

Washington State Auditor's Office
Financial Statements and Federal Single Audit Report

Woodland School District No. 404
Cowlitz County

Audit Period
September 1, 2007 through August 31, 2008

Report No. 1001037

Issue Date
April 13, 2009



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

April 13, 2009

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,

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive.

BRIAN SONNTAG, CGFM
STATE AUDITOR

Table of Contents

**Woodland School District No. 404
Cowlitz County
September 1, 2007 through August 31, 2008**

Federal Summary.....	1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with <i>Government Auditing Standards</i>	2
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	4
Independent Auditor's Report on Financial Statements	6
Financial Section	8

Federal Summary

Woodland School District No. 404 Cowlitz County September 1, 2007 through August 31, 2008

The results of our audit of Woodland School District No. 404 are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

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

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

We reported no findings that are required to be disclosed under OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
84.027/173	Special Education Cluster

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

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

Independent Auditor's Report on Internal
Control over Financial Reporting and on
Compliance and Other Matters in Accordance
with *Government Auditing Standards*

Woodland School District No. 404
Cowlitz County
September 1, 2007 through August 31, 2008

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

We have audited the financial statements of Woodland School District No. 404, Cowlitz County, Washington, as of and for the year ended August 31, 2008, and have issued our report thereon dated March 19, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

This report is intended for the information and use of management, the Board of Directors, federal awarding agencies and pass-through entities. 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, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 19, 2009

Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

Woodland School District No. 404 Cowlitz County September 1, 2007 through August 31, 2008

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

COMPLIANCE

We have audited the compliance of Woodland School District No. 404, Cowlitz County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended August 31, 2008. The District's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended August 31, 2008.

INTERNAL CONTROL OVER COMPLIANCE

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the Board of Directors, federal awarding agencies and pass-through entities. 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, appearing to read "Brian Sonntag". The signature is fluid and cursive, with a large initial "B" and "S".

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 19, 2009

Independent Auditor's Report on Financial Statements

Woodland School District No. 404 Cowlitz County September 1, 2007 through August 31, 2008

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

We have audited the accompanying financial statements of Woodland School District No. 404, Cowlitz County, Washington, as of and for the year ended August 31, 2008, as listed on page 8. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the District prepares its financial statements using accounting practices prescribed by Washington State statutes and the *Accounting Manual for Public Schools in the State of Washington*, which demonstrates compliance with the regulatory basis of accounting which differs from accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and the accounting principles generally accepted in the United States of America are 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, 2008, and the changes in financial position thereof for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report 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* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Long-Term Debt 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 has been

subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information and use of the governing body and management of the District. 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, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" written in a larger, more prominent script than the last name "Sonntag".

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 19, 2009

Financial Section

**Woodland School District No. 404
Cowlitz County
September 1, 2007 through August 31, 2008**

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds – 2008
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds –
2008
Statement of Fiduciary Net Assets – 2008
Statement of Changes in Fiduciary Net Assets – 2008
Notes to Financial Statements – 2008

SUPPLEMENTAL INFORMATION

Schedule of Long-Term Debt – 2008
Schedule of Expenditures of Federal Awards and Notes – 2008

WOODLAND SCHOOL DISTRICT NO. 404
 Balance Sheet
 Governmental Funds
 August 31, 2008

