



**Washington State Auditor's Office**

**Troy Kelley**

**Integrity • Respect • Independence**

**Financial Statements and Federal Single Audit  
Report**

**Battle Ground School District No. 119**

**Clark County**

**For the period September 1, 2013 through August 31, 2014**

**Published April 2, 2015**

**Report No. 1013885**





**Washington State Auditor**  
**Troy Kelley**

April 2, 2015

Board of Directors  
Battle Ground School District No. 119  
Battle Ground, Washington

**Report on Financial Statements and Federal Single Audit**

Please find attached our report on Battle Ground School District No. 119'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,

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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## FEDERAL SUMMARY

**Battle Ground School District No. 119**  
**Clark County**  
**September 1, 2013 through August 31, 2014**

The results of our audit of Battle Ground School District No. 119 are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

### Financial Statements

An unmodified opinion was issued on the financial statements.

#### 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 under section 510(a) of OMB Circular A-133.

## Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
84.027	Special Education Cluster (IDEA) - Special Education - Grants to States (IDEA, Part B)
84.173	Special Education Cluster (IDEA) - Special Education - Preschool Grants (IDEA Preschool)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The District qualified as a low-risk auditee under OMB Circular A-133.

**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**

**Battle Ground School District No. 119  
Clark County  
September 1, 2013 through August 31, 2014**

Board of Directors  
Battle Ground School District No. 119  
Battle Ground, 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 Battle Ground School District No. 119, Clark County, Washington, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated March 13, 2015. As discussed in Note 1 to the financial statements, during the year ended August 31, 2014, the District implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

**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.

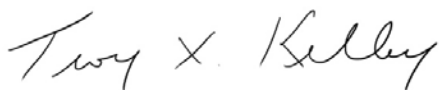
## COMPLIANCE AND OTHER MATTERS

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.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

March 13, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

**Battle Ground School District No. 119  
Clark County  
September 1, 2013 through August 31, 2014**

Board of Directors  
Battle Ground School District No. 119  
Battle Ground, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM**

We have audited the compliance of Battle Ground School District No. 119, Clark County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014. The District's major federal programs are identified in the accompanying Federal Summary.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program



occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. 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, 2014.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

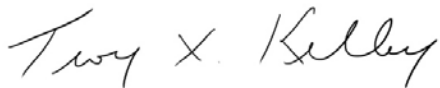
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal

control 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 OMB Circular A-133. 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.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

March 13, 2015

# INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

## **Battle Ground School District No. 119 Clark County September 1, 2013 through August 31, 2014**

Board of Directors  
Battle Ground School District No. 119  
Battle Ground, Washington

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Battle Ground School District No. 119, Clark County, Washington, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 14.

### **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 opinions.

### **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 Battle Ground School District No. 119, as of August 31, 2014, 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 Project and Fiduciary funds as of August 31, 2014, 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.

### **Matters of Emphasis**

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

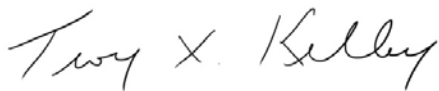
## Other Matters

### *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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedules of Long-Term Liabilities are 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 March 13, 2015 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.



TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

March 13, 2015

## **FINANCIAL SECTION**

**Battle Ground School District No. 119**  
**Clark County**  
**September 1, 2013 through August 31, 2014**

### **FINANCIAL STATEMENTS**

Balance Sheet – Governmental Funds – 2014  
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental  
Funds – 2014  
Statement of Fiduciary Net Position – Fiduciary Funds – 2014  
Statement of Changes in Fiduciary Net Position– Fiduciary Funds – 2014  
Notes to Financial Statements – 2014

### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedules of Long-Term Liabilities – 2014  
Schedule of Expenditures of Federal Awards and Notes – 2014

