

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**KENT SCHOOL DISTRICT**  
NUMBER 415. KENT, WASHINGTON



**For the Fiscal Year Ended August 31, 2016**

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**Comprehensive**

**Annual Financial Report**

**of the**

**Kent School District No. 415**

**for the**

**Fiscal Year Ended August 31, 2016**

**Prepared by the Fiscal Services Department**

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**Kent School District No. 415**

**12033 SE 256th Street   Kent, Washington 98030-6503**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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# **INTRODUCTORY SECTION**

**Letter of Transmittal**

**Certificate of Participation in Financial Reporting**

**Directory of Officials**

**Kent School District Organizational Chart**

**List of Schools**



Successfully preparing all students for their futures.

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March 24, 2017

Members of the Board  
Citizens of the Kent School District

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Kent School District for the fiscal year ending August 31, 2016. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the district as measured and reported by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain an adequate understanding of the district's financial affairs have been included. It is the responsibility of the management of the district to prepare the CAFR.

The Office of the State Auditor has audited the financial records, books of account, and transactions of the school district for the fiscal year ending August 31, 2016. The scope of the audit concentrated on the following areas:

1. Management section: report on compliance with laws and regulations and report on internal control structure.
2. Financial section: report on financial statements in accordance with Generally Accepted Accounting Principles (GAAP).
3. Single audit section (Omni Circular): report on financial statements, internal control, compliance, audit findings, and questionable costs.

These requirements have been complied with, and the auditor's opinion has been included in this report.

Generally, Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Kent School District's MD&A can be found immediately following the report of the independent auditors.

To facilitate the understanding of the district's financial affairs, the CAFR is divided into three sections as described below:

The **Introductory Section** includes a table of contents, a letter of transmittal, the Certificate of Participation for Excellence in Financial Reporting for the year ended August 31, 2015, photographs of the superintendent and board members, a list of principal officials, an organizational chart, and a list of schools. This section is intended to provide an overview of the district as one entity and a summary of other significant facts or trends related to the district.

The **Financial Section** of the CAFR consists of the independent auditor's report, management's discussion and analysis, basic financial statements (Government-Wide Governmental Fund, Fiduciary Fund Financial Statements), notes to the financial statements, required supplementary information, and additional supplemental data.



The **Statistical Section** includes trends and local area information about the school district and enhances the informative and useful nature of the CAFR.

### **The Reporting Entity and Its Services**

The CAFR includes all the funds of the school district. The district is an independent reporting entity clearly within the criteria established in the codification of Governmental Accounting and Financial Standards, Section 2100. The district is not affiliated with the City of Kent or other government jurisdictions.

The district provides public education to preschool through twelfth-grade students. The public education provided includes a strong academic program of basic education, a comprehensive education for handicapped students, a vocational program at the secondary level, and numerous special programs for remedial and enriched education.

### **Long Term Planning and Major Initiatives**

In May of 2016, the Board approved a new strategic plan, “*Blueprint: Leaning Forward Together 2016-2021*”.

<http://www.kent.k12.wa.us/cms/lib/WA01001454/Centricity/Domain/45/KSDBBlueprintMay2016.pdf>

The *Blueprint* is designed to respond to primary stakeholder priorities with a mission, vision, theory of action, goals, metrics and core values driven by research and best known practices. It sets forth a shared vision that is purposeful and directed toward setting higher standards for our students and staff, always driven by equity and excellence.

Developing the plan was a collaborative process that documented over 5,000 conversations, survey questions and comments. To further engage in the process, the District reconvened the Strategic Planning Committee, a stakeholder group comprised of current leaders from business, higher education, faith based and civic communities, parents, students, teachers, principals and central office staff. This *Blueprint* captures the perspectives of internal and external stakeholders and translates them into a set of informed priorities for the next five years.

This new Strategic plan or “*Blueprint*”, focuses on The *Why*: MISSION, The *What*: VISION, and The *How*: THEORY OF ACTION.

- Our Mission explains our fundamental purpose as an organization.
  - Successfully preparing all students for their futures
- Our Vision captures the future we seek to create for our students.
  - The Kent School District produces graduates who are globally competitive learners. Through equitable access to high quality academic, social, and applied learning, students are ready to excel in college, careers and in life.
- Our Theory of Action describes the specific methods we will use to achieve our vision.
  - When we close the PreK-16 achievement and completion gaps, and when we create challenging career pathways for all students, then we will equip every student to be globally competitive in college, careers and in life.



Four strategic goals drive our work and focus our efforts toward accomplishing our mission and vision for our students. Our four primary strategic goals are:

1. Prepare all students to be college and career ready by raising the academic and social emotional learning bar and closing the PreK-16 gaps to student achievement and college completion.
2. Engage parents, students, staff and community in two-way communications focused on equity and excellence.
3. Create effective organizational systems that reinforce equity and excellence.
4. Recruit, hire, develop and retain a diverse and premier workforce.

Recognition from the federal government, private corporations, and national and international organizations attest to the performance and innovative spirit of the Kent School District system. Our taxpayers also recognize the value of our schools, and the continuing needs of the school system. On February 11, 2014 the patrons of the Kent School District approved a renewal of the Educational Programs and Operations Levy for the next four years (2015-2018). This levy provides taxing authority of \$307.4 million, an increase of \$65.8 million or 27.2% from the previous levy (2010-2014), to be used to further enhance the educational programs and general operations of the district.

Also on February 11, 2014 the Technology Levy was also renewed. This levy is for \$30.0 million for the next four years (2015-2018) an increase of \$10.0 million or 50% from the previous levy (2010-2014). These funds will allow the information technology department to provide computers for students, teachers, presentation stations and replacement of outdated computers in classrooms and libraries.

On November 8, 2016 the voters of the Kent School District approved a bond proposal. This measure authorizes the issuance of \$252 million of Unlimited Tax General Obligation Bonds. The bonds will fund two new elementary schools, twenty permanent new classrooms across the District and nine multipurpose rooms to reduce overcrowding in classrooms and school buildings. Safety improvements are planned by replacing fire alarm systems at nine buildings and renovating outdoor athletic facilities at ten schools. There will also be upgrades to heating and ventilation systems at eleven schools.

### **Financial Information, Management, and Control**

This report includes all activities considered by the State of Washington to be a part of the public school system. The Government-Wide Financial Statements and the Fund Financial Statements (Schedules 1 through 4A), and the Notes to the Financial Statements presented in accordance with Governmental Accounting Standards Board Statements 34, provide financial data utilizing government-wide and individual fund perspectives. A more complete explanation of the financial statements is presented in the Management's Discussion and Analysis section of this report. Presented below is a brief description of financial information, management of financial resources and obligations, and control techniques applicable to financial resources and obligations.

Accounting Systems and Budgetary Control In developing and evaluating the district's accounting system, consideration is given to the adequacy of the internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the district's internal control structure adequately safeguards assets, and provides reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the program level by monitoring the encumbrance of estimated purchase amounts, and by the fiscal office review and approval of all requests for personnel. Chapter 28A.505, Revised Code of Washington, and Chapter 392-123 of the Washington Administrative Code mandate school district budget policies and procedures. Total budgeted expenditures for each fund cannot be exceeded. Transfers of budget classes may be made by the district administrators with budget responsibilities, subject to restrictions imposed by the school district board of directors. Open encumbrances are reported as a restriction of fund balance at August 31.

## **Service Efforts and Accomplishments**

### **Student Achievement during 2015-2016**

Crestwood and Horizon Elementary Schools received the “School of Distinction” award by the Washington Office of Superintendent of Public Instruction (OSPI). This award recognizes the highest improving schools in Washington State. This award recognizes school staff, students and leaders who improve performance for all students over a sustained period of time in both English language arts and mathematics.

Eight Kent School District schools earned Washington Achievement Awards for 2015. Sponsored by OSPI and the State Board of Education, the awards are based on statewide assessment data for the three previous years. Schools are recognized for overall excellence, high progress, reading and math growth, extended graduation rates and English language acquisition.

Schools that received recognition in English Language Acquisition include, Crestwood, Glenridge, and Lake Youngs elementary schools.

Schools that received recognition in English Language Arts Growth include, Carriage Crest, Grass Lake and Martin Sortun elementary schools.

Schools that received recognition in Math growth include, Covington and Martin Sortun elementary schools.

Schools that received recognition for overall excellence include Martin Sortun and Sunrise elementary schools.

Martin Sortun Elementary also received an achievement awards high progress and for overall excellence.

Martin Sortun is a 2015-16 State Title I Distinguished School Award winner. This award recognizes exceptional student performance for two or more consecutive years or significant closing of the achievement gap between student groups. A school must have exceeded Adequate Yearly Progress (AYP) targets in all cells for reading and math for exceptional student performance. For closing the achievement gap significant progress must be made between student groups in reading and math. To qualify all student groups must make AYP.

Five Kent School District students were chosen for the Microsoft Apprentice Program (MAP), a rigorous internship offered by Microsoft that introduces high school students to the fundamentals of business and career exploration. MAP allows high school students to join various Microsoft groups under an assigned manager and work on numerous projects during the length of the internship.



Microsoft invites 16-20 high school students to work at the Bellevue or Redmond, WA campus for several hours after the school day.

#### Other District Accomplishments:

A grant application written jointly by seven King County school districts won \$40 million in federal Race to the Top funds. Auburn, Federal Way, Highline, **Kent**, Renton, Seattle and Tukwila school districts competed together in the fall of 2012 as “The Road Map District Consortium,” a reference to their participation in the Road Map Project. The Road Map Project is a collaborative effort to dramatically improve education in South Seattle and South King County.

The King County districts’ application was among 16 winners out of 372 applications. The winning plan covers 261 schools and 150,000 students, including 36,000 high-need children in South King County. The districts will use the four-year Race to the Top grant to support students at each stage of their education, from helping preschoolers and students in early learning programs develop a stronger foundation in math, science, English Language Learning (ELL), to improving access to technology and building strategies that will assist older students in being successful throughout their post-secondary education.

The Washington State School Directors Association (WSSDA) selected Kent School District Board of Directors as a Board of Distinction for 2016. This award honors school boards that demonstrate effective use of the Washington School Board Standards. The standards, developed and adopted by WSSDA promote research-based governance practices that lead to high levels of student and district performance. Standards of practice required for this state award include:

- Conducting business in a fair, respectful and responsible manner.
- Leading the development, articulation and stewardship of a vision of learning.
- Providing for the safety and security of students and staff.
- Measuring student academic progress and needs based on valid assessments.
- Ensuring board and district transparency through an open and accountable process.

Districts are selected for this award by an independent panel. This is the sixth consecutive year that the district has achieved this award.

The district received the Meritorious Budget Award by the Association of School Business Officials International (ASBO) for its 2015-2016 budget presentation. This award recognizes those districts for excellence in budget presentation, which sets a high standard for transparency in budget development. This was the first year the district participated in this program.

Cenergistic, The Energy Conservation Company, presented the district with its Environmental Excellence Award for its coordinated effort to reduce utility costs across the district, including energy audits and conservation incentives. These audits and incentives resulted in a 12 percent reduction in energy use over past 3.5 years.

The District was selected by Microsoft as a Microsoft Showcase School Site for its excellence in transforming its learning environment to deliver more personalized education to students, using mobile and cloud technology to better prepare students for success in the workplace. KSD joins an exclusive community of over 150 premier schools from around the world, recognized to celebrate their pioneering efforts and innovation in rethinking teaching, learning and assessment in order to foster the development of 21<sup>st</sup> century skills.

Kent School District has been designated as a Showcase Site by the One-to-One Institute. Showcase sites boast effective, vision-into-action teams (principal, teachers, technology coordinators), and demonstrate student-centered technology integration.

A Mill Creek Middle School teacher was announced as a Microsoft Innovative Educator (MIE) Expert, joining the more than 5,600 educators in the MIE program. Each year, Microsoft selects innovative

educator experts to share ideas, try new approaches and then learn from each other through a global community dedicated to improving student outcomes through technology.

The district's communication department received the NSPRA's Award of Excellence for its 2015-16 School Academic Calendar. The district also received this award for the 2013-14 school year.

During the 2015-16 school year an additional 18 teachers were certified by the National Board for Professional Teaching Standards (NBPTS) bringing the total to 213 nationally certified teachers in the Kent School District.

Over 65% of Kent School Teachers have Master's degrees and over 96% of the teaching faculty have been rated "highly qualified" by Washington State.

### **Economic Factors**

Kent School District is located in south King County and the district is the fifth largest in the State of Washington. The district, with approximately 27,500 (headcount) students, covers 71 square miles of area, with a population of approximately 160,000. The district serves the cities of Kent and Covington, and borders on or serves parts of the cities of Renton, Sea-Tac, Federal Way, Auburn, Black Diamond and Maple Valley.

As part of the district's six-year Capital Facilities Plan, the district projects modest enrollment growth.

#### **Student FTE Enrollment Projection**

Year	October 1	
	Students	% Change
2016	26,512	-
2017	26,618	0.4%
2018	26,776	0.6%
2019	27,041	1.0%
2020	27,557	1.9%
2021	27,988	1.6%

The 2016-17 Capital Facilities Plan which describes the District's facilities and its' long term facility plans adopted by the Board of Directors can be found on the district's web site.

<http://www.kent.k12.wa.us/Page/114>

Currently, the District has permanent program capacity to house 27,103 students and transitional (portables) capacity to house 2,204. This capacity is based of the District's standard of service. An inventory of the District's schools by type, year opened, address and current capacity is shown in the following chart.



SCHOOL	Year Opened	ABR	ADDRESS	Program Capacity
Carriage Crest Elementary	1990	CC	18235 - 140th Avenue SE, Renton 98058	452
Cedar Valley Elementary	1971	CV	26500 Timberlane Way SE, Covington 98042	350
Covington Elementary	1961	CO	17070 SE Wax Road, Covington 98042	464
Crestwood Elementary	1980	CW	25225 - 180th Avenue SE, Covington 98042	432
East Hill Elementary	1953	EH	9825 S 240th Street, Kent 98031	450
Emerald Park	1999	EP	11800 SE 216th Street, Kent 98031	462
Fairwood Elementary	1969	FW	16600 - 148th Avenue SE, Renton 98058	408
George T. Daniel Elementary	1992	DE	11310 SE 248th Street, Kent 98030	420
Glenridge Elementary	1996	GR	19405 - 120th Avenue SE, Renton 98058	418
Grass Lake Elementary	1971	GL	28700 - 191st Place SE, Kent 98042	452
Horizon Elementary	1990	HE	27641 - 144th Avenue SE, Kent 98042	462
Jenkins Creek Elementary	1987	JC	26915 - 186th Avenue SE, Covington 98042	404
Kent Elementary	1999	KE	24700 - 64th Avenue South, Kent 98032	440
Kent Valley Early Learning Center	2014	KV	317-4th Ave South, Kent 98032	308
Lake Youngs Elementary	1965	LY	19660 - 142nd Avenue SE, Kent 98042	524
Martin Sortun Elementary	1987	MS	12711 SE 248th Street, Kent 98030	442
Meadow Ridge Elementary	1994	MR	27710 - 108th Avenue SE, Kent 98030	440
Meridian Elementary	1939	ME	25621 - 140th Avenue SE, Kent 98042	524
Millennium Elementary	2000	ML	11919 SE 270th Street, Kent 98030	464
Neely-O'Brien Elementary	1990	NO	6300 South 236th Street, Kent 98032	440
Panther Lake Elementary	2009	PL	20831 - 108th Avenue SE, Kent 98031	482
Park Orchard Elementary	1963	PO	11010 SE 232nd Street, Kent 98031	450
Pine Tree Elementary	1967	PT	27825 - 118th Avenue SE, Kent 98030	472
Ridgewood Elementary	1987	RW	18030 - 162nd Place SE, Renton 98058	504
Sawyer Woods Elementary	1994	SW	31135 - 228th Ave SE, Black Diamond 98010	504
Scenic Hill Elementary	1960	SH	26025 Woodland Way South, Kent 98030	442
Soos Creek Elementary	1971	SC	12651 SE 218th Place, Kent 98031	350
Springbrook Elementary	1969	SB	20035 - 100th Avenue SE, Kent 98031	384
Sunrise Elementary	1992	SR	22300 - 132nd Avenue SE, Kent 98042	504
Elementary TOTAL				<b>12,848</b>

SCHOOL	Year Opened	ABR	ADDRESS	Program Capacity
Cedar Heights Middle School	1993	CH	19640 SE 272 Street, Covington 98042	<b>895</b>
Mattson Middle School	1981	MA	16400 SE 251st Street, Covington 98042	<b>787</b>
Meeker Middle School	1970	MK	12600 SE 192nd Street, Renton 98058	<b>832</b>
Meridian Middle School	1958	MM	23480 - 120th Avenue SE, Kent 98031	<b>792</b>
Mill Creek Middle School	2005	MC	620 North Central Avenue, Kent 98032	<b>916</b>
Northwood Middle School	1996	NW	17007 SE 184th Street, Renton 98058	<b>926</b>
Middle School TOTAL				<b>5,148</b>
Kent-Meridian High School	1951	KM	10020 SE 256th Street, Kent 98030	<b>1,904</b>
Kentlake Senior High School	1997	KL	21401 SE 300th Street, Kent 98042	<b>1,957</b>
Kentridge Senior High School	1968	KR	12430 SE 208th Street, Kent 98031	<b>2,277</b>
Kentwood Senior High School	1981	KW	25800 - 164th Avenue SE, Covington 98042	<b>2,159</b>
Senior High TOTAL				<b>8,297</b>
Kent Mountain View Academy	1997	MV/LC	22420 Military Road, Des Moines 98198	396
Kent Phoenix Academy	2007	PH	11000 SE 264th Street, Kent 98030	414
Academy TOTAL				<b>810</b>
DISTRICT TOTAL				<b>27,103</b>

The economy of the area is comprised of manufacturing, freight transfer, and retail services. The district's 2016 assessed valuation increased by 6.83% over 2015, to \$19.957 billion. The top fifteen taxpayers comprise about 7.68% of the district's overall tax base. Puget Sound Energy is the largest of these, with the others representing manufacturing, utilities, communications, and real estate.

King County encompasses 2,128 square miles, ranking eleventh in geographical size of the State's 39 counties. The county is the largest in population in the State and is the financial, economic and industrial center of the Pacific Northwest region. The city of Kent is the third largest city in the County.

