



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Kalama School District

No. 402

For the period September 1, 2019 through August 31, 2021

Published March 2, 2023

Report No. 1032129



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**Office of the Washington State Auditor
Pat McCarthy**

March 2, 2023

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 activities and condition.

Sincerely,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Kalama School District No. 402 September 1, 2019 through August 31, 2021

2021-001 The District did not have adequate internal controls for ensuring accurate financial statement reporting.

Background

State and federal agencies, the Board, and the public rely on information included in the financial statements and reports to make decisions. District management is responsible for designing and following internal controls that provide reasonable assurance regarding the accuracy and reliability of financial reporting. We identified weaknesses in controls over financial reporting that hindered the District's ability to produce accurate financial statements.

The District prepares its financial statements in accordance with the modified accrual basis of accounting method prescribed in the *Accounting Manual for Public School Districts in the State of Washington* (Accounting Manual).

Our audit found deficiencies in internal controls over accounting and financial reporting that affected the District's ability to produce reliable financial statements. *Government Auditing Standards* requires the State Auditor's Office to communicate significant deficiencies as a finding. The Applicable Laws and Regulations section below defines the standards for significant deficiencies.

Description of Condition

We identified the following deficiencies that, when taken together, represent a significant deficiency:

- The District did not have a process to ensure its financial reporting was complete, accurate, and in accordance with the Accounting Manual. Specifically, accounts payable transactions were not posted to the correct fiscal period, capital lease activity was omitted, and fund balances were not accurately classified.
- The District performed reconciliation procedures monthly through December 2020 for all funds. However, the District has not reconciled General Fund activity to the County Treasurer since then.

- The District did not evaluate new accounting changes in the Accounting Manual related to fiduciary activities.
- The District does not have a process to ensure all journal entries are independently reviewed, supported and accurate

Cause of Condition

The District experienced turnover in the accounting manager position during the fiscal year 2020 period. District management did not dedicate sufficient resources and establish oversight procedures to compensate for the control deficiencies we identified.

Effect of Condition

These internal control deficiencies place the District at risk for material misstatements in its annual financial statements. Additionally, the District risks presenting inaccurate financial information that District officials, the public, and state and federal agencies use.

Our audit identified the following misstatements:

- The District reported capital expenditures of \$3,788,459 in fiscal year 2021 that should have been reported in 2020. Additionally, capital expenditures of \$2,401,693 were reported in 2022 that should have been reported in 2021.
- The District entered into capital lease agreements, but did not record these transactions in its accounting records. As a result, expenditures and other financing sources were understated by \$316,701 and \$383,598 in 2020 and 2021, respectively.
- The District did not correctly classify fund balances in the General and Capital Projects Fund for 2020 and 2021.
- The General Fund reported \$2,000 more in cash than the County Treasurer for fiscal year 2021. District management could not explain this difference.
- The District reported activity in the fiduciary fund that did not meet criteria to be reported as such. The District should have reported this activity within the ASB Fund.

We also identified other errors in the financial statements, schedules, and notes that were not individually significant, but when taken together, they impair the understandability of the financial reports.

The District subsequently corrected the errors identified above, with the exception of the difference in the General Fund's ending cash balance.

Recommendation

We recommend the District:

- Provide additional training to staff responsible for accounting and financial reporting and those overseeing these activities
- Ensure all financial transactions are recorded in the correct period and in accordance with the Accounting Manual
- Dedicate sufficient resources to ensure it reconciles all funds to the County Treasurer timely for all revenues, expenses and cash balances
- Implement a process to identify and evaluate the applicability of changes to accounting standards

Ensure someone completes an independent review of journal entries and that they agree to supporting documents

District's Response

Answer to: Description of Condition

- *The issues regarding posting to the correct fiscal period have been addressed and training will focus on accounts payable and fund balance classifications and the District will assess its current accounts payable processes around prepaids and accruals.*
- *The District will address the reconciliation issue by revisiting and/or revising the process and setting a designated time each month to address the issues that complicate the reconciliation process, making sure processes are being followed in regards to ACH transactions and cancelled/reissued warrants.*
- *The District staff will review together and address new accounting changes at the beginning of the fiscal year when the new Accounting Manual is issued, as well as the regular Bulletins from OSPI regarding accounting changes.*
- *Although there was a process in place for approving journal entries, the District has added an extra step to make sure the actual entry into the accounting system is also approved alongside the posting and supporting documents.*

Cause of Condition

We agree with the auditor that there was significant turnover both in the district office and within each of the buildings' offices. These transitions happened during a time when there were also additional high priority responsibilities that the District had to attend to that involved the management of COVID, both fiscally and operationally.

Auditor's Remarks

We appreciate the District's commitment to resolving this finding. We thank the District for its cooperation and assistance during the audit. We will review the actions taken during our next regular audit.

Applicable Laws and Regulations

Government Auditing Standards, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

INDEPENDENT AUDITOR'S REPORT

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 September 1, 2019 through August 31, 2021

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, as of and for the years ended August 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated February 23, 2023.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because, as described in Note 1, the *Accounting Manual for Public School Districts in the State of Washington* does not require the District to prepare the government-wide statements presenting the financial position and changes in financial position of its governmental activities as required by GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Responses as Finding 2021-01 that we consider to be a significant deficiency.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

DISTRICT'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P".

Pat McCarthy, State Auditor

Olympia, WA

February 23, 2023

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Kalama School District No. 402 September 1, 2019 through August 31, 2021

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Kalama School District No. 402, as of and for the years ended August 31, 2021 and 2020, and the related notes to the financial statements as listed in the financial section of our report.

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 state law and the accounting practices prescribed by the *Accounting Manual for Public School Districts in the State of Washington* (Accounting Manual). Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of Kalama School District No. 402, as of the years ended August 31, 2021 and 2020, and the regulatory basis of changes in financial position thereof for the years then ended, on the basis of accounting as described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Kalama School District No. 402, as of August 31, 2021 and 2020, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the government-wide financial statements are prepared by the District in accordance with state law using accounting practices prescribed by the Accounting Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of state law and the 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.

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

Auditor’s Responsibility for the Audit of the Financial Statements

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

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

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

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

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The Schedules of Long-Term Liabilities are presented for purposes of additional analysis, as required by the prescribed Accounting Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

February 23, 2023

**Kalama School District No. 402
September 1, 2019 through August 31, 2021**

FINANCIAL STATEMENTS

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Schedule of Long-Term Liabilities – 2021
Schedule of Long-Term Liabilities – 2020

Kalama School District No. 402

Balance Sheet - Governmental Funds

August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Assets							
Cash and Cash Equivalents	509,334.71	7,704.69	14,907.57	21,121.83	0.00	0.00	553,068.80
Minus Warrants Outstanding	-497,816.67	-2,854.69	0.00	-20,375.94	0.00	0.00	-521,047.30
Taxes Receivable	1,018,607.89		1,371,985.83	5,818.47	0.00	0.00	2,396,412.19
Due From Other Funds	0.00	1,754.20	0.00	0.00	0.00	0.00	1,754.20
Due From Other Governmental Units	69,477.10	0.00	0.00	1,199,525.27	0.00	0.00	1,269,002.37
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	0.00	0.00	0.00	0.00
Accrued Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	8,469.62	2,230.08		0.00			10,699.70
Prepaid Items	172,141.28	2,142.69			0.00		174,283.97
Investments	3,055,326.77	184,553.30	758,311.80	1,539,400.98	1,595.89	0.00	5,539,188.74
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	4,335,540.70	195,530.27	2,145,205.20	2,745,490.61	1,595.89	0.00	9,423,362.67
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred Outflows of Resources - Other	0.00	0.00	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 OUTFLOWS OF RESOURCES	4,335,540.70	195,530.27	2,145,205.20	2,745,490.61	1,595.89	0.00	9,423,362.67
LIABILITIES							
Accounts Payable	115,910.26	1,242.82	0.00	2,401,698.00	0.00	0.00	2,518,851.08
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00