## Balance Sheet

## Governmental Funds

August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>ASSETS:</b>							
Cash and Cash Equivalents	2,087,084.10	43,375.96	3,601.97	0.00	0.00	0.00	2,134,062.03
Minus Warrants Outstanding	-1,892,352.60	-493.34	0.00	0.00	0.00	0.00	-1,892,845.94
Taxes Receivable	11,408,150.32		2,368,897.20	0.00	0.00		13,777,047.52
Due From Other Funds	23,824.15	0.00	0.00	25,575.00	0.00	0.00	49,399.15
Due From Other Governmental Units	832,154.27	0.00	0.00	0.00	0.00	0.00	832,154.27
Accounts Receivable	128,149.30	837.00	0.00	0.00	0.00	0.00	128,986.30
Interfund Loans Receivable	1,216,408.38			0.00			1,216,408.38
Accrued Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	309,313.21	322.60					309,635.81
Prepaid Items	109,017.75	0.00		0.00	0.00	0.00	109,017.75
Investments	2,441,129.38	837,212.01	2,568,252.83	631,305.81	0.00	0.00	6,477,900.03
Investments/Cash With Trustee	0.00		0.00	0.00	0.00	0.00	0.00
Investments-Deferred Compensation	0.00			0.00			0.00
Self-Insurance Security Deposit	0.00						0.00
<b>TOTAL ASSETS</b>	<b>16,662,878.26</b>	<b>881,254.23</b>	<b>4,940,752.00</b>	<b>656,880.81</b>	<b>0.00</b>	<b>0.00</b>	<b>23,141,765.30</b>
<b>LIABILITIES:</b>							
Accounts Payable	1,053,314.75	1,703.53	0.00	0.00	0.00	0.00	1,055,018.28
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	998,234.32	0.00		0.00			998,234.32
Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
Payroll Deductions and Taxes Payable	5,985.10	0.00		0.00			5,985.10
Due To Other Governmental Units	0.00	0.00		0.00	0.00	0.00	0.00
Deferred Compensation Payable	0.00			0.00			0.00
Estimated Employee Benefits Payable	0.00						0.00
Due To Other Funds	25,575.00	5,999.22	0.00	17,824.93	0.00	0.00	49,399.15

The accompanying notes are an integral part of this financial statement.

## Balance Sheet

## Governmental Funds

August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>LIABILITIES:</b>							
Interfund Loans Payable	0.00		0.00	1,216,408.38	0.00		1,216,408.38
Deposits	0.00	0.00		0.00			0.00
Unearned Revenue	0.00	0.00	0.00	0.00	0.00		0.00
Matured Bonds Payable			0.00				0.00
Matured Bond Interest Payable			0.00				0.00
Arbitrage Rebate Payable	0.00		0.00	0.00	0.00		0.00
<b>TOTAL LIABILITIES</b>	<b>2,083,109.17</b>	<b>7,702.75</b>	<b>0.00</b>	<b>1,234,233.31</b>	<b>0.00</b>	<b>0.00</b>	<b>3,325,045.23</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Unavailable Revenue	228.00	0.00	0.00	0.00	0.00	0.00	228.00
Unavailable Revenue - Taxes Receivable	11,408,150.32		2,368,897.20	0.00	0.00		13,777,047.52
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>11,408,378.32</b>	<b>0.00</b>	<b>2,368,897.20</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>13,777,275.52</b>
<b>FUND BALANCE:</b>							
Nonspendable Fund Balance	418,330.96	0.00	0.00	0.00	0.00	0.00	418,330.96
Restricted Fund Balance	50,000.00	873,551.48	2,571,854.80	607,782.79	0.00	0.00	4,103,189.07
Committed Fund Balance	2,703,059.81	0.00	0.00	0.00	0.00	0.00	2,703,059.81
Assigned Fund Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unassigned Fund Balance	0.00	0.00	0.00	-1,185,135.29	0.00	0.00	-1,185,135.29
<b>TOTAL FUND BALANCE</b>	<b>3,171,390.77</b>	<b>873,551.48</b>	<b>2,571,854.80</b>	<b>-577,352.50</b>	<b>0.00</b>	<b>0.00</b>	<b>6,039,444.55</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE</b>	<b>16,662,878.26</b>	<b>881,254.23</b>	<b>4,940,752.00</b>	<b>656,880.81</b>	<b>0.00</b>	<b>0.00</b>	<b>23,141,765.30</b>

The accompanying notes are an integral part of this financial statement.



## Statement of Revenues, Expenditures, and Changes in Fund Balance

## Governmental Funds

For the Year Ended August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>REVENUES:</b>							
Local	26,957,970.20	1,104,213.69	5,117,029.10	1,927,339.66	0.00		35,106,552.65
State	92,083,149.34		471,554.25	1,000,000.00	0.00		93,554,703.59
Federal	7,390,784.17		0.00	0.00	0.00		7,390,784.17
Federal Stimulus	0.00						0.00
Other	64,176.10			0.00	0.00	0.00	64,176.10
<b>TOTAL REVENUES</b>	<b>126,496,079.81</b>	<b>1,104,213.69</b>	<b>5,588,583.35</b>	<b>2,927,339.66</b>	<b>0.00</b>	<b>0.00</b>	<b>136,116,216.51</b>
<b>EXPENDITURES:</b>							
<b>CURRENT:</b>							
Regular Instruction	70,773,521.74						70,773,521.74
Federal Stimulus	0.00						0.00
Special Education	14,327,323.46						14,327,323.46
Vocational Education	5,943,698.41						5,943,698.41
Skill Center	0.00						0.00
Compensatory Programs	4,871,071.54						4,871,071.54
Other Instructional Programs	1,320,855.41						1,320,855.41
Community Services	547,685.26						547,685.26
Support Services	27,346,530.06						27,346,530.06
Student Activities/Other		1,050,300.26				0.00	1,050,300.26
<b>CAPITAL OUTLAY:</b>							
Sites				0.00			0.00
Building				5,043,194.55			5,043,194.55
Equipment				120,481.10			120,481.10
Instructional Technology				0.00			0.00
Energy				2,356,056.03			2,356,056.03
Transportation Equipment					0.00		0.00
Sales and Lease					0.00		0.00
Other	444,137.52						444,137.52
<b>DEBT SERVICE:</b>							
Principal	0.00		3,601,747.06	0.00	0.00		3,601,747.06
Interest and Other Charges	3,359.49		2,134,297.64	30,272.21	0.00		2,167,929.34
Bond/Levy Issuance				0.00	0.00		0.00
<b>TOTAL EXPENDITURES</b>	<b>125,578,182.89</b>	<b>1,050,300.26</b>	<b>5,736,044.70</b>	<b>7,550,003.89</b>	<b>0.00</b>	<b>0.00</b>	<b>139,914,531.74</b>

