



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## Woodland School District No. 404

For the period September 1, 2019 through August 31, 2020

*Published March 8, 2021*

Report No. 1027888



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

March 8, 2021

Board of Directors  
Woodland School District No. 404  
Woodland, Washington

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

Please find attached our report on Woodland School District No. 404's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Woodland School District No. 404 September 1, 2019 through August 31, 2020

### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Woodland School District No. 404 are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

#### Financial Statements

We issued an unmodified opinion on the fair presentation of the District’s financial statements in accordance with its regulatory basis of accounting. Separately, we issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared using a basis of accounting other than GAAP.

#### Internal Control over Financial Reporting:

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

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

#### Federal Awards

#### Internal Control over Major Programs:

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

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

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

### **Identification of Major Federal Programs**

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

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
10.553	Child Nutrition Cluster – School Breakfast Program
10.555	Child Nutrition Cluster – National School Lunch Program
10.559	Child Nutrition Cluster – Summer Food Service Program for Children

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

The District qualified as a low-risk auditee under the Uniform Guidance.

### **SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

### **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

## 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*

### **Woodland School District No. 404 September 1, 2019 through August 31, 2020**

Board of Directors  
Woodland School District No. 404  
Woodland, 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 Woodland School District No. 404, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated March 2, 2021.

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.

As discussed in Note 3 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Woodland School District is unknown. Management's plans in response to this matter are also described in Note 3.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **COMPLIANCE AND OTHER MATTERS**

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

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

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, sweeping initial "P".

Pat McCarthy  
State Auditor  
Olympia, WA

March 2, 2021



# INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

## Woodland School District No. 404 September 1, 2019 through August 31, 2020

Board of Directors  
Woodland School District No. 404  
Woodland, Washington

### REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Woodland School District No. 404, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2020. The District's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

#### Management's Responsibility

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

#### Auditor's Responsibility

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

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

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

### **Opinion on Each Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

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

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

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

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

that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

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

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

March 2, 2021

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### **Woodland School District No. 404 September 1, 2019 through August 31, 2020**

Board of Directors  
Woodland School District No. 404  
Woodland, Washington

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Woodland School District No. 404, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 16.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether

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

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

### **Unmodified Opinion on Regulatory Basis of Accounting (Accounting Manual)**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woodland School District No. 404, as of August 31, 2020, and the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

### **Basis for 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. GAAP requires presentation of government-wide financial statements to display the financial position and changes in financial position of its governmental activities.

As described in Note 1, the Accounting Manual does not require the District to prepare the government-wide financial statements, and consequently such amounts have not been determined or presented. We are therefore required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

## **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 Woodland School District No. 404, as of August 31, 2020, or the changes in financial position or cash flows thereof for the year then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

## **Matters of Emphasis**

As discussed in Note 3 to the 2020 financial statements, the full extent of the COVID-19 pandemic’s direct or indirect financial impact on the Woodland School District is unknown. Management’s plans in response to this matter are also described in Note 3. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Long-Term Liabilities is also presented for purposes of additional analysis, as required by the prescribed Accounting Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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Pat McCarthy  
State Auditor  
Olympia, WA

March 2, 2021

**Woodland School District No. 404  
September 1, 2019 through August 31, 2020**

**FINANCIAL STATEMENTS**

Balance Sheet – Governmental Funds – 2020  
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Funds – 2020  
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Notes to Financial Statements – 2020

**SUPPLEMENTARY AND OTHER INFORMATION**

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Schedule of Expenditures of Federal Awards – 2020  
Notes to the Schedule of Expenditures of Federal Awards – 2020



Woodland School District No. 404

Balance Sheet - Governmental Funds

August 31, 2020

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>Assets</b>							
Cash and Cash Equivalents	750,984.25	7,610.09	16,387.74	1,883.87	858.21	0.00	777,724.16
Minus Warrants Outstanding	-705,377.63	-2,135.16	0.00	0.00	0.00	0.00	-707,512.79
Taxes Receivable	2,195,949.17		1,430,285.21	0.00	0.00	0.00	3,626,234.38
Due From Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Governmental Units	476,090.39	0.00	0.00	0.00	0.00	0.00	476,090.39
Accounts Receivable	23,979.88	13,507.50	0.00	0.00	0.00	0.00	37,487.38
Interfund Loans Receivable	0.00						
Accrued Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	0.00					0.00
Prepaid Items	218,072.66	0.00			0.00	0.00	218,072.66
Investments	3,550,139.31	244,146.67	1,178,806.84	786,822.04	3,145,482.12	0.00	8,905,396.98
Investments/Cash With Trustee	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments-Deferred Compensation	0.00						0.00
Self-Insurance Security Deposit	0.00						0.00
<b>TOTAL ASSETS</b>	<b>6,509,838.03</b>	<b>263,129.10</b>	<b>2,625,479.79</b>	<b>788,705.91</b>	<b>3,146,340.33</b>	<b>0.00</b>	<b>13,333,493.16</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>							
Deferred Outflows of Resources - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>6,509,838.03</b>	<b>263,129.10</b>	<b>2,625,479.79</b>	<b>788,705.91</b>	<b>3,146,340.33</b>	<b>0.00</b>	<b>13,333,493.16</b>
<b>LIABILITIES</b>							
Accounts Payable	240,557.67	5,600.77	0.00	11,434.31	0.00	0.00	257,592.75
Contracts Payable Current	0.00	0.00					0.00
Accrued Interest Payable			0.00				0.00

