



Washington State Auditor's Office

Government that works for citizens

Financial Statements Audit Report

Kalama School District No. 402

Cowlitz County

For the period September 1, 2012 through August 31, 2015

Published February 29, 2016

Report No. 1016198





Washington State Auditor's Office

February 29, 2016

Board of Directors
Kalama School District No. 402
Kalama, Washington

Report on Financial Statements

Please find attached our report on Kalama School District No. 402's financial statements.

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

Sincerely,

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

TABLE OF CONTENTS

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.....	4
Independent Auditor's Report On Financial Statements	7
Financial Section	11
About The State Auditor's Office.....	79

**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**

**Kalama School District No. 402
Cowlitz County
September 1, 2012 through August 31, 2015**

Board of Directors
Kalama School District No. 402
Kalama, 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 Kalama School District No. 402, Cowlitz County, Washington, as of and for the years ended August 31, 2015, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated February 19, 2016. As discussed in Note 1 to the financial statements, during the year ended August 31, 2015, the District implemented Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and 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 audits 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.

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

February 19, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Kalama School District No. 402 Cowlitz County September 1, 2012 through August 31, 2015

Board of Directors
Kalama School District No. 402
Kalama, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Kalama School District No. 402, Cowlitz County, Washington, as of and for the years ended August 31, 2015, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 11.

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 audits. We conducted our audits 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 Kalama School District No. 402, as of August 31, 2015, 2014 and 2013, and the changes in financial position thereof for the years 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, Transportation Vehicle and Fiduciary funds as of August 31, 2015, 2014 and 2013, and the changes in financial position thereof for the years 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. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and 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 audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Long-Term Liabilities are presented for purposes of additional analysis, as required by the prescribed Accounting Manual. This schedule is 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 February 19, 2016 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.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

February 19, 2016

FINANCIAL SECTION

Kalama School District No. 402 Cowlitz County September 1, 2012 through August 31, 2015

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds – 2015
Balance Sheet – Governmental Funds – 2014
Balance Sheet – Governmental Funds – 2013
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – 2015
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – 2014
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – 2013
Statement of Net Position – Fiduciary Funds – 2015
Statement of Net Position – Fiduciary Funds – 2014
Statement of Net Position – Fiduciary Funds – 2013
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2015
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2014
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2013
Notes to Financial Statements – 2015, 2014, and 2013

SUPPLEMENTARY AND OTHER INFORMATION

Schedules of Long-Term Liabilities – 2015
Schedules of Long-Term Liabilities – 2014
Schedules of Long-Term Liabilities – 2013

E.S.D. 112

Balance Sheet

COUNTY: 08 Cowlitz

Governmental Funds

August 31, 2015

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
ASSETS:							
Cash and Cash Equivalents	366,595.67	8,224.53	15.95	59,872.39	2.09	0.00	434,710.63
Minus Warrants Outstanding	-293,010.36	-3,374.39	0.00	-48,145.71	0.00	0.00	-344,530.46
Taxes Receivable	902,770.37		1,005.65	125,371.99	62.81		1,029,210.82
Due From Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Governmental Units	46,423.24	0.00	0.00	0.00	0.00	0.00	46,423.24
Accounts Receivable	1,640.74	0.00	0.00	0.00	0.00	0.00	1,640.74
Interfund Loans Receivable	0.00			0.00			0.00
Accrued Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	2,000.00	0.00		0.00			2,000.00
Prepaid Items	0.00				0.00	0.00	0.00
Investments	971,322.00	48,909.00	54,244.02	580,525.00	1,500.00	0.00	1,656,500.02
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			0.00
Self-Insurance Security Deposit	0.00						0.00
TOTAL ASSETS	1,997,741.66	53,759.14	55,265.62	717,623.67	1,564.90	0.00	2,825,954.99
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred Outflows of Resources - Other	0.00		0.00	0.00	0.00		0.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	1,997,741.66	53,759.14	55,265.62	717,623.67	1,564.90	0.00	2,825,954.99
LIABILITIES:							
Accounts Payable	84,470.56	1,271.56	0.00	159,298.07	0.00	0.00	245,040.19
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	2,947.70	0.00		0.00			2,947.70
Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00

Balance Sheet

Governmental Funds

COUNTY: 08 Cowlitz

August 31, 2015

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
LIABILITIES:							
Payroll Deductions and Taxes Payable	0.00	0.00		0.00			0.00
Due To Other Governmental Units	50,855.50	0.00		0.00	0.00	0.00	50,855.50
Deferred Compensation Payable	0.00			0.00			0.00
Estimated Employee Benefits Payable	0.00						0.00
Due To Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
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
TOTAL LIABILITIES	138,273.76	1,271.56	0.00	159,298.07	0.00	0.00	298,843.39
DEFERRED INFLOWS OF RESOURCES:							
Unavailable Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unavailable Revenue - Taxes Receivable	902,770.37		1,005.65	125,371.99	62.81		1,029,210.82
TOTAL DEFERRED INFLOWS OF RESOURCES	902,770.37	0.00	1,005.65	125,371.99	62.81	0.00	1,029,210.82
FUND BALANCE:							
Nonspendable Fund Balance	12,000.00	0.00	0.00	0.00	0.00	0.00	12,000.00
Restricted Fund Balance	0.00	52,487.58	2,125.00	432,953.61	1,502.09	0.00	56,114.67
Committed Fund Balance	0.00	0.00	0.00	0.00	0.00	0.00	861,108.70
Assigned Fund Balance	253,218.83	0.00	0.00	0.00	0.00	0.00	231,856.33
Unassigned Fund Balance	691,478.70	0.00	52,134.97	0.00	0.00	0.00	336,821.08
TOTAL FUND BALANCE	956,697.53	52,487.58	54,259.97	432,953.61	1,502.09	0.00	1,497,900.78
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	1,997,741.66	53,759.14	55,265.62	717,623.67	1,564.90	0.00	2,825,954.99

The accompanying notes are an integral part of these statements

Balance Sheet

COUNTY: 08 Cowlitz

Governmental Funds

August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
ASSETS:							
Cash and Cash Equivalents	369,737.02	20,908.12	28.49	13,253.51	1.94	0.00	403,929.08
Minus Warrants Outstanding	-295,196.46	-10,081.41	0.00	-1,465.65	0.00	0.00	-306,743.52
Taxes Receivable	877,658.89		3,172.10	125,958.02	64.21		1,006,853.22
Due From Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Governmental Units	30,382.95	0.00	0.00	0.00	0.00	0.00	30,382.95
Accounts Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interfund Loans Receivable	0.00			0.00			0.00
Accrued Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	4,948.23	0.00					4,948.23
Prepaid Items	55,327.57	5,590.70		0.00	0.00	0.00	60,918.27
Investments	582,818.00	47,187.00	52,106.48	131,593.00	1,497.00	0.00	815,201.48
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
TOTAL ASSETS	1,625,676.20	63,604.41	55,307.07	269,338.88	1,563.15	0.00	2,015,489.71
LIABILITIES:							
Accounts Payable	52,268.46	0.00	0.00	0.00	0.00	0.00	52,268.46
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	11,983.92	0.00		0.00			11,983.92
Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
Payroll Deductions and Taxes Payable	0.00	0.00		0.00			0.00
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Balance Sheet