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

Kalama School District No. 402

Balance Sheet - Governmental Funds

August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Accrued Salaries	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Anticipation Notes Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LIABILITIES:							
Payroll Deductions and Taxes Payable	-1,610.76	0.00	0.00	0.00	0.00	0.00	-1,610.76
Due To Other Governmental Units	91,004.69	0.00	0.00	570,839.80	0.00	0.00	661,844.49
Deferred Compensation Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Estimated Employee Benefits Payable	0.00	0.00	0.00	0.00	0.00	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	0.00	0.00
Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unearned Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Matured Bonds Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Matured Bond Interest Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arbitrage Rebate Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	205,304.19	1,242.82	0.00	2,972,537.80	0.00	0.00	3,179,084.81
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	14,450.00	0.00	0.00	0.00	0.00	0.00	14,450.00
Unavailable Revenue - Taxes Receivable	1,018,607.89	0.00	1,371,985.83	5,818.47	0.00	0.00	2,396,412.19
TOTAL DEFERRED INFLOWS OF RESOURCES	1,033,057.89	0.00	1,371,985.83	5,818.47	0.00	0.00	2,410,862.19
FUND BALANCE:							
Nonspendable Fund Balance	180,610.90	4,372.77	0.00	0.00	0.00	0.00	184,983.67
Restricted Fund Balance	97,620.88	189,914.68	773,219.37	0.00	1,595.89	0.00	1,062,350.82
Committed Fund Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned Fund Balance	23,357.00	0.00	0.00	0.00	0.00	0.00	23,357.00

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

Kalama School District No. 402

Balance Sheet - Governmental Funds

August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Unassigned Fund Balance	2,795,589.84	0.00	0.00	-232,865.66	0.00	0.00	2,562,724.18
TOTAL FUND BALANCE	3,097,178.62	194,287.45	773,219.37	-232,865.66	1,595.89	0.00	3,833,415.67
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	4,335,540.70	195,530.27	2,145,205.20	2,745,490.61	1,595.89	0.00	9,423,362.67

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

Balance Sheet - Governmental Funds

August 31, 2020

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Assets							
Cash and Cash Equivalents	330,160.44	5,474.04	13,024.04	1,966,143.68	0.40	0.00	2,314,802.60
Minus Warrants	-272,905.35	-624.00	0.00	-46,734.68	0.00	0.00	-320,264.03
Outstanding	1,041,726.29		1,398,379.14	6,650.64	0.00	0.00	2,446,756.07
Taxes Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Funds	2,100.00	0.00	0.00	0.00	0.00	0.00	2,100.00
Due From Other							
Governmental Units	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00			0.00			0.00
Interfund Loans Receivable	0.00		0.00	0.00	0.00	0.00	0.00
Accrued Interest							
Receivable	6,070.29	2,230.08		0.00			8,300.37
Inventory	182,348.61	0.00			0.00	0.00	182,348.61
Prepaid Items	3,109,369.68	192,436.08	725,469.90	20,563,898.75	1,593.24	0.00	24,592,767.65
Investments	0.00		0.00	0.00	0.00	0.00	0.00
Investments/Cash With Trustee	0.00			0.00			0.00
Investments-Deferred Compensation	0.00						0.00
Self-Insurance Security Deposit							
TOTAL ASSETS	4,398,869.96	199,516.20	2,136,873.08	22,489,958.39	1,593.64	0.00	29,226,811.27
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred Outflows of Resources - Other	0.00	0.00	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 OUTFLOWS OF RESOURCES	4,398,869.96	199,516.20	2,136,873.08	22,489,958.39	1,593.64	0.00	29,226,811.27
LIABILITIES							
Accounts Payable	105,252.10	1,857.55	0.00	3,788,779.56	0.00	0.00	3,895,889.21
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00

The accompanying notes are an integral part of this statement.

Balance Sheet - Governmental Funds

August 31, 2020

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Accrued Salaries	12,281.53			0.00			12,281.53
Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
LIABILITIES:							
Payroll Deductions and Taxes Payable	2,972.32			0.00			2,972.32
Due To Other Governmental Units	16,377.54			570,839.80	0.00	0.00	587,217.34
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
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	0.00			0.00			0.00
Unearned Revenue	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	136,883.49		0.00	4,359,619.36	0.00	0.00	4,498,360.40
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	14,450.00		0.00	0.00	0.00		14,450.00
Unavailable Revenue - Taxes Receivable	1,041,726.29		1,398,379.14	6,650.64	0.00		2,446,756.07
TOTAL DEFERRED INFLOWS OF RESOURCES	1,056,176.29		1,398,379.14	6,650.64	0.00	0.00	2,461,206.07
FUND BALANCE:							
Nonspendable Fund Balance	188,419.00		0.00	0.00	0.00		190,098.78
Restricted Fund Balance	0.00	195,978.87	738,493.94	18,123,688.39	1,593.64		19,059,754.84
Committed Fund Balance	0.00	0.00	0.00	0.00	0.00		0.00
Assigned Fund Balance	23,237.00	0.00	0.00	0.00	0.00		23,237.00

The accompanying notes are an integral part of this statement.

Kalama School District No. 402

Balance Sheet - Governmental Funds

August 31, 2020

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Unassigned Fund Balance	2,994,154.18	0.00	0.00	0.00	0.00	0.00	2,994,154.18
TOTAL FUND BALANCE	3,205,810.18	197,658.65	738,493.94	18,123,688.39	1,593.64	0.00	22,267,244.80
DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	4,398,869.96	199,516.20	2,136,873.08	22,489,958.39	1,593.64	0.00	29,226,811.27

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

For the Year Ended August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	2,440,981.50	36,541.38	3,220,770.12	197,427.79	2.25		5,895,723.04
State	11,290,271.79		655.31	5,777,363.63	0.00		17,068,290.73
Federal	477,577.35		0.00	0.00	0.00		477,577.35
Other	4,359.97			0.00	0.00		4,359.97
TOTAL REVENUES	14,213,190.61	36,541.38	3,221,425.43	5,974,791.42	2.25	0.00	23,445,951.09
EXPENDITURES:							
CURRENT:							
Regular Instruction	8,059,664.65						8,059,664.65
Special Education	1,835,839.10						1,835,839.10
Vocational Education	304,208.56						304,208.56
Skill Center	0.00						0.00
Compensatory Programs	509,839.77						509,839.77
Other Instructional Programs	42,951.78						42,951.78
Federal Stimulus COVID-19	0.00						0.00
Community Services	531.03						531.03
Support Services	3,148,110.35						3,148,110.35
Student Activities/Other		41,666.78				0.00	41,666.78
CAPITAL OUTLAY:							
Sites				0.00			0.00
Building				24,210,822.67			24,210,822.67
Equipment				120,522.80			120,522.80
Instructional Technology				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					42,540.00		42,540.00
Sales and Lease	383,598.00			0.00			383,598.00
Other	220,871.62						220,871.62
DEBT SERVICE:							
Principal	156,203.61		405,000.00	0.00	0.00		561,203.61