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

Woodland School District No. 404

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	10,310.75	0.00	0.00	0.00	0.00	0.00	10,310.75
Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
<b>LIABILITIES:</b>							
Payroll Deductions and Taxes Payable	782.16	0.00	0.00	0.00			782.16
Due To Other Governmental Units	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Compensation Payable	0.00		0.00	0.00			0.00
Estimated Employee Benefits Payable	0.00						0.00
Due To Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Interfund Loans Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unearned Revenue	108,540.83	0.00	0.00	0.00	0.00	0.00	108,540.83
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	0.00
<b>TOTAL LIABILITIES</b>	<b>360,191.41</b>	<b>5,600.77</b>	<b>0.00</b>	<b>11,434.31</b>	<b>0.00</b>	<b>0.00</b>	<b>377,226.49</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unavailable Revenue - Taxes Receivable	2,195,949.17		1,430,285.21	0.00	0.00		3,626,234.38
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,195,949.17</b>	<b>0.00</b>	<b>1,430,285.21</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3,626,234.38</b>
<b>FUND BALANCE:</b>							
Nonspendable Fund Balance	218,073.00	0.00	0.00	0.00	0.00	0.00	218,073.00
Restricted Fund Balance	2,713.97	257,528.33	1,195,194.58	777,271.60	3,146,340.33	0.00	5,379,048.81
Committed Fund Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned Fund Balance	243,020.00	0.00	0.00	0.00	0.00	0.00	243,020.00

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

Woodland School District No. 404  
 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	3,489,890.48	0.00	0.00	0.00	0.00	0.00	3,489,890.48
<b>TOTAL FUND BALANCE</b>	<b>3,953,697.45</b>	<b>257,528.33</b>	<b>1,195,194.58</b>	<b>777,271.60</b>	<b>3,146,340.33</b>	<b>0.00</b>	<b>9,330,032.29</b>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	6,509,838.03	263,129.10	2,625,479.79	788,705.91	3,146,340.33	0.00	13,333,493.16

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

Woodland School District No. 404

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
<b>REVENUES:</b>							
Local	4,579,628.81	210,497.52	3,238,395.89	126,851.07	34,268.17		8,189,641.46
State	32,573,597.77		5,799.14	38,750.00	664,506.21		33,282,653.12
Federal	2,299,125.64		0.00	0.00	0.00		2,299,125.64
Other	658,855.09			65,075.00	162,688.00	0.00	886,618.09
<b>TOTAL REVENUES</b>	<b>40,111,207.31</b>	<b>210,497.52</b>	<b>3,244,195.03</b>	<b>230,676.07</b>	<b>861,462.38</b>	<b>0.00</b>	<b>44,658,038.31</b>
<b>EXPENDITURES:</b>							
<b>CURRENT:</b>							
Regular Instruction	18,364,400.51						18,364,400.51
Special Education	5,004,724.37						5,004,724.37
Vocational Education	677,355.28						677,355.28
Skill Center	0.00						0.00
Compensatory Programs	1,909,800.07						1,909,800.07
Other Instructional Programs	85,143.18						85,143.18
Community Services	1,093,619.75						1,093,619.75
<b>Support Services</b>	<b>11,376,163.30</b>						<b>11,376,163.30</b>
<b>Student Activities/Other</b>		<b>188,457.12</b>				<b>0.00</b>	<b>188,457.12</b>
<b>CAPITAL OUTLAY:</b>							
Sites				211,140.53			211,140.53
Building				14,892.81			14,892.81
Equipment				0.00			0.00
Instructional Technology				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					802,146.57		802,146.57
Sales and Lease				0.00			0.00
Other	0.00						0.00
<b>DEBT SERVICE:</b>							
Principal	0.00		1,175,000.00	0.00	0.00		1,175,000.00
Interest and Other Charges	0.00		1,984,406.26	0.00	0.00		1,984,406.26

