. 114
Clark County
September 1, 2015 through August 31, 2016

Board of Directors
Evergreen School District No. 114
Vancouver, Washington

We have audited, 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, the financial statements of Evergreen School District No. 114, Clark County, Washington, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated April 5, 2017.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy

Pat McCarthy

State Auditor

Olympia, WA

April 5, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Evergreen School District No. 114
Clark County
September 1, 2015 through August 31, 2016

Board of Directors
Evergreen School District No. 114
Vancouver, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Evergreen School District No. 114, Clark County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2016. The District's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2016.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy

State Auditor

Olympia, WA

April 5, 2017

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Evergreen School District No. 114
Clark County
September 1, 2015 through August 31, 2016

Board of Directors
Evergreen School District No. 114
Vancouver, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Evergreen School District No. 114, Clark County, Washington, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 16.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Accounting Manual for Public School Districts in the State of Washington* (Accounting Manual) described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Unmodified Opinion on Regulatory Basis of Accounting (Accounting Manual)

As described in Note 1, the District has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed by the Accounting Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The difference in these accounting practices is also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Evergreen School District No. 114, as of August 31, 2016, and the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions on the Governmental and Fiduciary Funds Based on U.S. GAAP

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General, ASB, Debt Service, Capital Projects, Transportation Vehicle and Fiduciary funds as of August 31, 2016, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America for governmental and fiduciary funds.

Other Matters

Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Schedule of Long-Term Liabilities is also presented for purposes of additional analysis, as required by the prescribed Accounting Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering the District's internal control over financial reporting and compliance.

Pat McCarthy

State Auditor

Olympia, WA

April 5, 2017

FINANCIAL SECTION

Evergreen School District No. 114
Clark County
September 1, 2015 through August 31, 2016

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds – 2016
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – 2016
Statement of Net Position – Fiduciary Funds – 2016
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2016
Notes to Financial Statements – 2016

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Long-Term Liabilities – 2016
Schedule of Expenditures of Federal Awards – 2016
Notes to the Schedule of Expenditures of Federal Awards – 2016

EVERGREEN SCHOOL DISTRICT NO. 114
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2016

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Total
ASSETS						
Cash on Hand	754,913	175,021		600		930,534
Cash on Deposit w/Treasurer	7,019,389	4,540	27,870	28,012		7,079,811
Warrants Outstanding	-6,965,544	-4,211		-56		-6,969,811
Net Cash on Dep. w/Treas	53,845	329	27,870	27,956		110,000
Cash with Fiscal Agent						
Taxes Receivable	21,542,740		11,259,501			32,802,241
Accounts Receivable	132,246					132,246
Intergovernmental Receivable	1,079,965					1,079,965
Interfund Receivables	154,262					154,262
Accrued Interest Receivable						
Inventories	184,690					184,690
Prepaid Items	2,006,602	105,613				2,112,215
Investments	29,845,251	1,308,169	13,054,810	28,832,818	5,547,194	78,588,242
TOTAL ASSETS	55,754,514	1,589,132	24,342,181	28,861,374	5,547,194	116,094,395
LIABILITIES						
Accounts Payable	5,639,151	45,043		23,424	467,541	6,175,159
Payroll Ded & Taxes Payable	73,882					73,882
Due to Other Governmental Units	25,158	213		480		25,851
Estimated Employee Benefits Payable	108,573					108,573
Interfund Payables		114,206		40,056		154,262
Unearned Revenue	352,535	184,130				536,665
Matured Bonds Payable						
Matured Bond Interest Payable						
TOTAL LIABILITIES	6,199,299	343,592		63,960	467,541	7,074,392
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue						
Unavailable Revenue-Taxes Receivable	21,542,740		11,259,501			32,802,241
TOTAL DEFERRED INFLOWS OF RESOURCES	21,542,740		11,259,501			32,802,241
FUND BALANCE						
Restricted for Other Items	1,791,490					1,791,490
Restricted to Fund Purposes		1,139,927			5,079,653	6,219,580
Restricted Food Service Carryover	1,697,731					1,697,731
Restricted for Debt Service			13,082,680			13,082,680
Restricted from Bond Proceeds						
Restricted from Other Proceeds						
Restricted from Impact Fee Proceeds				9,623,172		9,623,172
Nonspendable Fund Balance	2,191,292	105,613				2,296,905
Committed to Minimum Fund Balance						
Assigned to Other Purposes	8,560,000					8,560,000
Assigned to Fund Purposes				19,174,242		19,174,242
Unassigned Fund Balance	13,771,962					13,771,962
TOTAL FUND BALANCE	28,012,475	1,245,540	13,082,680	28,797,414	5,079,653	76,217,762
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	55,754,514	1,589,132	24,342,181	28,861,374	5,547,194	116,094,395

The notes to the Financial Statements are an integral part of this statement.

EVERGREEN SCHOOL DISTRICT NO. 114
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

	GENERAL FUND	ASB FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TRANSPORTATION VEHICLE FUND	TOTAL
REVENUES						
Local	51,149,973		24,040,741	3,097,416	29,670	78,317,800
State	227,856,474		5,666	1,026,594	1,431,245	230,319,979
Federal	17,959,991		897,482			18,857,473
Federal Stimulus						
Other	1,444,474					1,444,474
ASB		1,880,812				1,880,812
TOTAL REVENUES	298,410,912	1,880,812	24,943,889	4,124,010	1,460,915	330,820,538
EXPENDITURES						
Current:						
Regular Instruction	154,912,741					154,912,741
Federal Stimulus						
Special Education	37,582,378					37,582,378
Vocational Education	11,079,469					11,079,469
Skills Center	4,184,319					4,184,319
Compensatory Education	19,394,997					19,394,997
Other Instructional Programs	2,041,707					2,041,707
Community Services	427,834					427,834
Support Services	57,390,576					57,390,576
ASB		1,977,938				1,977,938
CAPITAL OUTLAY:						
Sites				4,559		4,559
Buildings				13,521		13,521
Equipment	4,325,062			306,091		4,631,153
Instructional Technology				139,833		139,833
Energy Capital Improvements				72,500		72,500
Buses					2,392,662	2,392,662
Other				1,259		1,259
Debt Service:						
Principal	1,721,731		19,366,258			21,087,989
Interest and Other Charges	16,647		5,545,668			5,562,315
TOTAL EXPENDITURES	293,077,461	1,977,938	24,911,926	537,763	2,392,662	322,897,750
REVENUES OVER(UNDER) EXPENDITURES	5,333,451	-97,126	31,963	3,586,247	-931,747	7,922,788
OTHER FINANCING SOURCES (USES):						
Bond Sales & Refund Bond Sales			20,679,888			20,679,888
Sale of Property & Equipment	12,162				11,533	23,695
Compensated Loss of Fixed Assets				846,243		846,243
Long-Term Financing	3,545,898					3,545,898
Operating Transfers In			2,003,351	4,000,000	2,500,000	8,503,351
Operating Transfers Out	-8,503,351					-8,503,351
Deposit in Refunding Bond Escrow			-21,084,250			-21,084,250
TOTAL OTHER FINANCING SOURCES (USES)	-4,945,291		1,598,989	4,846,243	2,511,533	4,011,474
EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	388,160	-97,126	1,630,952	8,432,490	1,579,786	11,934,262
Fund Balance September 1, 2015	27,624,315	1,342,666	11,451,728	20,364,924	3,499,867	64,283,500
Fund Balance August 31, 2016	28,012,475	1,245,540	13,082,680	28,797,414	5,079,653	76,217,762