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

For the Year Ended August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Interest and Other Charges	1,061.70		2,781,700.00	0.00	0.00		2,782,761.70
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	14,662,880.17	41,666.78	3,186,700.00	24,331,345.47	42,540.00	0.00	42,265,132.42
REVENUES OVER (UNDER) EXPENDITURES	-449,689.56	-5,125.40	34,725.43	-18,356,554.05	-42,537.75	0.00	-18,819,181.33
OTHER FINANCING SOURCES (USES) :							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	383,598.00			0.00	0.00		383,598.00
Transfers In	0.00		0.00	0.00	42,540.00		42,540.00
Transfers Out (GL 536)	-42,540.00		0.00	0.00	0.00	0.00	-42,540.00
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)	341,058.00		0.00	0.00	42,540.00	0.00	383,598.00
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-108,631.56	-5,125.40	34,725.43	-18,356,554.05	2.25	0.00	-18,435,583.33
BEGINNING TOTAL FUND BALANCE	3,205,810.18	197,658.65	738,493.94	18,123,688.39	1,593.64	0.00	22,267,244.80
Prior Year(s) Corrections or Restatements	0.00	1,754.20	0.00	0.00	0.00		1,754.20
ENDING TOTAL FUND BALANCE	3,097,178.62	194,287.45	773,219.37	-232,865.66	1,595.89	0.00	3,833,415.67

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

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

For the Year Ended August 31, 2020

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	2,302,112.13	130,850.50	3,092,649.04	738,313.31	21.13		6,263,946.11
State	11,392,620.16		4.01	2,054,296.91	0.00		13,446,921.08
Federal	353,764.65		0.00	0.00	0.00		353,764.65
Other	52,065.34			0.00	0.00		52,065.34
TOTAL REVENUES	14,100,562.28	130,850.50	3,092,653.05	2,792,610.22	21.13	0.00	20,116,697.18
EXPENDITURES:							
CURRENT:							
Regular Instruction	7,917,764.08						7,917,764.08
Special Education	1,858,212.21						1,858,212.21
Vocational Education	326,186.60						326,186.60
Skill Center	0.00						0.00
Compensatory Programs	429,305.13						429,305.13
Other Instructional Programs	14,533.39						14,533.39
Community Services	93,023.04						93,023.04
Support Services	3,055,017.79						3,055,017.79
Student Activities/Other		111,726.28				0.00	111,726.28
CAPITAL OUTLAY:							
Sites				22,237.60			22,237.60
Building				43,821,337.74			43,821,337.74
Equipment				118,096.71			118,096.71
Instructional Technology				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					26,200.00		26,200.00
Sales and Lease	316,701.00						316,701.00
Other	195,134.51						195,134.51
DEBT SERVICE:							
Principal	19,124.75		0.00	0.00	0.00		19,124.75
Interest and Other Charges	2,835.59		2,789,800.00	0.00	0.00		2,792,635.59

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

For the Year Ended August 31, 2020

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	14,227,838.09	111,726.28	2,789,800.00	43,961,672.05	26,200.00	0.00	61,117,236.42
DEBT SERVICE:							0.00
REVENUES OVER (UNDER) EXPENDITURES	-127,275.81	19,124.22	302,853.05	-41,169,061.83	-26,178.87	0.00	-41,000,539.24
OTHER FINANCING SOURCES (USES) :							0.00
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	316,701.00			0.00	0.00		316,701.00
Transfers In	0.00		0.00	0.00	26,200.00		26,200.00
Transfers Out (GL 536)	-26,200.00		0.00	0.00	0.00		-26,200.00
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)	290,501.00		0.00	0.00	26,200.00	0.00	316,701.00
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	163,225.19	19,124.22	302,853.05	-41,169,061.83	21.13	0.00	-40,683,838.24
BEGINNING TOTAL FUND BALANCE	3,042,584.99	178,534.43	435,640.89	59,292,750.22	1,572.51	0.00	62,951,083.04
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	3,205,810.18	197,658.65	738,493.94	18,123,688.39	1,593.64	0.00	22,267,244.80

The accompanying notes are an integral part of this statement.

Kalama School District No. 402
Statement of Fiduciary Net Position
August 31, 2021

	Custodial Funds	Private Purpose Trust
ASSETS:		
Imprest Cash	1,754.20	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	0.00	0.00
Minus Warrants Outstanding	0.00	0.00
Due From Other Funds	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	0.00
Investments	0.00	0.00
Investments/Cash With Trustee	0.00	0.00
Other Assets	0.00	0.00
Capital Assets, Land	0.00	0.00
Capital Assets, Buildings	0.00	0.00
Capital Assets, Equipment	0.00	0.00
Accum Depreciation, Buildings	0.00	0.00
Accum Depreciation, Equipment	0.00	0.00
TOTAL ASSETS	1,754.20	0.00
LIABILITIES:		
Accounts Payable	0.00	0.00
Due To Other Funds	1,754.20	0.00
TOTAL LIABILITIES	1,754.20	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
Held In Trust For Other Purposes	0.00	0.00
TOTAL NET POSITION	0.00	0.00

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

Statement of Fiduciary Net Position

August 31, 2020

	Private Purpose Trust	Other Trust
ASSETS:		
Imprest Cash	944.20	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	810.00	0.00
Minus Warrants Outstanding	0.00	0.00
Due From Other Funds	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	0.00
Investments	0.00	0.00
Investments/Cash With Trustee	0.00	0.00
Other Assets	0.00	0.00
Capital Assets, Land	0.00	0.00
Capital Assets, Buildings	0.00	0.00
Capital Assets, Equipment	0.00	0.00
Accum Depreciation, Buildings	0.00	0.00
Accum Depreciation, Equipment	0.00	0.00
TOTAL ASSETS	1,754.20	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	0.00
Held In Trust For Pension Or Other Post-Employment Benefits	1,754.20	0.00
Held In Trust For Other Purposes	0.00	0.00
TOTAL NET POSITION	1,754.20	0.00

The accompanying notes are an integral part of this statement.