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

Woodland School District No. 404

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
<b>TOTAL EXPENDITURES</b>	<b>38,511,206.46</b>	<b>188,457.12</b>	<b>3,159,406.26</b>	<b>226,033.34</b>	<b>802,146.57</b>	<b>0.00</b>	<b>42,887,249.75</b>
DEBT SERVICE:							
REVENUES OVER (UNDER) EXPENDITURES	1,600,000.85	22,040.40	84,788.77	4,642.73	59,315.81	0.00	1,770,788.56
<b>OTHER FINANCING SOURCES (USES) :</b>							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	0.00		0.00	0.00	0.00		0.00
Transfers In	200,000.00		0.00	654,925.00	87,313.00		942,238.00
Transfers Out (GL 536)	-542,238.00		-200,000.00	-200,000.00	0.00	0.00	-942,238.00
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
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-342,238.00</b>		<b>-200,000.00</b>	<b>454,925.00</b>	<b>87,313.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>1,257,762.85</b>	<b>22,040.40</b>	<b>-115,211.23</b>	<b>459,567.73</b>	<b>146,628.81</b>	<b>0.00</b>	<b>1,770,788.56</b>
<b>BEGINNING TOTAL FUND BALANCE</b>	<b>2,695,934.60</b>	<b>235,487.93</b>	<b>1,310,405.81</b>	<b>317,703.87</b>	<b>2,999,711.52</b>	<b>0.00</b>	<b>7,559,243.73</b>
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>ENDING TOTAL FUND BALANCE</b>	<b>3,953,697.45</b>	<b>257,528.33</b>	<b>1,195,194.58</b>	<b>777,271.60</b>	<b>3,146,340.33</b>	<b>0.00</b>	<b>9,330,032.29</b>

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

Woodland School District No. 404  
Statement of Fiduciary Net Position  
August 31, 2020

	Private Purpose Trust	Other Trust
<b>ASSETS:</b>		
Imprest Cash	0.00	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	16,278.22	0.00
Minus Warrants Outstanding	-16,200.00	0.00
Due From Other Funds	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	0.00
Investments	159,846.34	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
<b>TOTAL ASSETS</b>	<b>159,924.56</b>	<b>0.00</b>
<b>LIABILITIES:</b>		
Accounts Payable	0.00	0.00
Due To Other Funds	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>0.00</b>	<b>0.00</b>
<b>NET POSITION:</b>		
<b>Held in trust for:</b>		
Held In Trust For Intact Trust Principal	159,924.56	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
<b>TOTAL NET POSITION</b>	<b>159,924.56</b>	<b>0.00</b>

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

Woodland School District No. 404  
Statement of Changes in Fiduciary Net Position  
For the Year Ended August 31, 2020

	Private Purpose Trust	Other Trust
<b>ADDITIONS:</b>		
<b>Contributions:</b>		
Private Donations	17,199.25	0.00
Employer Members		0.00
Other	0.00	0.00
<b>TOTAL CONTRIBUTIONS</b>	<b>17,199.25</b>	<b>0.00</b>
<b>Investment Income:</b>		
Net Appreciation (Depreciation) in Fair Value	0.00	0.00
Interest and Dividends	2,466.26	0.00
Less Investment Expenses	0.00	0.00
Net Investment Income	2,466.26	0.00
<b>Other Additions:</b>		
Rent or Lease Revenue	0.00	0.00
Total Other Additions	0.00	0.00
<b>TOTAL ADDITIONS</b>	<b>19,665.51</b>	<b>0.00</b>
<b>DEDUCTIONS:</b>		
Benefits		0.00
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	0.00
Scholarships	58,957.03	
Other	0.00	0.00
<b>TOTAL DEDUCTIONS</b>	<b>58,957.03</b>	<b>0.00</b>
Net Increase (Decrease)	-39,291.52	0.00
Net Position--Prior Year August Beginning	199,216.08	0.00
Prior Year F-196 Manual Revision	0.00	0.00
Net Position - Total	199,216.08	0.00
Prior Year(s) Corrections or Restatements	0.00	0.00
<b>NET POSITION--ENDING</b>	<b>159,924.56</b>	<b>0.00</b>

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

**WOODLAND SCHOOL DISTRICT NO. 404**  
**Notes to the Financial Statements**  
**September 1, 2019 Through August 31, 2020**

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

The Woodland 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.

### ***Fiduciary Funds***

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

### Private-Purpose Trust Fund

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

## **Measurement focus, basis of accounting, and fund financial statement presentation**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered "measurable" if the amount

of the transaction can be readily determined. Revenues are considered "available" when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. 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 and the Executive Director of Business Services are the only persons who have the authority to create Assignments of fund balance.

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

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

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

## **Cash and Cash Equivalents**

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

## **Receivables and Payables**

All receivables and payables are expected to be collected within one year.