Governmental Funds

August 31, 2014

COUNTY: 08 Cowlitz

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
LIABILITIES:							
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
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
TOTAL LIABILITIES	64,252.38	0.00	0.00	0.00	0.00	0.00	64,252.38
DEFERRED INFLOWS OF RESOURCES:							
Unavailable Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unavailable Revenue - Taxes Receivable	877,658.89		3,172.10	125,958.02	64.21		1,006,853.22
TOTAL DEFERRED INFLOWS OF RESOURCES	877,658.89	0.00	3,172.10	125,958.02	64.21	0.00	1,006,853.22
FUND BALANCE:							
Nonspendable Fund Balance	50,482.47	0.00	0.00	0.00	0.00	0.00	50,482.47
Restricted Fund Balance	30,382.95	63,604.41	0.00	133,376.80	1,498.94	0.00	95,486.30
Committed Fund Balance	414,876.43	0.00	0.00	0.00	0.00	0.00	568,253.23
Assigned Fund Balance	188,630.58	0.00	0.00	10,004.06	0.00	0.00	178,027.14
Unassigned Fund Balance	0.00	0.00	52,134.97	0.00	0.00	0.00	52,134.97
TOTAL FUND BALANCE	683,764.93	63,604.41	52,134.97	143,380.86	1,498.94	0.00	944,384.11
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	1,625,676.20	63,604.41	55,307.07	269,338.88	1,563.15	0.00	2,015,489.71

The accompanying notes are an integral part of these statements

Balance Sheet

COUNTY: 08 Cowlitz

Governmental Funds

August 31, 2013

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
ASSETS:							
Cash and Cash Equivalents	398,651.03	12,162.26	10.43	145,824.85	7.36	0.00	556,655.93
Minus Warrants Outstanding	-329,236.00	-6,317.57	0.00	-134,330.78	0.00	0.00	-469,884.35
Taxes Receivable	854,066.29		8,665.69	124,078.01	74.58		986,884.57
Due From Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Governmental Units	46,272.50	0.00	0.00	0.00	0.00	0.00	46,272.50
Accounts Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interfund Loans Receivable	0.00			0.00			0.00
Accrued Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	2,141.06	0.00					2,141.06
Prepaid Items	44,430.56	1,424.24		0.00	0.00	0.00	45,854.80
Investments	360,244.00	36,911.00	46,731.25	195,638.00	1,480.00	0.00	641,004.25
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
TOTAL ASSETS	1,376,569.44	44,179.93	55,407.37	331,210.08	1,561.94	0.00	1,808,928.76
LIABILITIES:							
Accounts Payable	34,415.66	0.00	0.00	8,745.46	0.00	0.00	43,161.12
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	22,773.70	0.00		0.00			22,773.70
Revenue Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
Payroll Deductions and Taxes Payable	0.00	0.00		0.00			0.00
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	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Balance Sheet

Governmental Funds

COUNTY: 08 Cowlitz

August 31, 2013

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
LIABILITIES:							
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	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
Deferred Revenue	854,066.29	0.00	8,665.69	124,078.01	74.58	0.00	986,884.57
TOTAL LIABILITIES	911,255.65	0.00	8,665.69	132,823.47	74.58	0.00	1,052,819.39
FUND BALANCE:							
Nonspendable Fund Balance	58,037.86	0.00	0.00	0.00	0.00	0.00	58,037.86
Restricted Fund Balance	44,439.80	44,179.93	0.00	198,386.61	0.00	0.00	88,619.73
Committed Fund Balance	192,328.64	0.00	0.00	0.00	0.00	0.00	192,328.64
Assigned Fund Balance	170,507.49	0.00	0.00	0.00	1,487.36	0.00	370,381.46
Unassigned Fund Balance	0.00	0.00	46,741.68	0.00	0.00	0.00	46,741.68
TOTAL FUND BALANCE	465,313.79	44,179.93	46,741.68	198,386.61	1,487.36	0.00	756,109.37
TOTAL LIABILITIES AND FUND BALANCE	1,376,569.44	44,179.93	55,407.37	331,210.08	1,561.94	0.00	1,808,928.76

The accompanying notes are an integral part of these statements

For the Year Ended August 31, 2015

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	2,159,280.23	146,325.82	2,125.00	327,614.62	3.15		2,635,348.82
State	5,891,913.76		0.00	2.13	0.00		5,891,915.89
Federal	358,923.38		0.00	0.00	0.00		358,923.38
Federal Stimulus	0.00						0.00
Other	53,137.92			0.00	0.00	0.00	53,137.92
TOTAL REVENUES	8,463,255.29	146,325.82	2,125.00	327,616.75	3.15	0.00	8,939,326.01
EXPENDITURES:							
CURRENT:							
Regular Instruction	4,816,999.40						4,816,999.40
Federal Stimulus	0.00						0.00
Special Education	644,260.90						644,260.90
Vocational Education	143,045.26						143,045.26
Skill Center	0.00						0.00
Compensatory Programs	311,224.96						311,224.96
Other Instructional Programs	5,536.95						5,536.95
Community Services	0.00						0.00
Support Services	2,064,429.99						2,064,429.99
Student Activities/Other		157,442.65				0.00	157,442.65
CAPITAL OUTLAY:							
Sites				54,195.29			54,195.29
Building				1,061,579.44			1,061,579.44
Equipment				52,271.70			52,271.70
Instructional Technology				87,657.57			87,657.57
Energy				0.00			0.00
Transportation Equipment					0.00		0.00
Sales and Lease				0.00			0.00
Other	143,219.28						143,219.28
DEBT SERVICE:							
Principal	42,606.23		282,340.00	0.00	0.00		324,946.23
Interest and Other Charges	13,000.00		5,999.72	0.00	0.00		18,999.72
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	8,184,322.97	157,442.65	288,339.72	1,255,704.00	0.00	0.00	9,885,809.34

Statement of Revenues, Expenditures, and Changes in Fund Balance

E.S.D. 112
COUNTY: 08 Cowlitz

Governmental Funds

For the Year Ended August 31, 2015

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
DEBT SERVICE:							
REVENUES OVER (UNDER) EXPENDITURES	278,932.32	-11,116.83	-286,214.72	-928,087.25	3.15	0.00	-946,483.33
OTHER FINANCING SOURCES (USES):							
Bond Sales & Refunding Bond Sales	0.00		0.00	1,500,000.00	0.00		1,500,000.00
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	0.00		288,339.72	5,999.72	0.00		294,339.44
Transfers Out (GL 536)	-5,999.72		0.00	-288,339.72	0.00	0.00	-294,339.44
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
TOTAL OTHER FINANCING SOURCES (USES)	-5,999.72		288,339.72	1,217,660.00	0.00	0.00	1,500,000.00
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	272,932.60	-11,116.83	2,125.00	289,572.75	3.15	0.00	553,516.67
BEGINNING TOTAL FUND BALANCE	683,764.93	63,604.41	52,134.97	143,380.86	1,498.94	0.00	944,384.11
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	956,697.53	52,487.58	54,259.97	432,953.61	1,502.09	0.00	1,497,900.78

The accompanying notes are an integral part of these statements

Statement of Revenues, Expenditures, and Changes in Fund Balance

E.S.D. 112

COUNTY: 08 Cowlitz

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
REVENUES:							
Local	2,080,481.40	162,420.06	5,393.29	294,485.71	11.58		2,542,792.04
State	5,603,586.63		0.00	550,296.19	0.00		6,153,882.82
Federal	406,567.46		0.00	0.00	0.00		406,567.46
Federal Stimulus	0.00						0.00
Other	34,632.43			0.00	0.00	0.00	34,632.43
TOTAL REVENUES	8,125,267.92	162,420.06	5,393.29	844,781.90	11.58	0.00	9,137,874.75
EXPENDITURES:							
CURRENT:							
Regular Instruction	4,932,607.26						4,932,607.26
Federal Stimulus	0.00						0.00
Special Education	666,565.74						666,565.74
Vocational Education	147,802.66						147,802.66
Skill Center	0.00						0.00
Compensatory Programs	348,386.49						348,386.49
Other Instructional Programs	8,771.68						8,771.68
Community Services	0.00						0.00
Support Services	1,644,855.00						1,644,855.00
Student Activities/Other		142,995.58				0.00	142,995.58
CAPITAL OUTLAY:							
Sites				0.00			0.00
Building				48,982.90			48,982.90
Equipment				0.00			0.00
Instructional Technology				0.00			0.00
Energy				573,176.75			573,176.75
Transportation Equipment					0.00		0.00
Sales and Lease				0.00			0.00
Other	224,315.22						224,315.22
DEBT SERVICE:							
Principal	40,133.07		277,628.00	0.00	0.00		317,761.07
Interest and Other Charges	0.00		10,711.46	0.00	0.00		10,711.46
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	8,013,437.12	142,995.58	288,339.46	622,159.65	0.00	0.00	9,066,931.81