The Notes to the Financial Statements are an integral part of this statement.

EVERGREEN SCHOOL DISTRICT NO. 114
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2016

	Private Purpose Trust
ASSETS	
Cash on Hand	13,469
Cash on Deposit w/Treasurer	
Warrants Outstanding	
Net Cash on Dep. w/Treas	
Investments	6,759
TOTAL ASSETS	20,228
LIABILITIES	
Accounts Payable	11,448
Interfund Payables	
TOTAL LIABILITIES	11,448
NET POSITION:	
HELD IN TRUST FOR	
Private Purpose	8,780
TOTAL NET POSITION	8,780

The Notes to the Financial Statements are an integral part of this statement.

EVERGREEN SCHOOL DISTRICT NO. 114
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2016

	Private Purpose Trust
ADDITIONS:	
Contributions:	
Private Donations	1,350
Employer	
Members	
Other	
Total Contributions	1,350
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	4
Interest & Dividends	37
Less: Investment Expenses	
Net Investment Income	41
Other Additions:	
Rent or Lease Revenue	
Total Other Additions	
TOTAL ADDITIONS	1,391
DEDUCTIONS:	
Benefits	
Refund of Contributions	
Administrative Expense	
Scholarships	1,000
Other	50
TOTAL DEDUCTIONS	1,050
Net Increase (Decrease)	341
Net Position Beginning September 1, 2015	8,439
Net Position Ending August 31, 2016	8,780

The Notes to the Financial Statements are an integral part of this statement.

EVERGREEN SCHOOL DISTRICT NO. 114
Notes to Financial Statements
September 1, 2015 through August 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Evergreen School District No. 114 (District) is a municipal corporation organized pursuant to Title 28A of the Revised Code of Washington (RCW) for the purposes of providing public school services to students in Grades K–12. Oversight responsibility for the District's operations is vested with the independently elected board of directors. Management of the District is appointed by and is accountable to the board of directors. Fiscal responsibility, including budget authority and the power to set fees, levy property taxes, and issue debt consistent with provisions of state statutes, also rests with the board of directors.

The District presents governmental fund financial statements and related notes on the modified accrual basis of accounting in accordance with the *Accounting Manual for Public School Districts in the State of Washington*, issued jointly by the State Auditor's Office and the Superintendent of Public Instruction by the authority of RCW 43.09.200, RCW 28A.505.140, RCW 28A.505.010(1), and RCW 28A.505.020. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

(1) Districtwide statements, as defined in GAAP, are not presented.
(2) A Schedule of Long-Term Liabilities is presented as supplementary information.
(3) Supplementary information required by GAAP is not presented.

Fund Accounting

Financial transactions of the District are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (or expenses) as appropriate. All funds are considered major funds. The various funds in the report are grouped into governmental (and fiduciary) funds as follows:

Governmental Funds

General Fund

This fund is used to account for all expendable financial resources, except for those that are required to be accounted for in another fund. In keeping with the principle of having as few funds as are necessary, activities such as food services, maintenance, data processing, printing, and student transportation are included in the General Fund.

Capital Projects Funds

These funds account for financial resources that are to be used for the construction or acquisition of major capital assets. There are two funds that are considered to be of the capital projects fund type: the Capital Projects Fund and the Transportation Vehicle Fund.

Capital Projects Fund. This fund is used to account for resources set aside for the acquisition and construction of major capital assets such as land and buildings.

Transportation Vehicle Fund. This fund is used to account for the purchase, major repair, rebuilding, and debt service expenditures that relate to pupil transportation equipment.

Debt Service Fund

This fund is used to account for the accumulation of resources for and the payment of matured general long-term debt principle and interest.

Special Revenue Fund

In Washington State, the only allowable special revenue fund for school districts is the Associated Student Body (ASB) Fund. This fund is accounted for in the District's financial statements as the financial resources legally belong to the District. As a special revenue fund, amounts within the ASB Fund may only be used for those purposes that relate to the operation of the Associated Student Body of the District.

Fiduciary Funds

Fiduciary funds include pension and other employee benefit trust funds, private-purpose trust funds, and agency funds, and are used to account for assets that are held in trust by the District in a trustee and agency capacity.

Private-Purpose Trust Fund

This fund is used to account for resources that are legally held in trust by the District. The trust agreement details whether principal and interest may both be spent, or whether only interest may be spent. Money from a Private-Purpose Trust Fund may not be used to support the District's programs, and may be used to benefit individuals, private organizations, or other governments.

Measurement focus, basis of accounting and fund financial statement presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered "measurable" if the amount of the transaction can be readily determined. Revenues are considered "available" when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end, with the exception of property tax revenues which are considered available within 30 days after year-end. Categorical program claims and interdistrict billings are measurable and available and are, therefore, accrued.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which are recorded when due. Purchases of capital assets are expensed during the year of acquisition. For federal grants, the recognition of expenditures is dependent on the obligation date. (Obligation means a purchase order has been issued, contracts have been awarded, or goods and/or services have been received.)

Budgets

Chapter 28A.505 RCW and Chapter 392-123 Washington Administrative Code (WAC) mandate school district budget policies and procedures. The board adopts annual appropriated budgets for all governmental funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Appropriations lapse at the end of the fiscal period.