## **NOTE 2: DEPOSITS AND INVESTMENTS**

All of the District's bank balances are insured by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Statutes authorize the District to invest in (1) securities, certificates, notes, bonds, short-term securities, or other obligations of the United States, and (2) deposits in any state bank or trust company, national banking association, stock savings bank, mutual savings bank, savings and loan association, and any branch bank engaged in banking in the state in accordance with RCW 30.04.300 if the institution has been approved by the Public Deposit Protection Commission to hold public deposits and has segregated eligible collateral having a value of not less than its maximum liability.

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, 2020, are as follows:

Type of Investment	District’s own investments	Investments held by District as an agent for other organizations	Total
State Treasurer’s Investment Pool	\$ 8,905,397	\$ 159,846	\$ 9,065,243
Total	\$ 8,905,397	\$ 159,846	\$ 9,065,243

The District is a participant in the Local Government Investment Pool (LGIP). The LGIP was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the LGIP and adopts rules. The State Treasurer is responsible for establishing the investment policy for the LGIP and reviews the policy annually; proposed changes are reviewed by the LGIP Advisory Committee.

The LGIP is an unrated external investment pool. Investments in the Pool are reported at amortized cost, which approximates fair value. The Pool is invested in manner that meets the maturity, quality, diversification and liquidity requirements set forth by generally accepted accounting principles for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The Pool does not have any legally binding guarantees of share values.

The Pool does not impose liquidity fees or redemption gates on participant withdrawals. It is the policy of the Pool to permit participants to withdraw their investments on a daily basis; therefore, the District’s investment balance in the Pool is equal to fair value. Fair value is measured using quoted prices in active markets for identical assets that the pool can access at the measurement date (Level 1 Inputs). Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

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: SIGNIFICANT EFFECTS OF 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. The school District, however, continued 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 2020–21 school year in new ways. The District is using a distance learning and hybrid model to begin and throughout the 2020-2021 school year. As a result, there is limited on-campus activity. In September, the District laid off all bus drivers, bringing them back to work as necessary, moving many of them from regular unemployment to the SharedWork program. For the months of September, October and into November 2020 the District cut all food service, custodial and KWRL office staff hours by 50%, gradually adding back hours until all were back to work full time.

The District has experienced decreasing enrollment beginning in the 2020-2021 school year, with average FTE through January 2021, being approximately 65.00 FTE less than budgeted and Special Education enrollment approximately 15.00 FTE less than budgeted. These dips in enrollment will result in approximately \$1,200,000 in decreased apportionment revenues. However, due to decreased students in the buildings, the District has made some adjustments to staff, spending less on supplies and utilities, to offset the lost revenue.

The big unknown at this time is what the Transportation allocation will be and how the decreased enrollments and hybrid schedules will affect this. The District made some adjustments in staffing, identified above, and also has decreased expenditures in the areas of fuel and parts. The District will not know the extent of the full effect until the Transportation allocations are calculated and published by OSPI, hopefully in late February or early March 2021

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.

## **NOTE 4: 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. The DRS total collective net pension liabilities for the pension plans school Districts participate in are shown here.

### **The Collective Net Pension Liability**

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

The Collective Net Pension Liability as of June 30, 2020				
	Total Pension Liability	Plan fiduciary net position	Participating employers' net pension liability	Plan fiduciary net position as a percentage of the total pension liability
PERS 1	\$11,256,796,000	\$7,726,256,000	\$3,530,540,000	68.64%
SERS 2/3	\$7,043,384,000	\$6,511,420,000	\$531,964,000	92.45%
TRS 1	\$8,179,362,000	\$5,770,576,000	\$2,408,786,000	70.55%
TRS 2/3	\$18,559,021,000	\$17,023,040,000	\$1,535,981,000	91.72%

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 [Annual Financial Reports](#) or <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, 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	44,359	310	1,181
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 & 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 Plan Information

TRS was established in 1938, and its retirement provisions are contained in RCW Chapters 41.34 and 41.32. TRS is a cost-sharing multi-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 Information

PERS was established in 1947, and its retirement benefit provisions are contained in RCW Chapters 41.34 and 41.40. PERS is a cost-sharing, multi-employer retirement system. 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 Plan Information

SERS was established by the legislature in 1998, and the plan became effective in 2000. SERS retirement benefit provisions are established in RCW Chapters 41.34 and 41.35. SERS is a cost-sharing, multiemployer 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. Employers do not contribute to the defined contribution portions of TRS Plan 3 or SERS Plan 3. Under current law the employer must contribute 100 percent of the employer-required contribution. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at six percent and does not vary from year to year.