For the Year Ended August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
DEBT SERVICE:							
REVENUES OVER (UNDER) EXPENDITURES	111,830.80	19,424.48	-282,946.17	222,622.25	11.58	0.00	70,942.94
OTHER FINANCING SOURCES (USES):							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	117,331.80			0.00	0.00		117,331.80
Transfers In	0.00		288,339.46	10,711.46	0.00		299,050.92
Transfers Out (GL 536)	-10,711.46		0.00	-288,339.46	0.00	0.00	-299,050.92
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
TOTAL OTHER FINANCING SOURCES (USES)	106,620.34		288,339.46	-277,628.00	0.00	0.00	117,331.80
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	218,451.14	19,424.48	5,393.29	-55,005.75	11.58	0.00	188,274.74
BEGINNING TOTAL FUND BALANCE	465,313.79	44,179.93	46,741.68	198,386.61	1,487.36	0.00	756,109.37
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	683,764.93	63,604.41	52,134.97	143,380.86	1,498.94	0.00	944,384.11

The accompanying notes are an integral part of these statements

Statement of Revenues, Expenditures, and Changes in Fund Balance

COUNTY: 08 Cowlitz

Governmental Funds

For the Year Ended August 31, 2013

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	1,935,130.59	192,579.73	117,259.91	163,611.53	39.75		2,408,621.51
State	5,364,484.43		2.10	439,874.97	0.00		5,804,361.50
Federal	414,312.76		0.00	0.00	0.00		414,312.76
Federal Stimulus	0.00						0.00
Other	45,889.63			0.00	0.00	0.00	45,889.63
TOTAL REVENUES	7,759,817.41	192,579.73	117,262.01	603,486.50	39.75	0.00	8,673,185.40
EXPENDITURES:							
CURRENT:							
Regular Instruction	5,146,875.26						5,146,875.26
Federal Stimulus	0.00						0.00
Special Education	720,895.88						720,895.88
Vocational Education	126,088.59						126,088.59
Skills Center	0.00						0.00
Compensatory Programs	349,766.89						349,766.89
Other Instructional Programs	7,057.00						7,057.00
Community Services	0.00						0.00
Support Services	1,559,585.10						1,559,585.10
Student Activities/Other		212,765.82				0.00	212,765.82
CAPITAL OUTLAY:							
Sites				0.00			0.00
Building				196,827.99			196,827.99
Equipment				0.00			0.00
Instructional Technology				0.00			0.00
Energy				483,863.58			483,863.58
Transportation Equipment					0.00		0.00
Sales and Lease				0.00			0.00
Other	135,500.69						135,500.69
DEBT SERVICE:							
Principal	33,750.97		497,071.00	0.00	0.00		530,821.97
Interest and Other Charges	0.00		21,382.07	0.00	0.00		21,382.07
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	8,079,520.38	212,765.82	518,453.07	680,691.57	0.00	0.00	9,491,430.84

For the Year Ended August 31, 2013

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
DEBT SERVICE:							
REVENUES OVER (UNDER) EXPENDITURES	-319,702.97	-20,186.09	-401,191.06	-77,205.07	39.75	0.00	-818,245.44
OTHER FINANCING SOURCES (USES):							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	17,371.00			0.00	0.00		17,371.00
Transfers In	0.00		149,453.07	12,382.07	0.00		161,835.14
Transfers Out (GL 536)	-12,382.07		0.00	-149,453.07	0.00	0.00	-161,835.14
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
TOTAL OTHER FINANCING SOURCES (USES)	4,988.93		149,453.07	-137,071.00	0.00	0.00	17,371.00
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-314,714.04	-20,186.09	-251,737.99	-214,276.07	39.75	0.00	-800,874.44
BEGINNING TOTAL FUND BALANCE	813,909.17	64,366.02	298,479.67	412,662.68	1,447.61	0.00	1,590,865.15
Prior Year(s) Corrections or Restatements	-33,881.34	0.00	0.00	0.00	0.00	0.00	-33,881.34
ENDING TOTAL FUND BALANCE	465,313.79	44,179.93	46,741.68	198,386.61	1,487.36	0.00	756,109.37

The accompanying notes are an integral part of these statements

REPORT F196

Statement Of Fiduciary Net Position

E.S.D. 112

Fiduciary Funds

COUNTY: 08 Cowlitz

August 31, 2015

	Private Purpose Trust	Other Trust
ASSETS:		
Imprest Cash	750.00	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	860.12	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	0.00	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
TOTAL ASSETS	1,610.12	0.00
LIABILITIES:		
Accounts Payable	0.00	0.00
Due To Other Funds	0.00	0.00
TOTAL LIABILITIES	0.00	0.00
NET POSITION:		
Held in trust for:		
Held In Trust For Intact Trust Principal	0.00	0.00
Held In Trust For Private Purposes	0.00	
Held In Trust For Pension Or Other Post-Employment Benefits		0.00
Held In Trust For Other Purposes	1,610.12	0.00
TOTAL NET POSITION	1,610.12	0.00

The accompanying notes are an integral part of these statements

Kalama School District No. 402

REPORT F196

Statement Of Fiduciary Net Position

E.S.D. 112

Fiduciary Funds

COUNTY: 08 Cowlitz

August 31, 2014

ASSETS:	Private Purpose Trust	Other Trust
Imprest Cash	750.00	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	415.09	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	0.00	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
TOTAL ASSETS	1,165.09	0.00
LIABILITIES:		
Accounts Payable	0.00	0.00
Due To Other Funds	0.00	0.00
TOTAL LIABILITIES	0.00	0.00
NET POSITION:		
Held in trust for:		
Held In Trust For Intact Trust Principal	0.00	0.00
Held In Trust For Private Purposes		0.00
Held In Trust for Pension or Other		.
Post-Employment Benefits		0
Held In Trust For Other Purposes	1,165.09	0
TOTAL NET POSITION	1,165.09	0.00

The accompanying notes are an integral part of these statements

ASSETS:					
Imprest Cash					0.00
Cash On Hand			750.00		0.00
Cash On Deposit with Cty Treas			1,778.01		0.00
Minus Warrants Outstanding			383.09		0.00
Due From Other Funds			200.00		0.00
Accounts Receivable			0.00		0.00
Accrued Interest Receivable			0.00		0.00
Investments			0.00		0.00
Investments/Cash With Trustee			0.00		
Other Assets			0.00		
Capital Assets, Land			0.00		
Capital Assets, Buildings			0.00		0.00
Capital Assets, Equipment			0.00		
Accum Depreciation, Buildings			0.00		0.00
Accum Depreciation, Equipment			0.00		0.00
TOTAL ASSETS			2,711.10		
LIABILITIES:					
Accounts Payable			0.00		0.00
Due To Other Funds			0.00		0.00
TOTAL LIABILITIES			0.00		
NET POSITION:					
Held in trust for:					
Held In Trust For Intact Trust Principal			0.00		0.00
Held In Trust For Private Purposes			0.00		0.00
Held In Trust For Pension or Other Post-Employment Benefits			0.00		0.00
Purposes			0.00		0.00
Held In Trust For Other Purposes			2,711.10		0.00
TOTAL NET POSITION			2,711.10		