The accompanying notes are an integral part of this financial statement.

## Statement of Revenues, Expenditures, and Changes in Fund Balance

## Governmental Funds

For the Year Ended August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>DEBT SERVICE:</b>							
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	917,896.92	53,913.43	-147,461.35	-4,622,664.23	0.00	0.00	-3,798,315.23
<b>OTHER FINANCING SOURCES (USES):</b>							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00	0.00	0.00
Long-Term Financing	168,705.85			0.00	0.00		168,705.85
Transfers In	0.00		395,700.51	376,893.02	0.00		772,593.53
Transfers Out (GL 536)	-396,700.51		-375,893.02	0.00	0.00	0.00	-772,593.53
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	0.00		0.00	0.00	0.00		0.00
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-227,994.66</b>		<b>19,807.49</b>	<b>376,893.02</b>	<b>0.00</b>	<b>0.00</b>	<b>168,705.85</b>
<b>EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	689,902.26	53,913.43	-127,653.86	-4,245,771.21	0.00	0.00	-3,629,609.38
<b>BEGINNING TOTAL FUND BALANCE</b>	<b>2,481,488.51</b>	<b>819,638.05</b>	<b>2,699,508.66</b>	<b>3,668,418.71</b>	<b>0.00</b>	<b>0.00</b>	<b>9,669,053.93</b>
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>ENDING TOTAL FUND BALANCE</b>	<b>3,171,390.77</b>	<b>873,551.48</b>	<b>2,571,854.80</b>	<b>-577,352.50</b>	<b>0.00</b>	<b>0.00</b>	<b>6,039,444.55</b>

The accompanying notes are an integral part of this financial statement.

Battle Ground School District No. 119  
Statement Of Fiduciary Net Position  
Fiduciary Funds  
August 31, 2014

<b>ASSETS:</b>	<b>Private Purpose Trust</b>	<b>Other Trust</b>
Imprest Cash	5,618.24	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	0.00	0.00
Minus Warrants Outstanding	0.00	0.00
Due From Other Funds	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	0.00
Investments	6,687.30	0.00
Investments/Cash With Trustee	0.00	0.00
Other Assets	0.00	
Capital Assets, Land	0.00	
Capital Assets, Buildings	0.00	
Capital Assets, Equipment	0.00	0.00
Accum Depreciation, Buildings	0.00	
Accum Depreciation, Equipment	0.00	0.00
<b>TOTAL ASSETS</b>	<b>12,305.54</b>	<b>0.00</b>
<b>LIABILITIES:</b>		
Accounts Payable	0.00	0.00
Due To Other Funds	2,500.00	0.00
<b>TOTAL LIABILITIES</b>	<b>2,500.00</b>	<b>0.00</b>
<b>NET POSITION:</b>		
<b>Held in trust for:</b>		
Trust Principal	0.00	0.00
Other Purposes	0.00	0.00
Private Purposes	9,805.54	0.00
Fund Purposes	0.00	0.00
Pension And Other Purposes	0.00	0.00
<b>TOTAL NET POSITION</b>	<b>9,805.54</b>	<b>0.00</b>

The accompanying notes are an integral part of this

financial statement.