The county ranks first in population of the State's 39 counties. Eighty-two percent of the County's population is located within its 39 incorporated town and cities. Historical and current population figures for King County, the City of Kent and the City of Covington are provided below:

Year	King County	City of Kent	City of Covington
2016	2,105,100	124,500	18,750
2015	2,052,800	122,900	18,520
2014	2,017,250	121,400	18,480
2013	1,981,900	120,500	18,100
2012	1,957,000	119,100	17,760
2011	1,942,600	118,200	17,640

The County possesses a diversified economy with a strong manufacturing sector, balanced with health care, U.S. military, government, trade, higher education and a burgeoning technology sector. The primary manufactured products in the County include aircraft, aerospace parts, chemicals, machinery, food products, and electronics.

The following information was provided by the Boeing Company (“Boeing”). Boeing is the largest employer in the Puget Sound area. Total airplane deliveries for 2016 were 748 compared to 762 in 2015 and 723 in 2014. Through October 2016, Boeing reported the following unfilled orders for aircraft:

Aircraft	Unfilled Orders
737	4,231
747	29
767	96
777	461
787	728
Total	5,545

The civilian labor force for the City of Kent, King County and Washington State has continued to grow over the last six years. The unemployment has had a steady decline over the same time period.

#### Civilian Labor Force and Employment

	Annual Average						
	<u>Oct-16</u>	<u>Oct-15</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>City of Kent</u></b>							
Civilian Labor Force	66,002	63,652	63,656	62,808	62,251	61,972	60,630
Employment	63,214	60,166	60,304	59,301	58,480	57,210	55,574
Unemployment	2,788	3,486	3,352	3,507	3,771	4,762	5,056
Unemployment Rate	4.2%	5.5%	5.3%	5.6%	6.1%	7.7%	8.3%
<b><u>King County</u></b>							
Civilian Labor Force	1,224,498	1,177,109	1,177,297	1,161,113	1,138,902	1,122,752	1,108,838
Employment	1,179,290	1,122,418	1,124,990	1,106,290	1,082,029	1,051,738	1,020,997
Unemployment	45,208	54,691	52,307	54,823	56,873	71,014	87,841
Unemployment Rate	3.7%	4.6%	4.4%	4.7%	5.0%	6.3%	7.9%
<b><u>Washington State</u></b>							
Civilian Labor Force	3,687,960	3,561,952	3,544,242	3,492,866	3,464,760	3,472,727	3,461,428
Employment	3,501,734	3,372,390	3,343,992	3,278,975	3,220,860	3,150,440	3,140,190
Unemployment	186,226	189,562	200,250	213,891	243,900	282,306	321,238
Unemployment Rate	5.0%	5.3%	5.7%	6.1%	7.0%	8.1%	9.3%

*Source: Bureau of Labor Statistics, not seasonally adjusted*

Another key economic indicator is the amount of taxable retail sales in the County. For King County taxable retail sales increased 10.1% from 2014 to 2015 (the latest full year sales totals).



#### Taxable Retail Sales

<u>Year</u>	<u>Taxable</u> <u>Retail Sales</u>
2016*	\$ 29,745,489,626
2015	\$ 57,615,757,461
2014	\$ 52,335,343,480
2013	\$ 48,553,937,856
2012	\$ 45,178,847,087
2011	\$ 42,349,096,577

*\*Taxable retail sales for 2016 is through the second quarter. Taxable retail sales through second quarter 2015 was \$26,945,101,632.*

*Source: Washington State Department of Revenue*

Washington State's population increased by approximately 122,300 persons from April, 2015 to April 2016 according to estimates prepared by the Office of Financial Management (OFM). This represents a gain of 1.7%, up from 1.3% in 2015, and marks the largest one-year increase since 2008. This is due the strength of the economic recovery driven by increased migration. Net migration (people moving in vs. people leaving) accounted for 71% of the population growth.

#### Awards and Acknowledgments

The district has participated in the Association of School Business Officials (ASBO) International Certificate of Excellence in Financial Reporting program every year since 1985 and has earned the certificate for 30 consecutive years. We believe that the current Comprehensive Annual Financial Report continues to meet the Certificate of Excellence Program requirements and will submit it to ASBO International to determine its eligibility for another certificate. A great deal of effort is put forth to prepare this report, but the information reflecting the last fiscal year and historical trends not only provides the board and community with complete financial accountability, it provides financial and bonding institutions the information needed to evaluate the financial resources of the district.

The Washington Association of School Business Officials, which includes representatives from the State Auditor's office and Superintendent of Public Instruction, continues to contribute to the district's ability to prepare the report. The cooperation and professional advice of the State Auditor's staff is greatly appreciated.

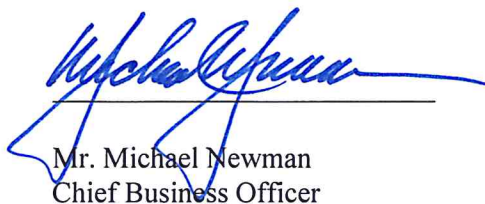
We wish to give recognition to the contributing business services staff for their exceptional efforts and the quality product that resulted. Each person interrupted existing heavy work schedules to do the additional work necessary to create and publish this caliber of Comprehensive Annual Financial Report. The 2016 CAFR is yet one more sign of the professionalism and dedication that reside in the Kent School District.

Sincere appreciation goes to you and the school board for your continued support in helping employees of the district progress to higher levels of attainment.

Respectfully submitted,



Dr. Calvin J. Watts, Ed.D  
Superintendent



Mr. Michael Newman  
Chief Business Officer





ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

**acknowledges**

**KENT SCHOOL DISTRICT #415**

**for participating in the Certificate of Excellence (COE) program  
for the Fiscal Year End August 31, 2015.**

The Certificate of Excellence promotes and encourages excellence for  
a school entity's Comprehensive Annual Financial Report (CAFR)

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

**John D. Musso, CAE, RSBA**  
Executive Director

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**KENT SCHOOL DISTRICT NO. 415**  
**Kent, Washington**

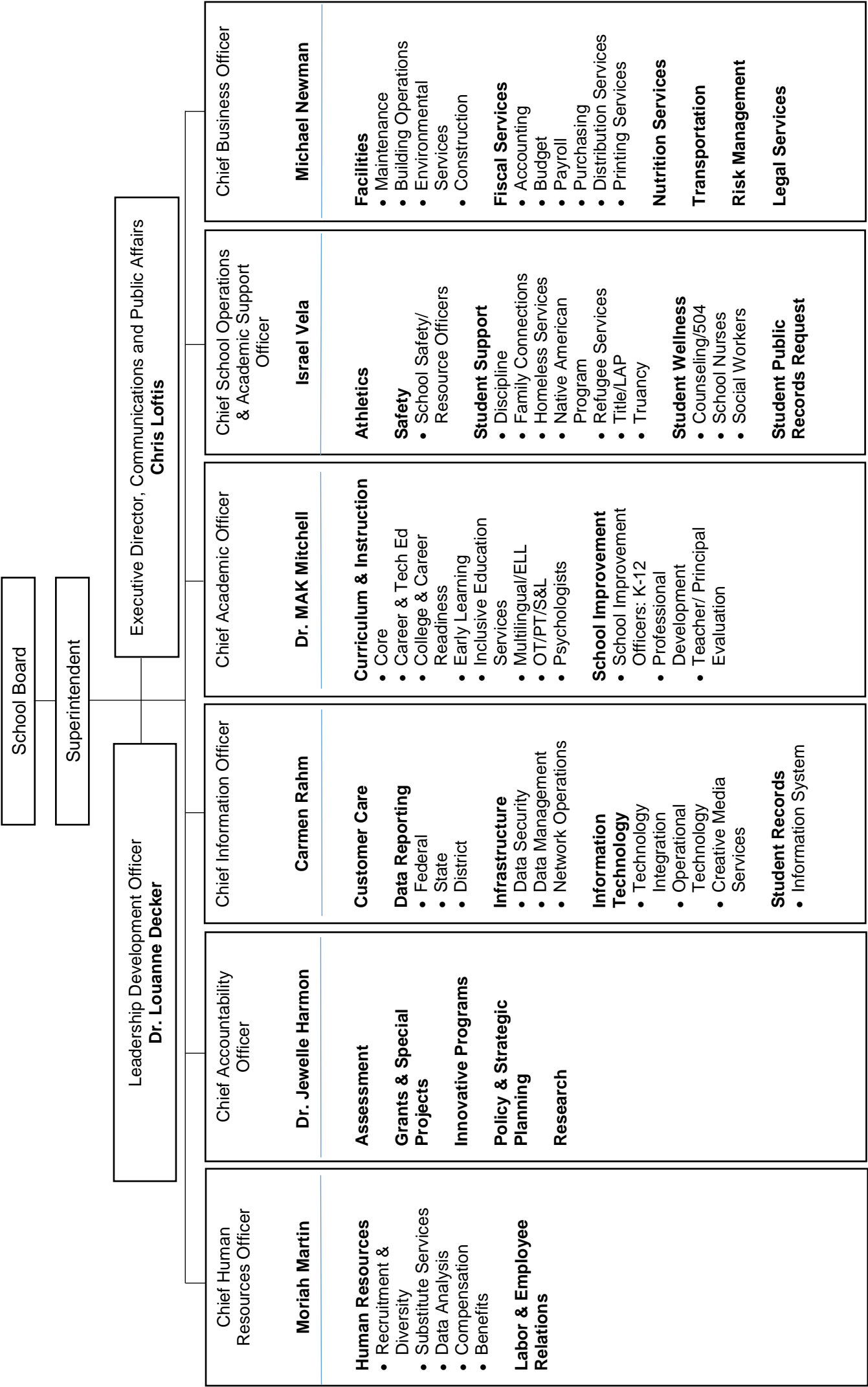
**Directory of Officials**

**BOARD of DIRECTORS**

Karen DeBruler, President  
Maya Vengadasalam, Vice President  
Agda Burchard, Legislative Representative  
Russ Hanscom, Director  
Deborah Straus, Director

**ADMINISTRATION**

Dr. Calvin J. Watts - Superintendent  
Michael Newman - Chief Business Officer  
Dr. Jewelle Harmon - Chief Accountability Officer  
Mariah Martin – Chief Human Resources Officer  
Dr. MAK Mitchell – Chief Academic Officer  
Carmen Rahm – Chief Information Officer  
Israel Vela – Chief School Operations and Academic Support Officer





**Dr. Calvin J. Watts**  
**SUPERINTENDENT**



**Karen DeBruler**  
**PRESIDENT**



**Maya Vengadasalam**  
**VICE PRESIDENT**

## **KENT SCHOOL DISTRICT NO. 415 BOARD OF DIRECTORS**



**Agda Burchard**  
**LEGISLATIVE REPRESENTATIVE**



**Russ Hanscom**  
**BOARD DIRECTOR**



**Deborah Straus**  
**BOARD DIRECTOR**

# List of Schools

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# **FINANCIAL SECTION**

**Independent Auditor's Report**

**Management's Discussion and Analysis**

**Basic Financial Statements**

**Required Supplementary Information**

**Supplemental Data**



Successfully preparing all students for their futures.

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

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**

March 24, 2017

Board of Directors  
Kent School District No. 415  
Kent, Washington

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Kent School District No. 415, King County, Washington, as of and for the year ended August 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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

accounting 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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Kent School District No. 415, King County, Washington, as of August 31, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 23 through 31, budgetary comparison information on pages 95 through 96, information on postemployment benefits other than pensions on page 97 and pension plan information on pages 98 through 101 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying information listed as combining financial statements and supplementary information on pages 105 through 133 is presented for purposes of additional analysis and is not a required part of the basic 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. This information has been subjected to auditing procedures applied in the audit of the basic 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 basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the

District. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we will also issue our report dated March 24, 2017, 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. That report will be issued under separate cover in the District's Single Audit Report. 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 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.

Sincerely,

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

Pat McCarthy

State Auditor

Olympia, WA

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Kent School District's financial performance provides an overview of the district's financial activities for the fiscal year ended August 31, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section of this report.

### FINANCIAL HIGHLIGHTS

- The district's total net position of governmental activities as of August 31, 2016, was \$141.583 million, a decrease of \$19.805 million. This was due to expenditures exceeding revenues.
- The total assets decreased by \$21 million because of the current assets which were \$15.331 million lower than last year and capital assets decreased by \$5.669 million. Total liabilities increased by \$24.948 million because long-term debt outstanding increased by \$23.621 million and other liabilities increased by \$1.327 million. The increase in long term debt was primarily caused by an increase in net pension liability (\$30.522 million) and other post-employment benefits (\$9.742 million).
- During the year, the district had revenues and other financing sources of \$364.168 million and expenses and other financing uses of \$383.973 million incurred for all governmental activities, resulting in a corresponding decrease in the district's net position by \$19.805 million. This was mainly due to program expenditures exceeding program revenues.
- As of the close of the current fiscal year, the Kent School District's governmental funds reported combined ending fund balances of \$20.685 million, a decrease of \$20.708 million in comparison with the prior year. The total governmental fund balances are as follows:

- Non-spendable	\$ 1.333 million
- Restricted for:	
Fund Purposes	3.498
Debt Service	12.351
State Proceeds	.216
Carryover of Restricted Revenues	1.321
Self-Insurance/Uninsured Risks	1.295
Other Proceeds	.121
- Committed to Levy Proceeds	1.692
- Assigned to	.153
- Unassigned	-1.295
- At the end of the 2015-2016 fiscal year, unassigned fund balance was \$0.099 million or 0.03% of the general fund expenditures. Total general fund balance totaled 3.847 million or 1.18% of general fund expenditures.

## USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Kent School District as a financial whole, while also providing an increasingly detailed look at specific financial activities.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The Kent School District's financial statements consist of three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements (*statement of net position* and *statement of activities*) are *district-wide financial statements* that provide both short-term and long-term information about the district's *overall* financial status as a *whole*.
- The *governmental fund financial statements* that focus on *individual* parts of the district, report the district's operations in more detail than the district-wide statements. These *governmental fund statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- The remaining statements provide financial information about activities for which the district acts solely as a trustee for the benefit of those outside of the district.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of fund activity to the district's budget for the year.

**Government-Wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Kent School District's finances, in a manner similar to private-sector business.

The *Statement of Net Position* presents information about the district as a whole and about its assets and liabilities. The net position is the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating. This statement uses the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

The *Statement of Activities* presents information showing how the district's net position changed during the current fiscal year. All of the current year's revenues and expenses are reported, *regardless of the timing of related cash flows*.

In the *Statement of Net Position* and *Statement of Activities*, most of the district's basic services are reported in governmental activities, including general fund, associated student body, debt service, capital projects, transportation vehicle, and permanent funds.

**Governmental Fund Financial Statements.** Governmental fund financial statements provide detailed information about the most significant funds - not the district as a whole. These funds are required to be established by Washington State law. These statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the district's general education and support operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. We describe the relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds in two reconciliations (Schedules 3A and 4A) in the basic financial statements, and in Note 9 to Financial Statements.

**Fiduciary Fund Statements.** These funds consist of private purpose trust funds which the district must use for the benefits of individuals, private organizations, scholarships and other specific private purposes. The district is responsible for ensuring the assets reported in these funds are used for their intended purpose. Fiduciary fund activities are excluded from the district's financial statements as a whole because the district is not able to use these assets to finance its operations.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve as a useful indicator of a government's financial position. The Kent School District's assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$141.583 million at the end of the 2015-2016 fiscal year.

The largest portion of net position is invested in capital assets. The investment in capital assets (e.g., land, building, and equipment), is the historical cost of capital assets net of accumulated depreciation, less any related outstanding debt used to acquire those assets, is currently \$287.939 million. The substantial investment in capital assets represents the district's track record of building and modernizing its schools in accordance with its long-term mission of providing quality education in state-of-the-art and up-to-date facilities. These assets are not available for future spending and debt associated with these assets will be paid from levied property taxes authorized by the voters.

Total liabilities of \$402.885 million; have increased to the prior year by approximately \$24.948 million. The increase in long-term liabilities (\$23.621 million) is mainly due to an increase in net pension liabilities (\$30.522 million) and net OPEB liabilities (9.743 million) and a decrease in other long-term liabilities (16.644 million).

Restricted net position of \$32.464 million is made up of resources that are subject to external restrictions on how they may be used. They consist of funds that are restricted due to constraints imposed by law and enabling legislation (Capital, Transportation Vehicle and ASB funds), externally imposed debt covenants (Debt Service fund) and finally external contractual impositions

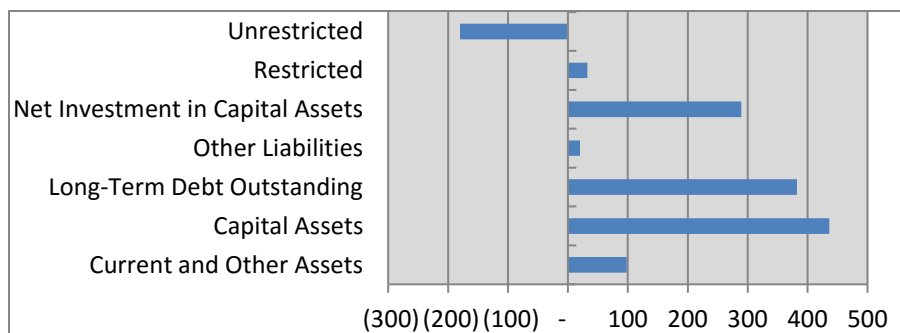
of grantors and regulations of other governments upon state and federal grant funds (Carryover for Restricted Revenues).

The unrestricted portion of net position is any portion of net position not already classified as either net investment in capital assets or restricted. The unrestricted portion represents resources that may be considered available to finance normal district government activities without external constraints imposed by law through constitutional provisions or enabling legislation, laws and regulations of other governments; or constraints established by debt covenants. It is possible for a negative unrestricted net position to exist where liabilities, deferred inflows of resources, net investment in capital assets and other restricted portions, exceed assets and deferred outflows of resources.