The accompanying notes are an integral
 part of these statements

Statement of Changes in Fiduciary Net Position

COUNTY: 08 Cowlitz

Fiduciary Funds

For the Year Ended August 31, 2015

	Private Purpose Trust	Other Trust
ADDITIONS:		
Contributions:		
Private Donations	1,500.00	0.00
Employer		0.00
Members		0.00
Other	0.00	0.00
TOTAL CONTRIBUTIONS	1,500.00	0.00
Investment Income:		
Net Appreciation (Depreciation) in Fair Value	0.00	0.00
Interest and Dividends	0.00	0.00
Less Investment Expenses	0.00	0.00
Net Investment Income	0.00	0.00
Other Additions:		
Rent or Lease Revenue	0.00	0.00
Total Other Additions	0.00	0.00
TOTAL ADDITIONS	1,500.00	0.00
DEDUCTIONS:		
Benefits		0.00
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	0.00
Scholarships	1,000.00	
Other	54.97	0.00
TOTAL DEDUCTIONS	1,054.97	0.00
Net Increase (Decrease)	445.03	0.00
Net Position--Beginning	1,165.09	0.00
Prior Year(s) Corrections or Restatements	0.00	0.00
NET POSITION--ENDING	1,610.12	0.00

The accompanying notes are an integral part of these statements

E.S.D. 112

Statement of Changes in Fiduciary Net Position

COUNTY: 08 Cowlitz

Fiduciary Funds

For the Year Ended August 31, 2014

ADDITIONS:	Private Purpose Trust	Other Trust
Contributions:		
Private Donations	1,210.00	0.00
Employer		0.00
Members		0.00
Other	0.00	0.00
TOTAL CONTRIBUTIONS	1,210.00	0.00
Investment Income:		
Net Appreciation (Depreciation) in Fair Value	0.00	0.00
Interest and Dividends	0.00	0.00
Less Investment Expenses	0.00	0.00
Net Investment Income	0.00	0.00
Other Additions:		
Rent or Lease Revenue	0.00	0.00
Total Other Additions	0.00	0.00
TOTAL ADDITIONS	1,210.00	0.00
DEDUCTIONS:		
Benefits		0.00
Refund of Contributions	1,578.01	0.00
Administrative Expenses	0.00	0.00
Scholarships	1,000.00	0.00
Other	178.00	0.00
TOTAL DEDUCTIONS	2,756.01	0.00
Net Increase (Decrease)	-1,546.01	0.00
Net Position--Beginning	2,711.10	0.00
Prior Year(s) Corrections or Restatements	0.00	0.00
NET POSITION--ENDING	1,165.09	0.00

The accompanying notes are an integral part of these statements

COUNTY: 08 Cowlitz

Fiduciary Funds

For the Year Ended August 31, 2013

ADDITIONS:			
Contributions:			
Private Donations	10,333.00	Private Purpose Trust	Other Trust
Employer			0.00
Members			0.00
Other	210.00		0.00
TOTAL CONTRIBUTIONS	10,543.00		0.00
Investment Income:			
Net Appreciation (Depreciation) in Fair Value	0.00		0.00
Interest and Dividends	0.00		0.00
Less Investment Expenses	0.00		0.00
Net Investment Income	0.00		0.00
Other Additions:			
Rent or Lease Revenue	0.00		0.00
Total Other Additions	0.00		0.00
TOTAL ADDITIONS	10,543.00		0.00
DEDUCTIONS:			
Benefits			0.00
Refund of Contributions	0.00		0.00
Administrative Expenses	0.00		0.00
Scholarships	23,712.19		0.00
Other	42.80		0.00
TOTAL DEDUCTIONS	23,754.99		0.00
Net Increase (Decrease)	-13,211.99		0.00
Net Position--Beginning	15,923.09		0.00
Prior Year(s) Corrections or Restatements	0.00		0.00
NET POSITION--ENDING	2,711.10		0.00

The accompanying notes are an integral part of these statements

Kalama School District No. 402
Notes to Financial Statements
September 1, 2012 – August 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Kalama 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. 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 Funds

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.

Permanent Funds

These funds are used to report resources that are legally restricted such that only earnings, and not principal, may be expended. Amounts in the Permanent Fund may only be spent in support of the District's programs and may not be used to the benefit of any individual. The district does not have any activity in this fund.

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.

The District has money entrusted to them for scholarships. Lundquist scholarship money is accounted for with the Wells Fargo Bank of Oregon, who is the Trustee. The principal scholarship amount is held by the Trustee, and during the 2012-13 school year, interest on the fund was transferred to the Cowlitz County Treasurer and held in a trust and agency fund #7, to fund students' scholarships. This money was deposited and held in account at Cowlitz Bank, Kalama Branch. In June 2013, Wells Fargo, as per IRS Regulations, had decided the district would no longer reimburse students and the students' information would be sent to Wells Fargo and they would issue the funds to the college and/or the student.

The amount held by the district in a revolving fund account for school year ending 2012-13 was originally \$15,000.00. However, with Wells Fargo changes, the bank did not reimburse this fund and the account had a balance of \$1,578.01 on August 31, 2013. In September 2013 Wells Fargo was sent the \$1,578.01 and the account has been closed.

InVest Ed Funds: At year end on August 31 2015 cash balance was \$360.12; August 31, 2014 cash balance was \$ 415.09; August 31, 2013, the Cowlitz County Treasurer had a cash balance of \$ 389.09 in this account. Reporting of this account had been completed by the Business Manager and final year-end reporting to the InVest Ed Foundation takes place in June of each year. No money was expended during the 2012-13 school year, but an additional amount of \$210 was awarded to the fund in September 2013; leaving a new balance of \$593.09

During the 2004-05 school year the Kalama Elementary established a fund called the Children's Medical Fund. This account is funded by a group in Longview known as the Children's Community Resources to assist in the unmet medical costs of elementary students who are in poverty, uninsured, etc. The current balance as of August 31, 2015 is \$750.00.

During the 2013-14 school year a scholarship fund was also set up to fund an individual Student for \$1,000 per year from CCI Solutions; which is affiliated with Microsoft and Certiport. \$1,000 was issued both in 2013-14 and 2014-15 school years.

Also during the 2014-15 school year a scholarship fund was set up by Chartwell's Food Service Management Company. The current funding is \$500.00.

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 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 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 principle 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.

Nonspendable Fund Balance. 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.

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.

The 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 policy is that the board of directors affirm their commitment to maintain an end-of-year general fund balance that shall be at least 5% of the total operating budget

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 Superintendent is the only person who has 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 are expected to be collected within one year.

Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) 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 Nonspendable. *(Such reserves for inventory indicate that a portion of net current assets is set aside to replace or increase the inventory.)* 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.

Accounting and Reporting Changes for 2014–15

Effective for the 2014–15 school year, the district implemented provisions of GASB Statement No. 68 Accounting and Financial Reporting for Pensions. As a result, the Schedule of Long-Term Liabilities now includes the district's proportionate share of the net pension liability for the cost-sharing, multiple-employer plans in which the district participates.

NOTE 2: DEPOSITS AND INVESTMENTS

The Cowlitz 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, 2015, are as follows.