The employer and employee contribution rates for the PERS plan were effective as of July 1, 2019. SERS and TRS contribution rates are effective as of September 1, 2019. All plans will not have a contribution rate change until September 1, 2020. The pension plan contribution rates (expressed as a percentage of covered payroll) for fiscal year 2020 are listed below:

<b>Pension Contribution Rates from September 01, 2019 to August 31, 2020</b>			
	Employer	Employee	
PERS Plan 1	12.86%	6.00%	
TRS Plan 1	15.51%	6.00%	
TRS Plan 2/3	15.51%	7.77%	*/**
SERS Plan 2/3	13.19%	8.25%	*/**
<i>Note: The Employer rates include .0018 DRS administrative expense.</i>			
* – TRS and SERS Plan 3 Employee Contribution Variable from 5% to 15% based on rate selected by the employee member.			
** – TRS and SERS Plan 2/3 Employer Contributions for defined benefit portion only.			

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

At June 30, 2020, the school District reported a total liability of \$11,576,114 for its proportionate shares of the individual plans' collective net pension liability. Proportion of net pension liability is based on annual contributions for each of the employers participating in the DRS administered plans. At June 30, 2020, the District's proportionate share of each plan's net pension liability is reported below:

June 30, 2020	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	\$ 451,446	\$ 767,828	\$ 994,478	\$ 1,108,598
Proportionate Share of the Net Pension Liability	\$ 2,199,182	\$ 1,888,870	\$ 4,561,509	\$ 2,926,554

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 share of the Net Pension Liability	0.062290%	0.355075%	0.189370%	0.190533%
Prior year share of the Net Pension Liability	0.051501%	0.298769%	0.163212%	0.164997%
Net difference percentage	0.010789%	0.056306%	0.026158%	0.025536%

**Actuarial Assumptions**

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, 2019, with the results rolled forward to June 30, 2020, 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 developed using the Society of Actuaries’ Pub.H-2010 Mortality rates, which vary by member status as the base table. OSA applies age offsets for each system to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. The actuarial assumptions used in the June 30, 2019, valuation were based on the results of the *2013–2018 Demographic Experience Study Report and the 2019 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2019 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, 2020, are summarized in the following table:

TRS 1, TRS 2/3, PERS 1, and SERS 2/3		
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20.00%	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 table is 2.20 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

#### Discount Rate

The discount rate used to measure the total pension liability was 7.40 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. Based on the assumptions described in the DRS CAFR Certification Letter, 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, a 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 Woodland 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
<b>PERS 1 NPL</b>	\$ 4,422,202,000	\$ 3,530,540,000	\$ 2,752,919,000
Allocation Percentage	0.062290%	0.062290%	0.062290%
Proportionate Share of NPL	\$ 2,754,600	\$ 2,199,182	\$ 1,714,800

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
<b>SERS 2/3 NPL</b>	\$ 1,517,879,000	\$ 531,964,000	(\$283,583,000)
Allocation Percentage	0.355075%	0.355075%	0.355075%
Proportionate Share of NPL	\$ 5,389,605	\$ 1,888,870	\$ (1,006,932)
<b>TRS 1 NPL</b>	\$ 3,051,911,000	\$ 2,408,786,000	\$ 1,847,550,000
Allocation Percentage	0.189370%	0.189370%	0.189370%
Proportionate Share of NPL	\$ 5,779,392	\$ 4,561,509	\$ 3,498,698
<b>TRS 2/3 NPL</b>	\$ 4,526,645,000	\$ 1,535,981,000	(\$903,643,000)
Allocation Percentage	0.190533%	0.190533%	0.190533%
Proportionate Share of NPL	\$ 8,624,761	\$ 2,926,554	\$ (1,721,740)

**NOTE 6: 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 member employers 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 60) 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 Plan 2 or 3 of TRS or SERS.

- Age of 65 with 5 years of service
- Age of 55 with 20 years of service

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.

<b>Members not eligible for Medicare (or enrolled in Part A only)</b>			
<b>Descriptions</b>	<b>Type of Coverage</b>		
	<b>Employee</b>	<b>Employee &amp; Spouse</b>	<b>Full Family</b>
Kaiser Permanente NW Classic	\$715.66	\$1,426.75	\$1,959.20
Kaiser Permanente NW CDHP	\$608.85	\$1,206.99	\$1,611.85
Kaiser Permanente WA Classic	\$752.15	\$1,499.24	\$2,059.55
Kaiser Permanente WA CDHP	\$610.16	\$1,210.10	\$1,616.32
Kaiser Permanente WA Sound Choice	\$618.49	\$1,231.92	\$1,692.00
Kaiser Permanente WA Value	\$675.71	\$1,346.36	\$1,849.35
UMP Classic	\$679.72	\$1,354.37	\$1,860.37
UMP CDHP	\$608.35	\$1,206.48	\$1,611.34
UMP Plus-Puget Sound High Value Network	\$644.97	\$1,284.88	\$1,764.82
UMP Plus-UW Medicine Accountable Care Network	\$644.97	\$1,284.88	\$1,764.82

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.