Budgets are adopted on the same modified accrual basis as used for financial reporting. Fund balance is budgeted as available resources and, under statute, may not be negative, unless the District enters into binding conditions with state oversight pursuant to RCW 28A.505.110.

The government's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The District receives state funding for specific categorical education-related programs. Amounts that are received for these programs that are not used in the current fiscal year may be carried forward into the subsequent fiscal year, where they may be used only for the same purpose as they were originally received. When the District has such carryover, those funds are expended before any amounts received in the current year are expended.

Additionally, the District has other restrictions placed on its financial resources. When expenditures are recorded for purposes for which a restriction or commitment of fund balance is available, those funds that are restricted or committed to that purpose are considered first before any unrestricted or unassigned amounts are expended.

The government's fund balance classifications policies and procedures.

The District classifies ending fund balance for its governmental funds into five categories.

<u>Nonspendable Fund Balance</u>. The amounts reported as Nonspendable are resources of the District that are not in spendable format. They are either non-liquid resources such as inventory or prepaid items, or the resources are legally or contractually required to be maintained intact.

<u>Restricted Fund Balance</u>. Amounts that are reported as Restricted are those resources of the District that have had a legal restriction placed on their use either from statute, WAC, or other legal requirements that are beyond the control of the board of directors. Restricted fund balance includes anticipated recovery of revenues that have been received but are restricted as to their usage.

<u>Committed Fund Balance</u>. Amounts that are reported as Committed are those resources of the District that have had a limitation placed upon their usage by formal action of the District's board of directors. Commitments are made either through a formal adopted board resolution or are related to an established policy of the board. Commitments may only be changed when the resources are used for the intended purpose or the limitation is removed by a subsequent formal action of the board of directors.

<u>Assigned Fund Balance</u>. In the General Fund, amounts that are reported as Assigned are those resources that the District has set aside for specific purposes. These accounts reflect tentative management plans for future financial resource use such as the replacement of equipment or

the assignment of resources for contingencies. Assignments reduce the amount reported as Unassigned Fund Balance, but may not reduce that balance below zero.

In other governmental funds, Assigned fund balance represents a positive ending spendable fund balance once all restrictions and commitments are considered. These resources are only available for expenditure in that fund and may not be used in any other fund without formal action by the District's board of directors and as allowed by statute.

The Superintendent and/or Chief Operations Officer are the only persons who have the authority to create Assignments of fund balance.

Unassigned Fund Balance. In the General Fund, amounts that are reported as Unassigned are those net spendable resources of the District that are not otherwise Restricted, Committed, or Assigned, and may be used for any purpose within the General Fund.

In other governmental funds, Unassigned fund balance represents a deficit ending spendable fund balance once all restrictions and commitments are considered.

A negative Unassigned fund balance means that the legal restrictions and formal commitments of the District exceed its currently available resources.

Cash and Cash Equivalents

All of the District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Inventory

Warehouse inventory is valued at cost using the average cost method. Warehouse inventory in the General Fund consists of expendable supplies held for consumption. Management classifies the full inventory value under Nonspendable Fund Balance since the resources are not in a spendable format.

USDA commodity inventory consists of food donated by the United States Department of Agriculture. It is valued at the prices paid by the USDA for the commodities.

NOTE 2: DEPOSITS AND INVESTMENTS.

Deposits and Investments

The Clark County Treasurer is the ex-officio treasurer for the school district. In this capacity, the county treasurer receives deposits and transacts investments on the district's behalf. Eligible investments are only those securities and deposits authorized by Washington State statute (RCW 36.29.020, 36.29.022, 39.58.050, 39.59.020, 39.59.030, and 43.84.080). The Treasurer may invest in any investment authorized by law for the treasurer of the state of Washington or any local government in the state of Washington (RCW 39.59.020). Permitted investments include securities, certificates of deposits, notes, bonds, short-term securities, or other obligations of the United States.

The Clark County Treasurer determines fair value of investments in the pool by using a combination of an on-line financial services system that uses price-modeling techniques, and quotes from brokers and dealers. Investments are reported using the security's fair market value and not at amortized cost.

The Clark County Investment Pool is not SEC registered. Authority to manage the Clark County Investment Program is from RCW 36.29.020. Regulatory oversight is provided by the Finance Committee, which by statute consists of the Clark County Treasurer (as chair), the County Auditor (as secretary), and the Chair of the Board of County Commissioners. The committee approves the investment policy and makes all appropriate rules and regulations to carry out the provisions of RCW 36.48.010 through 36.48.060. There is no involuntary participation in the Clark County Investment Pool. All participants have the option of investing in the Pool, or requesting specific investment amounts and maturity dates for investments outside of the Pool. The Clark County Treasurer provides monthly investment reports at fair value on a Fund level to all participants. The information is based on net asset value of each share in the Pool.

The investments on the District's combined balance sheet are valued at fair market value. All temporary money market investments are stated at cost.

The District's investments (excluding temporary investments) are placed in the Clark County Treasurer's Investment Pool, which are managed by the Clark County Treasurer. The investments in the investment pool are not evidenced by securities and therefore are not listed under a category of credit risk. The District's temporary investments, Governmental Securities, are categorized to give an indication of the level of risk assumed by them as of August 31, 2016. Category one (1) includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

The district's investments (excluding Fiduciary investments) on August 31, 2016, are as follows:

	Market Value
Obligations of U.S. Government	$ 6,451,044
Clark County Treasurer's Investment Pool	72,137,198
Total Investment	$ 78,588,242

NOTE 3: SIGNIFICANT CONTINGENT LIABILITIES

Litigation

The District has no known legal obligations that would materially impact the financial position of the District.

Arbitrage Rebate

The Tax Reform Act of 1986 requires the district to rebate the earnings on the investment of bond and revenue anticipation note proceeds, in excess of their yield, to the Federal Government. This requirement is effective for the district's General Obligation bond issue(s) after September 1, 1986 currently totaling $17,445,000. Ninety percent (90%) of the rebate is due and payable five years from the date bonds were issued and at five-year intervals thereafter. The remaining ten-percent (10%) is payable sixty (60) days after retirement of the bonds. Rebate is due and payable on revenue anticipation notes sixty (60) days after they are retired. Because positive arbitrage can be offset against negative arbitrage, the rebate amount fluctuates each year and may or may not be owing at the payment intervals. Because of the uncertainty of having to make this payment, the district is contingently liable for arbitrage rebate currently computed to total $0 as of August 31, 2016.