The district is showing a negative in unrestricted net position, this is mainly due to the recognition of net pension liabilities of \$166.498 million per GASB 68. The district's investment in its capital assets is reported as a net investment of capital assets; it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

<b>NET POSITION</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>			
	Aug 31, 2016	Aug 31, 2015	Changes
<b>ASSETS</b>			
Current and Other Assets	\$ 98,064,378	\$ 113,395,248	\$ (15,330,870)
Capital Assets	436,404,442	442,073,470	(5,669,028)
<b>Total Assets</b>	534,468,820	555,468,718	(20,999,898)
<b>Deferred Outflow of Resources</b>	21,868,499	8,842,713	13,025,786
<b>LIABILITIES</b>			
Long-Term Debt Outstanding	382,488,321	358,866,906	23,621,415
Other Liabilities	20,396,873	19,070,023	1,326,850
<b>Total Liabilities</b>	402,885,194	377,936,929	24,948,265
<b>Deferred Inflow of Resources</b>	11,868,853	24,986,166	(13,117,313)
<b>NET POSITION</b>			
Net Investment in Capital Assets	287,939,442	268,491,006	19,448,436
Restricted	32,464,175	29,942,623	2,521,552
Unrestricted	(178,820,345)	(137,045,293)	(41,775,052)
<b>TOTAL NET POSITION</b>	\$ 141,583,272	\$ 161,388,336	\$ (19,805,064)

**Net Position Chart (in Millions)**





The restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted *net position* may be used to meet the district's ongoing obligations to citizens and creditors.

**Governmental Activities.** Governmental activities decreased the district's net position by \$19.805 million from 2014-15 to 2015-16. This is mainly due to program expenditures exceeding program and general revenues. For years prior to 2014-2015 the amounts presented were not updated for the restatement related to the implementation of GASB 68. Only 2014-2015 displays the cumulative effect of change in accounting principle.

<b>Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>			
	2015-2016	2014-2015	Changes
<b>REVENUES</b>			
Program Revenues:			
Charges for Services	\$ 10,026,666	\$ 33,119,607	\$ (23,092,941)
Operating Grants and Contributions	52,147,272	34,175,557	17,971,715
Capital Grants and Contributions	206,312	194,884	11,428
General Revenues:			
Property Taxes	102,889,970	96,913,952	5,976,018
Interest and Investment Earnings	346,364	343,722	2,642
Unallocated Revenues	198,552,081	159,995,703	38,556,378
<b>TOTAL REVENUES</b>	<b>364,168,664</b>	<b>324,743,425</b>	<b>39,425,239</b>
<b>PROGRAM EXPENSES:</b>			
Regular Instruction	234,812,393	196,101,293	38,711,100
Special Instruction	42,842,889	37,818,179	5,024,710
Vocational Instruction	9,167,102	8,349,559	817,543
Compensatory Instruction	22,604,040	19,860,230	2,743,810
Other Instr. & Community Services	2,294,984	2,365,260	(70,276)
Support Services and Other Misc. Exp	66,833,011	65,198,922	1,634,089
Extracurricular Activities	2,311,260	2,421,438	(110,178)
Debt Interest Payment and Other Charges	3,108,050	5,465,006	(2,356,956)
<b>TOTAL EXPENSES</b>	<b>383,973,728</b>	<b>337,579,887</b>	<b>46,393,841</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>(19,805,064)</b>	<b>(12,836,462)</b>	
<b>BEGINNING NET POSITION</b>	<b>161,388,336</b>	<b>318,077,021</b>	<b>(156,688,685)</b>
<b>Cumulative Effect of Change in Accounting Principle*</b>	<b>-</b>	<b>(143,852,223)</b>	<b>-</b>
<b>Adjusted Net Position-Beginning</b>	<b>161,388,336</b>	<b>174,224,798</b>	<b>-</b>
<b>ENDING NET POSITION</b>	<b>\$ 141,583,272</b>	<b>\$ 161,388,336</b>	<b>(19,805,064)</b>

\*Implementation of GASB 68

The following table presents the cost of each of the district's largest programs – regular instruction, special instruction, vocational instruction, compensatory instruction, other instructional programs, and support services – as well as each program's net costs (total cost less revenues generated by the activities). The net cost column shows the financial impact by each of these functions.

<b>Governmental Activities</b>				
	<b>Total Costs of Services</b>		<b>Net Costs of Services</b>	
	<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>
Regular Instruction	\$ 196,989,483	\$ 234,812,393	\$ (194,152,002)	\$ (233,385,074)
Special Instruction	37,989,466	42,842,889	(12,338,844)	(19,156,450)
Vocational Instruction	8,387,376	9,167,102	(8,192,492)	(8,960,790)
Compensatory Instruction	19,950,182	22,604,040	119,498	(2,534,360)
Other Instructional Programs	2,375,973	2,294,984	(2,183,727)	(2,102,738)
Support Services	64,000,963	66,833,011	(47,842,029)	(52,369,987)
Extracurricular Activities	2,421,438	2,311,260	(35,237)	23,969
Debt Payments	5,465,006	3,108,050	(5,465,006)	(3,108,050)
<b>TOTALS</b>	<b>\$ 337,579,887</b>	<b>\$ 383,973,728</b>	<b>\$ (270,089,839)</b>	<b>\$ (321,593,478)</b>

## GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The focus of the district's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Thus, unreserved fund balance may serve as a useful measure of the district's net resources available for spending at the end of the fiscal year.

As the district completed the fiscal year, its governmental funds (as presented in the balance sheets in the Governmental Fund Financial Statement section) reported a combined fund balance of \$20.686 million, which is \$20.708 million or 50.03% lower than last year. This change is the result of the following factors:

- The fund balance in the General Fund decreased by \$10.250 million, because the district's total expenditures exceeded total revenues. This decrease is mainly caused by program enhancements (lower class sizes) and increases in compensation for all staff. The decrease in fund balance has occurred over the past four years and the district has a plan that over the next three years to increase fund balance to acceptable levels.
- The fund balance in the Special Revenue (ASB) Fund increased by \$.082 million because revenues exceeded expenditures
- The fund balance in the Debt Service Fund decreased by \$.744 million. The district traditionally sets the property tax levy to closely match scheduled bond payments in order to moderate the impact of local property taxes.
- The fund balance in the Capital Projects Fund decreased by \$5.589 million due to the completion of capital projects.
- The fund balance in the Transportation Vehicle Fund decreased by \$4.208 million, because the district purchased \$5.123 of buses in 2015-16. The district issued \$5.000 million of non-voted debt in June 2015 for the planned purchase of buses in 2015-16
- The Permanent Fund (Reeploeg Trust) had no significant change in fund balance.

The following table presents a summary of the governmental funds' revenues and expenditures for 2015-16, and the amounts and percentages of increases and decreases in relation to the prior year.

<b>Changes in Revenues and Expenditures</b>				
<b>Governmental Funds</b>				
	<b>2015-16 Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) From 2014-15</b>	<b>Percent Increase (Decrease)</b>
<b>Revenue Source</b>				
Local Taxes & Non-Tax	\$ 111,165,715	31.3%	\$ 7,258,141	6.99%
State Revenues	216,035,243	60.8%	22,142,818	11.42%
Federal Revenues	25,254,051	7.1%	1,621,179	6.86%
Other Revenues	2,698,608	0.8%	66,256	2.52%
<b>Total Revenues</b>	<b>355,153,617</b>	<b>100.0%</b>	<b>31,088,394</b>	<b>9.59%</b>
<b>Expenditures</b>				
Regular Instruction	192,287,855	51.1%	22,204,694	13.06%
Special Instruction	40,262,335	10.7%	4,015,898	11.08%
Vocational Instruction	8,560,705	2.3%	582,231	7.30%
Compensatory Instruction	21,685,745	5.8%	2,362,419	12.23%
Other Instruction Programs	1,749,596	0.5%	(137,081)	-7.27%
Community Services	398,804	0.1%	2,314	0.58%
Support Services and Misc.	60,300,830	16.0%	888,615	1.50%
Student Activities	2,253,722	0.6%	(134,928)	-5.65%
Capital Outlay	20,180,970	5.4%	8,093,944	66.96%
Debt Service	28,485,790	7.6%	1,513,468	5.61%
<b>Total Expenditures</b>	<b>376,166,352</b>	<b>100.0%</b>	<b>39,391,574</b>	<b>11.70%</b>
Other Financing Sources	44,413,454		39,024,494	N/A
Other Financing Uses	44,108,627		44,088,627	N/A

## General Fund Budgetary Highlights

Appropriations are a prerequisite to expenditures in the governmental funds. Appropriations lapse at the end of the fiscal year. The Board may adopt a revised or supplemental budget appropriation after a public hearing anytime during the fiscal year.

Reasons for the significant variances in the general fund between budget and actual results include:

- Total actual general fund revenues were \$14,379,492 less than budgeted. When the revenue budget is established \$15,000,000 is budgeted as a revenue expansion contingency to account for any unanticipated revenues (a corresponding \$15,000,000 is budgeted in expenditures so there is no effect on ending fund balance).
- Expenditures of \$325,752,079 were \$3,976,248 less than the budgeted \$329,722,327 because of lower expenditures in salaries (\$1,848,070), supplies (\$2,934,922) contractual services (\$3,362,938), travel (\$146,180) and capital outlay (\$351,840). The district's expenditures for benefits (\$4,667,702) were more than budgeted.

The general fund balance reported on Schedule A-1 on August 31, 2016, differs from the budgetary fund balance by \$15.712 million. The beginning fund balance was lower than budgeted by \$5.329 million, revenues were lower than budgeted by \$14.379 million due to less than anticipated local, state federal and other monies, and expenditures were lower than budgeted by \$3.976 million due to the district's budget techniques to include contingencies. Washington statutes establish expenditure budgets as absolute expenditure limits, encouraging contingency budgeting.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of the fiscal year 2015-2016, the district had \$707.123 million (an increase of \$11.636 million) invested in a broad range of capital assets, including school buildings, buses, and equipment.

Some major projects that were completed in 2015-2016 are as follows:

- The Outreach Program new building-\$4.911 million
- New Portable Classrooms at 12 schools-\$1.551 million
- New Boiler Kent Meridian High School-\$0.102 million
- New Door Hardware at 4 schools-\$0.100 million
- Athletic Field Renovation at 4 High Schools-\$0.048 million

The district does not own general-purpose infrastructure assets (roads, bridges, tunnels, drainage systems, water and sewer systems, dams, lighting systems).

More information on the district's capital assets can be found in Note 4 in the Notes to the Financial Statements.

### **Long-Term Debt**

At year-end, the district had \$138,689,387 in refunding, limited and unlimited tax general obligation bonds outstanding versus \$163,753,505 last year; a decrease of \$25,064,118 or 15.31% as shown below:

#### **Outstanding Debt at Year-End (in thousands)**

	<b>2015-16</b>	<b>2014-15</b>	<b>Increase(Decrease)</b>	
2001B Building Fund	\$ -	\$ 2,430	\$ (2,430)	% (100.00)
2005 Refunding	20,220	29,105	(8,885)	(30.53)
2006 Building Fund	3,590	23,670	(20,080)	(84.83)
2007 Building Fund	2,115	15,000	(12,885)	-
2008 Building Fund	3,570	17,365	(13,795)	(79.44)
2008 LGO Bonds	424	623	(199)	(31.94)
2010 Refunding	9,710	10,965	(1,255)	(11.45)
2010 QSCB	15,000	15,000	-	-
2012 Refunding	11,625	13,130	(1,505)	(11.46)
2012A Refunding	15,715	17,105	(1,390)	(8.13)
2013 Building Fund	13,725	14,360	(635)	(4.42)
2015 LGO Bonds	5,000	5,000	-	-
2015 Refunding	37,995	-	37,995	100.00
<b>TOTALS</b>	<b>\$ 138,689</b>	<b>\$ 163,753</b>	<b>\$ (25,064)</b>	<b>% (15.31)</b>

Outstanding debt will mature on the following dates:

2001B Building Fund	June 1, 2016
2005 Refunding	December 1, 2018
2006 Building Fund	December 1, 2020
2007 Building Fund	December 1, 2026
2008 Building Fund	December 1, 2027
2008 LGO Bond	June 1, 2018
2010 Refunding Bond	December 1, 2022
2010 QSCB Bond	December 1, 2026
2012 Refunding Bond	December 1, 2022
2012A Refunding Bond	December 1, 2024
2013 Building Fund	December 1, 2032
2015 LGO Bond	December 1, 2025
2015 Refunding	December 1, 2027

The district's most recent underlying bond ratings were as follows:  
Moody's: Aa1/Aa3

The state limits the amount of general obligation debts (non-voted) that the district can issue to .375% of the assessed valuation of all taxable property within the district. This amount is calculated to be \$77.971 million. The limits for voted debts are 5.0 % of the assessed valuation of all taxable property within the district, provided the indebtedness in excess of 2.5% is for capital outlay, and an approval rate of 60% of the people who voted. The remaining debt capacity is \$876.939million.

More information on the district's debt can be found in Note 7 in the Notes to the Financial Statements.

## **NEXT YEAR'S APPROPRIATIONS AND BUDGET RATES**

The 2016-2017 appropriations for governmental funds of the district were set at \$394.812 million, an increase of 2.3% from total appropriations of \$395.923 million for 2015-2016.

Property tax rates of \$4.82 per \$1,000 of assessed value were projected for 2017, a decrease of 9.7% from the 2016 actual tax rates of \$5.34 per \$1,000 of assessed value.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the district's finances, and to show the district's accountability for the money it receives. If you have questions about this report, or would like additional financial information, contact the district's Department of Fiscal Services at 12033 SE 256<sup>th</sup> Street, A-600, Kent, Washington 98030-6643.

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# **BASIC FINANCIAL STATEMENTS**

**Government-Wide Financial Statements**

**Governmental Fund Financial Statements**

**Fiduciary Fund Financial Statements**

**Notes to the Basic Financial Statements**

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**KENT SCHOOL DISTRICT NO. 415**

**GOVERNMENT-WIDE FINANCIAL  
STATEMENTS**

The district-wide financial statements consist of the Statement of Net Position and the Statement of Activities.

These statements report all financial and capital resources of the primary government as a whole, except for the fiduciary funds of the primary government that are fiduciary in nature.

The Statement of Net Position displays “*assets and deferred outflow of resources less liabilities and deferred inflow of resources equal net position*” format.

The Statement of Activities presents governmental activities by function, at the level of detail required in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The district-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting.

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**KENT SCHOOL DISTRICT NO. 415**  
**STATEMENT OF NET POSITION**  
**August 31, 2016**

			Primary Government
	Note #		Governmental Activities
<b>ASSETS</b>			
Cash and Cash Equivalents	1.F.1	\$	34,114,987
Cash Held by Trustees	2.B		6,525,034
Property Tax Receivable	1.F.2		51,490,548
Receivables, Net	1.F.3		660,623
Prepaid Expenses			645,413
Due from Other Governments	1.F.5		4,105,122
Inventories	1.G		522,651
Capital Assets, net of accumulated depreciation, where applicable:	4		
Land			68,322,670
Land Improvements			20,469,424
Buildings & Improvements			334,600,322
Transportation Equipment			6,801,446
Equipment & Machinery			5,577,977
Construction-in-progress			632,603
<b>TOTAL ASSETS</b>			<b>534,468,820</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Pension Plan Investment Earnings (net difference)	6		11,642,323
Pension Plan Experience Difference	6		4,031,091
Pension Plan Assumption Changes	6		584,567
Pension Plan Changes in Proportions	6		1,403,871
Pension Plan Contributions	6		4,206,647
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>			<b>21,868,499</b>
<b>LIABILITIES</b>			
Accounts Payable			7,077,811
Accrued Interest Payable			1,504,180
Accrued Contingent Losses			185,795
Accrued Wages & Benefits Payable			11,602,410
Due to Other Governments			26,677
Long-Term Liabilities:	7.A		
Due within one year	7.A		26,937,766
Net Pension Liability	7.A		166,487,086
Net Other Post Employment Benefits (OPEB)	7.A		57,374,743
Due in more than one year	7.A		131,688,726
<b>TOTAL LIABILITIES</b>			<b>402,885,194</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue	1J		6,995,551
Pension Plan Experience Difference	6		1,647,212
Deferred Gain on Refunding	7.G		3,226,090
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>			<b>11,868,853</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets			287,939,442
Restricted for:			
Associated Student Body			1,683,047
Capital Projects-Transportation Vehicle			1,815,180
Debt Service			25,847,293
Other Purposes *			3,118,655
Unrestricted			(178,820,345)
<b>TOTAL NET POSITION</b>		<b>\$</b>	<b>141,583,272</b>

\* Imposed by laws & regulations

The notes to the basic financial statements are an integral part of this statement.

**KENT SCHOOL DISTRICT NO. 415**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

Schedule 2

		PROGRAM REVENUES			PRIMARY GOVERNMENT
Functions/Programs	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental Activities:					
Regular Instruction	\$ 234,812,393	\$ 1,427,319	\$ -	\$ -	\$ (233,385,074)
Special Instruction	42,842,889	-	23,686,439	-	(19,156,450)
Vocational Instruction	9,167,102	-	-	206,312	(8,960,790)
Compensatory Education	22,604,040	-	20,069,680		(2,534,360)
Other Instruction Programs	1,879,438	-	-		(1,879,438)
Community Services	415,546	-	192,246		(223,300)
Support Services	66,833,011	6,264,117	8,198,907		(52,369,987)
Extracurricular Activities (ASB)	2,311,260	2,335,229			23,969
Interest Payment on Long-Term Debt	3,108,050				(3,108,050)
Total Governmental Activities	\$ 383,973,728	\$ 10,026,666	\$ 52,147,272	\$ 206,312	\$ (321,593,478)

**General Revenues:**

Taxes:

Property taxes, levies for maintenance and operations	\$ 69,045,003
Property taxes, levies for debt service	26,846,717
Property taxes, levies for capital projects	6,998,250
Unallocated State Apportionment & Others	198,552,081
Interest and Investment earnings	346,364

**Total General Revenues**

**301,788,415**

**Changes in Net Position**

**(19,805,064)**

**Net Position - Beginning**

161,388,336

**Net Position- Ending**

**\$ 141,583,272**

The notes to the basic financial statements are an integral part of this statement.

**KENT SCHOOL DISTRICT NO. 415**

**GOVERNMENTAL FUND FINANCIAL  
STATEMENTS**

The governmental fund financial statements consist of major governmental funds:

1. General Fund
2. Special Revenue Fund (Associated Student Body)
3. Debt Service Fund
4. Capital Projects Fund
5. Transportation Vehicle Fund
6. Permanent Fund

The governmental funds focus primarily on the sources, uses, and balances of current financial resources and the modified accrual basis of accounting.