<b>Members enrolled in Part A and B of Medicare</b>			
<b>Descriptions</b>	<b>Type of Coverage</b>		
	<b>Employee</b>	<b>Employee &amp; Spouse<sup>1</sup></b>	<b>Full Family<sup>1</sup></b>

Kaiser Permanente NW Senior Advantage	\$173.01	\$342.75	\$875.70
Kaiser Permanente WA Medicare Plan	\$174.55	\$344.04	N/A
Kaiser Permanente WA Classic	N/A	N/A	\$904.36
Kaiser Permanente WA Sound Choice	N/A	N/A	\$804.11
Kaiser Permanente WA Value	N/A	N/A	\$847.03
UMP Classic	\$320.54	\$636.02	\$1,142.01
Note 1: Employee–Spouse and Full Family with two Medicare eligible subscribers.			

### Funding Policy

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

According to state law, the Washington State Treasurer collects a fee from all school District entities, which have employees who are not current active members of the state Health Care Authority but participate in the state retirement system. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees who elect to purchase their health care benefits through the state Health Care Authority. For the months of September through December in the fiscal year 2019-20, the District was required to pay the HCA \$69.56 per month, per full-time equivalent employee to support the program, for a total payment of \$100,497. For the months of January through August and after the fee is included in the monthly fee to the School Employee Benefits Board. This assessment to the District is set forth in the state’s operating budget and is subject to change on an annual basis. This amount is not actuarially determined and is not placed in a trust to pay the obligations for post-employment health care benefits.

The District has no control over the benefits offered to retirees, the rates charged to retirees, nor the fee paid to the Health Care Authority. The District does not determine its annual required contribution nor the net other post-employment benefit obligation associated with this plan. 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 Comprehensive Annual Financial Report, which is available on the [OFM](#) website



**NOTE 8: OTHER SIGNIFICANT COMMITMENTS**

The District has active construction projects as of August 31, 2020:

Project	Project Authorization Amount	Expended as of 8/31/20	Additional Local Funds Committed	Additional State Funds Committed
KWRL Tanks	\$ 504,554	\$ 0	\$ 504,554	\$ 0
Total	\$ 504,554	\$ 0	\$ 504,554	\$ 0

**Encumbrances**

Encumbrance accounting is employed in governmental funds. Purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve a portion of the applicable appropriation. Encumbrances lapse at the end of the fiscal year and may be re-encumbered the following year. The following encumbrance amounts were re-encumbered by fund on September 1, 2020:

Fund	Amount
General	\$ 39,474
Capital Projects Fund	\$504,554
Transportation Vehicle Fund	\$322,382

**NOTE 9: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS**

The District’s capital assets are insured in the amount of \$123,056,231 for fiscal year 2020. In the opinion of the District’s insurance consultant, the amount is sufficient to adequately fund replacement of the District’s assets.

**NOTE 10: LONG-TERM DEBT**

**Long-Term Debt**

The following is a summary of changes in long-term debt of the District for the fiscal year ended August 31, 2020:

Governmental activities	Balance at Sept. 1, 2019	Increases	Decreases	Balance at Aug. 31, 2020	Due within One Year
General Obligation Bonds	\$50,165,000	\$ 0	\$1,175,000	\$48,990,000	\$1,300,000
Total	\$50,165,000	\$ 0	\$1,175,000	\$48,990,000	\$1,300,000

Long-term debt at August 31, 2020, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
UTGO Bonds, 2015 (Ref 2005)	\$2,600,000	\$50,000-\$380,000	Dec 2024	2.00%-4.00%	\$ 1,640,000
UTGO Bonds, 2012	\$26,000,000	\$500,000-\$2,500,000	Dec 2036	.20%-2.72%	\$23,100,000
UTGO Bonds, 2013	\$25,700,000	\$315,000-\$4,415,000	Dec 2038	1.50%-5.00%	\$24,250,000
<b>Total General Obligation Bonds</b>	<b>\$54,300,000</b>				<b>\$48,990,000</b>

Debt service requirements on long-term debt as of August 31, 2020, are as follows:

Years Ending August 31	Bonds		Total
	Principal	Interest	
2021	\$ 1,300,000	\$ 1,950,981	\$ 3,250,981
2022	\$ 1,430,000	\$ 1,912,444	\$ 3,342,444
2023	\$ 1,580,000	\$ 1,866,456	\$ 3,446,456
2024	\$ 1,735,000	\$ 1,806,306	\$ 3,541,306
2025	\$ 1,910,000	\$ 1,733,531	\$ 3,643,531
2026-2030	\$11,220,000	\$ 7,373,656	\$18,593,656
2031-2035	\$14,055,000	\$ 5,103,159	\$19,158,159
2036-2039	\$15,760,000	\$ 2,411,419	\$18,171,419
<b>Total</b>	<b>\$48,990,000</b>	<b>\$24,157,953</b>	<b>\$73,147,953</b>

At August 31, 2020, the District had \$1,195,195 available in the Debt Service Fund to service the general obligation bonds.