Kalama School District No. 402
Statement of Changes in Fiduciary Net Position
For the Year Ended August 31, 2021

	Custodial Funds	Private Purpose Trust
ADDITIONS:		
Contributions:		
Private Donations	0.00	0.00
Employer		0.00
Members		0.00
Other	0.00	0.00
TOTAL CONTRIBUTIONS	0.00	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	0.00	0.00
DEDUCTIONS:		
Benefits		0.00
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	0.00
Scholarships	0.00	
Other	0.00	0.00
TOTAL DEDUCTIONS	0.00	0.00
Net Increase (Decrease)	0.00	0.00
Net Position--Prior Year August Beginning	1,754.20	0.00
Prior Year F-196 Manual Revision	-1,754.20	0.00
Net Position - Total	0.00	0.00
Prior Year(s) Corrections or Restatements	0.00	0.00
NET POSITION--ENDING	0.00	0.00

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

Kalama School District No. 402
Statement of Changes in Fiduciary Net Position
For the Year Ended August 31, 2020

	Private Purpose Trust	Other Trust
ADDITIONS:		
Contributions:		
Private Donations	810.00	0.00
Employer		0.00
Members		0.00
Other	0.00	0.00
TOTAL CONTRIBUTIONS	810.00	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	810.00	0.00
DEDUCTIONS:		
Benefits	0.00	0.00
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	0.00
Scholarships	0.00	0.00
Other	607.91	0.00
TOTAL DEDUCTIONS	607.91	0.00
Net Increase (Decrease)	202.09	0.00
Net Position--Prior Year August Beginning	1,552.11	0.00
Prior Year F-196 Manual Revision	0.00	0.00
Net Position - Total	1,552.11	0.00
Prior Year(s) Corrections or Restatements	0.00	0.00
NET POSITION--ENDING	1,754.20	0.00

The accompanying notes are an integral part of this statement.

Kalama School District No. 402
Notes to Financial Statements
September 1, 2019 – August 31, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Kalama School District (District) is a municipal corporation organized pursuant to Title 28A of the Revised Code of Washington (RCW) for the purposes of providing public school services to students in grades K-12. Oversight responsibility for the District's operations is vested with the independently elected board of directors. Management of the District is appointed by and is accountable to the board of directors. Fiscal responsibility, including budget authority and the power to set fees, levy property taxes, and issue debt consistent with provisions of state statutes, also rests with the board of directors.

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

1. Districtwide statements, as defined in GAAP, are not presented.
2. A Schedule of Long-Term Liabilities is presented as supplementary information.
3. Supplementary information required by GAAP is not presented.
4. Property Taxes collected after the end of the fiscal period are not considered available for revenue accrual as described below.

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 principal and interest.

Special Revenue Fund

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

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.

InVest Ed Funds: At the year-end on August 31, 2020, cash balance was \$1,657.01; August 31, 2019. 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.

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, 2020 was \$655.17.

During the 2014-15 school year a scholarship fund was set up by Chartwell's Food Service Management Company. The current funding for each FY 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 the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. Categorical program claims and interdistrict billings are measurable and available and are accrued. Property taxes not collected by the fiscal year end are measurable and recorded as a receivable, however the receivable is not considered available revenue and is recorded as a deferred inflow of resources.

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

Budgets

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

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

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

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

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

The government's fund balance classifications policies and procedures.

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

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.

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/Designee 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 and payables 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. 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.

Fiduciary Activities

During the year ended August 31, 2021, the District implemented the provisions of GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements. The title Agency Funds is replaced with Custodial Funds and ending net position is presented for custodial funds which was not previously required. Beginning net position has been restated to reflect this change.

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.

The District's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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.

Washington State Statutes authorize the district to invest in the following types of securities:

- Certificates, notes, or bonds of the United States, its agencies, or any corporation wholly owned by the government of the United States,
- Obligations of government-sponsored corporations which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System.
- Bankers' acceptances purchased on the secondary market,
- Repurchase agreements for securities listed in the three items above, provided that the transaction is structured so that the public treasurer obtains control over the underlying securities,
- Investment deposits with qualified public depositories,
- Washington State Local Government Investment Pool, and
- County Treasurer Investment Pools.

The District's investments as of August 31, 2021, are as follows:

Fund	Type of Investment	Total
<i>General Fund</i>	State Investment Pool Certificate of Deposit	\$3,055,326.77
<i>Capital Projects Fund</i>	State Investment Pool Pass Book	\$1,539,400.98
<i>ASB Fund</i>	State Investment Pool Certificate of Deposit	\$184,553.30
<i>Transportation Vehicle Fund</i>	State Investment Pool Certificate of Deposit	\$1,595.89
<i>Debt Service Fund</i>	State Investment Pool Pass Book	\$758,311.80
	Total District Invested Deposits Ending August 31, 2021	\$5,539,188.74
	Note: The carrying value is equal to the market value.	

The District's investments as of August 31, 2020, are as follows:

Fund	Type of Investment	Total
<i>General Fund</i>	State Investment Pool Certificate of Deposit	\$3,109,369.68
<i>Capital Projects Fund</i>	State Investment Pool Pass Book	\$20,563,898.75
<i>ASB Fund</i>	State Investment Pool Certificate of Deposit	\$192,436.08
<i>Transportation Vehicle Fund</i>	State Investment Pool Certificate of Deposit	\$1,593.64
<i>Debt Service Fund</i>	State Investment Pool Pass Book	\$725,469.90
	Total District Invested Deposits Ending August 31, 2021	\$24,592,768.05
	Note: The carrying value is equal to the market value.	

The District does not have a policy that addresses a specific type of risk. Policy #6120 addresses Investment of Funds.

The Washington State Local Government Investment Pool (LGIP) was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. Participation in the pool is voluntary and the pool does not have a credit rating. Investments in LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by GASBS 79 for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The pool maintains a Weighted Average Maturity (WAM) of 60 days or shorter. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>

NOTE 3: 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, 2021, was as follows:

Plan	Retirees and Beneficiaries Receiving Benefits	Inactive Plan Members Entitled to but not yet Receiving Benefits	Active Plan Members
PERS 1	44,359	310	1181
SERS 2	11,112	6,274	28,943
SERS 3	11,200	9,064	36,772
TRS 1	31,777	92	263
TRS 2	6,201	2,808	22,980
TRS 3	15,316	8,279	56,593

Membership participation by retirement plan as of June 30, 2020, was as follows:

Plan	Retirees and Beneficiaries Receiving Benefits	Inactive Plan Members Entitled to but not yet Receiving Benefits	Active Plan Members
PERS 1	45,792	401	1,535
SERS 2	10,072	6,175	28,494
SERS 3	10,007	8,983	35,746
TRS 1	32,645	120	349
TRS 2	5,874	2,779	21,788
TRS 3	13,745	8,675	55,733

Membership & Plan Benefits

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

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

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

TRS Plan 1 provides retirement, disability and death benefits. TRS 1 members were vested after the completion of five 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, divided by twelve. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two. Members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 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. Members are eligible for normal retirement at the age of 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. TRS Plan 2/3 members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit.

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

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

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

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

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

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

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

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

SERS provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and one percent of AFC for Plan 3. The AFC is the monthly average of the member's 60 highest-paid consecutive service months before retirement, termination or death. There is no cap on 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 41.34 and 41.40 RCW for PERS, 41.34 and 41.35 RCW for SERS, and 41.32 and 41.34 RCW for TRS. 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 various plans are effective as of the dates shown in the table. The pension plan contribution rates (expressed as a percentage of covered payroll) for 2019, 2020, and 2021 are listed below:

Pension Rates			
	07/01/19 Rate	07/01/20 Rate	07/01/21 Rate
PERS 1			
Member Contribution Rate	6.00%	6.00%	6.0%
Employer Contribution Rate	12.86%	12.97%	10.252%
Pension Rates			
TRS 1			
Member Contribution Rate	6.00%	6.00%	6.00%
Employer Contribution Rate	15.51%	15.74%	14.421%
TRS 2			
Member Contribution Rate	7.77%	7.77%	8.05%
Employer Contribution Rate	15.51%	15.74%	14.423%
TRS 3			
Member Contribution Rate	varies*	Varies*	Varies*
Employer Contribution Rate	15.51%	15.74%	14.423%
SERS 2			
Member Contribution Rate	8.25%	8.25%	7.76%
Employer Contribution Rate	13.19%	13.3%	11.653%
SERS 3			

Member Contribution Rate	varies*	Varies*	Varies*
Employer Contribution Rate	13.19%	13.3%	11.653%
<i>Note: The DRS administrative rate of .0018 is included in the employer rate.</i>			
* =Variable from 5% to 15% based on rate selected by the member.			
** = Defined benefit portion only.			