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**KENT SCHOOL DISTRICT NO. 415**  
**FUND BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
**August 31, 2016**

Schedule 3

GENERAL FUND	SPECIAL REVENUE FUND (ASB)	DEBT SERVICE FUND	CAPITAL PROJECT FUND	TRANSPORTATION VEHICLE FUND	PERMANENT FUND	TOTAL GOVERNMENTAL FUNDS
\$ 15,315,351	\$ 1,813,106	\$ 12,368,163	\$ 2,371,460	\$ 2,068,333	\$ 178,574	\$ 34,114,987
-	-	-	6,525,034	-	-	6,525,034
34,579,148	-	13,496,756	3,414,644	-	-	51,490,548
660,377	246	-	-	-	-	660,623
608,553	36,860	-	-	-	-	645,413
159,712	131,947	-	-	-	-	291,659
3,508,011	-	-	597,111	-	-	4,105,122
522,651	-	-	-	-	-	522,651
<b>55,353,803</b>	<b>1,982,159</b>	<b>25,864,919</b>	<b>12,908,249</b>	<b>2,068,333</b>	<b>178,574</b>	<b>98,356,037</b>

**TOTAL ASSETS**

**LIABILITIES:**

Accounts Payable	4,774,624	97,647	1,952,387	253,153	-	7,077,811
Accrued Wages & Benefits Payable	11,602,410	-	-	-	-	11,602,410
Accrued Contingent Losses	72,523	17,626	95,399	-	247	185,795
Due To Other Funds	131,947	13,390	146,315	-	-	291,653
Due to Other Government Units	26,677	-	-	-	-	26,677
<b>TOTAL LIABILITIES</b>	<b>16,608,181</b>	<b>111,037</b>	<b>2,194,101</b>	<b>253,153</b>	<b>247</b>	<b>19,184,346</b>

**DEFERRED INFLOW OF RESOURCES**

Unavailable Revenue-Others	319,302	151,215	6,525,034			6,995,551
Unavailable Revenue - Taxes Receivable	34,579,148	-	3,414,644			51,490,548
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>34,898,450</b>	<b>151,215</b>	<b>9,939,678</b>	<b>-</b>	<b>-</b>	<b>58,486,099</b>

**FUND BALANCES**

Nonspendable	1,131,204	36,860	-	-	-	1,168,064
Nonspendable: Permanent Fund Principal	-	-	-	-	165,000	165,000
Restricted For*	-	1,683,047		1,815,180	-	3,498,227
Fund Purposes			12,350,537			12,350,537
Debt Service						-
Bond Service						216,212
State Proceeds			216,212			1,321,350
Carryover for Restricted Revenues	1,321,350					1,295,416
Self Insurance/Uninsured Risks	1,295,416					120,677
Other Proceeds	-	-	120,677			1,691,732
Committed Levy Proceeds	-	-	1,691,732			152,977
Assigned To	-	-	139,650		13,327	(1,294,599)
Unassigned	99,202	-	(1,393,801)		-	20,685,593
<b>TOTAL FUND BALANCES</b>	<b>3,847,172</b>	<b>1,719,907</b>	<b>12,350,537</b>	<b>1,815,180</b>	<b>178,327</b>	<b>20,685,593</b>

**TOTAL LIABILITIES AND DEFERRED**

<b>INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ 55,353,803</b>	<b>\$ 1,982,159</b>	<b>\$ 25,864,919</b>	<b>\$ 12,908,249</b>	<b>\$ 2,068,333</b>	<b>\$ 178,574</b>	<b>\$ 98,356,037</b>
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\* Imposed by laws & regulations

The notes to the basic financial statements are an integral part of this statement.

**KENT SCHOOL DISTRICT NO. 415**  
**RECONCILIATION**  
**BALANCE SHEET/STATEMENT OF NET POSITION**  
**August 31, 2016**

	<b>Total Governmental Funds</b>	<b>Long-Term Assets, Liabilities</b>	<b>Reclassifications and Eliminations</b>	<b>Statement of Net Position Totals</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 34,114,987	\$ -	\$ -	\$ 34,114,987
Cash Held by Trustees	6,525,034	-	-	6,525,034
Property Tax Receivable	51,490,548	-	-	51,490,548
Receivables, Net	660,623	-	-	660,623
Due from Other Funds	291,659	-	(291,659)	-
Due from Other Governments	4,105,122	-	-	4,105,122
Inventories	522,651	-	-	522,651
Prepays	645,413	-	-	645,413
Capital Assets, Net (land, building, equipment)	-	436,404,442	-	436,404,442
<b>TOTAL ASSETS</b>	<b>98,356,037</b>	<b>436,404,442</b>	<b>(291,659)</b>	<b>534,468,820</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pension Plan Investment Earnings (net difference)		11,642,323		11,642,323
Pension Plan Experience Difference	-	4,031,091	-	4,031,091
Pension Plan Assumption Changes	-	584,567	-	584,567
Pension Plan Changes in Proportions	-	1,403,871	-	1,403,871
Pension Plan Contributions	-	4,206,647	-	4,206,647
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>-</b>	<b>21,868,499</b>	<b>-</b>	<b>21,868,499</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	<b>98,356,037</b>	<b>458,272,941</b>	<b>(291,659)</b>	<b>556,337,319</b>
<b>LIABILITIES</b>				
Accounts Payable	7,077,811	-	-	7,077,811
Accrued Interest Payable		1,504,180		1,504,180
Accrued Contingent Losses	185,795			185,795
Wages, Benefits & Other Payables	11,602,410	-	-	11,602,410
Due to Other Funds	291,653	-	(291,653)	-
Due to Other Government Units	26,677			26,677
Net Pension Liability-TRS1	-	90,347,046		90,347,046
Net Pension Liability-TRS 2/3	-	37,123,349		37,123,349
Net Pension Liability SERS 2/3	-	17,110,622		17,110,622
Net Pension Liability-PERS 1	-	21,906,069		21,906,069
Other Long-Term Liabilities Not Pension	-	216,001,235	-	216,001,235
<b>TOTAL LIABILITIES</b>	<b>19,184,346</b>	<b>383,992,501</b>	<b>(291,653)</b>	<b>402,885,194</b>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Unavailable Revenue	58,486,099	(51,490,548)	-	6,995,551
Pension Plan Investment Earnings (net difference)	-	1,647,212		1,647,212
Deferred Gain on Refunding		3,226,090		3,226,090
<b>TOTAL DEFERRED INFLOW OF RESOURCES</b>	<b>58,486,099</b>	<b>(46,617,246)</b>	<b>-</b>	<b>11,868,853</b>
<b>FUND BALANCES/NET POSITION</b>				
Total Fund Balances/Net Position	<b>20,685,593</b>	<b>120,897,686</b>	<b>(6)</b>	<b>141,583,272</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS AND FUND BALANCES/NET POSITION</b>	<b>\$ 98,356,037</b>	<b>\$ 458,272,941</b>	<b>\$ (291,659)</b>	<b>\$ 556,337,319</b>

The notes to the basic financial statements are an integral part of this statement.



**KENT SCHOOL DISTRICT NO. 415**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

Schedule 4

**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	GENERAL FUND	SPECIAL REVENUE FUND (ASB)	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TRANSPORTATION VEHICLE FUND	PERMANENT FUND	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>							
Local	\$ 75,445,225	\$ -	\$ 26,925,321	\$ 8,763,776	\$ 30,094	\$ 1,299	\$ 111,165,715
State	215,130,328	-	-	-	904,915	-	216,035,243
Federal	24,537,296	-	716,755	-	-	-	25,254,051
Miscellaneous	363,379	2,335,229	-	-	-	-	2,698,608
<b>TOTAL REVENUES</b>	<b>315,476,228</b>	<b>2,335,229</b>	<b>27,642,076</b>	<b>8,763,776</b>	<b>935,009</b>	<b>1,299</b>	<b>355,153,617</b>
<b>EXPENDITURES</b>							
<b>Current Operating:</b>							
Regular Instruction	192,287,855	-	-	-	-	-	192,287,855
Special Instruction	40,262,335	-	-	-	-	-	40,262,335
Vocational Instruction	8,560,705	-	-	-	-	-	8,560,705
Compensatory Instruction	21,685,745	-	-	-	-	-	21,685,745
Other Instructional Programs	1,749,596	-	-	-	-	-	1,749,596
Community Services	398,804	-	-	-	-	-	398,804
Support Services	60,044,822	-	-	-	-	-	60,044,822
Student Activities	-	2,253,722	-	-	-	-	2,253,722
Bond Insurance Cost	-	-	255,530	-	-	-	255,530
Miscellaneous	-	-	-	-	459	19	478
<b>Debt Service:</b>							
Principal	48,639	-	21,949,118	-	-	-	21,997,757
Interest and Other Charges	85,767	-	6,396,440	5,826	-	-	6,488,033
<b>Capital Outlay:</b>							
Technology Equipment and Others	621,811	-	-	14,436,652	5,122,507	-	20,180,970
<b>TOTAL EXPENDITURES</b>	<b>325,746,079</b>	<b>2,253,722</b>	<b>28,601,088</b>	<b>14,442,478</b>	<b>5,122,966</b>	<b>19</b>	<b>376,166,352</b>
<b>Excess (Deficiency) of Revenues</b>							
<b>Over Expenditures</b>	<b>(10,269,851)</b>	<b>81,507</b>	<b>(959,012)</b>	<b>(5,678,702)</b>	<b>(4,187,957)</b>	<b>1,280</b>	<b>(21,012,735)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Bonds Issued (Refunding)	-	-	37,995,000	-	-	-	37,995,000
Bond Premium	-	-	6,268,780	-	-	-	6,268,780
Escrow Payment	-	-	(44,108,627)	-	-	-	(44,108,627)
Sale of Surplus Equipment	19,832	-	-	-	39,842	-	59,674
Sale of Property	-	-	-	90,000	-	-	90,000
Transfers	-	-	60,208	-	(60,208)	-	-
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<b>19,832</b>	<b>-</b>	<b>215,361</b>	<b>90,000</b>	<b>(20,366)</b>	<b>-</b>	<b>304,827</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(10,250,019)</b>	<b>81,507</b>	<b>(743,651)</b>	<b>(5,588,702)</b>	<b>(4,208,323)</b>	<b>1,280</b>	<b>(20,707,908)</b>
<b>Fund Balance - Beginning</b>	<b>14,097,191</b>	<b>1,638,400</b>	<b>13,094,188</b>	<b>6,363,172</b>	<b>6,023,503</b>	<b>177,047</b>	<b>41,393,501</b>
<b>Fund Balance - Ending</b>	<b>14,097,191</b>	<b>1,638,400</b>	<b>13,094,188</b>	<b>6,363,172</b>	<b>6,023,503</b>	<b>177,047</b>	<b>41,393,501</b>
Nonspendable	1,131,204	36,860	-	-	-	165,000	1,333,064
Restricted*	-	1,683,047	12,350,537	-	1,815,180	-	3,498,227
Fund Purposes	-	-	-	-	-	-	12,350,537
Debt Service	-	-	-	-	-	-	-
Bond Service	-	-	-	-	-	-	-
State Proceeds	-	-	-	216,212	-	-	216,212
Carryover for Restricted Revenues	1,321,350	-	-	-	-	-	1,321,350
Self Insurance/Uninsured Risks	1,295,416	-	-	-	-	-	1,295,416
Other Proceeds	-	-	-	120,677	-	-	120,677
Committed To	-	-	-	1,691,732	-	-	1,691,732
Assigned To	-	-	-	139,650	-	13,327	152,977
Unassigned	99,202	-	-	(1,393,801)	-	-	(1,294,599)
<b>TOTAL ENDING FUND BALANCES</b>	<b>\$ 3,847,172</b>	<b>\$ 1,719,907</b>	<b>\$ 12,350,537</b>	<b>\$ 774,470</b>	<b>\$ 1,815,180</b>	<b>\$ 178,327</b>	<b>\$ 20,685,593</b>

\* Imposed by laws & regulations  
The notes to the basic financial statements are an integral part of this statement.

**KENT SCHOOL DISTRICT NO. 415**  
**RECONCILIATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<b>Total Governmental Funds</b>	<b>Long-Term Revenue, Expenses</b>	<b>Capital Related Items</b>	<b>Long-Term Debt Transactions</b>	<b>Statement of Activities Totals</b>
<b>REVENUES AND OTHER SOURCES</b>					
Property Taxes & Local Non-Tax	\$ 111,165,715	\$ 2,596,592	\$ -	\$ -	\$ 113,762,307
State	216,035,243	-	-	-	216,035,243
Federal	25,254,051	-	-	-	25,254,051
Miscellaneous	2,698,608	-	-	-	2,698,608
<b>Other Sources:</b>					
Bonds Issued	37,995,000	-	-	(37,995,000)	-
Bond Premium	6,268,780				6,268,780
Sale of Property	90,000				90,000
Sales of Non-Capitalized Assets	59,674	-	-	-	59,674
<b>TOTAL</b>	<b>399,567,071</b>	<b>2,596,592</b>	<b>-</b>	<b>(37,995,000)</b>	<b>364,168,664</b>
<b>EXPENDITURES/EXPENSES</b>					
<b>Current:</b>					
Regular Instruction	192,287,855	7,936,988	34,428,751	-	234,653,594
Special Instruction	40,262,335	1,661,892	889,688	-	42,813,915
Vocational Instruction	8,560,705	353,357	246,841	-	9,160,902
Compensatory Education	21,685,745	895,114	7,895	-	22,588,753
Other Instruction Programs	1,749,596	72,217	56,353	-	1,878,166
Community Services	398,804	16,461	-	-	415,265
Support Services	60,044,822	2,478,446	4,264,546	-	66,787,814
Student Activities	2,253,722		57,538	-	2,311,260
Bond Issuance Costs	255,530				255,530
Miscellaneous	478	-		-	478
<b>Debt Service:</b>					
Principal	21,997,757	-	-	(21,997,757)	-
Interest and Other Charges	6,488,033		-	(3,379,983)	3,108,050
Escrow Payment	44,108,627			(44,108,627)	-
Capital Outlay	20,180,970	-	(20,180,970)	-	-
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>420,274,979</b>	<b>13,414,475</b>	<b>19,770,641</b>	<b>(69,486,367)</b>	<b>383,973,728</b>
<b>NET CHANGE FOR THE YEAR</b>	<b>\$ (20,707,908)</b>	<b>\$ (10,817,883)</b>	<b>\$ (19,770,641)</b>	<b>\$ 31,491,367</b>	<b>\$ (19,805,064)</b>

The notes to the basic financial statements are an integral part of this statement.

**KENT SCHOOL DISTRICT NO. 415**

**FIDUCIARY FUNDS FINANCIAL  
STATEMENTS**

The fiduciary funds financial statements consist of Private-Purpose Trust Fund and Employee Benefit Trust Fund. The fiduciary funds financial statements focus on net position and changes in net position.

Private-Purpose Trust reports all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Employee Benefit Trust reports resources that are required to be held in trust for the Kent School District's employee's vision benefit plan.

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**KENT SCHOOL DISTRICT NO. 415**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**August 31, 2016**

	<b>Employee Benefits Trust</b>	<b>Private-Purpose Trust</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 190,171	\$ 65,433
<b>TOTAL ASSETS</b>	<b>190,171</b>	<b>65,433</b>
<b>LIABILITIES</b>		
Accounts Payable	333	47
Due to Other Funds	-	6
<b>TOTAL LIABILITIES</b>	<b>333</b>	<b>53</b>
<b>NET POSITION</b>		
Held in Trusts for Employee Benefits	189,838	-
Held in Trusts for Other Purposes	-	65,380
<b>Total Net Position</b>	<b>189,838</b>	<b>65,380</b>
<b>TOTAL LIABILITIES/ NET POSITION</b>	<b>\$ 190,171</b>	<b>\$ 65,433</b>

The notes to the basic financial statements are an integral part of this statement.

**KENT SCHOOL DISTRICT NO. 415**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<b>Employee Benefits Trust</b>	<b>Private-Purpose Trust</b>
<b>ADDITIONS</b>		
Employee Contributions	\$ 382,860	
Donations	-	\$ 31,879
Investment Earnings	1,230	534
<b>Total Additions</b>	<b>384,090</b>	<b>32,413</b>
<b>DEDUCTIONS</b>		
Benefits Claims	403,126	-
Donations	-	32,587
Scholarships	-	5,000
Administrative	35,468	8
<b>Total Deductions</b>	<b>438,594</b>	<b>37,595</b>
<b>Change in Net Position</b>	<b>(54,504)</b>	<b>(5,182)</b>
Net Position, Beginning of the year	244,342	70,562
Net Position, End of the year	<b>\$ 189,838</b>	<b>\$ 65,380</b>

The notes to the basic financial statements are an integral part of this statement.

## **KENT SCHOOL DISTRICT NO. 415**

# **NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes to the financial statements are an integral part of the basic financial statements. The notes focus on the primary government, especially its governmental activities and major funds.

Note 1	Summary of Significant Accounting Policies
Note 2	Deposits and Investments
Note 3	Interfund Transactions
Note 4	Changes in Capital Assets
Note 5	Construction in Progress
Note 6	Pensions and Other Post-Employment Benefits
Note 7	Long-Term Debt
Note 8	Risk Management
Note 9	Reconciliation between Governmental Fund and Government-Wide Financial Statements
Note 10	Fund Equity (Governmental Funds)
Note 11	Contingent Liabilities
Note 12	Other Disclosures
Note 13	Subsequent Events

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**KENT SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
AUGUST 31, 2016**

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

The financial statements of the Kent School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the district's accounting policies are described below.

**A. REPORTING ENTITY**

The Kent School District is a municipal corporation organized pursuant to Title 28A Revised Code of Washington for the purpose of providing public school services to students in grades P-12. The Kent School District operates under an independently elected board of directors. Management of the district is appointed by and 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 Kent School District's financial statements include all of the district's fiduciary and non-fiduciary funds. The district considered whether there were any component units or organizations controlled by or dependent on the district's board of directors or for which the district is considered to be financially accountable. There is no component unit or other organization that meets the criteria of GASB Statement 14.

**B. BASIS OF PRESENTATION**

The accounts of the district are organized on the basis of funds in *governmental fund financial statements*, 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 of its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The district's basic financial statements in this report consist of:

**1. GOVERNMENT-WIDE FINANCIAL STATEMENTS**

Overall governmental activities report on all non-fiduciary activities without displaying individual funds or fund types and display information about the district as a whole. They include the primary government. They do not contain fiduciary activities or funds.

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantors have been met. The government-wide financial statements consist of the following:

**a. Statement of Net Position** - The *Statement of Net Position* reports all financial and capital resources. Capital assets (land, land improvements, building, building improvements, vehicles, and equipment) are reported at historical cost, net of accumulated depreciation.