## Statement of Changes in Fiduciary Net Position

## Fiduciary Funds

For the Year Ended August 31, 2014

	Private Purpose Trust	Other Trust
<b>ADDITIONS:</b>		
Contributions:		
Private Donations	4,035.00	0.00
Employer		0.00
Members		0.00
Other	645.00	0.00
<b>TOTAL CONTRIBUTIONS</b>	<b>4,680.00</b>	<b>0.00</b>
<b>Investment Income:</b>		
Net Appreciation (Depreciation) in Fair Value	0.00	0.00
Interest and Dividends	23.93	0.00
Less Investment Expenses	0.00	0.00
Net Investment Income	23.93	0.00
<b>Other Additions:</b>		
Rent or Lease Revenue	0.00	0.00
Total Other Additions	0.00	0.00
<b>TOTAL ADDITIONS</b>	<b>4,703.93</b>	<b>0.00</b>
<b>DEDUCTIONS:</b>		
Benefits		0.00
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	0.00
Scholarships	0.00	
Other	4,432.97	0.00
<b>TOTAL DEDUCTIONS</b>	<b>4,432.97</b>	<b>0.00</b>
Net Increase (Decrease)	270.96	0.00
Net Position--Beginning	9,534.58	0.00
Prior Year(s) Corrections or Restatements	0.00	0.00
<b>NET POSITION--ENDING</b>	<b>9,805.54</b>	<b>0.00</b>

The accompanying notes are an integral part of this financial statement.

**Battle Ground School District No. 119**  
**Notes to the Financial Statements**  
**September 1, 2013 through August 31, 2014**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Battle Ground School 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 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.

**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 private-purpose trust funds and are used to account for assets that are held in trust by the District in a trustee 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. Property taxes receivable are measurable but not available and are, therefore, not accrued. Categorical program claims and inter-district 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.

**Non-spendable Fund Balance.** The amounts reported as Non-spendable 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.

**Restricted Fund Balance.** 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.

**Committed Fund Balance.** 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 a school board policy. 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

**Assigned Fund Balance.** 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 Board of Directors 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.

## **Receivables and Payables**

All receivables and payables are expected to be collected within one year in the General Fund.

## **Inventory**

Inventory is valued at cost using the weighted average method. The consumption method of inventory is used, which charges inventory as an expenditure when it is consumed. A portion of fund balance, representing inventory, is considered Non-spendable. 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.

## **Accounting and Reporting Changes for 2013–2014**

Effective for the 2013-2014 school year, the district implemented provisions of *GASB Statement No. 65 Items Previously Reported as Assets and Liabilities*. As a result, deferred property taxes were reclassified from liabilities to deferred inflows of resources.

**NOTE 2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

The Clark County Treasurer is the *ex officio* treasurer for the District and holds all accounts of the District. The District directs the County Treasurer to invest those financial resources of the District that the District has determined are not needed to meet the current financial obligations of the District.

All of the District's investments during the year and at year-end were insured or registered and held by the District or its agent in the District's name.

The District's investments as of August 31, 2014 are as follows:

	Number of Securities	Carrying Amount	Market Value
County Treasurer's Investment Pool	0	\$6,484,587	\$6,217,560

**NOTE 3: SIGNIFICANT CONTINGENT LIABILITIES****Litigation**

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

**NOTE 4: SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS**

There were no events after the balance sheet date that would have a material impact on the next or future fiscal years.

**NOTE 5: ANNUAL PENSION COST AND NET PENSION OBLIGATIONS****General Information**

Substantially all 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 the Washington State Department of Retirement Systems (DRS): Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS) and School Employees' Retirement System (SERS). Participation in the programs was as follows:

Membership by retirement system program as of June 30, 2013:

Program	Active Members	Inactive Vested Members	Retired Members
TRS	65,935	9,823	44,220
PERS	150,706	31,047	85,328
SERS	52,295	11,588	9,079

Certificated public employees are members of TRS. Non-certificated public 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. Plan 1 members are eligible to retire with full benefits after five years of credited service and attainment of age 60, after 25 years of credited service and attainment of age 55, or after 30 years of credited service.

Plan 2 under the TRS or SERS programs are defined benefit pension plans whose members joined on or after October 1, 1977, but before June 30, 1996 or August 31, 2000, for TRS or SERS, respectively. Members of TRS and SERS are eligible to retire with full benefits after five years of credited service and attainment of age 65, after 20 years of credited service and attainment of age 55 with the benefit actuarially reduced from age 65, or 30 years of credited service and receive either a reduced benefit or stricter return-to-work rules.

Plan 3 under the TRS and SERS programs are defined benefit, defined contribution pension plans whose members joined on or after July 1, 1996, or September 1, 2000, for TRS and SERS, respectively. Members are eligible to retire with full benefits at age 65, or they may retire at age 55 with at least ten service years with a reduced benefit amount,



or they may retire at age 55 with at least 30 service years and receive either a reduced benefit or stricter return-to-work rules.

Average final compensation (AFC) of Plan 1 TRS and PERS members is the highest average salary during any two consecutive years. For Plan 2 and Plan 3 TRS and SERS members, it is the highest average salary during any five consecutive years.