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
ASSETS:							
Cash & Cash Equivalent	544,638.21	14,607.64	107,982.42	132,001.51	14,361.83		813,591.61
Minus Outstanding Warrant	532,554.18	450.60		28,767.88			561,772.66
Taxes Receivable	1,063,681.73		725,838.60				1,789,520.33
Due From Other Funds							
Due From Other Gov Units	113,192.40						113,192.40
Accounts Receivable	10,499.99						10,499.99
Intfd Loans Receivable							
Accrued Int Receivable							
Inventory							
Prepaid Items	94,928.53	6,905.41		5,557.60			107,391.54
Investments	1,098,293.00	172,400.00	2119,006.71	391,500.00	2865,000.00		6,646,199.71
Invest/Cash W/Trustee							
Invest/Deferd Comp							
Slf-Insur Secu Deposit							
TOTAL ASSETS	2,392,679.68	193,462.45	2952,827.73	500,291.23	2879,361.83		8,918,622.92
LIABILITIES:							
Accounts Payable	241,816.98	44.48		97,040.77	15.08		338,917.31
Contracts Pay. Current							
Accrued Int Payable							
Accrued Salaries	25,648.03						25,648.03
Rev Anticipation Notes							
Payroll Ded/Taxes Paya	38,923.81						38,923.81
Due to Other Gov Units							
Deferred Compensation							
Est Employee Benefits							
Due to Other Funds							
Intfd Loans Payable							
Deposits							
Matured Bonds Payable							
Matured Bond Interest							
Arbitrig Rebate Payable							
Deferred Revenue	1,096,313.37	9,897.00	725,838.60				1,832,048.97
TOTAL LIABILITIES	1,402,702.19	9,941.48	725,838.60	97,040.77	15.08		2,235,538.12
FUND BALANCE:							
Reserve of Fund Balanc				375,005.80			375,005.80
Unres Desig Fnd Balanc	129,357.35			28,244.66			157,602.01
Unres Undesig Fnd Bala	860,620.14	183,520.97	2226,989.13	403,250.46	2879,346.75		6,150,476.99
TOTAL FUND BALANCE	989,977.49	183,520.97	2226,989.13	403,250.46	2879,346.75		6,683,084.80
TOTAL LIAB/FUND BALANC	2,392,679.68	193,462.45	2952,827.73	500,291.23	2879,361.83		8,918,622.92

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, 2008

	General Fund	Assoc. Student Body	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	2,888,564.31	269,256.63	1,573,939.32	98,943.37	100,869.21		4,931,572.84
State	14,733,519.65		176,362.77		426,868.86		15,336,751.28
Federal	1,109,119.70						1,109,119.70
Other	781,432.69				380,837.00		1,162,269.69
TOTAL REVENUES	19,512,636.35	269,256.63	1,750,302.09	98,943.37	908,575.07		22,539,713.51
EXPENDITURES:							
CURRENT:							
Regular Instruction	9,538,796.76						9,538,796.76
Special Education	1,538,611.41						1,538,611.41
Vocational Education	547,367.78						547,367.78
Skills Center							
Compensatory Program	1,611,290.69						1,611,290.69
Other Instruct. Prog	89,570.59						89,570.59
Community Services	264,013.30						264,013.30
Support Services	5,498,019.58						5,498,019.58
Stu. Activities/Othe		272,594.10					272,594.10
CAPITAL OUTLAY:							
Sites				195,839.65			195,839.65
Building				76,197.32			76,197.32
Equipment							
Energy							
Transportation Equip	45,910.78				8,209.76		54,120.54
Other							
DEBT SERVICE:							
Principal			1,110,000.00				1,110,000.00
Int. & Other Charges	203.60		474,000.00	2,500.00			476,703.60
TOTAL EXPENDITURES	19,133,784.49	272,594.10	1,584,000.00	274,536.97	8,209.76		21,273,125.32
REVS OVER (UNDER) EX	378,851.86	3,337.47-	166,302.09	175,593.60-	900,365.31		1,266,588.19
OTHER FIN SRCES (USES)							
Bond Sls & Ref Bond							
Long-Term Financing				150,000.00	194,163.00		344,163.00
Transfers In							
Trans Out (GL 536)							
Oth Fin Use (GL 535)	194,163.00-		150,000.00-				344,163.00-
Other							
TOTAL OTHER FINANCE SOURCES (USES)	194,163.00-		150,000.00-	150,000.00	194,163.00		344,163.00-
EXCESS OF REVS & OTH FIN SRCES OVER (UNDER) EXP & OTHER FIN USES	184,688.86	3,337.47-	16,302.09	25,593.60-	1,094,528.31		1,266,588.19
BEG TOT FUND BALANCE	805,288.63	186,858.44	2,210,687.04	428,844.06	1,784,818.44		5,416,496.61
Prior Year(s) Correc or Restatements							
END TOT FUND BALANCE	989,977.49	183,520.97	2,226,989.13	403,250.46	2,879,346.75		6,683,084.80