**b. Statement of Activities** - The operations of the district are presented as net (expense) revenue of its individual function/program. General revenues are divided into property taxes, investment earnings, and unallocated state apportionment and others. The expenses and revenues are reported as follows:

**Expenses** - Expenses are reported by function/program which include direct and indirect expenses. Depreciation expenses are allocated to direct expenses if they can be specifically identified with a function/program. Interest expenses may be considered direct (interest on long-term debt, when borrowing is essential to the creation or continuing existence of a program) or indirect expenses (interest on long-term liabilities).

**Revenues** - The revenues are divided into program revenues and general revenues.

Program revenues are derived directly from the program itself or from parties outside the district's taxpayers, as a whole. They reduce the net cost of the function to be financed from the district's general revenues. Program-specific grants and contributions include revenues arising from mandatory and voluntary non-exchange transactions with federal and state governments, organizations, or individuals that are restricted for use in a particular program.

General revenues are revenues that are not required to be reported as program revenues, such as property taxes levied for a specific purpose, and all non-tax revenues (interest and investment earnings).

Fiduciary funds are not presented in the government-wide financial statements. They are presented in separate schedules.

## **2. FUND FINANCIAL STATEMENTS**

The governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. It includes general fund, special revenue fund (associated student body fund), capital projects fund, transportation vehicle fund, debt service fund, and permanent fund. Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, 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. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which are recorded when due. Financial resources usually are appropriated in other funds for transfer to a debt service fund in the period in which maturing debt principal and interest must be paid. The recognition of governmental fund type revenues represented by non-current receivables is deferred until they become current receivables. Long-term liabilities are not recognized in governmental fund liabilities.

For financial reporting purposes, the Kent 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.

## **GOVERNMENTAL FUNDS**

a. **General Fund** - This fund is the general operating fund of the district. It is used to account for and report all financial resources not accounted for and reported in another fund. In keeping with the principle of as few funds as necessary, child nutrition services, maintenance, information technology, printing and transportation activities are included in this fund. These activities are legally designated in the General Fund, and also principally serve and receive their support from the General Fund.

b. **Special Revenue Fund (Associated Student Body Fund)** - This fund is used to account for and report the proceeds of extracurricular fees and resources collected in fund-raising events for students that are restricted or committed to expenditure for the Associated Student Body Fund's specified purposes.

Disbursements require the joint approval of the appropriate student body organization and the district's board of directors. This fund is accounted for as a special revenue fund since the financial resources legally belong to the Kent School District.

c. **Debt Service Fund** - This fund is used to account for and report financial resources that are restricted to expenditure for principal, interest, and related expenditures. All of the district's issues are serial bonds rather than term bonds and do not require sinking funds for each issue.

There are no legal requirements which mandate a separate fund for each bond issue; therefore, the district maintains one debt service fund for all bond issues.

d. **Capital Projects Fund** - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for construction or purchase of major capital facilities. This fund must be used when projects are financed wholly or in part by bond issues, intergovernmental resources, major private donations, or insurance recoveries. This fund is also used to account for energy capital improvements, and the purchase of additional major items of equipment or furniture. Transportation buses cannot be purchased in this fund.

e. **Transportation Vehicle Fund** - The Transportation Vehicle Fund (a capital projects fund) is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the purchase, major repair, rebuilding, and debt service expenditures related to pupil transportation equipment. The major sources of revenue in this fund include the state reimbursement for pupil transportation equipment, limited tax general obligation bonds, and special levies.

f. **Permanent Fund (Reeploeg Permanent Fund)** - This fund accounts for and reports resources that are restricted to the extent that only investment earnings, and not principal (\$165,000), may be used for purposes that support the district's expenditures for the district's performing art facilities. The district accumulates interest income and can make a distribution every 7 years. The last distribution was made in 2010. The fund was donated by the Reeploeg family.

## **FIDUCIARY FUNDS**

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to account for assets held by the district in the capacity of trustee or agent. The district has the Employee Vision Benefits Trust, Invest ED Trust, and other miscellaneous trusts. The Employee Vision Benefit Trust accounts for moneys held in trust for employees participating in the district's self-insured vision benefits plan. Premiums are deposited into, and vision claims are paid from this fund. The fund is governed by a board of trustees who have contracted with a service provider to administer claims payments. The Invest ED Trust and other miscellaneous trusts are reported under Private-Purpose Trust.

## **MAJOR AND NON-MAJOR FUNDS**

**The district considers all governmental funds as major funds.**

### **C. GENERAL BUDGETARY POLICIES**

The Kent School District's budgeting and accounting policies are in compliance with Generally Accepted Accounting Principles (GAAP). That means the modified accrual basis serves as the basis for budgeting. School district accounting systems provide the basis for the budgetary control. The budget is adopted by the board of directors after public hearing. Appropriations are a prerequisite to expenditures in the General, Special Revenue, Debt Service, Capital Projects, and Transportation Vehicle Funds. Appropriations lapse at the end of the fiscal year. Each fund's expenditures cannot, by law, exceed formal fund appropriations.

Management is authorized to modify specific accounts within the overall fund appropriation. The Board may adopt a revised or supplemental budget appropriation after a public hearing anytime during the fiscal year. If the local school district budget does not comply with the budget procedures established by RCW43.09.200, the Superintendent of Public Instruction shall give written notice to the board of directors of the local school district that shall, within thirty days from the date the notice is issued, submit a revised budget which meets the requirements of RCW43.09.200.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g. purchase orders) outstanding at year end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

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 to be spent first before any unrestricted or unassigned amounts are expended.

## **D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

### **MEASUREMENT FOCUS**

The *government-wide and fiduciary fund financial statements* measure and report all assets (both financial and capital), liabilities, revenues, expenses, gains, and losses using *the economic resources measurement focus and the accrual basis of accounting*. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

The *governmental fund financial statements* (General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, Transportation Vehicle Fund, and Permanent Fund) utilize a “current financial resources” measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

### **BASIS OF ACCOUNTING**

In the *government-wide* financial statements, governmental activities are presented using the accrual basis of accounting under which revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the statement of fiduciary net position and changes in fiduciary net position revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this method, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenues derived from property taxes are considered available when they are collected within 30 days after year-end.

The private-purpose trust funds are reported on the accrual basis of accounting. Agency funds that are custodial in nature and do not involve measurement of results of operation, are reported on the accrual basis of accounting.

## **E. ELIMINATIONS AND RECLASSIFICATIONS**

In the process of aggregating data for the *government-wide* Statements of Net Position and the Statement of Activities, the inter-fund receivables and payables within governmental funds, except those with fiduciary funds, were eliminated.

## **F. ASSETS, LIABILITIES AND NET POSITION**

### **1. Cash and Cash Equivalents**

Kent School District's cash and cash equivalents are considered to be cash on hand and cash with the King County Investment Pool, because the district can deposit or effectively withdraw cash at any time without prior notice or penalty.

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.

### **2. Property Taxes**

Property tax revenues are collected as the result of special levies passed by the voters in the district. Per Revised Code of Washington 84.60.020 the tax assessment date is January 1 of the calendar year of collection. The tax lien date is January 1 of the year of collection and taxes receivable are recognized as of that date. Current year taxes are due in full as of April 30, and are delinquent after that date. However, without incurring penalty, the taxpayer may elect to pay one half of taxes due by April 30, with the remaining one half taxes due October 31, and delinquent after that date. Typically, a little more than half of taxes due are collected on the April 30 date. The County forecloses on property following the third year of delinquency. In *governmental fund financial statements*, property tax revenue which is measurable but not available (taxes that are not expected to be collected within 30 days after the current period) is recorded as receivable and deferred inflow of resources. In *government-wide financial statements*, property tax revenue, net of estimated uncollectible, is accrued at year-end.

### **3. Accounts Receivable**

This account represents amounts due for services rendered by the district, net of allowance for doubtful accounts.

### **4. Due From/To Other Funds**

In governmental funds, activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." They are eliminated in government-wide financial statements.

The purposes of the interfund receivables and payables were to make short-term loans between governmental funds regarding payroll and other accounts payable in order to streamline the issuance of warrants.

## **5. Due From Other Governments**

This account represents receivables for federal, state, and local grants. Grant revenues are recorded in the year in which the related expenditures are incurred.

## **6. Prepaids**

A government may recognize the entire amount of the prepayment as an expenditure of the period that the payment is made (purchases method) or proportionately over the periods that service is provided (consumption method). The District uses the consumption method.

## **G. INVENTORIES**

Inventory is valued at cost using the first in, first out (FIFO) method. The “consumption method” of inventory is used, which charges the inventory accounts when inventory is received and the appropriate department as an expenditure when it is consumed. The reserve for inventory is equal to the ending inventory amount to indicate a portion of the fund balance which is not available for future expenditure.

USDA commodities consist of food donated by the United States Department of Agriculture for use in the district’s child nutrition program. The commodities are valued at the prices paid by the USDA for the commodities, and are included in General Fund inventory. As of August 31, 2016, the value of USDA commodities included in the district’s inventory was \$189,407.

## **H. BOND DISCOUNT, BOND PREMIUMS & ISSUANCE COST**

In *governmental fund* types, bond discounts, premium and issuance costs are recognized in the period of issuance. In government-wide financial statements, bond premiums are amortized over the life of the bonds.

## **I. CAPITAL ASSETS**

Capital assets, which include property, buildings and improvements, and equipment, are reported in the applicable governmental activities columns in the *government-wide financial statements*. Capital assets, stated at historical costs or estimated historical costs, are defined by the district as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized, but are charged to expenditures in the current period.

*In governmental fund financial statements*, there is no depreciation for capital assets. However, depreciation is charged to expenses and allocated to various functions/programs in *government-wide financial statements* in compliance with GAAP (See Note 4).

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the *Statement of Activities*, with accumulated depreciation reflected in the *Statement of Net Position*. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Assets</u>	<u>Years</u>
Buildings	20-50
Building Improvements	5-50
Pupil transportation vehicles	3-13
Other vehicles	5
Portable classrooms	25
Office equipment	10
Computer equipment	4

Capital assets used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition.

## **J. DEFERRED OUTFLOW/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will report a separate section for the deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The district does recognize a deferred outflow of resources as it relates to pension plans. A further explanation is disclosed in Note 6-Pensions and Other Post-Employment Benefits (OPEB).

In addition to liabilities, the statement of financial position will report a separate section for the deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenues are those revenues that are not available for expenditure in the current fiscal year, but which will be recognized as revenue when they become available for expenditure. Property taxes are reported as a deferred inflow on the government-wide fund statements; only the unavailable revenues from non-property tax sources are included in government-wide statements. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The district also recognizes deferred inflow of resources as it related to the pension plans. A further explanation is disclosed in Note 6-Pensions and Other Post-Employment Benefits (OPEB).

Pensions-for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems.

The District refunded bonds in November 2015 and the difference between the reacquisition price and the net carrying amount of the old debt resulted in a gain. A deferred inflow of resources has been recorded to recognize the transaction.

## **K. COMPENSATED ABSENCES**

### **1. Sick Leave**

Full-time employees earn sick leave at a rate of 12 days per year up to a maximum of one contract year. For buy-back purposes employees may accumulate such leave to a maximum of 192 days, including the annual accumulation, as of December 31 of each year.



Under the provisions of RCW 28A.400.210, sick leave accumulated by district employees is paid at death or retirement at the rate of 25% of each day of accrued leave, limited to 180 accrued days. This chapter also provides for an annual buy-back of an amount up to the maximum annual accumulation of twelve days. To qualify for annual sick leave buy-back, the employee must have accumulated in excess of 60 days sick leave as of January 1. Sick leave is reported under long-term liabilities in the *Statement of Net Position*. For reporting purposes, 25% of the sick leave liability (up to 180 days) for those eligible for retirement is considered accruable. The vesting method in GASB Statement 16 was applied in calculating the sick leave. The amount of accrued sick leave as of August 31, 2016, was \$4.51 million and reported as long-term liabilities in *government-wide financial statements*.

## 2. **Vacation Leave**

For the employees that receive vacation leave, vacation leave is accrued according to the particular bargaining agreement. Vacation pay is recorded as an expenditure at the time of payment which occurs upon usage or upon employee termination. It is computed at 100% of the accrued amount. The amount accrued for vacation leave as of August 31, 2016, was \$1.49 million and reported as long-term liabilities in *government-wide financial statements*.

The sick leave and vacation liabilities reflect all salary related payments to employees and will be liquidated in general fund.

	Compensated Absences			
	Beginning Balance	Additions	Reductions	Ending Balance
Vacation	\$ 1,392,606	\$ 1,468,729	\$ 1,370,832	\$ 1,490,503
Sick Leave	4,387,272	3,015,780	2,897,737	4,505,315
Total	\$ 5,779,878	\$ 4,484,509	\$ 4,268,569	\$ 5,995,818

## L. **NET POSITION (Government-Wide Financial Statements)**

The “Net Investment in Capital Assets” component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The “Restricted Net Position” component reports the assets where constraints are placed on net position by external laws, regulations, or legislation. Therefore, they are available for disbursements only for specific purposes (i.e., debt service, capital projects, and others). The “Unrestricted Net Position” are assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

## M. **GOVERNMENTAL FUND BALANCES**

The five fund balance classifications according to GAAP, and the amounts reported by the District under each classification are:

**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.

- a. Inventory and Pre-paid items (\$1,168,064): this amount is not in spendable form, e.g. is not expected to be converted to cash.

- b. Reeploeg permanent fund (\$165,000): the principal amount is 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.

- a. Grant carryover and uninsured risks (\$2,616,766: these amounts are legally imposed by laws and regulations.
- b. Special Revenue Fund (ASB) (\$1,683,047): these amounts are restricted for use for the purposes of the ASB fund.
- c. Restricted for Debt Service (\$12,350,537): these amounts represent the restriction of both fund cash and fund balance
- d. Restricted for Transportation Vehicle Fund (TVF) (\$1,815,180): these amounts are restricted for use for purposes of the TVF Fund

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.

Once resources have been committed for a particular purpose, they cannot be used for another purpose without a new formal action taking its place. Balances should be classified as committed only when they are subject to a specific constraint, they should not be committed if only general or routine limitations are imposed

Committed for Levy Proceeds (\$1,691,732) represents the amounts remaining from capital projects levies that have been allocated for specific projects or amounts remaining after the proposition projects have been completed.

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 amounts reflect tentative management plans for future financial resource use. 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 expenditures 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.

Assigned to Fund Purposes-Capital Projects Fund (\$139,650) and Assigned to Fund Purposes-Reeploeg Trust (\$13,327); represents after closing the budgetary, revenue, other financing sources, expenditures and the establishment of any amounts that are Nonspendable, Restricted, Committed or otherwise Assigned, this amount is equal to the ending available 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. Capital Projects Fund (-1,393,801)

This is the residual fund balance (\$99,202) which may be available for general operations.

When both restricted and unrestricted fund balances are available for use, it is the District's policy (#6002) to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

**NOTE 2. DEPOSITS AND INVESTMENTS**

Washington State 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

In accordance with state investment laws, the district's governing body has entered into a formal interlocal agreement with the district's *ex officio* treasurer, King County Treasurer, to have all its funds not required for immediate expenditure to be invested in the King County Investment Pool (Pool).

Oversight of the Pool is provided by the King County Executive Finance Committee (EFC) pursuant to RCW 36.29.020. The EFC consists of the Chair of the County Council, the County Executive, the Chief Budget Officer and the Director of the Finance and Business Operations Division. All investments are subject to written policies and procedures adopted by the EFC. The EFC reviews Pool performance monthly.

All investments in cash equivalents are stated at fair value. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Fair value for the King County Investment Pool is provided by the County's safekeeping bank or Bloomberg L.P., a provider of fixed income analytics, market monitors, and security pricing.

As of August 31, 2016, the district had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Duration</u>
King Co. Invest. Pool	\$33,132,083	0.97 Years

#### Cash and Cash Equivalents Reconciliation

Cash and Cash Equivalents Primary Government	34,114,988
Cash and Cash Equivalents Fiduciary Funds	255,604
<b>Total Cash and Cash Equivalents</b>	<b>\$34,370,592</b>

Cash with King County Investment Pool	33,075,854
General Fund Impress Cash	1,012,898
General Fund HSA Account	4,057
Capital Projects Impress Cash	30,000
ASB Impress Cash	4,080
Vision Trust Fund Bank Account	57,908
Primary Government Impaired Investment Retainage	185,795
<b>Total Cash and Cash Equivalents</b>	<b>\$34,370,592</b>

*Impaired Investment* – As of August 31, 2016, all impaired commercial paper investments have completed enforcement events. The King County impaired investment pool (Impaired Pool) held one commercial paper asset where the Impaired Pool accepted an exchange offer and is receiving the cash flows from the investment's underlying securities. The Impaired Pool also held the residual investments in four commercial paper assets that were part of completed enforcement events, where the Impaired Pool accepted the cash-out option. The District's share of the impaired investment pool principle is \$185,795 and the District's fair value of these investments is \$110,448.

*Interest Rate Risk* – As of August 31, 2016, the Pool's average duration was 0.97 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, no longer than five years. While the Pool's market value is calculated on a monthly basis, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

*Custodial Credit Risk* – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. County policy mandates that all security transactions, including repurchase agreements, are settled "delivery versus payment." This means that payment is made simultaneously with the receipt of the security. These are delivered to the County's safekeeping bank or its tri-party bank.

*Credit Risk* – As of August 31, 2016, the district's investment in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, Pool policies authorize investments in U.S. Treasury securities, U.S. Agency securities and mortgage-backed securities, municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1" by two NRSROs), certificates of deposits issued by qualified public depositories, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

*Concentration Risk* – Credit risk also can arise in the wake of a failure to adequately diversify investments. However, since Pool investments are concentrated in U.S. government obligations and obligations explicitly guaranteed by the U.S. government, this risk is minimal.

**A. Cash with Fiscal Agent** - The repayments of the bond interest and principal are made through the district's fiscal agent (The Bank of New York-Mellon). Cash held by the fiscal agent due to outstanding coupons is reported as an asset of the district.

**B. Cash Held by Trustee** - The impact fee which is held by King County until all expense criteria are met, is reported as an asset of the district.