The Collective Net Pension Liability

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

The Net Pension Liability as of June 30, 2021:				
Dollars in Thousands	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Total Pension Liability	\$10,847,066,000	\$7,586,243,000	\$7,850,211,000	\$20,032,702,000
Plan fiduciary net position	(\$9,625,832,000)	(\$8,659,940,000)	(\$7,176,913,000)	(\$22,781,509,000)
Participating employers' net pension liability	\$1,221,234,000	(\$1,073,697,000)	\$673,298,000	(\$2,748,807,000)
Plan fiduciary net position as a percentage of the total pension liability	88.74%	114.15%	91.42%	113.72%

The Net Pension Liability as of June 30, 2020:				
Dollars in Thousands	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Total Pension Liability	\$11,256,796,000	\$7,043,384,000	\$8,179,362,000	\$18,559,021,000
Plan fiduciary net position	(\$7,726,256,000)	(\$6,511,420,000)	(\$5,770,576,000)	(\$17,023,040,000)
Participating employers' net pension liability	\$3,530,540,000	\$531,964,000	\$2,408,786,000	1,535,981,000
Plan fiduciary net position as a percentage of the total pension liability	68.45%	92.45%	70.55%	91.72%

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

At June 30, 2020, the school district reported a total liability of \$2,884,568 for its proportionate shares of the individual plans' collective net pension liability. At June 30, 2021, the school district reported a total asset of \$1,913,011. The district's proportionate share of the collective net pension liability is based on annual contributions for each of the employers participating in the DRS administered plans. The district's proportionate share of each plan's collective net pension liability is reported below:

June 30, 2021	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	\$62,603	\$101,873	\$392,559	\$435,257
Proportionate Share of the Net Pension Liability	\$102,637	(\$519,499)	\$480,895	(\$1,977,044)

June 30, 2020	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	\$58,783	\$82,882	\$317,565	\$355,207
Proportionate Share of the Net Pension Liability	\$286,355	\$203,892	\$1,456,621	\$937,700

At June 30, 2021, 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	0.008404%	0.048384%	0.071424%	0.071924%
Prior year proportionate share of the Net pension Liability	0.008111%	0.38328%	0.060471%	0.061049%
Net difference percentage	0.000294%	0.010056%	0.010953%	0.010875%

At June 30, 2020, 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	0.008111%	0.038328%	0.060471%	0.061049%
Prior year proportionate share of the Net pension Liability	0.008897%	0.042538%	0.067822%	0.068616%
Net difference percentage	-0.000786%	-0.004209%	-0.007351%	-0.007567%

Actuarial Assumptions

Capital Market Assumptions (CMAs) 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, 2020, with the results rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75% total economic inflation, 3.50% salary inflation
Salary increases	In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return	7.40%

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, 2020 valuation were based on the results of the 2007-2012 *Experience Study and the 2017 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report.

Long-term Expected Rate of Return

OSA selected a 7.40% long-term expected rate of return on pension plan investments using a building-block method. In selecting the assumptions, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the Washington State Investment Board (WSIB) provided.

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 expected future rates of return are developed by the WSIB for each major asset class.

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, 2021, 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	20.000%	2.20%
Tangible Assets	7.00%	5.10%
Real Estate	18.00%	5.80%
Global Equity	32.00%	6.30%
Private Equity	23.00%	9.30%

The inflation component used to create the above tables is 2.2 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 7.40 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.50 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 7.40 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 7.40 percent on pension plan investments was applied to determine the total pension liability.

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

The following table presents the Kalama School District's proportionate share of the collective net pension liability (NPL) calculated using the discount rate of _____7.40 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 (6.40 percent) or one percentage-point higher (8.40 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.

Year Ending August 31, 2021.

	1% Decrease (6.4%)	Current Discount Rate (7.40)	1% Increase (8.40%)
PERS 1 NPL	\$2,080,441,000	\$1,221,234,000	\$471,917,000
Allocation Percentage	0.008404%	0.008404%	0.008404%
Proportionate Share of Collective NPL	\$174,847	\$102,637	\$39,662
SERS 2/3 NPL	-\$11,793,000	-\$1,073,697,000	-1,952,101,000
Allocation Percentage	0.04384%	0.04384%	0.04384%
Proportionate Share of Collective NPL	-\$5,706	-\$519,499	-\$944,508
TRS 1 NPL	\$1,290,542,000	\$673,298,000	\$134,647,000
Allocation Percentage	0.071424%	0.071424%	0.071424%
Proportionate Share of Collective NPL	\$921,755	\$480,895	\$96,170
TRS 2/3 NPL	\$479,331,000	-\$2,748,807,000	-\$5,382,150,000
Allocation Percentage	0.071924%	0.071924%	0.071924%
Proportionate Share of Collective NPL	\$344,753	-\$1,977,044	-\$3,871,042

Year Ending August 31, 2020.

	1% Decrease (6.4%)	Current Discount Rate (7.40)	1% Increase (8.40%)
PERS 1 NPL	\$4,422,202,000	\$3,530,540,000	\$2,752,919,000
Allocation Percentage	0.008111%	0.008111%	0.008111%
Proportionate Share of Collective NPL	\$358,676	\$286,355	\$223,284
SERS 2/3 NPL	\$1,517,879,000	\$531,964,000	(\$283,583,000)
Allocation Percentage	0.038328%	0.038328%	0.038328%
Proportionate Share of Collective NPL	\$581,775	\$203,892	(\$108,692)
TRS 1 NPL	\$3,051,911,000	\$2,408,786,000	\$1,847,550,000
Allocation Percentage	0.060471%	0.060471%	0.060471%
Proportionate Share of Collective NPL	\$1,845,526	\$1,456,621	\$1,117,235
TRS 2/3 NPL	\$4,526,645,000	\$1,535,981,000	(\$903,643,000)
Allocation Percentage	0.061049%	0.061049%	0.061049%
Proportionate Share of Collective NPL	\$2,763,468	\$937,700	(\$551,664)

NOTE 4: ANNUAL OTHER POST-EMPLOYMENT BENEFIT COST AND NET OPEB OBLIGATIONS

The state, through the Health Care Authority (HCA), administers a defined benefit other post-employment benefit (OPEB) plan that is not administered through a qualifying trust. 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. Benefits purchased by PEBB include medical, dental, life insurance and long-term disability insurance.