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

WOODLAND SCHOOL DISTRICT NO. 404
Statement of Fiduciary Net Assets
Fiduciary Funds
August 31, 2008

	Private Purpose Trust	Other Trust
ASSETS:		
Imprest Cash		
Cash on Hand		
Cash on Deposit with Cty Treasurer	9,959.24	
Minus Warrants Outstanding	2,530.00-	
Due From Other Funds		
Accounts Receivable		
Accrued Interest Receivable		
Investments		
Investments/Cash W/Trustees	93,977.00	
Other Assets		
Capital Assets, Land		
Capital Assets, Buildings		
Capital Assets, Equipment		
Accum. Depreciation, Buildings		
Accum. Depreciation, Equipment		
TOTAL ASSETS	101,406.24	
LIABILITIES:		
Accounts Payable		
Due to Other Funds		
TOTAL LIABILITIES		
NET ASSETS:		
Net assets held in trust for:		
Reserved for Other Items		
Reserved for Self Insured Risk		
Reserved for Trust Principal		
Unreserved, Designated for Other Items		
Unreserved, Undesignated Fund Balance	101,406.24	
Total Net Assets	101,406.24	

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

WOODLAND SCHOOL DISTRICT NO. 404
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For The Year Ended August 31, 2008

	Private Purpose Trust	Other Trust
ADDITIONS:		
Contributions:		
Private Donations	14,719.68	
Employer Members		
Other		
Total Contributions	14,719.68	
Investment Income:		
Net Appreciation (Depreciation) in Fair Value		
Interest and dividends	4,241.60	
Less Investment Expense	4,241.60	
Net Investment Income		
Other Additions:		
Rent or Lease Revenue		
Total Other Additions		
Total Additions	18,961.28	
DEDUCTIONS:		
Benefits		
Refund of Contributions		
Administrative Expenses		
Scholarships	11,896.40	
Other		
Total Deductions	11,896.40	
Net Increase (Decrease)	7,064.88	
Net Assets--Beginning	94,341.36	
Prior Year(s) Corrections or Restatements		
Net Assets--Ending	101,406.24	

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

WOODLAND SCHOOL DISTRICT
Notes to Financial Statements
September 1, 2007 Through August 31, 2008

Note 1 Summary of Significant Accounting Policies

a. Reporting Entity

The Woodland School District is a municipal corporation organized pursuant to Title 28A *Revised Code of Washington* (RCW) for the purpose 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.

For financial reporting purposes, the Woodland School District includes all funds and organizations that are controlled by or dependent on the district's board of directors. Control by or dependence on the district was determined on the basis of budget adoption, taxing authority, outstanding debt secured by the general credit of the district, obligation of the district to finance any deficits that may occur, or receipt of significant subsidies from the district.

b. Basis of Presentation—Fund Accounting

The Woodland School District presents governmental fund financial statements and related notes on the modified accrual basis of accounting as prescribed by generally accepted accounting principles (GAAP) and required by its regulatory agencies, the Office of Superintendent of Public Instruction and the State Auditor's Office. However, the district elects to not present districtwide financial statements, and management's discussion and analysis, which are departures from GAAP. Long-term debt is reported on a required supplementary schedule. The accounts of the district are organized on the basis of funds, each of which is considered a separate accounting entity. The regulatory agencies require all funds be presented as major funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. 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 those required to be accounted for in another fund. In keeping with the principle of as few funds as necessary, food services, maintenance, data processing, printing, and transportation activities are included in the fund.