**NOTE 3. INTERFUND TRANSACTIONS**

As of August 31, 2016, short-term interfund receivables and payables in governmental funds that resulted from various interfund transactions in *governmental fund financial statements* were as follows:

Fund	Due from Other Funds	Due to Other Funds
General	\$ 159,712	\$ 131,947
Special Revenue (ASB)	131,947	13,391
Debt Service	-	146,315
Private Purpose Trust		6
<b>TOTAL</b>	<b>\$ 291,659</b>	<b>\$ 291,659</b>

The interfund balances are liquidated on a monthly basis. Almost all of the interfund transfers are to reimburse the general fund from other funds for processing payroll and other accounts payable in the general fund. In addition, all funds collected in the district are electronically swept on a daily basis into the general fund bank account at the county treasurer. Funds are then disbursed to the appropriate fund as soon as the receipts are reconciled to the daily deposit reports.

Planned transfers between funds are included in the budgeting process. A transfer from the Transportation Vehicle Fund to the Debt Service Fund for debt service (\$60,208) for non-voted debt was made in June 2016.

**NOTE 4. CHANGES IN CAPITAL ASSETS**

Purchases of items over \$5,000 are capitalized and depreciated in *government-wide financial statements*. The District's capital assets are insured in the amount of \$1,047,215,867. In the opinion of the district's insurance consultant, the amount is sufficient to adequately fund replacement of the district's assets.

Primary Government				
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 68,322,670	\$ -	\$ -	\$ 68,322,670
Construction in Progress	256,023	7,166,128	6,789,548	632,603
Total Capital Assets, not being depreciated	68,578,693	7,166,128	6,789,548	68,955,273
Capital assets, being depreciated:				
Land Improvements	24,450,075	923,095	-	25,373,170
Buildings and Improvements	568,110,163	6,883,985	98,304	574,895,844
Transportation Equipment	15,972,160	5,198,078	2,001,977	19,168,261
Equipment and Machinery	18,375,886	620,222	265,510	18,730,598
Total Capital Assets, being depreciated	626,908,284	13,625,380	2,365,791	638,167,873
Less Accumulated Depreciation for:				
Land Improvements	3,703,962	1,199,784	-	4,903,746
Buildings and Improvements	224,583,098	15,810,030	97,606	240,295,522
Transportation Equipment	13,412,183	934,911	1,980,279	12,366,815
Equipment and Machinery	11,714,264	1,680,463	242,106	13,152,621
Total Accumulated Depreciation	253,413,507	19,625,188	2,319,991	270,718,704
Total Capital Assets, being depreciated, net	373,494,777	(5,999,808)	45,800	367,449,169
<b>Governmental Activities Capital Assets, Net</b>	<b>\$442,073,470</b>	<b>\$ 1,166,320</b>	<b>\$ 6,835,348</b>	<b>\$436,404,442</b>

Depreciation expense was charged to governmental activities as follow:

Regular Instruction	\$ 16,912,227
Special Instruction	437,036
Vocational Instruction	121,254
Compensatory Education	3,878
Other Instruction Programs	27,682
Support Services	2,094,847
ASB	28,264
	<u>\$ 19,625,188</u>

**NOTE 5.      CONSTRUCTION IN PROGRESS AND OTHER SIGNIFICANT COMMITMENTS**

The district reports construction in progress as capital assets when expenditures are incurred each year. Once the school board accepts a project as entirely complete, the costs are distributed to the appropriate capital asset account. Construction in progress at August 31, 2016, is shown below:

**Construction in Progress August 31, 2016**

Project	Funds Authorized	Total Expenditures
<u>2006 Bond Issue Projects</u>		
Door Hardware: Cedar Heights	30,000	34,049
Door Hardware: Northwood	30,000	36,734
Covington Elementary Replacement	1,500,000	415,595
Total 2006 Bond Issue Projects	\$ 1,560,000	\$ 486,378
<u>Non-Bond Projects</u>		
Covington Elementary Replacement	50,000	18,710
Portables: Lake Youngs Elementary	150,000	8,408
Portables: Scenic Hill Elementary	150,000	119,107
Total Non-Bond Projects	\$ 350,000	\$ 146,225
Total Construction In Progress	\$ <u>1,910,000</u>	\$ <u>632,603</u>

**NOTE:**

Capital projects administrative costs are prorated annually against project expenses. These costs are then added to the year-to-date expenses for each project as an entry for construction in progress only.

**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, 2016:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 574,335
ASB Fund	\$ 15,083
Capital Projects Fund	\$2,056,994
Transportation Vehicle Fund	\$ 566,352

**NOTE 6. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

**PENSIONS**

**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, 2016. 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.

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of pension plans administered by DRS and additions to/deductions from the plans' net position have been determined on the same basis as they are reported by the plans.

Detailed information about the pension plans' fiduciary net position is available in the separately issued DRS CAFR. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, P.O. Box 48380, Olympia, WA 98504-8380; or online at <http://www.drs.wa.gov/administrations/annual-report>.

**Membership Participation**

Substantially all school district full-time and qualifying part-time employees participate in one of the following three contributory, multi-employer, cost-sharing statewide retirement systems managed by DRS: Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS) and School Employees' Retirement System (SERS). These are established under Chapter 41 of the Revised Code of Washington (RCW).

Membership participation for school districts and educational service districts by retirement plan as of June 30, 2016, was as follows:

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

Source: Washington State office of the State Actuary



## **Membership & Plan Benefits**

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

TRS is a cost-sharing multiple-employer retirement system established in 1938, and its retirement benefit provisions are contained in Chapters 41.31 and 41.34 RCW. It is comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. TRS eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity.

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

TRS Plan 1 provides retirement, disability and death benefits. TRS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as two percent of the average final compensation (AFC), for each year of service credit, up to a maximum of 60 percent, divided by twelve. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two. Members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. Other benefits include temporary and permanent disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

TRS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) per year of service for Plan 2 members and one percent of AFC for Plan 3 members. The AFC is the monthly average of the 60 consecutive highest-paid service credit months. There is no cap on years of service credit. Members are eligible for normal retirement at the age of 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. TRS Plan 2/3 members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit.

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

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

TRS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit.

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

PERS Plan 1 was established in 1947 and its retirement benefit provisions are contained in Chapters 41.34 and 41.40 RCW, and also provides for disability and death benefits. PERS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

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

SERS is a cost-sharing multiple-employer retirement system established in 1998 and the plan became effective in 2000. SERS retirement benefit provisions are established in Chapters 41.34 and 41.35 RCW and is comprised of two separate plans for membership purposes. SERS Plan 2 is a defined benefit plan and SERS Plan 3 is a defined benefit plan with a defined contribution component. SERS members include classified employees of school districts and educational service districts.

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

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

SERS provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and one percent of AFC for Plan 3. The AFC is the monthly average of the member's 60 highest-paid consecutive service months before retirement, termination or death. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. SERS members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit.

The benefit is reduced by a factor that varies according to age, for each year before age 65. SERS members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 2, 2013: With a benefit that is reduced by three percent

for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

SERS members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. SERS retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

#### **Plan Contributions**

The employer contribution rates for PERS, TRS, and SERS (Plans 1, 2, and 3) and the TRS and SERS Plan 2 employee contribution rates are established by the Pension Funding Council based upon the rates set by the Legislature. The methods used to determine the contribution requirements are established under chapters 41.40, 41.32, and 41.35 RCW for PERS, TRS and SERS respectively. Employers do not contribute to the defined contribution portions of TRS Plan 3 or SERS Plan 3. Under current law the employer must contribute 100 percent of the employer-required contribution. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at six percent and does not vary from year to year.

The Employer and employee contribution rates for the PERS plan are effective as of July 1. SERS and TRS contribution rates are effective as of September 1. The pension plan contribution rates (expressed as a percentage of covered payroll) for 2016 were as follows:

Pension Rates			
	7/1/16 Rate	7/1/15 Rate	
<b>PERS 1</b>			
Member Contribution Rate	6.00%	6.00%	
Employer Contribution Rate	11.18%	11.18%	
Pension Rates			
	9/1/16 Rate	9/1/15 Rate	
<b>TRS 1</b>			
Member Contribution Rate	6.00%	6.00%	
Employer Contribution Rate	13.13%	13.13%	
<b>TRS 2</b>			
Member Contribution Rate	5.95%	5.95%	
Employer Contribution Rate	13.13%	13.13%	
<b>TRS 3</b>			
Member Contribution Rate	varies*	varies*	
Employer Contribution Rate	13.13%	13.13%	**
<b>SERS 2</b>			
Member Contribution Rate	5.63%	5.63%	
Employer Contribution Rate	11.58%	11.58%	
<b>SERS 3</b>			
Member Contribution Rate	varies*	varies*	
Employer Contribution Rate	11.58%	11.58%	**
<i>Note: The DRS administrative rate of .0018 is included in the employer rate.</i>			
* = Variable from 5% to 15% based on rate selected by the member.			
** = Defined benefit portion only.			

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

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

The Net Pension Liability as of June 30, 2016:				
Dollars in Thousands	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Total Pension Liability	\$12,496,872	\$4,870,806	\$9,001,257	\$12,172,222
Plan fiduciary net position	(\$7,126,401)	(\$4,214,039)	(\$5,587,020)	(\$10,798,925)
Participating employers' net pension liability	\$5,370,471	\$656,767	\$3,414,237	\$1,373,297
Plan fiduciary net position as a percentage of the total pension liability	57.03%	86.52%	62.07%	88.72%

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

At June 30, 2016, the school district reported a total liability of \$166,498,086 for its proportionate shares of the individual plans' collective net pension liability. The district's proportionate share of the collective net pension liability is based on annual contributions for each of the employers participating in the DRS administered plans. At June 30, 2016, the district's proportionate share of each plan's net pension liability is reported below:

June 30, 2016	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	\$2,314,341	\$3,116,810	\$8,042,180	\$8,823,421
Proportionate Share of the Net Pension Liability	\$21,917,069	\$17,110,622	\$90,347,046	\$37,123,349

At June 30, 2016, the school district's percentage of the proportionate share of the collective net pension liability was as follows and the changed in the allocation percentage from the prior period is illustrated below

Allocation percentages	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share of the Net Pension Liability	0.408103%	2.605280%	2.646186%	2.703228%
Prior year proportionate share of the Net Pension Liability	0.400697%	2.573329%	2.596457%	2.642053%
Net difference percentage	0.007406%	0.031951%	0.049729%	0.061175%

### Actuarial Assumptions

Capital Market Assumptions (CMAs) and expected rates of return by asset class are provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAs in the selection of the long-term expected rate of return for reporting purposes.

The total pension liabilities for TRS 1, TRS 2/3, PERS 1 and SERS 2/3 were determined by actuarial valuation as of June 30, 2015, with the results rolled forward to June 30, 2016, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	3.0% total economic inflation, 3.75% salary inflation
Salary increases	In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return	7.50%

### Mortality Rates

Mortality rates used in the plans were based on the RP-2000 Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime. The actuarial assumptions used in the June 30, 2015, valuation were based on the results of the 2007–2012 Experience Study. Additional assumptions for subsequent events and law changes are current as of the 2015 actuarial valuation report.

### Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's CMAs. The CMAs contain three pieces of information for each class of assets the WSIB currently invest in:

- Expected annual return
- Standard deviation of the annual return
- Correlations between the annual returns of each asset class with every other asset class

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return of 7.50 percent approximately equals the median of the simulated investment returns over a fifty-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a ten to fifteen-year period, becomes amplified over a fifty-year measurement period.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016, are summarized in the following table:

TRS1, TRS 2/3, PERS 1, and SERS 2/3		
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20.00%	1.70%
Tangible Assets	5.00%	4.40%
Real Estate	15.00%	5.80%
Global Equity	37.00%	6.60%
Private Equity	23.00%	9.60%

The inflation component used to create the above table is 2.20 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

### **Discount Rate**

The discount rate used to measure the total pension liability was 7.50 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.70 percent long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.50 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to determine the total pension liability.

## Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Pension Plans reported collective Deferred Outflows of Resources and collective Deferred Inflows of Resources related to the individual plans. At August 31, 2016, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

<b>PERS 1</b>	<b>Outflow</b>	<b>Inflow</b>
Difference between expected and actual experiences in the measurement of the total pension liability	-	-
Net difference between projected and actual earnings on pension plan investments	551,837	
Changes in Assumptions or other inputs	-	
Changes in the school district's proportion and differences between the district contributions and proportionate share of contributions	-	-
District contributions to the pension plan subsequent to the measurement date of the collective net pension liability	14,060	
<b>Total</b>	<b>565,897</b>	<b>-</b>

<b>SERS 2/3</b>	<b>Outflow</b>	<b>Inflow</b>
Difference between expected and actual experiences in the measurement of the total pension liability	1,222,788	-
Net difference between projected and actual earnings on pension plan investments	2,250,363	
Changes in Assumptions or other inputs	206,521	
Changes in the school district's proportion and differences between the district contributions and proportionate share of contributions	196,478	-
District contributions to the pension plan subsequent to the measurement date of the collective net pension liability	891,682	
<b>Total</b>	<b>4,767,832</b>	<b>-</b>

<b>TRS 1</b>	<b>Outflow</b>	<b>Inflow</b>
Difference between expected and actual experiences in the measurement of the total pension liability	-	-
Net difference between projected and actual earnings on pension plan investments	2,864,205	
Changes in Assumptions or other inputs	-	
Changes in the school district's proportion and differences between the district contributions and proportionate share of contributions	-	-
District contributions to the pension plan subsequent to the measurement date of the collective net pension liability	23,923	
<b>Total</b>	<b>2,888,128</b>	<b>-</b>

<b>TRS 2/3</b>	<b>Outflow</b>	<b>Inflow</b>
Difference between expected and actual experiences in the measurement of the total pension liability	2,808,302	(1,647,212)
Net difference between projected and actual earnings on pension plan investments	5,975,918	
Changes in Assumptions or other inputs	378,046	
Changes in the school district's proportion and differences between the district contributions and proportionate share of contributions	1,207,393	-
District contributions to the pension plan subsequent to the measurement date of the collective net pension liability	3,276,982	
<b>Total</b>	<b>13,646,642</b>	<b>(1,647,212)</b>

<b>Summary All Plans</b>	<b>Outflow</b>	<b>Inflow</b>
Difference between expected and actual experiences in the measurement of the total pension liability	4,031,091	(1,647,212)
Net difference between projected and actual earnings on pension plan investments	11,642,323	-
Changes in Assumptions or other inputs	584,567	-
Changes in the school district's proportion and differences between the district contributions and proportionate share of contributions	1,403,871	-
District contributions to the pension plan subsequent to the measurement date of the collective net pension liability	4,206,647	-
<b>Total</b>	<b>21,868,499</b>	<b>(1,647,212)</b>

\$4,206,647 reported as Deferred Outflows of Resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



Year ended August 31	PERS 1	SERS 2/3	TRS 1	TRS 2/3
2017	(135,874)	464,012	(740,272)	205,148
2018	(135,874)	464,012	(740,272)	205,148
2019	506,803	1,871,832	2,679,540	5,214,203
2020	316,782	1,076,293	1,665,208	3,167,742
2021	-	-	-	(69,794)
Thereafter	-	-	-	-

### Pension Expense

The District recognizes a pension expense for its proportionate share of the collective pension expense. This is determined by using the district's proportion share of the collective net pension liability. For the year ending August 31, 2016, the district recognized a total pension expense as follows:

	Pension Expense
PERS 1	\$ (453,896)
SERS 2/3	\$ 374,020
TRS 1	\$ 377,576
TRS 2/3	\$ (361,231)
<b>TOTAL</b>	<b>\$ ( 63,530)</b>

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

The table below presents the Kent School District's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.50%, or one percentage point higher 8.50%, than the current rate. Amounts are calculated by plan using the district's allocation percentage.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
<b>PERS-1 NPL</b>	\$6,476,280,000	\$5,370,471,000	\$4,418,882,000
Allocation Percentage	0.408103%	0.408103%	0.408103%
Proportionate Share of Collective NPL	\$26,429,781	\$21,917,069	\$18,033,603

<b>SERS 2/3 NPL</b>	\$1,600,655,000	\$656,767,000	(\$75,324,000)
Allocation Percentage	2.605280%	2.605280%	2.605280%
Proportionate Share of Collective NPL	\$41,701,813	\$17,110,622	(\$1,962,401)
<b>TRS-1 NPL</b>	\$4,197,137,000	\$3,414,237,000	\$2,739,882,000
Allocation Percentage	2.646186%	2.646186%	2.646186%
Proportionate Share of Collective NPL	\$111,064,033	\$90,347,046	\$72,502,361
<b>TRS2/3 NPL</b>	\$3,107,958,000	\$1,373,297,000	(\$1,595,357,000)
Allocation Percentage	2.703228%	2.703228%	2.703228%
Proportionate Share of Collective NPL	\$84,015,190	\$37,123,349	(\$43,126,137)

#### **OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

The state, through the Health Care Authority (HCA), administers an agent multiple-employer defined benefit other post-employment benefit (OPEB) plan. The Public Employees Benefits Board (PEBB) created within the HCA is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. Benefits purchased by PEBB include medical, dental, life and long-term disability.

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 in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members, and the historical pattern of practice with regard to sharing of benefit costs.

Employers participating in the PEEB plan include the state (which includes general government agencies and higher education institutions), 66 of the state's K-12 school and educational service districts (ESDs), and 227 political subdivisions. Additionally, the PEBB plan is available to the retirees of the remaining 245 K-12 school districts and ESDs. The Kent School District's retirees (approximately 950) are eligible to participate in the plan under this arrangement.

## Plan Description

### 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 and Life Benefits

Upon retirement, members are permitted to receive medical benefits. Retirees pay the following monthly rates for pre-65 medical coverage for 2016:

Descriptions	Type of Coverage		
	Employee	Employee & Spouse	Full Family
Group Health Classic	\$ 610.78	\$ 1,215.53	\$ 1,669.09
Group Health CHDP	\$ 522.80	\$ 1,034.28	\$ 1,374.14
Group Health SoundChoice	\$ 538.09	\$ 1,070.15	\$ 1,469.20
Group Health Value	\$ 573.99	\$ 1,141.95	\$ 1,567.92
Kaiser Permanente Classic	\$ 637.32	\$ 1,268.61	\$ 1,742.08
Uniform Medical Plan Classic	\$ 576.78	\$ 1,147.53	\$ 1,575.59
Uniform Medical Plan CDHP	\$ 522.47	\$ 1,033.62	\$ 1,373.24
Uniform Medical Plan UW Medicine	\$ 552.40	\$ 1,098.77	\$ 1,508.55
Uniform Medical Polan-Puget Sound Network	\$ 552.40	\$ 1,098.77	\$ 1,508.55

The implicit rate subsidy is the difference between the total cost of pre-65 medical benefits for retirees and pre-65 contributions paid by retirees. Per member health costs vary depending on age, number of dependents, and expected morbidity.