The relationship between the PEBB OPEB plan and its members and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one, which the employers and plan members understand the plan terms. This understanding is based on communications between the HCA, employers and plan members, and historical pattern of practice with regard to sharing of benefit costs.

Employers participating in the plan include the State of Washington (which includes general government agencies and higher education institutions), 76 of the state's K-12 school districts and educational service districts (ESDs), and 249 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 227 K-12 school districts and ESDs. The District's retirees (approximately 17) are eligible to participate in the PEBB plan under this arrangement.

Eligibility

District members are eligible for retiree medical benefits after becoming eligible for service retirement pension benefits (either reduced or full pension benefits) Under PERS 1, 2, 3; TRS 1, 2, or 3; or SERS 2 and 3 plans.

Former members who are entitled to a deferred vested pension benefit are not eligible to receive medical and life insurance benefits after pension benefit commencement. Survivors of covered members who die are eligible for medical benefits.

Medical Benefits

Upon retirement, members are permitted to receive medical benefits. Retirees pay the following monthly rates for pre-65 medical coverage for 2021

Members not eligible for Medicare (or enrolled in Part A only)			
Descriptions	Type of Coverage		
	Employee	Employee & Spouse	Full Family
Kaiser Permanente NW Classic	\$745.66	\$1,485.75	\$2,040.82
Kaiser Permanente NW CDHP	\$618.76	\$1,226.30	\$1,638.21
Kaiser Permanente WA Classic	\$775.39	\$1,545.22	\$2,122.58
Kaiser Permanente WA CDHP	\$619.29	\$1,227.86	\$1,640.54
Kaiser Permanente WA Sound Choice	\$641.43	\$1,277.28	\$1,754.17
Kaiser Permanente WA Value	\$698.96	\$1,392.34	\$1,912.38
UMP Classic	\$691.72	\$1,377.86	\$1,892.47
UMP Select	\$623.50	\$1,241.43	\$1,704.88
UMP CDHP	\$618.52	\$1,226.31	\$1,638.41
UMP Plus-Puget Sound High Value Network	\$658.79	\$1,312.02	\$1,801.93
UMP Plus-UW Medicine Accountable Care Network	\$658.79	\$1,312.02	\$1,801.93

Retirees enrolled in Medicare Parts A and B receive an explicit subsidy in the form of reduced premiums on Medicare supplemental plans. Retirees pay the following monthly rates.

Members enrolled in Part A and B of Medicare			
Descriptions	Type of Coverage		
	Employee	Employee & Spouse¹	Full Family¹
Kaiser Permanente NW Senior Advantage	\$174.41	\$343.27	\$898.34
Kaiser Permanente WA Medicare Plan	\$177.10	\$348.64	N/A
Kaiser Permanente WA Classic	N/A	N/A	\$926.01
Kaiser Permanente WA Sound Choice	N/A	N/A	\$825.54
Kaiser Permanente WA Value	N/A	N/A	\$868.68
UMP Classic	\$336.30	\$667.04	\$1,181.65

Note 1: Employee–Spouse and Full Family with two Medicare eligible subscribers.

Funding Policy

The School Employees Benefits Board (SEBB) Program administers health insurance and other benefits to all employees in school districts and charter schools, and union-represented employees of educational service districts in Washington. The SEBB studies, designs, and approves comprehensive and cost-effective insurance benefit plans for school employees and establishes eligibility criteria for participation in these plans. The SEB Board is separate and independent from the Public Employees Benefits Board (PEBB).

The funding policy is based upon pay-as-you go financing.

The SEBB collects benefit premiums from all school district entities for covered employees. The premium includes a fee, established in state law. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees who elect to purchase their health care benefits through the state Health Care Authority PEBB plan. The amount collected 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.

For the fiscal year 2020-21, the Kalama School District paid \$1,296,337 total to HCA-SEBB; for the fiscal year 2019-2020, the Kalama School District paid \$965,246 total to HCA-SEBB.

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. These amounts are not shown on the financial statements.

For further information on the results of the actuarial valuation of the employer provided subsidies associated with the state's PEBB plan, refer to the [Office of the State Actuary](#). The plan does not issue a separate report; however, additional information is included in the State of Washington Annual Comprehensive Financial Report, which is available on the [OFM](#) website

NOTE 5: COMMITMENTS UNDER LEASES

For the fiscal years ended August 31, 2021, the Kalama School District had incurred additional long-term debt as follows:

2020-2021		Principal Annual Installment	Final Installment Date	% Interest Rate	Balance Due 8/31/21
Lease-Purchase Commitments	Amount				
Pitney Bowes – Postage Machine	\$7,605	\$1,521	10/01/2025	0	\$6,210.75
TEQLease – ChromeBooks	\$127,797	\$40,269.68	08/01/2023	0	\$87,527.32
TEQLease – Acer Laptops	\$206,304	\$66,647.67	08/01/2023	0	\$139,656.33
CTX Districtwide Copiers/US Bank	\$298,593	\$59,718.72	01/31/2026	0	\$238,874.28
Total - Lease Purchase	\$640,299	\$168,157.07			\$472,268.68

For the fiscal years ended August 31, 2020, the Kalama School District had incurred additional long-term debt as follows:

2019-2020		Principal Annual Installment	Final Installment Date	% Interest Rate	Balance Due 8/31/20
Lease-Purchase Commitments	Amount				
US Bank Districtwide Copiers	\$186,433.32	\$21,160.34	08/31/2022	3.763525	\$165,272.98
TEQLease – Laptops	\$201,788.00	0.00	08/01/2023	0	\$201,788.00
Total - Lease Purchase	\$388,221.32	\$21,160.34			\$367,060.98

NOTE 6: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

On February 13, 2018, the Kalama School District ran a Bond to Construct and Improve School Facilities, which would authorize Kalama School District to issue \$63,405,000 of bonds to: (1) construct a new elementary school, on a site behind the existing maintenance building, that will include: classrooms for science, technology, engineering and mathematics (“STEM”); cafeteria; art and music/drama rooms; kitchen; commons; library; multipurpose room; full sized gymnasium; parking and traffic circulation; removal of the existing elementary school and relocation of existing athletic fields; (2) construct a new middle school addition adjacent to Kalama High School that will include: middle and high school classrooms (including STEM and vocational classrooms); kitchen; cafeteria; commons; library; weight room (subject to sufficient Bond proceeds); and (3) acquire and install air conditioning at Kalama High School.

Project	Project Authorization Amount	Expended as of 8/31/21	Additional Local Funds Committed	Additional State Funds Committed
New Kalama Elementary and Secondary School Addition/Modernization	\$63,405,000	\$25,718,111.47	\$4,775,271.15	\$0

Project	Project Authorization Amount	Expended as of 8/31/20	Additional Local Funds Committed	Additional State Funds Committed
New Kalama Elementary and Secondary School Addition/Modernization	\$63,405,000	\$40,173,213.05	\$2,792,610.22	\$0

NOTE 7: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

In 2020 the district's capital assets were insured in the amount of \$34,845,000, with an annual premium of \$116,494.

The district's capital assets were insured in the amount of \$32,067,000, with an annual premium of \$66,538 for fiscal year 2019-2020.

In the opinion of the district's insurance consultant, this amount is sufficient to adequately fund replacement of the district's assets.