The retirement allowance of Plan 1 TRS and PERS members is the AFC multiplied by 2 percent per year of service, capped at 60 percent, with a cost-of-living adjustment. For Plan 2 TRS and SERS members, it is the AFC multiplied by 2 percent per year of service with provision for a cost-of-living adjustment. For the defined benefit portion of Plan 3 TRS and SERS members, it is the AFC multiplied by 1 percent per year of service with a cost-of-living adjustment.

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 employee contribution rate for Plan 1 in PERS and TRS is set by statute at 6 percent and does not vary from year to year. The employer rate is the same for all plans in a system. 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.

The District's contribution represents its full liability under both systems, except that future rates may be adjusted to meet the system needs.

### Contributions

Employee contribution rates as of August 31, 2014:

Plan 1 TRS	6.00%	Plan 1 PERS	6.00%
Plan 2 TRS	4.69%	Plan 2 SERS	4.646%
Plan 3 TRS and SERS: Member-selected rate between five percent and fifteen percent, depending on plan options.			

Employer contribution rates as of August 31, 2014:

Plan 1 TRS	10.39%	Plan 1 PERS	9.21%
Plan 2 TRS	10.39%	Plan 2 SERS	9.82%
Plan 3 TRS	10.39%	Plan 3 SERS	9.82%

Under current law the employer must contribute 100 percent of the employer-required contribution. Employer required contributions in dollars (participant information for all plans is as of August 31):

Plan	Fiscal Year 2013-14	Fiscal Year 2012-13	Fiscal Year 2011-12
Plan 1 TRS	\$149,453	\$126,861	\$145,289
Plan 2 TRS	\$1,178,398	\$821,748	\$711,201
Plan 3 TRS	\$3,847,403	\$3,074,783	\$3,057,012
Plan 1 PERS	\$19,572	\$15,579	\$14,974
Plan 2 SERS	\$501,519	\$354,274	\$334,614
Plan 3 SERS	\$928,402	\$667,467	\$685,413

Historical trend information showing TRS, PERS, and SERS progress in accumulating sufficient assets to pay benefits when due is presented in the state of Washington's June 30, 2014, comprehensive annual financial report. Refer to this report for detailed trend information. It is available from:

State of Washington  
Office of Financial Management  
300 Insurance Building  
P.O. Box 43113  
Olympia, WA 98504-3113

## **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 2013-14, the District was required to pay the HCA \$64.40 per month per full-time equivalent employee to support the program, for a total payment of \$943,727. 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 NONCAPITALIZED (OPERATING) LEASES**

The district has both capital and operating lease obligations within the general fund. There are no related party leases.

A lease would be classified as capital (a purchase by the District) when it meets one or more of the following criteria: the lease transfers ownership of the property to the district at the end of the lease term; the lease contains a bargain purchase option; term is equal to 75% or more of the estimated economic life of the leased property; or the present value of the lease payments, at inception, equals at least 90% of the fair value of the lease property.

An operating lease is any lease not satisfying any of the criteria for capitalization. The lease payments are recognized as expenditures as they become payable.

### **Capital Lease Commitments**

<b>Lessor</b>	<b>Amount</b>	<b>Annual Installment</b>	<b>Final Installment Date</b>	<b>Interest Rate</b>	<b>Balance 8/31/2014</b>
Musco Finance (PHS Turf Lights)	\$ 249,278	\$49,856	2018	3.95%	\$ 181,184
Dell Finance (Servers)	\$ 144,638	\$31,042	2017	7.31%	\$ 94,524
Dell Finance (Computers)	\$ 278,523	\$97,416	2015	4.93%	\$ 92,017
US Bancorp (POA printer)	\$ 303,840	\$101,280	2015	10.30%	\$ 26,640
Dell Finance (Computers)	\$ 477,310	\$167,087	2016	5.65%	\$ 307,836
Kansas Bank (IT Network Security)	\$ 58,520	\$23,235	2015	8.77%	\$ 25,676
GE Capital	\$ 168,706	\$37,376	2018	3.75%	\$ 168,706
<b>Total Capital Lease Commitments</b>					<b>\$ 896,583</b>

**Operating Leases**

Year ending August 31	Annual Minimum Lease Payment
2014-2015	\$ 283,168
2015-2016	\$ 278,097
2016-2017	\$ 274,444
2017-2018	\$ 25,920
2018-2019	\$ 25,920
<b>Total Minimum Payments Required</b>	<b>\$ 887,549</b>

**NOTE 8: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS**

The District's capital assets are insured in the amount of \$421,079,151 for fiscal year 2014. In the opinion of the district's insurance consultant, this amount is sufficient to adequately fund replacement of the district's assets.