Retirees who are enrolled in Medicare Parts A and B receive an explicit subsidy in the form of reduced premiums on Medicare supplemental plans. For calendar year 2106, after age 65 retired members receive a subsidy of 50% of their monthly medical premiums up to \$150 per Medicare covered person.

### Funding Policy

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

### Annual OPEB Cost and Net OPEB Obligation

The district's annual other post-employment benefits (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an on-going basis, is projected to cover the normal cost each year and amortize any unfunded actuarial

liabilities (UAAL) over a period not to exceed thirty years as of September 1, 2008 (level cost method). The following table shows the components of the district's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in district's net OPEB.

<b>Determination of Annual Required Contribution</b>	August 31, 2014	August 31, 2015	August 31, 2016
Normal Cost at Year End	\$ 3,931,643	\$ 3,931,643	\$ 7,059,321
Amortization of UAAL	3,439,317	3,439,317	4,964,448
Annual Required Contribution (ARC)	\$ 7,370,960	\$ 7,370,960	\$ 12,023,769
<b>Determination of Net OPEB Obligation</b>			
Annual Required Contribution	\$ 7,370,960	\$ 7,370,960	\$ 12,023,769
Interest on Prior year Net OPEB Obligation	1,391,832	1,587,650	1,786,202
Adjustment to ARC	(1,546,480)	(1,840,754)	(2,165,093)
Annual OPEB Cost	7,216,312	7,117,856	11,644,878
Less Contribution Made*	1,994,484	1,823,152	1,902,184
Increase in Net OPEB Obligation	5,221,828	5,294,704	9,742,694
Prior Year Ending OPEB Balance	37,115,517	42,337,345	47,632,049
Net OPEB Obligation - End of Year	\$ 42,337,345	\$ 47,632,049	\$ 57,374,743

\* Estimated based on retiree benefit amounts

The district's annual OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2016 were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
8/31/2014	\$ 7,216,312	27.64%	\$ 42,337,345
8/31/2015	\$ 7,117,856	25.61%	\$ 47,632,049
8/31/2016	\$ 11,644,878	16.33%	\$ 57,374,743

#### Funded Status and Funding Progress

As of August 31, 2016, the most recent actuarial valuation date, the plan was zero percent funded. The accrued liability for benefits was \$109.2 million, and the actuarial value of assets was \$0, resulting in a UAAL of \$109.2 million. The covered payroll amounted to \$193,411,682 and the UAAL as of a percentage of covered payroll is 56%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, included as required supplemental information on Schedule A-3, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the August 31, 2016 Actuarial Valuation, the Projected Unit Credit actuarial cost method was used. Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is accrued as they are earned by active members, rather than on a pay-as-you-go basis. The actuarial assumptions used included a 3.75% discount rate, which is based upon the long-term investment yield on the investments that are expected to be used to finance the payments of benefits.

The health cost trend rates used for the actuarial study are as follows:

Year Ending August 31	Pre-65 Retiree Premiums & Claims	Post-65 Retiree Premiums & Claims
2017	6.70%	8.80%
2018	5.40%	6.90%
2019	5.50%	5.40%
2020	5.50%	5.50%
2025	5.80%	5.70%
2030	6.20%	5.80%
2040	6.40%	5.70%
2050	6.10%	5.80%
2060	5.90%	6.00%
2093+	4.90%	4.90%

Effective January 1, 2017, the subsidized life insurance benefit will be removed and replaced with a benefit coverage that is fully paid by the retiree. The subsidized life insurance benefit will no longer be valued.

The UAAL is being amortized as a level percentage of pay on a closed basis at the assumed discount rate. Payroll is assumed to increase at 3.75%. The remaining amortization period at August 31, 2016 was 22 years.

For further information on the results of the actuarial valuation of the employer provided subsidies associated with the state's PEBB plan, refer to:

[http://osa.leg.wa.gov/Actuarial\\_services/OPEB/OPEB.htm](http://osa.leg.wa.gov/Actuarial_services/OPEB/OPEB.htm).

The plan does not issue a separate report, however, additional information is included in the State of Washington's CAFR, which is available on this site <http://www.ofm.wa.gov/cafr/default.asp>

**NOTE 7****LONG-TERM DEBT**

In the *government-wide financial statements*, long-term debts are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Issuance costs are recognized in the period of issuance.

In the *fund financial statements*, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face value of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**A. Changes in Long-Term Liabilities**

During the year ended August 31, 2016, the following changes occurred in liabilities reported in the *government-wide financial statements*.

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due within One Year
<b>GOVERNMENT ACTIVITIES</b>					
<b>Bonds Payable:</b>					
2001B UTGO Bonds	2,430,000	-	2,430,000	-	-
2005 UTGO Bonds	29,105,000	-	8,885,000	20,220,000	9,200,000
2006 UTGO Bonds	23,670,000	-	20,080,000	3,590,000	3,590,000
2007 UTGO Bonds	15,000,000	-	12,885,000	2,115,000	1,035,000
2008 UTGO Bonds	17,365,000	-	13,795,000	3,570,000	1,135,000
2010 Refunding bonds	10,965,000	-	1,255,000	9,710,000	1,280,000
2010 QSCB	15,000,000	-	-	15,000,000	-
2012 Refunding bonds	13,130,000	-	1,505,000	11,625,000	1,540,000
2012A Refunding bonds	17,105,000	-	1,390,000	15,715,000	1,435,000
2013 UTGO Bonds	14,360,000	-	635,000	13,725,000	-
2015 Refunding Bonds	-	37,995,000	-	37,995,000	-
<b>Sub-Total UTGO BONDS</b>	<b>158,130,000</b>	<b>37,995,000</b>	<b>62,860,000</b>	<b>133,265,000</b>	<b>19,215,000</b>
2008 LGO Bonds	623,505	-	199,118	424,387	207,712
2015 LGO Bonds	5,000,000	-	-	5,000,000	445,000
<b>Sub-Total LGO BONDS</b>	<b>5,623,505</b>	<b>-</b>	<b>199,118</b>	<b>5,424,387</b>	<b>652,712</b>
<b>TOTAL BONDS</b>	<b>163,753,505</b>	<b>37,995,000</b>	<b>63,059,118</b>	<b>138,689,387</b>	<b>19,867,712</b>
<b>Net Pension Liabilities:</b>					
Net Pension Liability-TRS1	82,259,435	8,087,611	-	90,347,046	-
Net Pension Liability-TRS 2/3	22,293,692	14,829,656	-	37,123,348	-
Net Pension Liability SERS 2/3	10,451,602	6,659,020	-	17,110,622	-
Net Pension Liability-PERS 1	20,960,173	945,896	-	21,906,069	-
<b>Total Net Pension Liabilities</b>	<b>135,964,902</b>	<b>30,522,183</b>	<b>-</b>	<b>166,487,085</b>	<b>-</b>
<b>Other Liabilities:</b>					
Non-Cancellable Operating Leases	353,935	3,207,983	159,192	3,402,726	520,661
Capital Leases	-	803,104	40,155	762,948	160,621
Unamortized Net Bond Premium/Discount	5,382,636	6,268,780	1,875,803	9,775,613	2,120,203
Net OPEB	47,632,049	11,644,878	1,902,184	57,374,743	-
Compensated Absences	5,779,878	4,484,509	4,268,569	5,995,818	4,268,569
<b>Total Other Liabilities</b>	<b>59,148,498</b>	<b>26,409,254</b>	<b>8,245,903</b>	<b>77,311,848</b>	<b>7,070,054</b>
<b>GRAND-TOTAL</b>	<b>\$ 358,866,905</b>	<b>\$ 94,926,437</b>	<b>\$ 71,305,021</b>	<b>\$ 382,488,320</b>	<b>\$ 26,937,766</b>

## **B. Bond Premium/Discount**

Below is a schedule of the amortization of bond premium and/or discount on the unlimited tax general obligation bonds.

<b>Schedule of Bond Premium/Discount Amortization</b>					
<b>Unlimited General Obligation Bonds</b>					
<b>Fiscal Year</b>	<b>Payment</b>	<b>Interest Expense</b>	<b>Additional (Premium)/Disc.</b>	<b>Pre./Disc. Amortized</b>	<b>Carrying Amount of Pre/Disc.</b>
14-15	(4,862,927)	(4,975,105)	-	(80,340)	(5,382,636)
15-16	(8,170,568)	(6,288,204)	<b>(6,268,780)</b>	(1,875,803)	(9,775,613)
16-17	(7,916,385)	(5,804,083)	-	(2,120,203)	(7,655,411)
17-18	(6,891,995)	(5,011,750)	-	(1,884,046)	(5,771,365)
18-19	(5,793,582)	(4,221,418)	-	(1,571,077)	(4,200,288)
19-20	(4,732,745)	(3,481,735)	-	(1,245,549)	(2,954,740)
20-21	(3,752,263)	(2,819,483)	-	(922,245)	(2,032,495)
21-22	(2,889,920)	(2,204,441)	-	(671,383)	(1,361,112)
22-23	(2,184,913)	(1,656,507)	-	(512,352)	(848,760)
23-24	(1,623,811)	(1,240,588)	-	(364,681)	(484,080)
24-25	(1,197,018)	(954,107)	-	(229,245)	(254,835)
25-26	(833,078)	(720,039)	-	(104,137)	(150,698)
26-27	(550,388)	(512,955)	-	(38,201)	(112,497)
27-28	(341,375)	(313,602)	-	(35,957)	(76,539)
28-29	(234,200)	(194,635)		(28,832)	(47,708)
29-30	(185,600)	(141,693)		(21,500)	(26,208)
30-31	(135,100)	(103,718)		(14,806)	(11,401)
31-32	(82,600)	(63,735)		(8,601)	(2,801)
32-33	(27,900)	(21,596)		(2,801)	-

### C. General Obligation Debt

Outstanding general obligation debt as of August 31, 2016, consisted of the following.

<b>OUTSTANDING GENERAL OBLIGATION BONDS</b>					
	Amount Authorized and Issued	Issue Dates	Maturity Dates	Interest Rates	Amount Outstanding
<b>Governmental Activities:</b>					
2001B Building Fund	18,350,000	10/1/01	6/1/16	3.50 - 5.50%	-
2005 Refunding	69,265,000	5/2/05	12/1/18	5.00%	20,220,000
2006 Building Fund	35,000,000	11/1/2006	12/1/20	4.00 - 4.25%	3,590,000
2007 Building Fund	15,000,000	11/7/07	12/1/26	4.00 - 3.375%	2,115,000
2008 Building Fund	25,000,000	11/1/08	12/1/27	4.00-5.125%	3,570,000
2008 LGO Bonds	1,800,000	5/8/2008	6/1/18	4.27%	424,387
2010 Refunding	12,995,000	11/4/2010	12/1/22	2.00%-3.00%	9,710,000
2010 QSCB	15,000,000	11/4/2010	12/1/26	5.127%	15,000,000
2012 Refunding	14,600,000	3/28/2012	12/1/22	4.00-4.625%	11,625,000
2012A Refunding	19,370,000	10/25/2012	12/1/24	2.00-4.00%	15,715,000
2013 Building Fund	14,620,000	5/1/2012	12/1/32	2.00-5.00%	13,725,000
2015 LGO Bonds	5,000,000	6/11/2015	12/1/25	2.55%	5,000,000
2015 Refunding	37,995,000	11/19/2015	12/1/27	3-5%	37,995,000
	<u>\$ 283,995,000</u>				<u>\$ 138,689,387</u>

### E. Debt Service Requirement to Maturity

Debt Service Requirement to Maturity			
Year Ending	General Obligation Bonds		
August 31,	Principal	Interest	Total
2017	19,867,711	5,561,557	25,429,268
2018	16,371,676	4,781,646	21,153,322
2019	16,935,000	4,048,989	20,983,989
2020	11,860,000	3,429,520	15,289,520
2021	11,690,000	2,948,202	14,638,202
2022	9,185,000	2,529,665	11,714,665
2023	9,475,000	2,160,548	11,635,548
2024	6,350,000	1,830,935	8,180,935
2025	5,885,000	1,557,579	7,442,579
2026	9,260,000	1,198,565	10,458,565
2027	12,780,000	658,800	13,438,800
2028	2,580,000	302,425	2,882,425
2029	1,190,000	234,200	1,424,200
2030	1,240,000	185,600	1,425,600
2031	1,285,000	135,100	1,420,100
2032	1,340,000	82,600	1,422,600
2033	1,395,000	27,900	1,422,900
	<u>\$ 138,689,387</u>	<u>\$ 31,673,831</u>	<u>\$ 170,363,218</u>



#### **F. Advance Refunding Bonds**

In prior years the district completed defeasance of certain other general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Debt service on these bonds is met by cash and investments held by the refunding trustee. Accordingly, the trust account assets and corresponding liabilities are not included in the district's financial statements. As of August 31, 2016, the refunded bonds were paid off.

On November 3, 2015, the district refunded \$37,995,000 of existing General Obligation Bonds from the 2006, 2007, and 2008 bond issues. This advance refunding resulted in a net present value savings of \$3,174,087 or 7.72%. The winning bid (competitive sale) was awarded to Shockey, Erly and Co. of Chicago, IL. They paid a premium of \$6,268,780 for the bonds. The bonds were delivered on November 19, 2015.

#### **G. DEFERRED AMOUNT ON REFUNDING**

As stated above, the district refunded bonds in November 2015. The difference between the reacquisition price (\$48,843,741) and the net carrying amount (\$52,363,112) resulted in a gain, and the gain is being reported as a deferred inflow of resources and recognized as a component of interest expense over the remaining twelve-year life of the new debt:

	Beginning Balance	Additions	Reductions	Ending Balance
2015 \$	- \$	3,519,371	\$ 293,281	\$ 3,226,090
2016	3,226,090	-	293,281	2,932,809
2017	2,932,809	-	293,281	2,639,528
2018	2,639,528	-	293,281	2,346,247
2019	2,346,247	-	293,281	2,052,966
2020	2,052,966	-	293,281	1,759,685
2021	1,759,685	-	293,281	1,466,404
2022	1,466,404	-	293,281	1,173,123
2023	1,173,123	-	293,281	879,842
2024	879,842	-	293,281	586,561
2025	586,561	-	293,281	293,280
2026	293,280	-	293,280	-

#### **H. Capital and Operating Leases**

In 2012-13, the district leased space in a shopping strip mall for the dropout reengagement program called iGrad. The district entered two non-cancellable operating leases for this space. The schedule for lease payment for the next two years is as follows:

	I-Grad Lease #1	I-Grad Lease #2	Total Payments
2016-17	\$102,463	\$109,546	\$212,009
2017-18	\$104,198	-	\$104,198
Total	\$206,660	\$109,546	\$316,206

The district entered into a non-cancelable operating lease arrangement with Puget Sound Energy for a fueling station for the school buses that operate on natural gas. The lease payments for the next ten years are as follows:

Natural Gas Fueling Station Lease	
2016-17	\$308,652
2017-18	\$308,652
2018-19	\$308,652
2019-20	\$308,652
2020-21	\$308,652
2021-22	\$308,652
2022-23	\$308,652
2023-14	\$308,652
2024-25	\$308,652
2025-26	\$308,652
Total	\$3,086,520

During the 2015-16 fiscal year the district also established a capital lease with Witt/Kyocera for copiers throughout the district. The amount of the assets acquired under this lease is \$803,104. The remaining payments for this capital lease arrangement are as follows:

Kyocera Copier Lease	
2016-17	\$160,621
2017-18	\$160,621
2018-19	\$160,621
2019-20	\$160,621
2020-21	\$120,464
Total	\$762,948

## **I. Arbitrage Rebate**

The Tax reform Act of 1986 requires the district to rebate the earnings on the investment of bond and revenue anticipation note proceeds, in excess of their yield, to the federal government. The districts contracted with Willdan Financial Services to perform the calculations to determine if the district had an arbitrage rebate liability. As of August 31, 2016 the district did not incur a liability.

## **NOTE 8. 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; layoff of employees, injuries to employees; and natural disasters through the course of normal operations. The district monitors and maintains liability insurance considered to be economically justifiable for the level of coverage necessary. The probability of substantial risk for loss to the district, legal requirements and constraints, future trends, and historical experience are considered. The district did not have any settlements that exceeded insurance coverage for each of the last three years.

### **A. Association Insured Coverage**

Kent School District became a member of the Schools Insurance Association of Washington (SIAW) on September 1, 2001. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing

of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1995, when seven mid-sized 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. Presently, the SIAW has 37 member districts.

The program allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Public Officials Liability is on a “claims made basis.” All other coverages are on an “occurrence basis.” The program provides the following forms of group purchased insurance coverage for its members: property, earthquake, liability, automobile liability, equipment breakdown, crime, excess liability, and wrongful acts liability.

The program acquires liability insurance through their administrator, Clear Risk Solutions, formerly, Canfield, that is subject to a per-occurrence self-insured retention (SIR) of \$100,000. Members are responsible for a standard deductible of \$2,500 for each claim (some member deductibles vary), while the program is responsible for the \$100,000 SIR. Insurance carriers cover insured losses over \$102,500 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$100,000 SIR. The program, however, purchases a stop loss policy with an attachment point of \$2,807,854, which it fully funds in its annual budget.

Property insurance is subject to a per-occurrence SIR of \$250,000. Members are responsible for the first \$10,000 deductible amount of each claim (some members deductibles vary), while the program is responsible for the remaining \$250,000 SIR. Insurance carriers cover insured losses over \$260,000 to the limits of each policy. Equipment breakdown insurance is subject to a per-occurrence deductible of \$10,000. Members are responsible for the deductible amount of each claim.

Members contract to remain in the program for one year and must give notice before December 31 before terminating participation the following September 1. Renewal of the Interlocal Agreement occurs automatically each year. Even after termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

The program is fully funded by its member participants. Claims are filed by members with Clear Risk Solutions, which has been contracted to perform program administration, claims adjustment and administration, and loss prevention for the program. Fees paid to the third party administrator under this arrangement for the year ending August 31, 2016 were \$3,219,450.

A Board of Directors of eight members is selected by the membership from the east and west side of the state and is responsible for conducting the business affairs of the program. The Board of Directors has contracted with Clear Risk Solutions to perform day-to-day administration of the pool. The program has no employees.