NOTE 4: SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The District entered into capital leases for computer equipment in October, 2016 with total payments of $1,916,845 paid over 48 months. An additional capital lease was entered into for copy machines in November, 2016 for total payments of $785,434 over 60 months.

NOTE 5: PENSION PLANS

General Information

The Washington State Department of Retirement Systems (DRS), a department within the primary government of the state of Washington, prepares a stand-alone comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each pension plan. The pension plan's basic financial statement is accounted for using the accrual basis of accounting. The measurement date of the pension plans is June 30. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
The school district is reporting the net pension liability in the notes and on the Schedule of Long-Term Liabilities calculated as the district's proportionate allocation percentage multiplied by the total plan collective net pension liability.

Detailed information about the pension plans' fiduciary net position is available in the separately issued DRS CAFR. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, P.O. Box 48380, Olympia, WA 98504-8380; or online at http://www.drs.wa.gov./administrations/annual-report.

Membership Participation

Substantially all school district full-time and qualifying part-time employees participate in one of the following three contributory, multi-employer, cost-sharing statewide retirement systems managed by DRS: Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS) and School Employees' Retirement System (SERS).

Membership participation by retirement plan as of June 30, 2016, was as follows:

Plan	Active Members	Inactive Vested Members	Retired Members
PERS 1	3,230	827	49,417
SERS 2	26,127	5,704	7,391
SERS 3	32,409	7,899	6,715
TRS 1	962	223	34,859
TRS 2	17,612	2,443	4,700
TRS 3	53,417	8,373	8,866

Membership & Plan Benefits

Certificated employees are members of TRS. Classified employees are members of PERS (if Plan 1) or SERS. Plan 1 under the TRS and PERS programs are defined benefit pension plans whose members joined the system on or before September 30, 1977. TRS 1 and PERS 1 are closed to new entrants.

TRS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. TRS eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity.

TRS is comprised of three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

TRS Plan 1 provides retirement, disability and death benefits. TRS 1 members were vested after the completion of five year of eligible service. Retirement benefits are determined as two percent of the average final compensation (AFC), for each year of service credit, up to a maximum of 60 percent, divided by twelve. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two. Members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 year of service. Other benefits include temporary and permanent disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

TRS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) per year of service for Plan 2 members and one percent of AFC for Plan 3 members. The AFC is the monthly average of the 60 consecutive highest-paid service credit months. There is no cap on year of service credit. Members are eligible for normal retirement at the age of 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. TRS Plan 2/3 members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit.

The benefit is reduced by a factor that varies according to age, for each year before age 65. TRS Plan 2/3 members who have 30 or more years of service credit, were hired prior to May 1, 2013, and are at least 55 years old, can retire under one of two provisions: With a benefit that is reduced by three percent for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

TRS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only those who are age 55 or older and have at least 30 years of service. TRS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit.

Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

PERS Plan 1 provides retirement, disability and death benefits. PERS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

Members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

SERS is a cost-sharing multiple-employer retirement system comprised of two separate plans for membership purposes. SERS Plan 2 is a defined benefit plan and SERS Plan 3 is a defined benefit plan with a defined contribution component. SERS members include classified employees of school districts and educational service districts.

SERS is reported as two separate plans for accounting purposes: Plan 2/3 and Plan 3. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

SERS provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and one percent of AFC for Plan 3. The AFC is the monthly average of the member's 60 highest-paid consecutive service months before retirement, termination or death. There is no cap on year of service credit. Members are eligible for retirement with a full benefit at 65 with at least five year of service credit. Retirement before age 65 is considered an early retirement. SERS members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit.

The benefit is reduced by a factor that varies according to age, for each year before age 65. SERS members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 2, 2013: With a benefit that is reduced by three percent for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

SERS members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. SERS retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

Plan Contributions

The employer contribution rates for PERS, TRS, and SERS (Plans 1,2, and 3) and the TRS and SERS Plan 2 employee contribution rates are established by the Pension Funding Council based upon the rates set by the Legislature. The methods used to determine the contribution requirements are established under chapters 41.40, 41.32, and 41.35 RCW for PERS, TRS and SERS respectively. Employers do not contribute to the defined contribution portions of TRS Plan 3 or SERS Plan 3. Under current law the employer must contribute 100 percent of the employer-required contribution. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at six percent and does not vary from year to year.

The Employer and employee contribution rates for the PERS plan are effective as of July 1. SERS and TRS contribution rates are effective as of September 1. The pension plan contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

Pension Rates

	7/1/16 Rate	7/1/15 Rate	
PERS 1			
Member Contribution Rate	6.00%	6.00%	
Employer Contribution Rate	11.18%	11.18%	

Pension Rates

	9/1/16 Rate	9/1/15 Rate	
TERS 1			
Member Contribution Rate	6.00%	6.00%	
Employer Contribution Rate	13.13%	13.13%	
TERS 2			
Member Contribution Rate	5.95%	5.95%	
Employer Contribution Rate	13.13%	13.13%	
TERS 3			
Member Contribution Rate	varies*	varies*	
Employer Contribution Rate	13.13%	13.13%	**
SERS 2			
Member Contribution Rate	5.63%	5.63%	
Employer Contribution Rate	11.58%	11.58%	
SERS 3			
Member Contribution Rate	varies*	varies*	
Employer Contribution Rate	11.58%	11.58%	**

Note: The DRS administrative rate of .0018 is included in the employer rate.
** = Variable from 5% to 15% based on rate selected by the member.*
*** = Defined benefit portion only.*

The Collective Net Pension Liability

The collective net pension liabilities for the pension plans districts participated in are reported in the following tables.