Capital Projects Funds

These funds account for financial resources to be used for the construction or acquisition of major capital assets. The capital projects fund type consists of 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 capital assets.

Transportation Vehicle Fund—This fund is used to account for the purchase, major repair, rebuilding, and debt service expenditures related 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, interest, and related expenditures.

Special Revenue Funds

These funds account for the proceeds of specific revenue sources that are legally restricted for specific purposes. The Associated Student Body Fund (ASB Fund) is the only fund of this type. This fund is accounted for as a special revenue fund since the financial resources legally belong to the district.

FIDUCIARY FUNDS

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

Private-Purpose Trust Fund This fund is used to account for resources legally held in trust where principal and income benefit individuals, private organizations, or other governments. The Private-Purpose Trust is consists moneys held in trust for various scholarship programs to students and staff, including the Woodland High School Scholarship Trust, Northcutt Scholarship, Class of '71 Scholarship and Schiewe Teacher Grant Program.

c. Basis of Accounting

The district's accounting policies, as reflected in the accompanying financial statements, conform to the *Accounting Manual for Public School Districts in the State of Washington*, issued jointly by the State Auditor 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 allows for a practice that differs from generally accepted accounting principles in the following manner:

- (1) Districtwide statements are not presented.
- (2) The financial statements do not report capital assets.
- (3) Debt is not reported on the face of the financial statements. It is reported in the notes to the financial statements and on the Schedule of Long-Term Debt. The Schedule of Long-Term Debt is required supplemental information.

- (4) The original budget is not presented. This information is available through the Office of Superintendent of Public Instruction.
- (5) The Management Discussion and Analysis is not required.

The modified accrual basis of accounting is used for all governmental funds. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and the district considers all revenues available if they are collected within 60 days after year end to pay liabilities of the current period. Property taxes receivable are measurable but not available and are, therefore, not accrued. However, categorical program claims and inter-district billings are measurable and available and are, therefore, accrued.

Expenditures are recognized under the modified 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. The fund liability is incurred when the goods or services have been received. For federal grants, the recognition of expenditures is dependent on the obligation date, (obligations means purchase order issued, contract awarded, or goods and services received).

All governmental funds reporting focus primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. This means that only current assets and current liabilities are included on their balance sheets.

d. Budgetary Data

General Budgetary Policies

Chapter 28A.505 RCW and Chapter 392-123 *Washington Administrative Code* (WAC) mandate school district budget policies and procedures. The board adopts the budget after a public hearing. An appropriation is a prerequisite to expenditure. Appropriations lapse at the end of the fiscal period.

Budgetary Basis of Accounting

For budget and accounting purposes, revenues and expenditures are accounted for on the modified accrual basis as prescribed in law for all governmental funds. Fund balance is budgeted as available resources and, pursuant to law, the budgeted ending fund balance cannot be negative.

e. Assets, Liabilities, and Fund Equity

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

The district's year-end investments are as follows:

	Number of Securities	Carrying Amount	Market Value
Certificates of Deposit or Other Time Deposits	7	6,366,562	6,366,562
Federal Home Loan Bank			
Bankers' Acceptance	5	104,345	104,345
Obligations of the U.S. Government or Its Subsidiary Corporations			
State Treasurer's Investment Pool	2	175,293	175,293
Total Investments		6,646,200	6,646,200

The Statement of Fiduciary Net Assets includes investments of \$93,977.00. These investments include four Certificates of Deposit.

Receivables and Payables

All district receivables are expected to be collected within one year.

f. Revenue and Expenditure Recognition

Debt Service

Principal and interest on general long-term debt is recognized only when due.

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 option of paying all taxes on April 30 or one-half then and one-half on October 31. Typically, slightly more than half of the collections are made on the April 30 date. The October 31 collection is not available in time to cover liabilities for the fiscal period ended August 31. Therefore, the fall portion of property taxes is not accrued as revenue. Instead, the taxes due on October 31 are recorded as deferred revenue.