**NOTE 9: REQUIRED DISCLOSURES ABOUT LONG-TERM LIABILITIES****Long-Term Debt**

Bonds payable at August 31, 2014, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
2006 ESCO	\$ 682,130	\$34,152 - \$41,543	2017	4.40%	\$ 236,218
2012 GO Refunding	\$ 44,295,000	\$820,000- \$6,355,000	2023	2.17%	\$ 43,475,000
2005 GO Bond	\$ 6,895,000	\$1,160,000- \$3,010,000	2014	3.75% - 5.125%	\$ 3,010,000
2007 GO Bond	\$ 9,950,000	\$220,000 - \$700,000	2023	4.00% - 5.00%	\$ 5,000,000
2009 Limited GO Bond	\$ 3,990,000	\$295,000 - \$370,000	2024	2.10%	\$ 3,695,000
2011 Limited GO Bond	\$ 875,000	\$83,805 - \$93,114	2016	2.80% - 3.85%	\$ 450,633
<b>Total General Obligations Bonds</b>					<b>\$ 55,866,851</b>

The following is a summary of general obligation long-term debt transactions of the District for the year ended August 31, 2014:

Long-Term Debt Payable at 9/1/2013	\$ 59,467,521
New Issue	\$ -
Debt Retired	\$ 3,600,670
<b>Long-Term Debt Payable at 8/31/2014</b>	<b>\$ 55,866,851</b>

The following is a schedule of annual requirements to amortize debt at August 31, 2014:

Year Ending August 31	Principal	Interest	Total
2015	\$ 3,926,872	1,967,099	\$ 5,893,971
2016	\$ 4,494,674	1,827,141	\$ 6,321,815
2017	\$ 4,685,305	1,718,518	\$ 6,403,823
2018	\$ 4,800,000	1,567,110	\$ 6,367,110
2019	\$ 5,190,000	1,371,185	\$ 6,561,185
2020-2025	\$ 32,770,000	3,381,080	\$ 36,151,080
<b>TOTAL</b>	<b>\$ 55,866,851</b>	<b>\$ 11,832,133</b>	<b>\$ 67,698,984</b>

At August 31, 2014, the district had \$2,571,855 available in the debt service fund to service the general obligation bonds.

### Short-Term Debt

Interest bearing warrants, short-term loans from the Clark County Treasurer, cover checks issued by the district when there are not enough funds to pay all of its General Fund obligations. This situation arose at various times during the year-ended August 31, 2014, due to the short-term, cash-flow needs. The district had sufficient funds to repay all registered warrants to the Clark County Treasurer prior to August 31, 2014.

### **NOTE 10: INTERFUND BALANCES AND TRANSFERS**

The following table depicts interfund loan activity:

Debtor Fund	Due To	Balance at 9/1/13	Loan Activity		Balance at 8/31/14
			New Loans	Repayments	
Capital Projects Fund	General Fund	\$0	\$2,505,725	\$1,289,317	\$1,216,408

### **NOTE 11: ENTITY RISK MANAGEMENT ACTIVITIES**

The District is a member of Schools Insurance Association of Washington (SIAW). Chapter 48.62 RCW 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 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. Presently, the SIAW program 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 Liability and Employee Benefit Liability is 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, General Liability, Automotive Liability, Equipment Breakdown, Crime, and Wrongful Acts Liability.

The program acquires Liability insurance through their administrator, Canfield that is subject to a per-occurrence of \$100,000. Members are responsible for a standard deductible of \$2,500 for each claim (some member deductibles vary), while the program is responsible for the \$100,000 self-insured retention (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 \$3,400,000, which it fully funds in its annual budget.

Property insurance is subject to a per-occurrence SIR of \$250,000. Members are responsible for a \$10,000 deductible for each claim (some member deductibles vary), 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 \$10,000.00. Members are responsible for the deductible amount of each claim.

Members contract to remain in the program for one year and must give notice before December 31 to terminate 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.

The program is fully funded by its member participants. Claims are filed by members with Canfield, 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 ending August 31, 2014, were \$2,956,785.70.

A board of directors of eight members is selected by the membership from the east and west side of the state and is responsible for conducting the business affairs of the program. The Board of Directors has contracted with Canfield to perform day-to-day administration of the program. This program has no employees.

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 from unrelated underwriters. The Trust's per-occurrence retention limit is \$400,000 and the annual aggregate retention is \$3,749,476. Since the Trust is a cooperative program, there is a joint liability among participating members. The financial statements of the Trust may be obtained by contacting Educational Service District No. 112.

The district self-insures unemployment compensation for all of its employees. Actual employee claims are paid by the State of Washington, Department of Employment Security and then reimbursed by the district. This self-insurance program costs the district less than full participation in the state unemployment compensation program.