The Net Pension Liability as of June 30, 2015:

Dollars in Thousands	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Total Pension Liability	$12,496,872	$4,870,806	$9,001,257	$12,172,222
Plan fiduciary Net position	($7,126,401)	($4,214,039)	($5,587,020)	($10,798,925)
Participating employers' net pension liability	$5,370,471	$656,767	$3,414,237	$1,373,297
Plan fiduciary net position as a percentage of the total pension liability	57.03%	86.52%	62.07%	88.72%

The School District's Proportionate Share of the Net Pension Liability (NPL)

At June 30, 2016, the school district reported a total liability of $134,740,485 for its proportionate shares of the individual plans' collective net pension liability. Proportion of net pension liability is based on annual contributions for each of the employers participating in the DRS administered plans. At June 30, 2016, the district's proportionate share of each plan's net pension liability is reported below:

June 30, 2016	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	$1,493,158	$2,057,241	$6,929,374	$7,477,531
Proportionate Share of the Net Pension Liability	$14,140,374	$11,293,813	$77,845,601	$31,460,697

At June 30, 2016, the school district's percentage of the proportionate share of the collective net pension liability was as follows and the changed in the allocation percentage from the prior period is illustrated below.

Allocation percentages	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share of the Net Pension Liability	0.263299%	1.719607%	2.280029%	2.290888%
Prior year proportionate share of the Net Pension Liability	0.278085%	1.830808%	2.501689%	2.534460%
Net difference percentage	-0.014787%	-0.111201%	-0.221660%	-0.243572%

Actuarial Assumptions

Capital Market Assumptions (CMAs) and expected rates of return by asset class provided by the Washington State Investment Board. The Office of the Sate Actuary relied on the CMAs in the selection of the long-term expected rate of return for reporting purposes.

The total pension liabilities for TRS 1, TRS 2/3, PERS 1 and SERS 2/3 were determined by actuarial valuation as of June 30, 2015, with the results rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	3.0% total economic inflation, 3.75% salary inflation
Salary increases	In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return	7.50%

Mortality Rates

Mortality rates used in the plans were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime. The actuarial assumptions used in the June 30, 2015, valuation were based on the results of the 2007-2012 Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2015 actuarial valuation report.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's CMAs. The CMAs contain three pieces of information for each class of assets the WSIB currently invest in:

- Expected annual return
- Standard deviation of the annual return;
- Correlations between the annual returns of each asset class with every other asset class

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.50% percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen-year period, becomes amplified over a fifty-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016, are summarized in the following table:

TRS 1, TRS 2/3, PERS 1, and SERS 2/3		
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20.00%	1.70%
Tangible Assets	5.00%	4.40%
Real Estate	15.00%	5.80%
Global Equity	37.00%	6.60%
Private Equity	23.00%	9.60%

The inflation component used to create the above table is 2.20 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Evergreen School District's proportional share of the collective net pension liability (NPL) calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-Point lower (6.50 percent) or one percentage-point higher (8.50 percent) than the current rate. Amounts are calculated using the school district's specific allocation percentage, by plan, to determine the proportionate share of the collective net pension liability.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PERS 1 NPL	$6,476,248,000	$5,370,471,000	$4,418,882,000
Allocation Percentage	0.263299%	0.263299%	0.263299%
Proportionate Share of Collective NPL	$17,051,869	$14,140,374	$11,634,854

SERS 2/3 NPL	$1,600,665,000	$656,767,000	($75,324,000)
Allocation Percentage	1.719607%	1.719607%	1.719607%
Proportionate Share of Collective NPL	$27,525,151	$11,293,813	($1,295,277)
TRS 1 NPL	$4,197,137,000	$3,414,237,000	$2,739,882,000
Allocation Percentage	2.280029%	2.280029%	2.280029%
Proportionate Share of Collective NPL	$95,695,950	$77,845,601	$62,470,110
TRS 2/3 NPL	$3,107,958,000	$1,373,297,000	($1,595,357,000)
Allocation Percentage	2.290888%	2.290888%	2.290888%
Proportionate Share of Collective NPL	$71,199,838	$31,460,697	($36,547,843)

NOTE 6: ANNUAL OTHER POST-EMPLOYMENT BENEFIT COST AND NET OPEB OBLIGATIONS

The State, through the Health Care Authority (HCA), administers an agent multi-employer Other Post-Employment Benefit plan. The Public Employees Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. Programs include (medical, dental, life insurance and long-term disability insurance).

Employers participating in the plan include the State of Washington (which includes general government agencies and higher education institutions), 57 of the state’s K–12 school districts and educational service districts (ESDs), and 206 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 247 K–12 school districts and ESDs. The District’s retirees are eligible to participate in the PEBB plan under this arrangement.

According to state law, the Washington State Treasurer collects a fee from all school district entities which have employees that are not current active members of the state Health Care Authority but participate in the state retirement system. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees that elect to purchase their health care benefits through the state Health Care Authority. For the fiscal year 2015-2016, the District was required to pay the HCA $64.39 per month per full-time equivalent employee to support the program, for a total payment of $2,329,288.54. This assessment to the District is set forth in the State’s operating budget and is subject to change on an annual basis. This amount is not actuarially determined and is not placed in a trust to pay the obligations for post-employment health care benefits.

The District has no control over the benefits offered to retirees, the rates charged to retirees, nor the fee paid to the Health Care Authority. The District does not determine its Annual Required Contribution nor the Net Other Post-Employment Benefit obligation associated with this plan. Accordingly, these amounts are not shown on the financial statements. This is a departure from GAAP.

NOTE 7: COMMITMENTS UNDER LEASES

For the year ending August 31, 2016, the District is obligated under certain leases accounted for as capital leases as follows:

Capital Leases:

	Amount	Installment Amount	Final Installment Date	Interest Rate	Balance Due
Dell Financial					
Computer Equip.	$853,967	$284,656	11/01/2017	0.00%	$284,656
Computer Equip.	294,972	98,324	12/01/2017	0.00%	98,324
Computer Equip.	801,299	400,649	09/01/2017	0.00%	-0-
Insight Financial					
Computer Equip.	351,432	117,144	02/01/2019	0.00%	234,288
Computer Equip.	798,114	263,473	02/01/2019	0.00%	534,641
Computer Equip.	117,866	38,769	02/01/2019	0.00%	79,097
Computer Equip.	1,477,187	492,396	02/01/2019	0.00%	1,477,187
			Total Capital Leases		$ 2,708,193

Future Minimum Lease Payments:

Year Ended August 31:	
2017	$ 1,299,388
2018	916,409
2019	492,396
2020	-0-
2021	-0-
Net Minimum Lease Payments	$ 2,708,193
Less Imputed Interest	-0-
Present Value of Net Minimum Lease Payments	$ 2,708,193

NOTE: The capital leases display interest rates of zero, that includes intrinsic interest considered immaterial.