<i>General Fund</i>	State Investment Pool	Certificate of Deposit	\$ 1,008,385.00
<i>Capital Projects Fund</i>	State Investment Pool	Certificate of Deposit	\$627,640.00
<i>ASB Fund</i>	State Investment Pool	Certificate of Deposit	\$52,161.00
<i>Transportation Vehicle Fund</i>	State Investment Pool	Certificate of Deposit	\$1,500.00
<i>Debt Service Fund</i>	State Investment Pool	PB Pass Book	\$54,248.00
Total District Invested Deposits Ending August 31, 2015			\$1,743,934.00
Note: The carrying value is equal to the market value.			

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

<i>General Fund</i>	State Investment Pool	Certificate of Deposit	\$ 971,322.00
<i>Capital Projects Fund</i>	State Investment Pool	Certificate of Deposit	\$580,525.00
<i>ASB Fund</i>	State Investment Pool	Certificate of Deposit	\$48,909.00
<i>Transportation Vehicle Fund</i>	State Investment Pool	Certificate of Deposit	\$1,500.00
<i>Debt Service Fund</i>	State Investment Pool	PB Pass Book	\$54,244.02
Total District Invested Deposits Ending August 31, 2014			\$1,656,500.02
Note: The carrying value is equal to the market value.			

The District's investments as of August 31, 2013, are as follows.

<i>General Fund</i>	State Investment Pool	Certificate of Deposit	\$ 582,818.00
<i>Capital Projects Fund</i>	State Investment Pool	Certificate of Deposit	\$131,593.00
<i>ASB Fund</i>	State Investment Pool	Certificate of Deposit	\$47,187.00
<i>Transportation Vehicle Fund</i>	State Investment Pool	Certificate of Deposit	\$1,497.00
<i>Debt Service Fund</i>	State Investment Pool	PB Pass Book	\$52,106.47
Total District Invested Deposits Ending August 31, 2013			\$815,201.48
Note: The carrying value is equal to the market value.			

NOTE 3: SIGNIFICANT CONTINGENT LIABILITIES

The Kalama School District had no known legal obligations which would impact the financial position of the Kalama School District for the year ended August 31, 2013, August 31, 2014, or August 31, 2015.

Litigation

The Kalama School 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: 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, 2015, was as follows:

Plan	Active Members	Inactive Vested Members	Retired Members
PERS 1	4,782	1,178	51,070
SERS 2	22,950	5,357	5,796
SERS 3	30,832	6,963	4,825
TRS 1	1,824	323	35,639
TRS 2	13,632	2,357	3,894
TRS 3	51,837	7,655	6,094

The latest actuarial valuations for all plans was June 30, 2014.

Source: Washington State Office of the State Actuary

Membership & Plan Benefits

Certificated employees are members of TRS. Classified employees are members of PERS (if Plan I) 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.

TS Plan 1 provides retirement, disability and death benefits. TRS 1 members were vested after the completion of five years 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. 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 years 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 years of service credit. Member are eligible for normal retirement at age 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 age 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 to those who are age 55 or older and have at least 3 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 years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years 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 2015 were as follows:

Pension Rates			
	07/01/2015 Rate	07/01/2014 Rate	
PERS 1			
Member Contribution Rate	6.00 %	6.00%	
Employer Contribution Rate	11.18%	9.21%	
Pension Rates			
	09/01/2015 Rate	09/01/2014 Rate	
TRS 1			
Member Contribution Rate	6.00%	6.00%	
Employer Contribution Rate	13.13%	10.39%	
TRS 2			
Member Contribution Rate	5.95%	4.96%	
Employer Contribution Rate	13.13%	10.39%	
TRS 3			
Member Contribution Rate	varies*	varies*	
Employer Contribution Rate	13.13%	10.39%	**
SERS 2			
Member Contribution Rate	5.63%	4.64%	
Employer Contribution Rate	11.58%	9.82%	
SERS 3			
Member Contribution Rate	varies*	varies*	
Employer Contribution Rate	11.58%	9.82%	**
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 Collective Net Pension Liability as of June 30, 2015				
Dollars in Thousands	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Total Pension Liability	\$12,789,242	\$4,473,428	\$9,237,730	\$11,220,833
Plan fiduciary net Position	(\$7,558,312)	(\$4,067,277)	(\$6,069,588)	(\$10,377,031)
Participating employers' net pension liability	\$5,230,930	\$406,151	\$3,168,142	\$843,802
Plan fiduciary net position as a percentage of the total pension liability	59.10%	90.92%	65.70%	92.48%

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

At June 30, 2015, the school district reported a total liability of \$ 376,900.00 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, 2015, the district's proportionate share of each plan's net pension liability is reported below:

June 30, 2015	PERS 1	SERS 2/3	TRS1	TRS 2/3	Totals
District's Annual Contributions	\$32,334	\$35,939	\$136,972	\$171,664	\$376,900
Proportionate Share of the Net pension Liability	\$368,008	\$150,139	\$1,939,190	\$545,069	\$3,002,406

At June 30, 2015, the school district's percentage of the proportionate share of the collective net pension liability was as follows and the change 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	0.007035%	0.036966%	0.061209%	0.064597%
Prior year proportionate share of the Net pension Liability	0.006587%	0.039203%	0.068410%	0.072354%
Net difference percentage	0.000448%	-0.002237%	-0.007201%	-0.007757%

Actuarial Assumptions

Capital Market Assumptions (CMA's) are expected rates of return by asset class provided by the Washington State Investment Board. The Office of the State 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, 2014, with the results rolled forward to June 30, 2015, 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, 2014, 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 2014 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, 2015, 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 payment 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 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 Kalama School District's proportionate 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 (6.5%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
PERS 1 NPL	\$6,368,671,000	\$5,230,930,000	\$4,252,577,000
Allocation Percentage	0.007035%	0.007035%	0.007035%
Proportionate Share of Collective NPL	\$448,051	\$368,008	\$299,179
SERS 2/3 NPL	\$1,282,039,000	\$406,151,000	(\$273,474,000)
Allocation Percentage	0.036966%	0.036966%	0.036966%
Proportionate Share of Collective NPL	\$473,921	\$150,139	(\$101,093)
TRS 1 NPL	\$3,982,571,000	\$3,168,142,000	\$2,467,801,000
Allocation Percentage	0.061209%	0.061209%	0.061209%
Proportionate Share of Collective NPL	\$2,437,695	\$1,939,190	\$1,510,518
TRS 2/3 NPL	\$3,570,229,000	\$843,802,000	(\$1,183,066,000)
Allocation Percentage	0.064597%	0.064597%	0.064597%
Proportionate Share of Collective NPL	\$2,306,252	\$545,069	(\$764,222)

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), 60 of the state's K-12 school districts and educational service districts (ESDs), and 221 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 237 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 2014-15, the District was required to pay the HCA \$ 66.64 per month per full-time equivalent employee to support the program, for a total payment of \$ 62,275.08.

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 \$ 61,840.10.

For the fiscal year 2012-13, the District was required to pay the HCA \$ 65.17 per month per full-time equivalent employee to support the program, for a total payment of \$ 60,846.82. 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.

NOTE 7: COMMITMENTS UNDER LEASES

For the fiscal years ended August 31, 2013, the Kalama School District had incurred additional long-term debt as follows:

2012-2013					
Lease-Purchase Commitments	Amount	Principal Annual Installment	Final Installment Date	% Interest Rate	Balance Due 8/31/13
Konica C750 Copier-Elem	\$ 44,454.00	\$ 9,000.00	12/15/2013	0.00	3,000.00
Canon 5070 Copier-Dist On a monthly continuing lease	13,480.80	2,696.16	09/30/2011	0.00	0.00
Konica 751 Copier-HS	31,260.00	6,252.00	08/10/2014	0.00	6,252.00
Security Cameras – combined old plus new	34,200.00	8,550.00	05/15/2013	0.00	0.00
Total - Lease Purchase					9,252.00

Beginning with the 2013-14 school year, all buildings traded in their copy machines for new.