#### **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 October 31 collection is not available in time to cover liabilities for the fiscal period ended August 31. Therefore, the fall portion of property taxes is not accrued as revenue. Instead, the property taxes due on October 31 are recorded as deferred revenue.

#### **NOTE 13: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS**

The district is a member of the King County Directors' Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The District's current equity of \$33,648 is the accumulation of the annual assignment of KCDA's operating surplus based on the percentage derived from KCDA's total sales to the District compared to all other districts applied against paid administrative fees. The District may withdraw from the joint venture and will receive its equity in ten annual allocations of merchandise or 15 annual payments.

**NOTE 14: FUND BALANCE CLASSIFICATION DETAILS**

The District's financial statements include the following amounts presented in aggregate.

	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund
Non-spendable Fund Balance				
Inventory and Prepaid Items	\$418,331			
Restricted Fund Balance				
Carryover of Restricted Funds				
Debt Service				
Arbitrage Rebate				
Uninsured Risks	\$50,000			
Other Items		\$873,551	\$607,783	\$2,571,855
Committed Fund Balance				
Minimum Fund Balance Policy	\$1,870,906			
Other Commitments	\$832,154			
Assigned Fund Balance				
Contingencies				
Other Capital Projects				
Other Purposes				
Fund Purposes				
Unassigned Fund Balance			(\$1,185,135)	

In addition, the Capital Projects Fund has the following amounts in Restricted and Committed Fund Balance, based on the source of the revenues:

Restricted from State Proceeds	\$607,783
--------------------------------	-----------

The Capital Projects ending fund balance of -\$577,352 relates to an interfund loan. The interfund loan was established to accommodate student enrollment growth during the school year 2013-2014 to construct and install certain portable/modular classrooms. The Interfund Loan Resolution (No. L-13) was authorized by the Board of Directors of Battle Ground School District No. 119 on November 18, 2013. The resolution authorized interfund loans from the District's General Fund to the Capital Projects Fund. The loan amount cannot exceed \$2,700,000 to fund cash flow deficits in the Capital Projects Fund. The source of money for repayment of the interfund loan shall be impact fees and other money due to the Capital Projects Fund. During the 2013-2014 school year impact fees collected were \$1,921,565. At the end of the 2013-2014 school year, the interfund loan outstanding balance was \$1,216,408. The interfund loan is expected to be fully repaid during the 2014-2015 school year as budgeted receipted impact fees are estimated to be \$2,000,000.

The Battle Ground School District Board of Directors has established a minimum fund balance policy for the General Fund to provide for financial stability and contingencies within the District. The Board Policy 6022P, is that the District shall commit \$500,000 annually to meet the Committed Fund Balance minimum of 3%. Portions of fund balance that are set aside for the purpose of meeting this policy are recorded on the financial statements as a part of Committed Fund Balance. Board Policy 6022 was met for FY 2013-2014, committing \$558,481 to the General Fund committed fund balance.

**NOTE 15: POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – BOTH SEPARATELY ISSUED PLAN FINANCIAL STATEMENTS AND EMPLOYER STATEMENTS****457 Plan – Deferred Compensation Plan**

District employees have the option of participating in a deferred compensation plan as defined in §457 of the Internal Revenue Code that is administered by the state deferred compensation plan.

#### **403(b) Plan – Tax Sheltered Annuity (TSA)**

The District offers a tax deferred annuity plan for its employees. The plan permits participants to defer a portion of their salary until future years using elective deferrals (employee contribution).

The District complies with IRS regulations that require school districts to have a written plan to include participating investment companies, types of investments, loans, transfers and various requirements. The plan is administered by The OMNI Group. The plan assets are assets of the District employees, not the school district, and are therefore not reflected on these financial statements. For the year ended August 31, 2014, the District made no matching employer contributions to the plan.

#### **NOTE 16: TERMINATION BENEFITS**

##### **Compensated Absences**

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

Under the provisions of RCW 28A.400.210, 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 chapter also provides for an annual buy-back of an amount up to the maximum annual accumulation of 12 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 that the employee is at least 55 years of age and has sufficient years of service. Vested sick leave was computed using the vesting method.

Battle Ground School District No. 119  
Schedule of Long-Term Liabilities: GENERAL FUND  
For the Year Ended August 31, 2014

Description	Beginning Outstanding Debt September 1, 2013	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2014	Amount Due Within One Year
<b>Non-Voted Debt and Liabilities</b>					
Capital Leases	501,819.85	674,358.15	279,594.00	896,584.00	394,614.00
Contracts Payable	0.00	0.00	0.00	0.00	0.00
Non-Cancellable Operating Leases	0.00	0.00	0.00	0.00	0.00
Claims & Judgements	0.00	0.00	0.00	0.00	0.00
Compensated Absences	2,726,502.50	267,250.97	0.00	2,993,753.47	190,079.59
Long-Term Notes	0.00	0.00	0.00	0.00	0.00
Anticipation Notes Payable	0.00	0.00	0.00	0.00	0.00
Lines of Credit	0.00	0.00	0.00	0.00	0.00
Other Non-Voted Debt	0.00	0.00	0.00	0.00	0.00
<b>Other Liabilities</b>					
Non-Voted Notes Not Recorded as Debt	0.00	0.00	0.00	0.00	0.00
Total Long-Term Liabilities	3,228,322.35	941,609.07	279,594.00	3,890,337.42	584,693.59