NOTE 8: OTHER SIGNIFICANT COMMITMENTS

Construction in progress is composed of:

Project	Project Authorization Amount	Expended as of 8/31/2015	Additional Local Funds Committed	Additional State Funds Committed
New Middle School	$ 150,000	$ 27,552	$ 122,448	$ 0
Skills Center	7,151,000	7,001,438	0	149,562
TOTAL	**$ 7,301,000**	**$ 7,028,990**	**$ 122,448**	**$ 149,562**

Encumbrances

Encumbrance accounting is employed in governmental funds. Purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve a portion of the applicable appropriation. Encumbrances are closed at the end of the fiscal year and reopened the following year. Encumbrances in the amount of $20,095,062 were closed on August 31, 2016. This amount will be re-encumbered on September 1, 2016.

The following encumbrance amounts were re-encumbered by fund on September 1, 2016:

Fund	Amount
General	$19,837,946
ASB	$19,798
Capital Projects	$3,548
Transportation Vehicle	$233,770

NOTE 9: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The District’s capital assets are insured in the amount of $150,000,000 for fiscal year 2016. In the opinion of the District’s insurance consultant, the amount is sufficient to adequately fund replacement of the District’s assets.

NOTE 10: REQUIRED DISCLOSURES ABOUT LONG-TERM LIABILITIES

Long-Term Debt

The following is a summary of general obligation long-term debt transactions of the district for the year ended August 31, 2016.

Long-Term Debt Payable at 9/1/15	$152,382,122
Debt Issued	19,070,000
Debt Retired	39,936,259
Long-Term Debt Payable 8/31/16	$131,515,863

Bonds payable at August 31, 2016, are comprised of the following individual issues:

	Principal 08/31/16	Interest 08/31/16
$42,165,000 – 2010 Unlimited Tax General Obligation reflecting bonds interest rates of 2.0% to 4.0% maturing through December 1, 2018 in annual installments of $475,000 to $8,395,000.	$ 23,795,000	1,304,575
$17,445,000 – 2010 Limited General Obligation Bonds (Qualified School Construction Bonds – Direct Payment to Issuer) interest rate of 5.52% maturing on June, 2027 with one payment of $17,445,000.	17,445,000	10,592,604
$43,700,000 – 2010 Unlimited GO Refunding Bonds, interest rates of 2.0% to 4.0% maturing through June, 2021 in annual installments of $565,000 to $6,715,000.	29,005,000	3,224,751
$34,815,000 – 2011 Unlimited GO Refunding Bonds, interest rates of 2.5% to 5.0% maturing through December 1, 2021 in annual installments of $100,000 to $5,895,000.	21,850,000	3,751,775
Subtotal Long-Term Bonded Debt	$ 92,095,000	$ 18,873,705

	Principal 08/31/16	Interest 08/31/16
Subtotal Long-Term Bonded Debt	$ 92,095,000	$ 18,873,705
$19,000,000 – 2012 Unlimited GO Refunding Bonds, interest rate of 4.0% maturing through December 1, 2020 in annual installments of $8,535,000 and $10,465,000.	19,000,000	3,078,600

$4,800,000 – 2012 Limited GO Bonds, interest rates of 1.67% to 2.2% maturing through December 1, 2017 in annual installments of $460,228 to $460,231.	1,350,863	29,827
$19,070,000 – 2015 Unlimited GO Refunding Bonds, interest rates of 3.0% to 5.0% maturing through December 1, 2018 in annual installments $5,905,000 to $6,855,000.	19,070,000	1,418,700
TOTAL LONG-TERM BONDED DEBT 8/31/15	$ 131,515,863	$ 23,400,832

Annual Requirements to Amortize Long-Term Debt as of August 31, 2016

Year Ending August 31	Principal	Interest	Total
2017	$ 21,055,642	$ 5,121,571	$ 26,177,213
2018	23,510,221	4,364,109	27,874,330
2019	20,500,000	3,469,702	23,969,702
2020	20,225,000	2,677,727	22,902,727
2021	23,015,000	1,845,814	24,860,814
2022	5,765,000	1,107,089	6,872,089
2023		962,964	962,964
2024		962,964	962,964
2025		962,964	962,964
2026		962,964	962,964
2027	17,445,000	962,964	18,407,964
Total Long-Term Bonded Debt	$131,515,863	$23,400,832	$154,916,695

At August 31, 2016, the District had $13,082,680 available in the Debt Service Fund to service the general obligation bonds.

Sinking Fund

In 2010, the District issued $17,445,000 worth of Qualified School Construction Bonds. As a condition of selling the bonds, the District is required to maintain a sinking fund account with the U.S. Bank National Association.

The District will deposit with the Bank annual payments, in approximately equal amounts, commencing on June 1, 2011 and annually thereafter so that the balance in the account shall equal, but not exceeding the principal amount of the Bonds on June 1, 2027. The minimum annual deposits into the account is $1,026,176.00, but may be adjusted to take into account interest earnings previously accumulated within the account.

The minimum annual deposits from June 1, 2011 through August 31, 2016 are six payments of $1,026,176 totaling $6,157,056. The balance of the sinking fund as of August 31, 2016 is $6,734,282.

NOTE 11: ENTITY RISK MANAGEMENT ACTIVITIES

Risk Management

Unemployment Compensation Insurance

The district is a member of the SW Washington Unemployment Compensation Pool administered by Educational Service District no. 112. The purpose of this pool is to share the risk of unemployment compensation claims arising from previous employees of the members. The Pool is fully funded by its member participants. Member districts pay a percentage of their employee's wages. These contributions plus investment earnings pay for unemployment claims and for the administration of the fund. There is provision that members can be additionally assessed if the Pool needs additional funding. The financial statements of the pool may be obtained by contacting Educational Service District No. 112.

Worker's Compensation Insurance

The district is a member of the Worker's Compensation Trust administered by Educational Service District No. 112. This Trust provides industrial injury accident insurance coverage for its membership. The Trust is fully funded by its member participants. Member contributions are calculated based on the members' hours worked. The Trust retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by its excess insurance contracts. The Trust acquires insurance unrelated underwriters. The Trust's per-occurrence retention limit is $450,000 and the annual aggregate retention is $5,000,368. Since the Trust is a cooperative program, there is a joint liability among participating members. The financial statements of the pool may be obtained by contacting Educational Service District No. 112.