2013-2014					
Lease-Purchase Commitments	Amount	Principal Annual Installment	Final Installment Date	% Interest Rate	Balance Due 8/31/14
Konica C754 Copier-Elem	\$ 55,620.00	\$ 11,124.00	08/16/2018	0.00	44,496.00
Konica 754S Copier - HS	33,075.00	6,300.00	10/16/2018	0.00	26,250.00
Security Cameras– Updates	19,440.00	6,480.00	08/16/2016	0.00	12,960.00
Ricoh Copier - District	9,196.80	1,839.36	04/29/2019	0.00	8,583.68
Total - Lease Purchase					92,289.68

2014-2015					
Lease-Purchase Commitments	Amount	Principal Annual Installment	Final Installment Date	% Interest Rate	Balance Due 8/31/15
Konica C754 Copier-Elem	\$ 55,620.00	\$ 11,124.00	08/16/2018	0.00	33,272.00
Konica 754S Copier - HS	33,075.00	6,300.00	10/16/2018	0.00	19,950.00
Security Cameras– Updates	19,440.00	6,480.00	08/16/2016	0.00	6,480.00
Ricoh Copier - District	9,196.80	1,839.36	04/29/2019	0.00	6,745.00
Total - Lease Purchase					66,547.00

NOTE 8: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS, INCLUDING ENCUMBRANCES

During the 2012-13 school year the district received a two year Energy Efficient Grant from the State in the amount of \$990,169.00. These funds were combined with our Capital Projects Levy Fund to complete the projects listed on the grant paperwork. At the end of the 2012-13 school year we had a remaining balance of \$550,294.03. The funds were completely expended prior to the end of the 2013-14 fiscal year.

A 2012 Capital Projects Levy was run and approved in the amount of \$840,000; which was spent on repair/replacement as per the levy resolution #2011/12-02 ; also we ran and it was approved a 2015 Capital Projects Levy in the amount of \$1,500,000; which has been partially used as per items listed on the Resolution #2014/15-03.

NOTE 9: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The district's capital assets are insured in the amount of \$23,043,076 with an annual premium payment of \$73,594.00 in 2013. For 2014 the district's capital assets are insured in the amount of \$22,821,016 with an annual premium of \$75,782.00, and in 2015 the district's capital assets were insured in the amount of \$22,757,404

with an annual premium of \$70,526.00 . In the opinion of the district's insurance consultant, this amount is sufficient to adequately fund replacement of the district's assets.

NOTE 10: REQUIRED DISCLOSURES ABOUT LONG-TERM LIABILITIES

Bonds payable at August 31, 2013, is comprised of the following individual issue:

General Obligation Bonds

Issue Name	Amount Authorized	Annual Installment	Final Maturity	Interest Rate(s)	Amount Outstanding
2005 UTGO Refunding Bonds	2,265,000	360,000	2012	3.00 – 5.00	0
Total GO Voted Bonds					0
LGO Bond, 2012	840,000	137,071	2015	1.690%	\$702,929
Total NON-VOTED Bonds					\$702,929
Total Bonded Debt					\$702,929

The following is a summary of general obligation long-term debt transactions of the district for the year ending August 31, 2013

Long-Term Debt Payable at 9/1/12	\$1,200,000
New Issues	0
Debt Retired	497,071
Long-Term Debt Payable at 8/31/13	\$702,929

The following is a schedule of annual requirements to amortize long-term debt outstanding as of August 31, 2013:

Years Ending August 31,	Principal	Interest	Total
2013-14	277,628	10,712	288,340
2014-15	282,340	6,000	288,340
2015-16	142,961	1,209	144,170
TOTAL	\$702,929	39,304	742,233

At August 31, 2013, the district had \$ 46,742 available in the debt service fund to service the general obligation bonds.

Bonds payable at August 31, 2014, is comprised of the following individual issue:

Issue Name	Amount Authorized	Annual Installment	Final Maturity	Interest Rate(s)	Amount Outstanding
LGO Bond, 2012	840,000	277,628	2015	1.690%	425,301
Total NON-VOTED Bonds					\$425,301

The following is a summary of general obligation long-term debt transactions of the district for the year ending August 31, 2014.

Long-Term Debt Payable at 9/1/13	\$702,929
New Issues	0
Debt Retired	\$277,628
Long-Term Debt Payable at 8/31/14	\$425,301

The following is a schedule of annual requirements to amortize long-term debt outstanding as of August 31, 2014:

Years Ending August 31,	Principal	Interest	Total
2014-15	282,340	6,000	288,340
2015-16	142,961	1,209	144,170
TOTAL	\$425,301	7,209	432,510

At August 31, 2014, the district had \$ 52,135 available in the debt service fund to service the general obligation bonds.

Bonds payable at August 31, 2015, is comprised of the following individual issue:

Issue Name	Amount Authorized	Annual Installment	Final Maturity	Interest Rate(s)	Amount Outstanding
LGO Bond, 2012	840,000	282,340	2015	1.690%	\$142,961
LGO Bond, 2015	1,500,000	0	2018	1.750%	1,500,000
Total NON-VOTED Bonds					\$1,642,961

The following is a summary of general obligation long-term debt transactions of the district for the year ending August 31, 2015.

Long-Term Debt Payable at 9/1/14	\$425,301
New Issues	1,500,000
Debt Retired	282,340
Long-Term Debt Payable at 8/31/15	\$1,642,660

The following is a schedule of annual requirements to amortize long-term debt outstanding as of August 31, 2015:

Years Ending August 31,	Principal	Interest	Total
2015-16	\$387,961	\$25,418	\$413,379
2016-17	495,000	19,819	514,819
2017-18	505,000	11,113	516,113
2018-19	255,000	2,232	257,232
TOTAL	\$1,642,961	\$58,580	\$1,701,543

At August 31, 2015, the district had \$ 55,266 available in the debt service fund to service the general obligation bonds.

Refunded Debt

On July 11, 2005, the Kalama School board authorized the current refunding of the 1996 refinanced bonds in order to take advantage of the lowest bond interest rates in over 30 years. The refinancing will save the District's taxpayers a total of over \$100,000 during the next seven years. The bonds are issued in the amount of \$2,265,000; with interest rates averaging 3.59% on the new bonds compared to 4.97% on the old debt. The official Statement dated July 11, 2005 is on file.

These bonds were used to remodel the high school, elementary school and to build a new stadium, football field, and track. This bond was paid in full in December 2012.

On February 14, 2012, the voters approved a three year Capital Projects Fund levy for school improvements. In order to start the projects during the 2012 fiscal year, the board approved a Limited General Obligation Bond. The proceeds of the Bond were used to pay costs to acquire and install a new gymnasium roof, make energy efficiency improvements, acquire and install new playground equipment and gymnasium and auditorium seating, make other capital improvements to school facilities, and carry out other purposes authorized by RCW 28A.503.080. The principal and interest on the bond will be paid from money from the District's Capital Projects Fund (including, but not limited to, tax proceeds received from the District's Capital Levy for School Improvements approved by the voters on February 14, 2012 and General Fund, and from other legally available money of the District.

NOTE 11: INTERFUND BALANCES AND TRANSFERS

There were no interfund loans outstanding on 08/31/13, 08/31/14, and 08/31/15.