Schedule of Long-Term Liabilities: DEBT SERVICE FUND

For the Year Ended August 31, 2014

Description	Beginning Outstanding Debt September 1, 2013	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2014	Amount Due Within One Year
<b>Voted Debt</b>					
Voted Bonds	54,545,000.00	0.00	3,060,000.00	51,485,000.00	3,375,000.00
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
<b>Non-Voted Debt</b>					
Non-Voted Bonds	4,614,174.02	0.00	468,541.47	4,145,632.55	476,533.96
LOCAL Program Proceeds	308,346.50	0.00	72,128.59	236,217.91	75,337.71
Total Long-Term Liabilities	59,467,520.52	0.00	3,600,670.06	55,866,850.46	3,926,871.67

**Battle Ground School District #119**  
**Schedule of Expenditures for Federal Awards**  
**For the Year Ending August 31, 2014**

Federal Agency Name	Pass Through Agency	Federal Program Title	Federal CFDA Number	Other ID Number	Expenditures From Direct Awards	Expenditures From Pass Through Awards	Total Expenditures	Footnote Ref
U.S. Department of Agriculture	WA OSPI	National School Lunch Program - Non-cash assistance (commodities)	10.555	None		\$226,290.00	\$226,290.00	3
	WA OSPI	National School Lunch Program - Cash Assistance	10.555	06-119		1,804,348.28	\$1,804,348.28	2
	WA OSPI	Summer Food Service Program for Children	10.559	06-119		26,106.57	\$26,106.57	
	WA OSPI	Child and Adult Care Food Program	10.558	06010376		2,210.41	\$2,210.41	2
	WA OSPI	Schools and Roads - Grants to States	10.665	None		383.46	\$383.46	2
		<b>Dept of AG Total</b>				<b>\$2,059,338.72</b>	<b>\$2,059,338.72</b>	
U.S. Department of Defense	NA	JROTC	12.357	None	143,610.52		\$143,610.52	2
		<b>Dept of Defense Total</b>			<b>143,610.52</b>		<b>\$143,610.52</b>	
U.S. Department of Education	WA OSPI	Title I Grants to Local Educational Agencies	84.010	0201420, 0224480		1,485,983.64	\$1,485,983.64	4,5
	WA OSPI	Special Education Grants to States	84.027	0304858, 0337605		2,481,095.34	\$2,481,095.34	5
	WA OSPI	Career and Technical Education -- Basic Grants to States	84.048	173017		61,156.23	\$61,156.23	5
	WA OSPI	Special Education Preschool Grants	84.173	0364846		105,645.44	\$105,645.44	5
	WA OSPI	English Language Acquisition State Grants	84.365	401823		116,843.39	\$116,843.39	5
	WA OSPI	Title X Grant Education for Homeless Children and Youth	84.196	456156		25,500.00	\$25,500.00	
	WA OSPI	Improving Teacher Quality State Grants	84.367	523367		229,667.04	\$229,667.04	5
		<b>Dept of ED Total</b>				<b>4,505,891.08</b>	<b>4,505,891.08</b>	
U.S. Department of Health & Human Services	HCA	Medical Assistance Program	93.778	0765-24962		587,112.99	\$587,112.99	5
		<b>Dept of HHS Total</b>				<b>587,112.99</b>	<b>\$587,112.99</b>	
<b>Notes to the Schedule of Expenditures of Federal Awards:</b>					<b>Total Federal Awards Expended \$ 143,610.52</b>			

**Note 1-- BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the district's financial statements. The district uses 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-- PROGRAM COSTS/MATCHING CONTRIBUTIONS**

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the district's local matching share, is more than shown.

**Note 3-- NONCASH AWARDS**

The amount of commodities reported on the schedule is the value of commodities distributed by the district during the current prescribed by year and priced by the USDA.

**Note 4-- SCHOOL WIDE PROGRAMS**

The district operate a "school wide program" in four elementary buildings. Using federal funding, school wide 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 school wide programs: Title I (84,010) \$230,746.93.

**Note 5-- FEDERAL INDIRECT RATE**

The district claimed indirect costs under this grant using its federal restricted rate of 3.29% and unrestricted rate of 15.98% .

## 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.

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