## **NOTE 11: INTERFUND BALANCES AND TRANSFERS**

The following table depicts interfund transfer activity:

Transferred From (Fund) 535 or 536	Transferred To (Fund) 965 9900 or 9901	Amount	Description
Debt Service Fund	Capital Projects Fund	\$200,000	State Forest Funds for Tech
Capital Projects Fund	General Fund	\$200,000	For Tech Expenditures
General Fund	Transp Vehicle Fund	\$87,313	For New Bus Purchases
General Fund	Capital Projects Fund	\$20,000	Annual Transfer for Projects
General Fund	Capital Projects Fund	\$434,925	For KWRL Projects

## **NOTE 12: ENTITY RISK MANAGEMENT ACTIVITIES**

### **Unemployment Compensation Insurance**

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

### **Workers' Compensation Insurance**

The District is a member of the Worker's Compensation Trust administered by Educational Service District No. 112. This Trust provides industrial injury accident insurance coverage for its membership. The Trust is fully funded by its member participants. Member contributions are calculated based on the members' hours worked. The Trust retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by its excess insurance contracts. The Trust acquires insurance from unrelated underwriters. The Trust's per-occurrence retention limit is \$450,000 and the annual aggregate retention is \$5,317,479. Since the Trust is a cooperative program, there is a joint liability among participating members. The financial statements of the Trust may be obtained by contacting Educational Service District No. 112.

### **Property and Casualty Insurance**

The District is a member of the Southwest Washington Risk Management Insurance Cooperative (Cooperative) administered by Educational Service District No. 112. This cooperative provides property and casualty insurance coverage for its membership as authorized by Chapter 48.62 RCW. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Cooperative was formed in September 1986, when 25 school Districts in the State of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. The members of the Cooperative include 28 school Districts, one transportation cooperative, one school information processing cooperative, one educational service District, one workers' compensation trust and one unemployment compensation pool.

The Cooperative purchases excess insurance coverage and provides related services, such as administration, risk management and claims administration. The Cooperative provides the following forms of group purchased insurance coverage for its members: Property, including owned buildings, automobiles and equipment, Equipment Breakdown, Commercial Crime, General Liability, Errors and Omissions Liability and Employment Practices Liability. Members are responsible for the first \$1,000 of all property claims and the Cooperative is responsible for the next \$250,000. There is no member deductible for liability claims. Excess insurance covers insured

losses over \$250,000 up to the limits of each policy. The Cooperative is a member of Washington Schools Risk Management Pool to obtain this excess insurance.

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

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

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

### **NOTE 13: PROPERTY TAXES**

Property tax revenues are collected as the result of special levies passed by the voters in the District. Taxes are levied on January 1. The taxpayer has the obligation of paying all taxes on April 30 or one-half then and one-half on October 31. Typically, slightly more than half of the collections are made on the April 30 date. The 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 14: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS**

Operation of a proportionally larger cooperative program to transport the District's students and those of the Kalama, La Center and Ridgefield neighboring Districts are included in these financial statements. For fiscal year 2020, these cooperative revenues totaled \$5,703,710.00, as compared to the preceding year's revenues of \$5,284,688.00. Expenditures related to the cooperative totaled \$5,864,870.00, as compared to the preceding year's expenditures of \$5,370,127.00. Woodland School District's percentage of ownership of the co-op for the year ended August 31, 2020 is 36.11%.

The District is a member of the King County Director’s Association (KCDA). KCDA is a purchasing cooperative designed to pool the member Districts’ purchasing power. The board authorized joining the association by approving the agreement at a board meeting on May 14, 1979 and has remained in the joint venture ever since. The District’s equity share of \$10,390.23 is the accumulation of the annual assignment of KCDA’s operating surplus based upon the percentage derived from KCDA’s total sales to the District compared to all other Districts applied against paid administrative fees. The District may withdraw from the joint venture and will receive its equity in ten annual allocations of merchandise or 15 annual payments.

**NOTE 15: FUND BALANCE CLASSIFICATION DETAILS**

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

	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transportation Vehicle Fund
Nonspendable Fund Balance					
Inventory and Prepaid Items	\$218,073				
Restricted Fund Balance					
For Other Items			\$552,909		
For Fund Purpose		\$257,528			\$3,146,340
For Carryover of Restricted Revenues	\$2,714				
For Debt Service				\$1,195,195	
Restricted from State Proceeds			\$23,857		
Restricted from Impact Fee Proceeds			\$200,505		
Committed Fund Balance					
For Economic Stabilization					
Other Commitments					
Assigned Fund Balance					
Other Purposes	\$243,020				
Unassigned Fund Balance	\$3,489,890				

## **NOTE 16: TERMINATION BENEFITS**

### **Compensated Absences**

Employees earn sick leave at a rate of 10-12 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 60 years of age and has sufficient years of service. Vested sick leave was computed using the termination payment 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.