NOTE 8: LONG-TERM LIABILITIES

Long-Term Debt

On February 13, 2018, the Kalama School District ran a Bond to Construct and Improve School Facilities, which would authorize Kalama School District to issue \$63,405,000 of bonds to: (1) construct a new elementary school, on a site behind the existing maintenance building, that will include: classrooms for science, technology, engineering and mathematics ("STEM"); cafeteria; art and music/drama rooms; kitchen; commons; library; multipurpose room; full sized gymnasium; parking and traffic circulation; removal of the existing elementary school and relocation of existing athletic fields; (2) construct a new middle school addition adjacent to Kalama High School that will include: middle and high school classrooms (including STEM and vocational classrooms); kitchen; cafeteria; commons; library; weight room (subject to sufficient Bond proceeds); and (3) acquire and install air conditioning at Kalama High School.

Those bonds were sold on June 7, 2018, in the principal amount of \$56,840,000.00.

The district has had preconstruction activity during the months of June, July and August 2018. During the 2018-19 school year, the district went through the GC/CM project and the hiring of the Construction Contractor was awarded, Emerick Construction. Construction began in early April 2019.

Bonds and Limited General Obligation Bonds payable at August 31, 2021, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installment	Final Maturity	Interest Rate(s)	Amount Outstanding
2018 General Obligation Bond	\$56,840,000	\$405,000	2042	2.02%	\$56,435,000

Total GO Voted Bonds					\$56,435,000
Total Bonded Debt					\$56,435,000

The following is a summary of limited general obligation long-term debt transactions of the district for the year ending August 31, 2021.

Long-Term Debt Payable at 9/1/20	\$56,435,000
New Issues	0
Debt Retired	405,000
Long-Term Debt Payable at 8/31/21	56,435,000

Bonds and Limited General Obligation Bonds payable at August 31, 2020, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installment	Final Maturity	Interest Rate(s)	Amount Outstanding
2018 General Obligation Bond	\$56,840,000	0	2042		\$56,840,000
Total GO Voted Bonds					\$56,840,000
Total Bonded Debt					\$56,840,000

The following is a schedule of annual requirements to amortize general long-term debt outstanding as of August 31, 2021:

For Fiscal Year	Principal	Interest	Total
2019-2020	0	2,789,800	2,789,800
2020-2021	405,000	2,781,700	3,186,700
2021-2022	525,000	2,763,100	3,288,100
2022-2027	4,505,000	13,345,525	17,850,525
2027-2032	8,675,000	11,766,125	20,441,125
2032-2037	14,535,000	8,901,875	23,436,875
2037-2042	22,505,000	4,388,875	26,893,875
2042-2043	5,690,000	142,250	5,832,250
TOTAL	\$ 56,840,000	\$ 49,635,898	\$ 107,235,898

At August 31, 2021, the district had \$773,219.37 available in the debt service fund to service the general obligation bonds.

At August 31, 2020, the district had \$738,493.94 available in the debt service fund to service the limited general obligation bonds.

NOTE 9: INTERFUND BALANCES AND TRANSFERS

The following table depicts interfund transfer activity:

2020-2021:

Transferred From (Fund) 535 or 536	Transferred To (Fund) 965 9900	Amount	Description
General Fund	TVF Fund	\$42,540.00	Bus Payment to KWRL

2019-2020:

Transferred From (Fund) 535 or 536	Transferred To (Fund) 965 9900	Amount	Description
General Fund	Transportation Vehicle Fund	\$ 26,200.00	Bus Payment to KWRL

NOTE 10: 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 SW Washington Workers’ Compensation Trust administered by Educational Service District No. 112. The Pool was formed in January 1983, pursuant to chapter 51.14. An agreement to form a pooling arrangement was made pursuant to the provision of Chapter 39.34 RCW, the interlocal Cooperation Act. The members include 29 school districts and one educational service district.

The Pool provides industrial injury accident insurance coverage for its membership. The Pool is fully funded by its member participants. Member contributions are calculated based on the members’ hours worked. The Pool 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 Pool acquires insurance from unrelated underwriters. The Pool’s per-occurrence retention limit is \$450,000 and the annual aggregate retention is \$6,507,468. Since the Pool is a cooperative program, there is a joint liability among the participating members.

The Pool is governed by a board of directors which is comprised of one designed representative from each participating member. A five-member executive committee has oversight responsibilities.

Property and Casualty Insurance

The district is a member of the Southwest Washington Risk Management Insurance Cooperative (Pool) administered by Educational Service District No. 112. This Pool provides property and casualty insurance coverage for its membership. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool 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 Pool include 28 school districts, one transportation cooperative, one school information processing cooperative, two educational service districts, one workers' compensation trust and one unemployment compensation pool.

The Pool purchases excess insurance coverage and provides related services, such as administration, risk management and claims administration. The Pool 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 Pool 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. Since the Pool is a cooperative program, there is a joint liability among the participating members. The Pool is a member of Washington Schools Risk Management Pool to obtain this excess insurance.

The Cooperative also purchases additional 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 subject to per-occurrence deductible of \$5,000 to \$15,000 with a \$1,000,000 limit subject to a \$1,000 member deductible. A Crisis Protect endorsement that includes Terrorism coverage is also provided.

Members make an annual contribution to fund the Pool. The Interlocal Governmental Agreement is renewed automatically each 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 Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal governmental agreement. The Pool is fully funded by its member participants. Members file claims with in-house staff of the Pool, who perform claims adjustment and loss prevention services.

The Pool is governed by a board of directors which is comprised of one designed representative from each participating member. A five-member executive committee has oversight responsibilities.

NOTE 11: 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 tax collections occurring after the end of the fiscal period are unavailable for revenue accrual. Therefore, the fall portion of property taxes is not accrued as revenue. Instead, the property taxes due after the end of the fiscal period are recorded as a deferred inflow of resources.

NOTE 12: 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, 2018 is 10.71%, and year ending August 31, 2019 is 11.47%. This percentage is used to determine Kalama's share of unfunded costs.

2020-2021:

Total KWRL Unfunded Costs	\$ 565,205
Kalama's Share @ 12.33%	\$ 69,690

Total KWRL To/From Expenditures	\$4,576,851	
Kalama's Share @ 12.33%	\$ 564,326	
Total State Revenues	\$4,576,851	
Kalama's Share @ 12.33%	\$ 564,326	
Total KWRL Administrative Fee	\$ 97,478	not included in program 99
Kalama's Share @ 12.33%	\$ 12,019	
Total KWRL Utility Expenditures	\$ 44,024	not included in program 99
Kalama's Share @ 12.33%	\$ 5,428	

*See KWRL 2020-21 Total Co-op Final Unfunded Paperwork.

2019-2020:

Total KWRL Unfunded Costs	\$ 44,480	
Kalama's Share @12.33%	\$ 5,484	
Total KWRL To/From Expenditures	\$5,698,032	
Kalama's Share @ 12.33%	\$ 5,484	
Total State Revenues	\$5,698,032	
Kalama's Share @ 12.33%	\$ 5,484	
Total KWRL Administrative Fee	\$ 56,762	not included in program 99
Kalama's Share @ 12.33%	\$ 9,075	
Total KWRL Utility Expenditures	\$ 74,547	not included in program 99
Kalama's Share @ 12.33%	\$ 14,387	

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 2020-2021 totaled \$102,138.