The following table depicts interfund transfer activity: ⑧

2013:

Transferred From (Fund) 535 or 536	Transferred To (Fund) 965 9900	Amount	Description
General Fund	Capital Projects	\$ 12,398	Interest on 2012 LGO Bond
Capital Projects Fund	Debt Service	\$149,453	Debt Principal Payment & Interest

2014:

Transferred From (Fund) 535 or 536	Transferred To (Fund) 965 9900	Amount	Description
General Fund	Capital Projects	\$ 10,711	Interest on 2012 LGO Bond
Capital Projects Fund	Debt Service	\$288,339	Debt Principal Payment & Interest

2015:

Transferred From (Fund) 535 or 536	Transferred To (Fund) 965 9900	Amount	Description
General Fund	Capital Projects	\$ 6,000	Interest on 2012 LGO Bond
Capital Projects Fund	Debt Service	\$288,340	Debt Principal Payment & Interest

NOTE 12: ENTITY RISK MANAGEMENT ACTIVITIES**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.

Workers' 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 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.

Property and Casualty Insurance

The district is a member of the Southwest Washington Risk Management Insurance Cooperative (Cooperative) administered by Educational Service District No. 112. This cooperative provides property and casualty insurance coverage for its membership as authorized by Chapter 48.62 RCW. An agreement to form a pooling arrangement

was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Cooperative was formed in September 1986, when 25 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. The members of the Cooperative include 28 school districts, one transportation cooperative, one school information processing cooperative and one educational service district, one workers' compensation trust and one unemployment compensation pool.

The Cooperative purchases excess insurance coverage and provides related services, such as administration, risk management and claims administration. All coverage is on an occurrence basis. The Cooperative provides the following forms of group purchased insurance coverage for its members: Property, including owned buildings, automobiles and equipment, Equipment Breakdown, Commercial Crime, General Liability, Errors and Omissions Liability and Employment Practices Liability. Members are responsible for the first \$1,000 of all property claims and the Cooperative is responsible for the next \$250,000. There is no member deductible for liability claims. Excess insurance covers insured losses over \$250,000 up to the limits of each policy. The Cooperative is a member of Washington Schools Risk Management Pool to obtain this excess insurance.

The Cooperative also purchases crime coverage as well as required Public Official Bonds. The Commercial Crime coverage is subject to a per-occurrence deductible of \$5,000. Members are responsible for \$1,000 of that deductible amount for each claim. The Cooperative provides privacy and network liability coverage with a \$1,000,000 limit subject to a \$1,000 member deductible.

Cooperative members contract to automatically renew from year to year unless the member gives written notice of its election to terminate at least 180 days prior to August 31 of any year. Termination occurs on August 31. Even after termination, a member is still responsible for contributions to the Cooperative for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal governmental agreement. The Cooperative is fully funded by its member participants.

The Cooperative is governed by a board of directors which is comprised of one designed representative from each participating member. A five member executive committee is responsible for conducting the business affairs of the Cooperative. The financial statements of the Cooperative may be obtained by contacting Educational Service District No. 112.

NOTE 13: 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 14: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

The Kalama School District is a member of the KWRL (Kalama/Woodland/Ridgefield/LaCenter) Transportation Co-op and has been a member since the inception of the Co-op in 1979. All Co-op revenues and expenditures are included in the financial statements of the Woodland School District. The four school districts split all co-op unfunded costs, administrative costs and utility costs. Unfunded costs are calculated by comparing total to/from expenditures to state transportation allocation funding and other miscellaneous revenues. Kalama's percentage of ownership of the Co-op for the year ending August 31, 2014 is 11.18%, and year ending August 31, 2013 is 11.33%. This percentage is used to determine Kalama's share of unfunded costs.

Total KWRL Unfunded Costs for 2012-2013	\$ 945,761	
Kalama's Share @ 11.33%	\$ 107,155	
Total KWRL To/From Expenditures for 2012-2013	\$3,341,529	
Kalama's Share @ 11.33%	\$ 378,595	
Total State Revenues	\$2,424,705	
Kalama's Share @ 11.33%	\$ 274,719	
Total KWRL Administrative Fee	\$ 53,823	not included in program 99
Kalama's Share @ 11.33%	\$ 6,098	
Total KWRL Utility Expenditures	\$ 31,005	not included in program 99
Kalama's Share @ 11.33%	\$ 3,513	
Total KWRL Unfunded Costs for 2013-14	\$ 744,470	
Kalama's Share @ 11.18%	\$ 83,232	
Total KWRL To/From Expenditures for 2013-2014	\$3,466,409	
Kalama's Share @ 11.18%	\$ 387,545	
Total State Revenues	\$2,700,139	
Kalama's Share @ 11.18%	\$ 308,876	
Total KWRL Administrative Fee	\$ 55,818	not included in program 99
Kalama's Share @ 12.09%	\$ 6,748	
Total KWRL Utility Expenditures	\$ 33,621	not included in program 99
Kalama's Share @ 11.18%	\$ 3,759	

For 2014-15 the total expenditures were \$3,460,753 with Kalama's portion at 9.41%, is \$325,656.86; It was reported as 325,656.86. The revenues of \$3,365,475 + 30,778 miscellaneous revenue for a total of \$3,396,253; with Kalama's portion being \$319,587.41. This left the district with 14-15 unfunded share costs of \$6,069.45.

The KWRL Transportation Co-op provides transportation services to the students of the Kalama, Woodland, Ridgefield, and La Center School Districts. The Woodland School District handles all financial and state/federal reports. The Kalama School District's portion of cooperative expenditures for fiscal year 2014 was \$105,981.24; 2013 totaled \$138,940.08, as compared to the preceding year's expenditures of \$126,549.96. This payment is in addition to funding listed above that is transmitted directly from the state to the cooperative.

The Kalama School 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 as of December 31, 2014 is \$4,936.77, December 31, 2013 is \$4,467.98; December 31, 2012, is \$4,472.62 and is the accumulation of the annual assignment of KCDA's operating surplus based upon 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 15: FUND BALANCE CLASSIFICATION DETAILS

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

2013	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transportation Vehicle Fund
Nonspendable Fund Balance					
Inventory and Prepaid Items	\$ 58,037.86				
Restricted Fund Balance					
Carryover of Restricted Revenues					
Debt Service					
Arbitrage Rebate					
Uninsured Risks					
Other Items	\$ 44,439.80	\$44,179.93	\$198,386.61		
Committed Fund Balance					
Minimum Fund Balance Policy	\$173,276.14				
Other Commitments	\$ 18,952.50				
Assigned Fund Balance					
Contingencies					
Other Capital Projects					\$1,487.36
Other Purposes	\$170,507.49				
Fund Purposes					
Unassigned				\$46,741.68	

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

Restricted from Bond Proceeds		\$198,386.61			
Restricted from Levy Proceeds					
Restricted from State Proceeds					
Restricted from Federal Proceeds					
Restricted from Other Proceeds					
Restricted from Impact Fee Proceeds					
Restricted from Mitigation Fee Proceeds					
Restricted from Undistributed Proceeds					
2014	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transportation Vehicle Fund
Nonspendable Fund Balance					
Inventory and Prepaid Items	\$ 50,482.47				
Restricted Fund Balance					
Carryover of Restricted Revenues					
Debt Service					
Arbitrage Rebate					
Uninsured Risks					
Other Items	\$ 30,382.95	\$63,604.41	\$ 133,376.80		\$1,498.94
Committed Fund Balance					
Minimum Fund Balance Policy	\$414,268.93				
Other Commitments	\$ 20,607.50				
Assigned Fund Balance					
Contingencies					
Other Capital Projects			\$10,004.06		
Other Purposes	\$168,023.08				
Fund Purposes					
Unassigned				\$52,134.97	

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

Restricted from Bond Proceeds	\$133,376.80
Restricted from Levy Proceeds	
Restricted from State Proceeds	
Restricted from Federal Proceeds	
Restricted from Other Proceeds	
Restricted from Impact Fee Proceeds	
Restricted from Mitigation Fee Proceeds	
Restricted from Undistributed Proceeds	