Compensated Absences

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

Under the provisions of RCW 28A.400.210, sick leave accumulated by district employees is reimbursed at death or retirement at the rate of one day for each four days of accrued leave, limited to 180 accrued days. This chapter also provides for an annual buy out of an amount up to the maximum annual accumulation of 12 days. For buyout purposes employees may accumulate such leave to a maximum of 192 days, including the annual accumulation, as of December 31 of each year.

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

Vacation pay that is liquidated upon death or retirement is reported as an expenditure in the general fund each year. Vacation pay amounts not expected to be liquidated with expendable available financial resources are reported in the attached Schedule of Long-Term Debt.

No unrecorded liability exists for other employee benefits.

Note 2 Capital Assets

The district's capital assets are insured in the amount of \$50,000,000.00, per occurrence for fiscal 2008. In the opinion of the district's insurance consultant, this amount is sufficient to adequately fund replacement of the district's assets.

Note 3 Pensions

Substantially all Woodland 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 the State of Washington through the Department of Retirement Systems (DRS): Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS) and Employees' Retirement System (SERS).

Membership by retirement system program as of June 30, 2007:

Program	Active Members	Inactive Vested Members	Retired Members
TRS	64,939	9,428	38,091
PERS	158,022	26,583	71,244
SERS	50,825	7,674	3,141

Certificated public employees are members of TRS. Noncertificated public employees are members of PERS (if Plan 1) or SERS.

Plan 1 under the TRS and PERS programs are defined benefit pension plans whose members joined the system on or before September 30, 1977. Plan 1 members are eligible to retire with full benefits after five years of credited service and attainment of age 60, after 25 years of credited service and attainment of age 55, or after 30 years of credited service.

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

Plan 3 under the TRS and SERS programs are defined benefit, defined contribution pension plans whose members joined on or after July 1, 1996, or September 1, 2000, for TRS and

SERS, respectively. Members are eligible to retire with full benefits after five years of credited service and attainment of age 60 or after ten years of credited service and attainment of age 55 with the benefit actuarially reduced from age 65.

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

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

The employer contribution rates for PERS, TRS, and SERS (Plans 1, 2, and 3) and the TRS and SERS Plan 2 employee contribution rates are established by the Pension Funding Council based upon advice from the Office of the State Actuary. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at 6 percent and does not vary from year to year. The employer rate is the same for all plans in a system. The methods used to determine the contribution requirements are established under chapters 41.40, 41.32, and 41.35 RCW for PERS, TRS and SERS respectively.

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

B. Contributions

Employee contribution rates as of August 31, 2008:

Plan 1 TRS	6.00%	Plan 1 PERS	6.00%
Plan 2 TRS	2.90%	Plan 2 SERS	3.90%
Plan 3 TRS and SERS	5.00% (minimum)15.0% (maximum)		

For Plan 3 TRS and SERS, rates adjusted based upon age may be chosen. The optional rates range begins at 5 percent and increase to a maximum of 8.5 percent.

Employer contribution rates as of August 31, 2008:

Plan 1 TRS	5.82%*	Plan 1 PERS	8.31%*
Plan 2 TRS	5.82%*	Plan 2 SERS	5.88%*
Plan 3 TRS	5.82%*	Plan 3 SERS	5.88%*

* Includes DRS Administrative Expense Rate of .19%

Under current law the employer must contribute 100% of the employer required contribution. Employer required contribution in dollars for the period September 1, 2007 through August 31, 2008 is as follows:

<u>Plan</u>	<u>FY 07-08</u>	<u>FY 06-07</u>	<u>FY 05-06</u>
Plan 1 TRS	\$ 54,300.34	\$ 52,006.73	\$ 31,350.35
Plan 2 TRS	\$ 43,752.27	\$ 28,973.76	\$ 16,905.28
Plan 3 TRS	\$324,158.48	\$247,394.83	\$ 136,368.47
Plan 1 PERS	\$ 5,633.21	\$ 5,701.46	\$ 3,829.79
Plan 2 SERS	\$ 76,455.33	\$ 52,595.65	\$ 29,733.53
Plan 3 SERS	\$124,366.29	\$ 96,132.06	\$ 43,309.27

Historical trend information showing TRS and SERS progress in accumulating sufficient assets to pay benefits when due is presented in the state of Washington's June 30, 2007, comprehensive annual financial report. Refer to said report for detailed trend information. It is available from:

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

Note 4 Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In February 1991, the district joined together with other school districts in the state to form the Southwest Washington Risk Management Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program for unemployment insurance and unemployment compensation. The district pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the Southwest Washington Risk Management Insurance Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 for each insured event.

Note 5 Lease Obligations and Conditional Sales Contract Obligations

For the fiscal year ended August 31, 2008, the district did not have a balance and the beginning of the year and did not incur additional long-term debt.

Note 6 Debt

Long-Term Debt

Bonds payable at August 31, 2008, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
UTGO Bonds, 2002 (Ref 1996)	\$5,185,000	\$30,000 - \$685,000	Dec 2016	2.0% - 4.7%	\$4,590,000
UTGO Ref 2003 (Current 1993)	\$6,505,000	\$100,000 - \$890,000	Dec 20011	3.0% - 4.0%	\$3,395,000
UTGO Bonds, 2005	\$3,750,000	\$125,000- \$500,000	Dec 2024	3.9%- 4.5%	\$3,250,000
Total General Obligation Bonds	\$16,500,000				\$11,235,000

The following is a summary of general obligation long-term debt transactions of the district for the fiscal year ended August 31, 2008.

Long-Term Debt Payable at 9/1/07	\$12,345,000
New Issues	\$ 0
Debt Retired	\$ 1,110,000
Long-Term Debt Payable at 8/31/08	\$11,235,000

The following is a schedule of annual requirements to amortize long-term debt at August 31, 2008:

Years Ending August 31,	Principal	Interest	Total
2009	\$ 1,170,000	\$ 389,281	\$ 1,559,281
2010	\$ 1,230,000	\$ 395,475	\$ 1,625,475
2011	\$ 1,280,000	\$ 348,475	\$ 1,628,475
2012	\$ 1,350,000	\$ 295,837	\$ 1,645,837
2013-2024	\$ 6,205,000	\$1,325,311	\$ 7,530,311
Total	\$11,235,000	\$2,754,379	\$13,989,379

At August 31, 2008 the district had \$2,226,989.13 available in the Debt Service Fund to service the general obligation bonds.

Short-Term Debt

The district had no short-term debt activity for the year ended August 31, 2008

Note 7 Summaries of Significant Contingencies

Litigation

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

Note 8 Other Disclosures

The Woodland School District remains fiscally responsible for the K.W.R.L Transportation Co-op. The Co-op consists of Kalama, Woodland, Ridgefield and LaCenter school districts. This results in a proportionately larger transportation program than would be the norm for the district the size of Woodland. The operating revenues and expenditures are included in these financial statements. For the fiscal year ending August 31, 2008 these cooperative revenues totaled \$2,177,481 with \$1,638,435 being the state revenues and \$539,046 being revenues from the participating districts and cooperative expenditures totaled \$2,365,062. The difference in revenues and expenditures represents Woodland's portion of unfunded to-from costs.

The KWRL Co-Op also affects all aspects of the Transportation Vehicle Fund. This fund represents revenues from all districts and state depreciation revenue for all districts. The fund is used to accumulate funds and purchase buses for all 4 districts. The four district's contribution to the TVF for the year ended August 31, 2008 is \$575,000. Woodland's portion of that was \$193,904.

The district is a member of the King County Directors' Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The board authorized joining the association during the 1991-92 fiscal year and has remained in the joint venture ever since. The district's current equity of \$8,843.71 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.

WOODLAND SCHOOL DISTRICT NO. 404
 Schedule of Long-Term Debt
 For The Year Ended August 31, 2008

Description	Beginning Outstanding Debt 9/1/2007 (1)	Amount Issued/ Increased (2)	Amount Redeemed/ Decreased (3)	Ending Outstanding Debt 8/31/2008 (1) + (2) - (3)
Total Voted Bonds	12,345,000.00		1,110,000.00	11,235,000.00
Total Non-Voted Notes/Bonds				
Qualified Zone Academy Bonds				
Other Long-Term Debt:				
Capital Leases				
Contracts Payable (GL 603)				
NonCancellable Operating Leases				
Claims & Judgements				
Compensated Absences	196,392.63	11,696.30		208,088.93
Other Long-Term Debt				
Total Other Long-Term Debt	196,392.63	11,696.30		208,088.93
Total Long-Term Debt	12,541,392.63	11,696.30	1,110,000.00	11,443,088.93

Woodland School District - Cowlitz County
 EIN: 91-0990036
 Schedule of Expenditure of Federal Awards
 For Fiscal Year Ending August 31, 2008

Federal Catalog Number	Federal Agency Name	Federal Program Title	Pass Thru Agency	Pass Thru Amount	Direct Fund Amount	Total Funds Expended	Foot Note
10.550	Dept of Agriculture	Food Donation	OSPI	43,913		43,913	
10.553	Dept of Agriculture	School Breakfast Program (A)	OSPI	59,353		59,353	
10.555	Dept of Agriculture	Nat'l School Lunch Program (A)	OSPI	240,814		240,814	
10.665	Dept of Agriculture	Schools & Roads - Grants to States	OST	23,878		23,878	
Dept of Agriculture Subtotal				367,958	0	367,958	
84.010	Dept of Education	Title 1 Grants to LEAs	OSPI	223,288		223,288	
84.027A	Dept of Education	Special Education Grants to States	OSPI	373,478		373,478	
84.048	Dept of Education	Voc Ed Basic Grants to States	OSPI	11,203		11,203	
84.173A	Dept of Education	Special Education Preschool Grants	OSPI	14,312		14,312	
84.298A	Dept of Education	Innovative Ed Program Strategies	OSPI	3,133		3,133	
84.318X	Dept of Education	Education Technology State Grants	OSPI	2,275		2,275	
84.365A	Dept of Education	English Language Acquisition Grants	OSPI	22,526		22,526	
84.367A	Dept of Education	Improving Teacher Quality State Grants	OSPI	69,124		69,124	
Dept of Education Subtotal				719,339	0	719,339	
Totals				1,087,297	0	1,087,297	

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 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 woodland School District's portion, may be more than shown.

NOTE 3 - NONCASH AWARDS - CHILD IMMUNIZATION - Not applicable.
NOTE 4 - SCHOOLWIDE PROGRAMS - Not applicable.

NOTE 5 - TRANSFERABILITY - Not applicable.
NOTE 6 - SMALL RURAL SCHOOLS ACHIEVEMENT (SRSA) - Not applicable.

NOTE 7 - FEDERAL INDIRECT RATE
 The Woodland School District used the federal restricted rate.



ABOUT THE STATE AUDITOR'S OFFICE

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

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver our services effectively and efficiently.

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

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

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

State Auditor
Chief of Staff
Deputy Chief of Staff
Chief Policy Advisor
Director of Audit
Director of Special Investigations
Director for Legal Affairs
Director of Quality Assurance
Local Government Liaison
Communications Director
Public Records Officer
Main number
Toll-free Citizen Hotline

Brian Sonntag, CGFM
Ted Rutt
Doug Cochran
Jerry Pugnetti
Chuck Pfeil, CPA
Jim Brittain, CPA
Jan Jutte, CPA, CGFM
Ivan Dansereau
Mike Murphy
Mindy Chambers
Mary Leider
(360) 902-0370
(866) 902-3900

Web Site

www.sao.wa.gov

Subscription Service <https://www.sao.wa.gov/applications/subscriptionservices/>