Property, Casualty and Liability Insurance

The district is a member of the Schools Insurance Association of Washington, a public entity insurance program that presently has 37 member districts.

The program allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Wrongful Act and Employee Benefit Liability are on a "claims-made basis." All other coverages are on an "occurrence basis." The program provides the following forms of group purchased insurance coverage for its members: Property, earthquake, liability, vehicle liability, equipment breakdown, crime, employee benefits, and wrongful act liability. The program is fully funded by its member participants.

The program acquires liability insurance through their administrator, Clear Risk Solutions, formerly Canfield, that is subject to a per-occurrence self-insured retention (SIR) of $100,000. Members are responsible for a standard deductible of $2,500 for each claim, while the program is responsible for the $100,000 SIR. Insurance carriers cover insured losses over $102,500 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the $100,000 SIR. The program also purchases a Stop Loss Policy with an attachment point of $2,807,854, to reduce risk to members, which is fully funded.

Property insurance is subject to a per-occurrence SIR of $250,000. Members are responsible for the first $10,000 of the deductible amount of each claim, while the program is responsible for the $250,000 SIR. Insurance carriers cover insured losses over $260,000 to the limits of each policy.

Equipment breakdown insurance is subject to a per-occurrence deductible of $10,000. Members are responsible for the deductible amount of each claim.

A governing board of eight members is selected by the membership and is responsible for conducting the business affairs of the program. The Board of Directors has contracted with Clear Risk Solutions to perform day-to-day administration of the program. This program has no employees.

The program is fully funded by its member participants. Claims are filed by members with Clear Risk Solutions, which has been contracted to perform program administration, claims adjustment and administration and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ended August 31, 2016, were $3,219,450.

Members contract to remain in the program for one year and must give notice before December 31 before terminating participation the following September 1. Renewal of the Interlocal Agreement occurs automatically each year. Even after termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

Washington State RCW 48.62 authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1995, when seven mid-sized school districts in the State of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services.

NOTE 12: PROPERTY TAXES

Property tax revenues are collected as the result of special levies passed by the voters in the District. Taxes are levied on January 1. The taxpayer has the obligation of paying all taxes on April 30 or one-half then and one-half on October 31. Typically, slightly more than half of the collections are made on the April 30 date. The County Treasurer receipts property tax payments and distributes to the various taxing districts. Payments made prior to the October 31 deadline are recognized as revenue if the funds are available to the District within 30 days after its year-end. The remaining property taxes that are not available to the District within 30 days are recorded as unavailable revenue.

NOTE 13: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

OTHER DISCLOSURES

King County Directors' Association

The Evergreen School District is a member of the King County Directors' Association, a purchasing cooperative consisting of more than 200 school districts throughout the State of Washington. The Evergreen School District's annual purchases approximated $753,195 for the year ending December 31, 2015. At December 31, 2015, the Evergreen School District's equity in the King County Directors' Association was $50,223. Because of the purchasing power of KCDA, it is the intent of the district to main a member. One year after notice of termination has been given by the district, the following options are available in regard to withdrawing the ownership amount if a district so chooses:

1. A district may withdraw inventory at a maximum rate of ten (10) percent per year for a ten (10) year period or;

2. A district may withdraw cash equally over a fifteen (15) year period.
   The annual financial statements of the purchasing cooperative are available from:

   King County Directors Association
   18639 80th Avenue South
   PO Box 5550
   Kent, Washington 98064-5550

NOTE 14: TERMINATION BENEFITS

Compensated Absences

Employees earn sick leave at a rate of 12 days per year up to a maximum of one contract year.

Under the provisions of RCW 28A.400.210, Revised Code of Washington, sick leave accumulated by District employees is reimbursed at death or retirement at the rate of one day for each four days of accrued leave, limited to 180 accrued days. This statute also provides for an annual buy back of an amount up to the maximum annual accumulation of twelve days. For buy-back purposes, employees may accumulate such leave to a maximum of 192 days, including the annual accumulation, as of December 31 of each year.

These expenditures are recorded when paid, except termination sick leave that is accrued upon death, retirement, or upon termination provided the employee is at least 55 years of age and has sufficient years of service. Vested sick leave is computed using the vesting method.

Vacation pay that is expected to be liquidated with expendable available financial resources is reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported on the Schedule of Long-Term Debt. No expenditure is reported for these amounts.

NOTE 15: OTHER DISCLOSURES

Clark County Skills Center

The District is the host district for the Clark County Skills Center, a regional program designed to provide career and technical education opportunities to students in participating districts. The purpose of a Skills Center is to enhance the career and technical education course offerings among districts by avoiding unnecessary duplication of courses.

The Clark County Skills Center was created through an agreement of the ten member districts. The Skills Center is governed by an Administrative Council, comprised of the superintendents, or their appointed representatives, of all member districts. The Skills Center administration is handled through a director, employed by the District.

As host district, the District has the following responsibilities:

1. Employ staff of the Skills Center.
2. Act as fiscal agent for the Skills Center and maintain separate accounts and fund balances for each fund.
3. Review and adopt the Skills Center budget as a part of the District's overall budget.
4. Provide such services as may be mutually agreed upon by the District and the Skills Center.

Sources of Funding

The Skills Center is primarily funded by state apportionment, based on the number of students who attend the Skills Center. Other sources of income include federal grants from the Carl D. Perkins program, tuition and fees, and payments from member districts.

Facility Maintenance and Improvements

The participating member districts approve annually the amount of funding to be set aside for use on Skills Center facility maintenance and improvements. Any amounts set aside that have not been expended for maintenance and improvements are recorded as a restriction of the District's General Fund balance.

Unspent Funds

Any funds remaining at the end of the year from Skills Center operations are recorded as a restriction of the District's General Fund balance, and are to be used for financing future operations of the Skills Center. Member districts do not have claim to any unspent funds of the Skills Center.

Financial operations of this facility are included in these financial statements in the amount of revenues and expenditures totaling $4,879,291 and $4,817,628, respectively. Comparable revenues and expenditures during the preceding year were $4,643,522 and $4,631,408, respectively.