Woodland School District No. 404  
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
<b>Voted Debt</b>					
Voted Bonds	50,165,000.00	0.00	1,175,000.00	48,990,000.00	1,300,000.00
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
<b>Non-Voted Debt and Liabilities</b>					
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	0.00	0.00	0.00	0.00	0.00
Contracts Payable	0.00	0.00	0.00	0.00	0.00
Non-Cancellable Operating Leases	0.00	0.00	0.00	0.00	0.00
Claims & Judgements	0.00	0.00	0.00	0.00	0.00
Compensated Absences	554,095.00	76,948.00	0.00	631,043.00	75,000.00
Long-Term Notes	0.00	0.00	0.00	0.00	0.00
Anticipation Notes Payable	0.00	0.00	0.00	0.00	0.00
Lines of Credit	0.00	0.00	0.00	0.00	0.00
Other Non-Voted Debt	0.00	0.00	0.00	0.00	0.00
<b>Other Liabilities</b>					
<b>Non-Voted Notes Not Recorded as Debt</b>					
Net Pension Liabilities:					
Net Pension Liabilities TRS 1	4,040,796.00	520,713.00	0.00	4,561,509.00	
Net Pension Liabilities TRS 2/3	994,164.00	1,932,390.00	0.00	2,926,554.00	
Net Pension Liabilities SERS 2/3	700,607.00	1,188,263.00	0.00	1,888,870.00	
Net Pension Liabilities PERS 1	1,980,397.00	218,785.00	0.00	2,199,182.00	
<b>Total Long-Term Liabilities</b>	<b>58,435,059.00</b>	<b>3,937,099.00</b>	<b>1,175,000.00</b>	<b>61,197,158.00</b>	<b>1,375,000.00</b>

**Woodland School District No. 404  
Schedule of Expenditures of Federal Awards  
For the Year Ended August 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
<b>Child Nutrition Cluster</b>								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	School Breakfast Program	10.553	N/A	72,549	-	72,549	-	2
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	National School Lunch Program	10.555	N/A	67,076	-	67,076	-	3
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	National School Lunch Program	10.555	N/A	320,345	-	320,345	-	2
				<b>Total CFDA 10.555:</b>	-	<b>387,421</b>	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	Summer Food Service Program for Children	10.559	N/A	460,412	-	460,412	-	
				<b>Total Child Nutrition Cluster:</b>	-	<b>920,382</b>	-	
<b>Forest Service Schools and Roads Cluster</b>								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	Schools and Roads - Grants to States	10.665	N/A	7,191	-	7,191	-	
				<b>Total Forest Service Schools and Roads Cluster:</b>	-	<b>7,191</b>	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	0203489	436,754	-	436,754	-	4
<b>Special Education Cluster (IDEA)</b>								

The accompanying notes are an integral part of this schedule.



**Woodland School District No. 404  
Schedule of Expenditures of Federal Awards  
For the Year Ended August 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Grants to States	84.027	0306754/03383 00	487,130	-	487,130	-	4
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Preschool Grants	84.173	0366235/03383 00	17,339	-	17,339	-	4
<b>Total Special Education Cluster (IDEA):</b>				<b>504,469</b>	<b>-</b>	<b>504,469</b>	<b>-</b>	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via WA OSPI)	Career and Technical Education -- Basic Grants to States	84.048	0174516	14,022	-	14,022	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Education for Homeless Children and Youth	84.196	0456984	25,000	-	25,000	-	4
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	English Language Acquisition State Grants	84.365	0402780	27,159	-	27,159	-	4
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	0524842	65,848	-	65,848	-	4
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	Student Support and Academic Enrichment Program	84.424	0430624	37,676	-	37,676	-	

The accompanying notes are an integral part of this schedule.



**Woodland School District No. 404**  
**Schedule of Expenditure of Federal Awards - Notes**  
**For Fiscal Year Ending August 31, 2020**

**NOTE 1 - BASIS OF ACCOUNTING**

The schedule is prepared on the same basis of accounting as the Woodland School District's financial statements. The District uses the modified accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine the amounts expended or matched from non-federal sources.

**NOTE 2—PROGRAM COSTS/MATCHING CONTRIBUTIONS**

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the District's portion, may be more than shown.

**NOTE 3—NONCASH AWARDS**

The amount of commodities reported on the schedule is the value of commodities distributed by the Woodland School District during the current year and priced as prescribed by the Office of Superintendent of Public Instruction.

**NOTE 4—FEDERAL INDIRECT RATE**

The Woodland School District used the federal *restricted* rate of 2.85% percent for this program. The District has not elected to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

## 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.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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