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 of \$5,602.18 for 2021 and \$5,234.27 for 2020 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 13: FUND BALANCE CLASSIFICATION DETAILS

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

2021	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transp. Vehicle Fund
Nonspendable Fund Balance	102,257				
Inventory and Prepaid Items	78,353	4,372			
Restricted Fund Balance	97,620	189,915			
For Other Items					1,595
For Debt Service				773,219	

Restricted from Bond Proceeds					
Committed Fund Balance					
Committed from Levy Proceeds					
Other Purposes	23,357				
Unassigned Fund Balance	2,795,589		-232,866		
Total Fund Balance	3,097,178	194,287	-232,866	773,219	1,595

2020	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transp. Vehicle Fund
Nonspendable Fund Balance	188,419				0
Inventory and Prepaid Items		1,679			
Restricted Fund Balance		195,978		738,493	1,593
For Other Items					
For Debt Service					
Restricted from Bond Proceeds			18,123,688		
Committed Fund Balance					
Committed from Levy Proceeds					
Other Purposes	23,237				
Unassigned Fund Balance	2,994,154				
Total Fund Balance	3,205,810	197,658	18,123,688	738,493	1,593

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 expenditures. Portions of fund balance that are set aside for the purpose of meeting this policy are recorded on the financial statements as a part of Unassigned fund balance.

The Board on July 9, 2018, approved Policy 6022, Minimum Fund Balance.

NOTE 14: 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 15: 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 buyout 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 16: SUBSEQUENT EVENTS

COVID-19 Pandemic

In February 2020, Governor Inslee declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, canceling public events, limiting gathering sizes, and requiring people to stay home unless they were leaving for an essential function. On April 6, 2020, the Governor closed all public and private K–12 school buildings throughout the remainder of the 2019–20 school year and continuing through the 2020-21 school year. The school district, however, continues to operate, educating students using continuous learning models.

Many of the precautionary measures put in place during the 2019–20 school year remain in effect; and are affecting the district for the 2021–2022 school year in new ways.

The district used a distance learning and hybrid model to begin the 2020-21 school year. Students were fully remote in the beginning of the school year and the district switched to a hybrid model beginning in January 2021. As a result, there was limited on-campus activity, however many of the staff remained on campus to teach remotely from classrooms, provide scheduled one-on-one support, prepare and serve free lunches to the community, and to be available for the public to answer questions and provide assistance.

The district experienced about a 4% decrease in enrollment during the 2020-21 school year. The district has taken the following measures: provided greater opportunities in the A.L.E program, including hiring support to assist the current A.L.E. staff, provided summer school, and integrated an advisory period into the school day meant for teachers to check in with students on their academic progress.

The length of time these measures will be in place, and the full extent of the financial impact on the school district, is unknown at this time.

BOND

On December 3, 2018, the district received grant approval for the 2017-19 biennium STEM Classroom and Lab grant program. The district will receive funding in the amount of \$1,937,793. These grants have been extended to be spent in the 2019-20 school year.

Kalama School District's levy failed on February 11, 2020; it will be on the ballot again in April 2020. Budget development includes plans for both levy adoption and levy failure scenarios.

The replacement levy Ballot:	Year 2021	\$2.23/\$1,000	Levy Amount	\$3,250,947
	Year 2022	\$2.17/\$1,000	Levy Amount	\$3,300,947
	Year 2023	\$2.15/\$1,000	Levy Amount	\$3,400,947

This was to maintain the district’s current level of unfunded programming which includes: unfunded special education costs, unfunded transportation costs, extracurricular programs, Cispus as part of the elementary instructional program, and to progressively obtain administrative control over our special education program and to replace the football field and track which are close to end-of-life. All of this without a reduction in staffing or programs. Without levy approval these items would be delayed contingent upon future budget capacity.

NOTE17: VIOLATION OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS

At the end of the 2020-2021 school year, upon filing the F-196, it was discovered that the expenditures in the Transportation Vehicle Fund were greater than the appropriation. There appeared to have been an issue with transferring the budget dollars from WESPac into the F195 document; therefore, the statements in WESPac did not reflect that the appropriation was overspent. A letter was sent to OSPI stating this and the district worked with ESD’s WESPac team to ensure that it won’t happen again in the future.

Kalama School District No. 402
 Schedule of Long-Term Liabilities
 For the Year Ended August 31, 2021

Description	Beginning Outstanding Debt September 1, 2020	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2021	Amount Due Within One Year
Voted Debt					
Voted Bonds	56,840,000.00	0.00	405,000.00	56,435,000.00	525,000.00
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
Non-Voted Debt and Liabilities					
Non-Voted Bonds	0.00	0.00	0.00	0.00	0.00
LOCAL Program Proceeds	0.00	0.00	0.00	0.00	0.00
Capital Leases	367,060.98	273,364.77	168,157.07	472,268.68	173,926.80
Contracts Payable	0.00	0.00	0.00	0.00	0.00
Non-Cancellable Operating Leases	0.00	0.00	0.00	0.00	0.00
Claims & Judgements	0.00	0.00	0.00	0.00	0.00
Compensated Absences	166,896.23	0.00	7,214.32	159,681.91	41,488.29
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	1,456,621.00	0.00	975,726.00	480,895.00	
Net Pension Liabilities TRS 2/3	937,700.00	0.00	937,700.00	0.00	
Net Pension Liabilities SERS 2/3	203,892.00	0.00	203,892.00	0.00	
Net Pension Liabilities PERS 1	286,355.00	0.00	183,718.00	102,637.00	
Total Long-Term Liabilities	60,258,525.21	273,364.77	2,881,407.39	57,650,482.59	740,415.09

Other postemployment benefits other than pensions (OPEB) liabilities are not presented in the Schedule of Long Term Liabilities.

Kalama School District No. 402
Schedule of Long-Term Liabilities
For the Year Ended August 31, 2020

Description	Beginning Outstanding Debt September 1, 2019	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2020	Amount Due Within One Year
Voted Debt					
Voted Bonds	56,840,000.00	0.00	0.00	56,840,000.00	405,000.00
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
Non-Voted Debt and Liabilities					
Non-Voted Bonds	0.00	0.00	0.00	0.00	0.00
LOCAL Program Proceeds	0.00	0.00	0.00	0.00	0.00
Capital Leases	71,520.32	316,701.00	21,160.34	367,060.98	201,393.43
Contracts Payable	0.00	0.00	0.00	0.00	0.00
Non-Cancellable Operating Leases	0.00	0.00	0.00	0.00	0.00
Claims & Judgements	0.00	0.00	0.00	0.00	0.00
Compensated Absences	171,327.00	0.00	4,430.77	166,896.23	22,492.63
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	1,679,132.00	0.00	222,511.00	1,456,621.00	
Net Pension Liabilities TRS 2/3	413,436.00	524,264.00	0.00	937,700.00	
Net Pension Liabilities SERS 2/3	99,750.00	104,142.00	0.00	203,892.00	
Net Pension Liabilities PERS 1	342,116.00	0.00	55,761.00	286,355.00	
Total Long-Term Liabilities	59,617,281.32	945,107.00	303,863.11	60,258,525.21	628,886.06

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

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