The following districts are member districts of the Skills Center:

Battle Ground School District No. 119	Camas School District No. 117
Educational Service District No. 112	Evergreen School District No. 114
Hockinson School District No. 98	LaCenter School District No. 101
Ridgefield School District No. 122	Vancouver School District No. 37
Washougal School District No. 112-6	Woodland School District No. 404

The Clark County Skills Center contracts with other Districts to operate satellite campus programs. A satellite campus is not eligible to claim those students who attend for purposes of receiving direct funding from the state. The other Districts are required to provide the staffing for the satellite campus programs. As the fiscal agent for the Skills Center, the host district reimburses the satellite districts for their costs through interlocal agreements.

EVERGREEN SCHOOL DISTRICT NO. 114
SCHEDULE OF LONG-TERM LIABILITIES
FOR THE YEAR ENDED AUGUST 31, 2016

Description	Beginning Outstanding Debt 9/1/2015	Amount Issued	Amount Redeemed	Ending Outstanding Debt 8/31/2016	Amount Due Within One Year
Voted Debt					
Voted Bonds	132,710,000	19,070,000	39,060,000	112,720,000	20,160,000
Non-Voted Debt and Liabilities					
Non-Voted Bonds	19,672,122		876,259	18,795,863	895,642
Capital Leases	765,959	3,545,898	1,603,664	2,708,193	1,299,388
Contracts Payable					
Non-Cancellable Operating Leases					
Claims & Judgements					
Compensated Absences	5,864,980	268,644		6,133,624	779,682
Long-Term Notes					
Anticipation Notes Payable					
Lines of Credit					
Other Non-Voted Debt					
Other Liabilities					
Non-Voted Notes Not Recorded as Debt					
Net Pension Liabilities:					
Net Pension Liabilities TRS 1	79,257,065		1,411,464	77,845,601	
Net Pension Liabilities TRS 2/3	21,385,828	10,074,869		31,460,697	
Net Pension Liabilities SERS 2/3	7,435,844	3,857,969		11,293,813	
Net Pension Liabilities PERS 1	14,546,438		406,064	14,140,374	
Total Long-Term Liabilities	281,638,236	36,817,380	43,357,451	275,098,165	23,134,712

Evergreen School District No. 114
Schedule of Expenditures of Federal Awards
For the Year Ending August 31, 2016

Federal Agency Name	Pass Through Agency	Fedederal Program Title	CFDA Number	Other Identification Number	From Direct Awards	From Pass-Through Awards	Total	Passed Through To Subrecipients	Footnote
US Department of Agriculture		Child Nutrition Cluster:							
	WA OSPI	School Breakfast Program	10.553			$942,822	$942,822		
	WA OSPI	National School Lunch Program-Cash Assistance	10.555			$4,710,420	$4,710,420		
	WA OSPI	National School Lunch Program-Non Cash Assistance Food Commodities	10.555			$543,490	$543,490		(2)
	WA OSPI	Summer Food Service Program for Children	10.559			$232,818	$232,818		
	WA OSPI	Summer Food Service Program for Children	10.559			$16,382	$16,382		
		Subtotal Child Nutrition Cluster					$6,445,932		
	WA OSPI	Child and Adult Care Food Program	10.558			$90,075	$90,075		
	WA OSPI	Child and Adult Care Food Program	10.558			$5,654	$5,654		
	WA St. Treasurer Office	Schools and Roads-Grants to States	10.665			$670	$670		
			Total US Deptartment of Agriculture			$6,542,332	$6,542,332		
US Department of Education	MDRC	Special Education - Studies and Evaluations	84.ED-OES-14-C-0003	MDRC		$272,466	$272,466		
	WA OSPI	Title I Grants to Local Educational Agencies	84.010A	201950		$5,260,926	$5,260,926		(3,4)
		Special Education Cluster:							
	WA OSPI	Special Education - Grants to States	84.027A	305453		$4,295,495	$4,295,495		
	WA OSPI	Special Education - Grants to States	84.027A	337821		$116,208	$116,208		
	WA OSPI	Special Education - Preschool Grants	84.173A	363453		$89,369	$89,369		
		Subtotal Special Education Cluster					$4,501,072		
	WA OSPI	Career and Technical Education - Basic Grants to States	84.048	173242		$589	$589		
	WA OSPI	Career and Technical Education - Basic Grants to States	84.048	173228		$477	$477		
	WA OSPI	Career and Technical Education - Basic Grants to States	84.048	173439		$48,089	$48,089		(4)
	WA OSPI	Career and Technical Education - Basic Grants to States	84.048	173440		$143,358	$143,358		(4)
		Indian Education - Grants to Local Educational Agencies	84.060A	S060A152181	$53,483		$53,483		
	WA OSPI	Education for Homeless Children and Youth	84.196	456189		$27,741	$27,741		
	WA OSPI	English Language Acquisition State Grants	84.365A	402171		$356,900	$356,900		
	WA OSPI	Supporting Effective Instruction State Grant	84.367	523748		$544,515	$544,515		(4)
			Total US Deptartment of Education		$53,483	$11,156,134	$11,209,616		
Department of Health and Human Services	WA OSPI	Cooperative Agreements to Promote Adolescent Health Through School-Based HIV/STD Prevention and School Based Surveillance	93.079	930087		$1,054	$1,054		
	ESD #112	Drug Free Communities Support Program Grants	93.276	PO# 700600133		$30,279	$30,279		
	WA OSPI	Pregnancy Assistance Fund Program	93.500	179147		$9,615	$9,615		
			Total US Dept of Health and Human Services			$40,948	$40,948		
			TOTAL FEDERAL AWARDS EXPENDED		**$53,483**	**$17,739,414**	**$17,792,896**		

The notes to the Schedule of Federal Awards is an integral part of this statement

Evergreen School District No. 114
Notes to Schedule of Federal Financial Assistance
September 1, 2015 Through August 31, 2016

Note 1 Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

Note 2 Non Cash Awards

The amount of food commodities reported on the schedule is the market value of commodities distributed by the District during the current year. The value is determined by the USDA.

Note 3 Schoolwide Programs

The District operates a "schoolwide program" in thirteen elementary buildings. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limit services to certain targeted students. The following federal program amounts were expended by the District in its schoolwide program: Title I (84.010) $5,260,926.

Note 4 Federal Indirect Rate

The District used a federal restricted rate of 2.75%. The District has not elected to use the 10 - percent de minimis indirect cost rate allowed under the Uniform Guidance.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as fraud, state whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov