

**Washington State Auditor's Office**  
**Financial Statements Audit Report**

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**Wahkiakum School District No. 200**  
**Wahkiakum County**

Audit Period  
**September 1, 2009 through August 31, 2010**

**Report No. 1005297**

Issue Date  
**March 28, 2011**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

March 28, 2011

Board of Directors  
Wahkiakum School District No. 200  
Cathlamet, Washington

***Report on Financial Statements***

Please find attached our report on Wahkiakum School District No. 200's financial statements.

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

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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Wahkiakum County  
September 1, 2009 through August 31, 2010**

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

Wahkiakum School District No. 200  
Wahkiakum County  
September 1, 2009 through August 31, 2010

Board of Directors  
Wahkiakum School District No. 200  
Cathlamet, Washington

We have audited the financial statements of Wahkiakum School District No. 200, Wahkiakum County, Washington, as of and for the year ended August 31, 2010, and have issued our report thereon dated March 18, 2011.

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 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.

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 deficiencies, 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 and the Board of Directors. 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 18, 2011

# **Independent Auditor's Report on Financial Statements**

## **Wahkiakum School District No. 200 Wahkiakum County September 1, 2009 through August 31, 2010**

Board of Directors  
Wahkiakum School District No. 200  
Cathlamet, Washington

We have audited the accompanying financial statements of Wahkiakum School District No. 200, Wahkiakum County, Washington, for the year ended August 31, 2010. 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 on the basis of accounting that demonstrates compliance with Washington State statutes and the *Accounting Manual for Public Schools in the State of Washington*, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Wahkiakum School District No. 200, for the year ended August 31, 2010, 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 Long-Term Debt is presented for purposes of additional analysis as required by the prescribed accounting manual. This schedule is not a

required part of the financial statements. Such information 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.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and the last name "Sonntag" clearly distinguishable.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

March 18, 2011

# **Financial Section**

**Wahkiakum School District No. 200  
Wahkiakum County  
September 1, 2009 through August 31, 2010**

## ***FINANCIAL STATEMENTS***

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental  
Funds – 2010  
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds – 2010  
Notes to Financial Statements – 2010

## ***SUPPLEMENTAL INFORMATION***

Schedule of Long-Term Debt – 2010

**Wahkiakum School District No. 200**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended August 31, 2010**

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>REVENUES:</b>							
Local	817,039.35	89,053.58	202,039.96	144,834.84	286.38		1,253,254.11
State	3,473,665.76		0.00	0.00	59,225.55		3,532,891.31
Federal	313,903.81		0.00	0.00	0.00		313,903.81
Federal Stimulus	103,656.77						103,656.77
Other	0.00			0.00	0.00	0.00	0.00
<b>TOTAL REVENUES</b>	<b>4,708,265.69</b>	<b>89,053.58</b>	<b>202,039.96</b>	<b>144,834.84</b>	<b>59,511.93</b>	<b>0.00</b>	<b>5,203,706.00</b>
<b>EXPENDITURES:</b>							
<b>CURRENT:</b>							
Regular Instruction	2,252,834.45						2,252,834.45
Federal Stimulus	97,330.63						97,330.63
Special Education	490,207.35						490,207.35
Vocational Education	183,208.05						183,208.05
Skills Center	0.00						0.00
Compensatory Programs	269,369.10						269,369.10
Other Instructional Programs	36,322.98						36,322.98
Community Services	0.00						0.00
Support Services	1,203,828.38						1,203,828.38
Student Activities/Other		89,468.17				0.00	89,468.17
<b>CAPITAL OUTLAY:</b>							
Sites				0.00			0.00
Building				98,744.11			98,744.11
Equipment				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					2,305.05		2,305.05
Other	0.00						0.00
<b>DEBT SERVICE:</b>							
Principal	0.00		155,000.00	0.00	0.00		155,000.00
Interest and Other Charges	0.00		78,746.85	0.00	0.00		78,746.85
<b>TOTAL EXPENDITURES</b>	<b>4,533,100.94</b>	<b>89,468.17</b>	<b>233,746.85</b>	<b>98,744.11</b>	<b>2,305.05</b>	<b>0.00</b>	<b>4,957,365.12</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	175,164.75	-414.59	-31,706.89	46,090.73	57,206.88	0.00	246,340.88

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

Wahkiakum School District No. 200  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended August 31, 2010**

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>OTHER FINANCING SOURCES (USES) :</b>							
Bond Sales & Refunding Bond Sales	0.00		1,165,047.35	0.00	0.00		1,165,047.35
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	0.00		0.00	0.00	0.00		0.00
Transfers Out (GL 536)	0.00		0.00	0.00	0.00	0.00	0.00
Other Financing Uses (GL 535)	0.00		-1,130,755.77	0.00	0.00		-1,130,755.77
Other	0.00		0.00	0.00	0.00		0.00
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0.00</b>		<b>34,291.58</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>34,291.58</b>
<b>EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>175,164.75</b>	<b>-414.59</b>	<b>2,584.69</b>	<b>46,090.73</b>	<b>57,206.88</b>	<b>0.00</b>	<b>280,632.46</b>
<b>BEGINNING TOTAL FUND BALANCE</b>	<b>605,958.08</b>	<b>112,469.35</b>	<b>253,363.42</b>	<b>111,023.51</b>	<b>39,040.92</b>	<b>0.00</b>	<b>1,121,855.28</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>781,122.83</b>	<b>112,054.76</b>	<b>255,948.11</b>	<b>157,114.24</b>	<b>96,247.80</b>	<b>0.00</b>	<b>1,402,487.74</b>

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

Wahkiakum School District No. 200  
 Statement of Changes in Fiduciary Net Assets  
 Fiduciary Funds  
 For the Year Ended August 31, 2010

	Private Purpose Trust	Other Trust
<b>ADDITIONS:</b>		
<b>Contributions:</b>		
Private Donations	0.00	0.00
Employer		0.00
Members		0.00
Other	0.00	0.00
<b>TOTAL CONTRIBUTIONS</b>	<b>0.00</b>	<b>0.00</b>
<b>Investment Income:</b>		
Net Appreciation (Depreciation) in Fair Value	0.00	0.00
Interest and Dividends	1,851.79	0.00
Less Investment Expenses	0.00	0.00
Net Investment Income	1,851.79	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>1,851.79</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	4,730.00	
Other	0.00	0.00
<b>TOTAL DEDUCTIONS</b>	<b>4,730.00</b>	<b>0.00</b>
Net Increase (Decrease)	-2,878.21	0.00
Net Assets--Beginning	44,392.63	0.00
Prior Year(s) Corrections or Restatements	0.00	0.00
<b>NET ASSETS--ENDING</b>	<b>41,514.42</b>	<b>0.00</b>

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

**OTHER COMPREHENSIVE BASIS OF ACCOUNTING CASH BASIS**  
**WAHAKIYAKUM SCHOOL DISTRICT NO. 200**  
**Notes to Financial Statements**  
**September 1, 2009 through August 31, 2010**

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

**A. Reporting Entity**

The Wahkiakum 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 Wahkiakum School District includes all funds, and all organizations 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 district reports on cash basis of accounting pursuant to RCW 28A.505.020 permits districts with less than one thousand full time equivalent students for the preceding fiscal year to make a uniform election of cash basis accounting for all funds, except debt service. The accounts of the district are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its fund equity, revenues, and expenditures (or expenses), as appropriate. The various funds in the report are grouped into governmental as follows:

**GOVERNMENTAL FUNDS**

**General Fund**

This fund is the general operating fund of the district. It accounts for all expendable financial resources, except those required to be accounted for in another fund.

**Capital Projects Funds**

This fund type accounts for financial resources to be used for the construction or purchase of major capital assets. It 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 the payment of general long-term debt principal, interest, and related expenditures.

### Special Revenue Funds

This fund type accounts for the proceeds of specific revenue sources legally restricted for specific purposes. The Associated Student Body Program 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.

### Permanent Funds

These funds are used to report resources legally restricted such that only earnings, and not principal, may be used to support the district's programs.

### FIDUCIARY FUNDS

Trust funds are used to account for assets held by the district in a trustee or agency capacity. Fiduciary funds include pension (or other employee benefit) trust funds, investment trust funds, private-purpose trust funds and agency funds.

### Private-Purpose Trust Fund

This fund is used to account for resources legally held in trust where principal and income benefit individuals, private organization, or other governments.

### Pension (and Other Employee Benefit) Trust Fund

This fund is used to account for resources held in trust for the members and beneficiaries of pension plans or other employee benefit plans.

### Agency Funds

These funds are used to account for assets that the district holds for others agencies in a custodial capacity.

## **C. Basis of Accounting**

The basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements.

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*, for cash basis districts. The publication was 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 practices that differ from generally accepted accounting principles in the following manner:

1. Revenues are recognized when they are received in cash, rather than when measurable and available. Expenditures are recognized when warrants are issued rather than when expenditures are incurred.
2. The cost of supplies and materials is recorded as an expenditure at the time the inventory item is purchased rather than when consumed.
3. District-wide statements are not presented.
4. The financial statements do not report capital assets.

5. Debt is not reported on the face of the financial statements. It is reported in the notes to the financial statements and the Schedules of Long-Term Debt. The Schedule of Long-Term Debt is required supplemental information.
6. The original budget is not presented but is available at the Office of the Superintendent of Public Instruction.
7. Management Discussion and Analysis is not presented

#### **D. Budgetary Data**

##### **General Budgetary Policies**

Chapter 28A.505 RCW and Chapter 392-123 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 a cash basis as allowed in law for all governmental funds. 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.

#### **E. Deposits and Investments**

The county treasurer is the ex-officio treasurer for the district. In this capacity, the county treasurer receives deposits and transacts investments on the district's behalf.

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.

The district's deposits are guaranteed up to \$1 million entirely by federal depository insurance. The district's cash on deposit balance with the county was \$358,089 as of August 31, 2010.

RCW 28A.320.320 authorizes district funds to be invested 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 county treasurer had \$1,391,725 invested on behalf of the district as of August 31, 2010.

#### **F. Inventory**

The cost of supplies and materials is recorded as an expenditure at the time the inventory item is purchased.

#### **G. 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.

## **H. Compensated Absences**

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

Under the provisions of Chapter 28A.400.210 RCW, sick leave accumulated by district employees is reimbursed at death or retirement at the rate of one (1) day for each four (4) days of accrued leave, limited to 180 accrued days. This statute 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 180 days.

District obligation for vested sick leave at August 31, 2010 amounts to \$18,060.

Vested sick leave for employees eligible for retirement is recorded as long-term debt liabilities. These expenditures are recorded when paid, except termination sick leave that is accrued upon death or retirement. Vested sick leave was computed using the termination payment method.

## **I. Fund Balance**

May contain designations or reserves. Reservation is a legal restriction on spending of the fund balance of a district based upon statute, WAC, or other legal requirements beyond the discretion of the board of directors of the district. Examples include anticipated carryover or recovery of revenues previously received and restricted as to usage. Unreserved, Designated is used to set aside financial resources 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.

## **NOTE 2 - CAPITAL ASSETS**

The district's capital assets are insured in the amount of \$19,273,768 for fiscal 2010. 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**

### **A. General Information**

Substantially all Wahkiakum School District No. 200 full-time and qualifying part-time employees participate in one of the following three contributory, multi-employer, cost-sharing statewide retirement systems managed by the Washington State Department of Retirement Systems (DRS): TRS, PERS and SERS. Participation in the programs was as follows:

Membership by retirement system program as of June 30, 2009

<b>Program</b>	<b>Active Members</b>	<b>Inactive Vested Members</b>	<b>Retired Members</b>
TRS	67,388	8,660	39,927
PERS	159,235	28,074	74,857
SERS	52,474	9,193	4,629

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

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

Plan 2 under the TRS or SERS programs are defined benefit pension plans whose members joined on or after October 1, 1977, but before June 30, 1996 or August 31, 2000, for TRS or SERS 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 five 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 a 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, TERS 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 July 1, 2010:

Plan 1 TRS	6.00%	Plan 1 PERS	6.00%
Plan 2 TRS	3.36%	Plan 2 SERS	3.14%
Plan 3 TRS and SERS	5.0% (minimum) 15%(maximum)		

For Plan 3 TRS and SERS, rates adjusted based upon age may be chosen. The optional rates range from 5.0% to a maximum of 15%.

Employer contribution rates as of July 1, 2009:

Plan 1 TRS	6.14%*	Plan 1 PERS	5.31%*
Plan 2 TRS	6.14%*	Plan 2 SERS	5.44%*
Plan 3 TRS	6.14%*	Plan 3 SERS	5.44%*

\* Includes DRS Administrative Expense Rate of .16%

Under current law the employer must contribute 100% of the employer required contribution. Employer required contributions in dollars (Participant information for all plans is as of September 30):

<u>Plan</u>	<u>FY 09-10</u>
Plan 1 TRS	\$ 8,495
Plan 2 TRS	\$ 5,204
Plan 3 TRS	\$91,381
Plan 1 PERS	\$17,153
Plan 2 SERS	\$21,285
Plan 3 SERS	\$38,438

Historical trend information showing TRS, PERS and SERS progress in accumulating sufficient assets to pay benefits when due is presented in the State of Washington's June 30, 2010, 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 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

The district has no construction at this time.

#### **NOTE 5 - RISK MANAGEMENT**

##### **A. 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.

##### **B. 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 \$350,000 and the annual aggregate retention is \$4,205,493. 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.

##### **C. 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 member of the Cooperative include 31 school districts, one transportation cooperative, one school information processing cooperative and one educational service district.

The Cooperative purchases excess insurance coverage and provides related services, such as administration, risk management and claims administration. All coverage is on an occurrence basis. The Cooperative provides the following forms of group purchased insurance coverage for its members: Property, including owned buildings, automobiles and equipment, Equipment Breakdown, Commercial Crime, General Liability, Errors and Omissions Liability and Employment Practices Liability. Members are responsible for the first \$1,000 of all property claims and the Cooperative is responsible for the next \$249,000. 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 additional excess 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. Cooperative members contract to automatically renew from year to year unless the member gives written notice of its election to terminate at least 180 days prior to August 31 of any year. Termination occurs on August 31. Even after termination, a member is still responsible for contributions to the Cooperative for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal governmental agreement. The Cooperative is fully funded by its member participants.

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

**NOTE 6 – DEBT**

The district refinanced its outstanding bonds effective September 2, 2009. All but \$520,000 in bonds were refinanced. Bonds payable at August 31, 2010, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
Revenue Anticipation Note	\$				\$
Bond Seattle NW Securities	\$1,685,000	\$145,000-\$225,000	12/01/17	2%-5.75%	\$1,530,000
Total General Obligation Bonds	\$				\$

The following is a summary of general obligation long-term debt transactions of the district for the two years ended August 31, 2010.

Long-Term Debt Payable at 9/1/09	\$1,570,000
New Issues	\$ 115,000
Debt Retired	\$ 155,000
Long-Term Debt Payable at 8/31/10	\$1,530,000

Annual requirements to amortize long-term debt at August 31, 2010.

Years Ending August 31,	Principal	Interest	Total
2011	\$165,000	\$45,311	\$210,311
2012	\$175,000	\$37,216	\$212,216
2013	\$190,000	\$28,441	\$218,441
2014	\$200,000	\$21,873	\$221,873
2015-2018	\$800,000	\$40,754	\$840,754
<b>TOTALS</b>	<b>\$1,530,000</b>	<b>\$173,595</b>	<b>\$1,703,595</b>

**NOTE 7 - SUMMARY OF SIGNIFICANT CONTINGENCIES**

Litigation

To the best of our knowledge, Wahkiakum School District is not a defendant in any current lawsuit.

**NOTE 8 - SUBSEQUENT EVENTS**

There were no events after the balance sheet date which will have a material impact on the next or future years.

Wahkiakum School District No. 200  
 Schedule of Long-Term Debt  
 For the Year Ended August 31, 2010

Description	Beginning Outstanding Debt September 1, 2009	Amount Issued/Increased	Amount Redeemed/Decreased	Ending Outstanding Debt August 31, 2010
Total Voted Bonds	1,570,000.00	115,000.00	155,000.00	1,530,000.00
Total Non-Voted Notes/Bonds	0.00	0.00	0.00	0.00
Qualified Zone Academy Bonds (QZAB)	0.00	0.00	0.00	0.00
Qualified School Construction Bonds (QSCB)	0.00	0.00	0.00	0.00
<b>Other Long-Term Debt:</b>				
Capital Leases	0.00	0.00	0.00	0.00
Contracts Payable (GL 603)	0.00	0.00	0.00	0.00
NonCancellable Operating Leases	0.00	0.00	0.00	0.00
Claims & Judgments	0.00	0.00	0.00	0.00
Compensated Absences	34,097.11	0.00	16,036.59	18,060.52
Other Long-Term Debt	0.00	0.00	0.00	0.00
Total Other Long-Term Debt	34,097.11	0.00	16,036.59	18,060.52
<b>TOTAL LONG-TERM DEBT</b>	<b>1,604,097.11</b>	<b>115,000.00</b>	<b>171,036.59</b>	<b>1,548,060.52</b>

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



## **ABOUT THE STATE AUDITOR'S OFFICE**

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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**  
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