2015	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transportation Vehicle Fund
Nonspendable Fund Balance					
Inventory and Prepaid Items	\$ 12,000.00				
Restricted Fund Balance					
Carryover of Restricted Revenues					
Debt Service				\$ 2,025.00	
Arbitrage Rebate					
Uninsured Risks					
Other Items		\$52,487.58	\$432,953.61		\$1,502.09
Committed Fund Balance					
Minimum Fund Balance Policy	\$406,792.59				
Other Commitments	\$ 21,362.50				
Assigned Fund Balance					
Contingencies					
Other Capital Projects					
Other Purposes	\$231,856.33				
Fund Purposes					
Unassigned	\$284,686.11			\$ 52,134.97	

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

Restricted from Bond Proceeds	\$432,953.61
Restricted from Levy Proceeds	
Restricted from State Proceeds	
Restricted from Federal Proceeds	
Restricted from Other Proceeds	
Restricted from Impact Fee Proceeds	
Restricted from Mitigation Fee Proceeds	
Restricted from Undistributed Proceeds	

The 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 policy is that the District shall maintain a 5% of general fund revenues. Portions of fund balance that are set aside for the purpose of meeting this policy are recorded on the financial statements as part of Committed fund balance.

NOTE 16: POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS – BOTH IN SEPARATELY ISSUED PLAN FINANCIAL STATEMENTS AND EMPLOYER STATEMENTS

457 Plan – Deferred Compensation Plan

Kalama School 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 under an elective deferral (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 a third party administrator, OMNI Qualified Plan Consultants, Inc. The plan assets are assets of the District employees, not the school district, and are therefore not reflected on these financial statements.

NOTE 17: 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, 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 out of an amount up to the maximum annual accumulation of 12 days. For buyout 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 was computed using the vesting method.

Vacation pay, including benefits, 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.

No unrecorded liability exists for other employee benefits.

NOTE 18: OTHER DISCLOSURES

Participation in Inter-local Cooperatives

The district is a member of the following cooperatives which are administered by Educational Service District 112:

Information Management Co-op - provides data processing services/workshops for business operations.

Courier Co-op - provides courier services between school districts within ESD 112.

Special Education Direct Services Co-op – provides direct and indirect special education services to the district by ESD 112.

Special Education Classroom Services Co-op – the district is paying for the additional costs of classroom assistants to maintain our program at the level it was previously maintained – prior to cuts by the ESD/State.

Telephone 800 Fee - cooperative among districts with ESD 112 to call there toll free.

Student Services Co-op – provides WSIPC student services reporting for the building offices.

Network Support System – provides for the service of a technology representative three days a week.

Elementary Science/Materials Co-op – provides training and materials for the science curriculum in the elementary and high school.

School Announcement Network – inclement weather notification to radio and television stations.

Clock Hour Cooperative – the district pays for the fee for teachers to register clock hours on the ESD transcripts.

K-12 network support – no fee to the district.

School Nursing – provides nursing services to the district twice a week.

School Improvement Services – to help assist staff and students in textbook adoptions, WASL training, etc.

Regional Mathematics Initiative – to provide services to support improvements in student performance in mathematics.

Secondary Sustainable Classroom Project – Training Secondary Teachers in the use of technology in their classroom.

The ESD charges member districts on an annual assessment based upon their student full-time enrollment.

NOTE 19: SUBSEQUENT

There were no events after the balance sheet dates of 2013, 2014, and 2015, that would have a material impact on the next or future years.

Description	Beginning Outstanding Debt September 1, 2014	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2015	Amount Due Within One Year
Non-Voted Debt and Liabilities					
Capital Leases	0.00	0.00	0.00	0.00	0.00
Contracts Payable	92,289.68	0.00	25,742.68	66,547.00	25,743.36
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	75,733.40	100,098.65	10,522.72	165,309.33	31,764.26
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
Other Liabilities					
Non-Voted Notes Not Recorded as Debt	0.00	0.00	0.00	0.00	0.00
Net Pension Liabilities:					
Net Pension Liabilities TRS 1	0.00	1,939,190.00	0.00	1,939,190.00	
Net Pension Liabilities TRS 2/3	0.00	545,069.00	0.00	545,069.00	
Net Pension Liabilities SERS 2/3	0.00	150,139.00	0.00	150,139.00	
Net Pension Liabilities PERS 1	0.00	368,008.00	0.00	368,008.00	
Total Long-Term Liabilities	168,023.08	3,102,504.65	36,265.40	3,234,262.33	57,507.62

E.S.D. 112

Schedule of Long-Term Liabilities: DEBT SERVICE FUND

COUNTY: 08 Cowlitz

For the Year Ended August 31, 2015

Description	Beginning Outstanding Debt September 1, 2014	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2015	Amount Due Within One Year
Voted Debt					
Voted Bonds	0.00	0.00	0.00	0.00	0.00
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
Non-Voted Debt					
Non-Voted Bonds	425,301.00	1,500,000.00	282,340.00	1,642,961.00	403,377.35
LOCAL Program Proceeds	0.00	0.00	0.00	0.00	0.00
Total Long-Term Liabilities	425,301.00	1,500,000.00	282,340.00	1,642,961.00	403,377.35

E.S.D. 112

Schedule of Long-Term Liabilities: GENERAL FUND

COUNTY: 08 Cowlitz

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
Non-Voted Debt and Liabilities					
Capital Leases	0.00	0.00	0.00	0.00	0.00
Contracts Payable	12,149.12	117,331.80	37,191.24	92,289.68	25,743.36
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	158,358.37	0.00	82,624.97	75,733.40	59,574.36
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
Other Liabilities					
Non-Voted Notes Not Recorded as Debt	0.00	0.00	0.00	0.00	0.00
Total Long-Term Liabilities	170,507.49	117,331.80	119,816.21	168,023.08	85,317.72

E.S.D. 112

Schedule of Long-Term Liabilities: DEBT SERVICE FUND

COUNTY: 08 Cowlitz

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
Voted Debt					
Voted Bonds	0.00	0.00	0.00	0.00	0.00
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
Non-Voted Debt					
Non-Voted Bonds	702,929.00	0.00	277,628.00	425,301.00	282,340.00
LOCAL Program Proceeds	0.00	0.00	0.00	0.00	0.00
Total Long-Term Liabilities	702,929.00	0.00	277,628.00	425,301.00	282,340.00

REPORT F196

E.S.D. 112

COUNTY: 08 Cowlitz

Kalama School District No. 402

Schedule of Long-Term Liabilities

For the Year Ended August 31, 2013

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Description	Beginning Outstanding Debt September 1, 2012	Amount Issued/Increased	Amount Redeemed/Decreased	Ending Outstanding Debt August 31, 2013
Total Voted Bonds	360,000.00	0.00	360,000.00	0.00
Total Non-Voted Notes/Bonds	840,000.00	0.00	137,071.00	702,929.00
Qualified Zone Academy Bonds (QZAB)	0.00	0.00	0.00	0.00
Qualified School Construction Bonds(QSCB)	0.00	0.00	0.00	0.00
Other Long-Term Debt				
Capital Leases	0.00	0.00	0.00	0.00
Contracts Payable (GL 603)	35,054.00	0.00	22,904.88	12,149.12
NonCancellable Operating Leases	0.00	0.00	0.00	0.00
Claims & Judgments	0.00	0.00	0.00	0.00
Compensated Absences	172,148.33	0.00	13,789.96	158,358.37
Other Long-Term Liabilities	0.00	0.00	0.00	0.00
Total Other Long-Term Liabilities	207,202.33	0.00	36,694.84	170,507.49
TOTAL LONG-TERM LIABILITIES	1,407,202.33	0.00	533,765.84	873,436.49

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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