The district paid \$1,645,567 in premiums to the Schools Insurance Association of Washington for insurance coverage from September 1, 2015, through August 31, 2016.

**COVERAGE AS OF AUGUST 31, 2014**

<b>Policy Number</b>	<b>Type of Coverage</b>	<b>Amount of Coverage</b>
SIAW131434025	<b>Property</b>	
	All Risk per Occurance excluding Flood and Equipment Breakdown	150,000,000
	Flood each Occurrence and Annual Aggregate except zones V, A or SFHA	25,000,000
	Flood each Occurrence and Annual Aggregate Property in zones V, A or SFHA	1,000,000
	Flood Pool per Occurrence and Annual Aggregate Property in zones V, A or SFHA	15,000,000
	Deductible Flood	25,000
	Flood Zone A & Z Each Building	500,000
	Flood Zone A & Z Personal Property	500,000
	Deductible All Perils except Auto Physical Damage	25,000
	NOTE: Earthquake coverage is not provided for Kent School District #415, Renton School District #303, Wenatchee School District #246, and Toppenish School District #202.	
	Extra Expense/Business Interruption	10,000,000
	Transit and Off Premises	1,000,000
	Additionally Acquired Property	2,500,000
	Personal Effects	150,000
	Any One Teacher	5,000
	Electronic Data Processing (Per Occurrence)	10,000,000

<b>Company and Policy Number</b>	<b>Type of Coverage</b>	<b>Amount of Loss</b>
	<b>Liability</b>	
SIAW131434025	General Liability, Auto Liability or all combined (Each Occurrence).	25,000,000
	General Aggregate (Per School District)	31,000,000
	Employee Benefits Liability	
	Per Occurance and Member Aggregate	25,000,000
	Products Liability Per Occurance	25,000,000
	Products Liability Aggregate	30,000,000
	Garage-Keepers Legal Liability Limit	1,000,000
	Sexual Abuse/Molestation (per Occurance)	10,000,000
	Sexual Abuse/Molestation (Aggregate)	10,000,000
	Sexual Abuse/Molestation Pool Maximum	30,000,000
	Deductible Each Occurrence	2,500
	Auto Liability and UIM deductible	1,000
	<b>Wrongful Acts Liability Claims Made</b>	
SIAW131434025	Each Wrongful Act	25,000,000
	Aggregate Limit (Per District)	25,000,000
	Deductible Each Wrongful Act	2,500
	<b>Crime</b>	
SIAW131434025	Employee Dishonesty (Per Loss)	1,000,000
	Money and Securities	50,000
	Forgery and Alteration (per Occurance)	500,000
	Deductible	5,000
	<b>Boiler and Machinery</b>	
SIAW131434025	Boiler and Machinery	100,000,000
	Comprehensive form - Including Protection	
	Machinery - Includes Joint Loss Agreement	
	Hazardous Substance	1,000,000
	Perishable Goods	500,000
	CFC Refrigerants	included
	Deductible Each Accident	10,000
	Deductible Perishable Goods	
	(10% of loss \$10,000 minimum)	

## B. UNEMPLOYMENT

The unemployment compensation insurance program is a federal-state system designed to provide partial wage loss compensation to workers during periods of temporary unemployment.

The school district, by board action, elected the reimbursement (self-insurance) method for claim payment. The district reimburses the Washington State Employment Security Department on a quarterly basis for claims approved and paid. The district paid a total of \$64,119 in unemployment claims for the fiscal year ended August 31, 2016.

Unemployment				
Fiscal Year	Beg. Balance	Additions	Reductions	End. Balance
15-16	\$ 376,188	\$ 158,009	\$ 463,394	\$ 70,803
14-15	459,941	142,773	226,526	376,188

## C. INDUSTRIAL INSURANCE

The district became self-insured in April 2005. The district hired Eberle Vivian as a third party administrator to process all district claims for \$66,550 a year.

For the self-insured program coverage from September 1, 2015, through August 31, 2016, the loss paid out to claimants was \$610,978. The estimated outstanding reported claims for the district are approximately \$200,828.

Industrial Insurance-Incurred and Outstanding Claims				
Fiscal Year	Beg. Balance	Additions	Reductions	End. Balance
15-16	\$ 63,834	\$ 2,836,023	\$ 2,728,834	\$ 171,023
14-15	199,675	2,103,178	2,239,018	63,834

## NOTE 9. Reconciliation Between Governmental Fund and Government-Wide Financial Statements.

### A. Balance Sheets/Statement of Net Position (Schedule 3A)

1. When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the district as a whole.

Cost of Capital Assets	\$707,123,146
Accumulated Depreciation	<u>(270,718,704)</u>
	<b><u>\$436,404,442</u></b>

2. Long-term liabilities of **\$382,488,320** (due within one year: \$26,937,766, due more than one year: \$355,550,554), applicable to the district's *governmental activities* are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - as reported in the *statement of net position*.
3. Deferred Inflows of Resources for Pension Plan Investment Earnings of **\$1,647,212** (net difference).

**\$21,868,499**-Deferred Outflow of Resources for pension plan investment earnings (net difference, experience difference, assumption changes, changes in proportions and plan contributions).

4. Property tax levies (**\$51,490,548**) that will not be collected for several months after year-end and are not considered “available.” Therefore, they are reported as unearned revenue in governmental funds.
5. Due To and Due From (**\$291,659**) – Internal transfers between *governmental funds* were eliminated in *government-wide statement* to avoid the “doubling-up” effect.
6. **\$1,504,180**– Accrued interest on long-term debt due within one year.

**B. Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities (Schedule 4A)**

1. **\$2,596,592** - Property tax levies, which do not provide current financial resources, are reported as unavailable revenue in *governmental funds*, but as revenues in *government-wide financial statements*.
2. The amount of **\$9,958,634** represents the current year compensated absences (\$215,040) and net OPEB obligation (\$9,742,694). The compensated absences and net OPEB are not reported as expenditures in governmental funds. However, it is reported in the *statement of activities* as an expense, allocated to various applicable programs. The balances of compensated absences increased from last year.
3. The amount of **-\$63,530** represents the current year pension expense per GASB 68. The pension expense is not reported as an expenditure in governmental funds. However, it is reported in the statement of activities as an expense, allocated to various applicable programs.
4. a. When capital assets (land, buildings, equipment) are purchased or constructed to be used in *governmental activities*, the cost of those assets are reported as expenditures in *governmental funds*. However, the *statement of net position* includes those capital assets among the assets of the district as a whole.

Capital Outlay	\$ 20,180,970
Depreciation Expense	(19,625,188)
Difference	<b><u>\$ 555,782</u></b>

- b. *Governmental funds financial statements* report capital outlay as expenditures while *government-wide financial statements* report depreciation expense (\$19,625,188), allocated to various applicable programs.
5. Repayment of total principal - \$21,997,757 (Unlimited Tax General Obligation Bonds, Limited Tax General Obligation Bonds, and Capital Leases) was reported as expenditure in governmental funds, and thus has the effect of reducing fund balance. For the district as a whole, however, the principal payments reduce the liabilities in the statement of net position.
6. **\$3,379,180** - The current year amortizations of bond premium (\$1,875,803), and accrued interest payable (\$1,504,180) are to be charged to expenditure in *government-wide financial statements*.

Current Year Bond Premium/Disc Amortization	\$ 1,875,803
Accrued Interest Payable	<u>1,504,180</u>
	<u>\$ 3,379,983</u>

7. **\$37,995,000**-new 2015 unlimited tax general obligation refunding bonds are recorded as other financing source.
8. **\$44,108,627**-escrow payment to trustee for the 2015 refunding bonds.

**NOTE 10. FUND EQUITY (GOVERNMENTAL FUNDS)**

**Changes in Unassigned Fund Balances**

The following table shows the increases or decreases in undesignated fund balance

<b>Changes in Unassigned Fund Balances</b>							
	General Fund	Special Revenue Fund (ASB)	Debt Service	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	
Unassigned Fund Balance 8/31/15	\$ 10,780,263	\$ -	\$ -	\$ -	\$ -	\$ -	-
Decrease/(Increase) Nonspendable Fund Balance	(472,635)	(27,475)					
Decrease/(Increase) Restricted Fund Balances	41,594	(54,032)	743,651	6,757,590	4,208,323		(1,279)
Decrease/(Increase) in Committed To	-			(1,145,539)			
Decrease/(Increase) in Assigned To	-			(23,349)			
<i>Changes in Fund Balances</i>	<i>(10,250,020)</i>	<i>81,507</i>	<i>(743,651)</i>	<i>(5,588,702)</i>	<i>(4,208,323)</i>		<i>1,279</i>
Unassigned Fund Balances 8/31/16	<b>\$ 99,202</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

**NOTE 11. CONTINGENT LIABILITIES**

**Litigation**

The district is a party to various pending legal actions arising out of the normal conduct of its operations. The district is fully insured against any losses and there will be no material impact on the district's operations or financial position resulting from the disposition of these matters.

**Claims and Judgments**

The district participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Since these have not been completed, the amount, if any, of expenditures that may be disallowed by the granting agencies has not yet been determined. The district believes that disallowed expenditures, if any, will not have a material effect on any of the governmental funds or the overall financial position of the district.



**NOTE 12.**

**OTHER DISCLOSURES**

**A. King County Directors' Association**

The district is a member of a purchasing cooperative (not a joint venture), the King County Directors' Association (KCDA), which is a purchasing cooperative designed to pool member districts' purchasing power. The Superintendent authorized joining the Association May 29, 1974, and the district has remained in the cooperative ever since.

Purchases for the calendar year 2015 totaled \$627,321. The district's equity in the cooperative as of December 31, 2015, was \$294,568.

The district's equity 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 administrative fees.

The equity may be withdrawn after a one-year notice of termination under two options:

- The district may withdraw inventory at a maximum rate of ten (10) percent per year for a ten year period, or
- The district may withdraw cash equally over a fifteen-year period.
- The equity is not reflected in the District's financial statements.

Financial information reports of the purchasing cooperative can be obtained from the King County Directors' Association, 18639 80<sup>th</sup> Avenue S, Kent, WA 98064-5550.

**B. Flexible Spending Plan**

Under Section 125 of the Internal Revenue Service Code, the district implemented an employee benefit plan on January 1, 1990. This plan includes provisions for sheltering from withholding taxes, unreimbursed medical expenses, dependent care expenses, and other qualified benefits such as health insurance premium. The district is the administrator of the plan and has contracted with a service company in order to carry out the program requirements in an efficient and effective manner.

**C. 403(b) – Tax Shelter Annuity**

The District offers a tax deferred annuity plan for its employees. The plan permits participants to defer a portion of their salary until future years under two types of deferrals: elective deferrals (employee contribution) and non-elective contribution (employer matching).

The District complies with IRS regulations that require school districts to have a written plan to include participating investment companies, types of investments, loans, transfers, and various other requirements. The plan is administered by TSA Consulting. The plan assets are assets of the District employees, not the District, and are therefore not reflected on these financial statements. For the year ended August 31, 2016, the District made \$122,066 in employer matching contributions to the plan.

**NOTE 13.**

**SUBSEQUENT EVENTS**

In August of 2016 the District entered into a purchase and sale agreement on surplus property. The District received \$90,000 as earnest money. The sale closed in September 2016 the final sale price totaled \$947,536.

On November 8, 2016 the voters of the Kent School District approved a bond proposal. This measure authorizes the issuance of \$252 million of Unlimited Tax General Obligation Bonds. The bonds will fund two new elementary schools, twenty permanent new classrooms across the District and nine multipurpose rooms to reduce overcrowding in classrooms and school buildings. Safety improvements are planned by replacing fire alarm systems at nine buildings and renovating outdoor athletic facilities at ten schools. There will also be upgrades to heating and ventilation systems at eleven schools. The District plans to sell the first series of bonds in the amount of \$80 million in January 2017.

**KENT SCHOOL DISTRICT NO. 415**

**REQUIRED SUPPLEMENTARY  
INFORMATION**

- The required supplementary information presents budgetary comparison (original and final budget), actual inflows and outflows, and balances for general fund and each major special revenue fund.
- The actuarial valuation of postemployment benefits (other than pension) schedule of funding progress.
- Schedule of the District's proportionate share of the net pension liability and schedule of District contributions.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**KENT SCHOOL DISTRICT NO. 415**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

Schedule A-1

	BUDGETED AMOUNTS		ACTUAL AMOUNT	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
Local	\$ 75,453,661	\$ 75,453,661	\$ 75,445,225	\$ (8,436)
State	225,863,821	225,863,821	215,130,328	(10,733,493)
Federal	28,018,238	28,018,238	24,537,296	(3,480,942)
Other	520,000	520,000	363,379	(156,621)
<b>TOTAL REVENUES</b>	<b>329,855,720</b>	<b>329,855,720</b>	<b>315,476,228</b>	<b>(14,379,492)</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
Regular Instruction	192,298,031	192,031,381	192,287,855	(256,474)
Special Education	38,793,610	40,026,149	40,262,335	(236,186)
Vocational Instruction	8,573,397	8,768,236	8,560,705	207,531
Compensatory Education	23,172,340	22,909,189	21,685,745	1,223,444
Other Instructional Programs	3,711,355	2,222,331	1,749,596	472,735
Community Services	347,562	501,364	398,804	102,560
Support Services	61,849,542	61,834,102	60,044,822	1,789,280
<b>CAPITAL OUTLAY</b>	-			
Other	973,652	1,295,169	621,811	673,358
<b>DEBT SERVICE</b>	-			
Principal	1,504	48,639	48,639	-
Interest and Other Charges	1,334	85,767	85,767	-
<b>TOTAL EXPENDITURES</b>	<b>329,722,327</b>	<b>329,722,327</b>	<b>325,746,079</b>	<b>3,976,248</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>133,393</b>	<b>133,393</b>	<b>(10,269,851)</b>	<b>(10,403,244)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sales of Surplus Equipment	-	-	19,832	19,832
Non-Voted Bond Issued	-	-	-	-
Long-Term Financing	-	-	-	-
Transfers	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>19,832</b>	<b>19,832</b>
<b>CHANGE IN FUND BALANCE</b>	<b>133,393</b>	<b>133,393</b>	<b>(10,250,019)</b>	<b>(10,383,412)</b>
<b>FUND BALANCE-September 1</b>	<b>19,426,008</b>	<b>19,426,008</b>	<b>14,097,192</b>	<b>(5,328,816)</b>
<b>FUND BALANCE -August 31</b>				
Nonspendable	450,000	450,000	1,131,204	681,204
Restricted	2,500,000	2,500,000	2,616,657	116,657
Committed	-	-	-	-
Assigned	300,000	300,000	-	(300,000)
Unassigned	16,309,401	16,309,401	99,311	(16,210,090)
<b>TOTAL FUND BALANCE</b>	<b>\$ 19,559,401</b>	<b>\$ 19,559,401</b>	<b>\$ 3,847,172</b>	<b>\$ (15,712,229)</b>

Note: Budget Statements conform to GAAP.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**KENT SCHOOL DISTRICT NO. 415**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND (ASSOCIATED STUDENT BODY FUND)**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

Schedule A-2

	BUDGETED AMOUNTS		ACTUAL  AMOUNT	VARIANCE WITH  FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
General	\$ 1,329,302	\$ 1,329,302	\$ 836,405	\$ (492,897)
Athletics	678,100	678,100	426,228	(251,872)
Classes	195,470	195,470	87,677	(107,793)
Clubs	2,174,941	2,174,941	948,181	(1,226,760)
Private Monies	162,100	162,100	36,738	(125,362)
Total Revenues	4,539,913	4,539,913	2,335,229	(2,204,684)
EXPENDITURES				
General	981,601	981,601	500,591	481,010
Athletics	1,080,454	1,080,454	731,392	349,062
Classes	179,280	179,280	83,498	95,782
Clubs	2,271,828	2,271,828	898,414	1,373,414
Private Monies	163,020	163,020	39,827	123,193
Total Expenditures	4,676,183	4,676,183	2,253,722	2,422,461
Changes in Fund Balance	(136,270)	(136,270)	81,507	217,777
FUND BALANCE - September 1	1,488,356	1,488,356	1,638,400	150,044
FUND BALANCE - August 31				
RESTRICTED	\$ 1,352,086	\$ 1,352,086	\$ 1,719,907	\$ 367,821

Note: Budget Statements conform to GAAP.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**KENT SCHOOL DISTRICT NO. 415**  
**ACTUARIAL VALUATION OF POST EMPLOYMENT BENEFITS**  
**OTHER THAN PENSION**  
**SCHEDULE OF FUNDING PROGRESS**  
**AUGUST 31, 2016**

Schedule A-3

<b>Fiscal Year Ended August 31</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Unfunded Actuarial Accrued Liabilities (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL As a Percentage of Covered Payroll</b>
8/31/2008	August 31, 2008	\$ -	\$ 78,868,089	\$ 78,868,089	0%	\$ 132,095,958	60%
8/31/2010	August 31, 2010	\$ -	\$ 106,976,797	\$ 106,976,797	0%	\$ 154,723,623	69%
8/31/2012	August 31, 2012	\$ -	\$ 72,842,578	\$ 72,842,578	0%	\$ 155,171,345	47%
8/31/2014	August 31, 2014	\$ -	\$ 82,543,598	\$ 82,543,598	0%	\$ 168,408,005	49%
8/31/2016	August 31, 2016	\$ -	\$ 109,217,865	\$ 109,217,865	0%	\$ 193,411,682	56%

GASB Statement #45 was implemented for the fiscal year ended August 31, 2008. No information prior to August 31, 2008 is available.

## KENT SCHOOL DISTRICT #415

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND  
SCHEDULE OF DISTRICT CONTRIBUTIONS

AUGUST 31, 2016

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY****AS OF JUNE 30****PERS 1**

Last 10 Fiscal Years\* (Dollar amounts in thousands)

	2015	2016
District's Proportion of the net pension liability (percentage)	0.400697%	0.408103%
District's proportionate share of the net pension liability (amount)	\$ 20,960,173	\$ 21,917,069
District's covered-employee payroll	\$ 814,203	\$ 775,922
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	2574.32%	2824.65%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	57.03%

**SCHEDULE OF DISTRICT CONTRIBUTIONS****FISCAL YEAR END AUGUST 31****PERS 1**

Last 10 Fiscal Years\* (Dollar amounts in thousands)

	2015	2016
Contractually required contribution	\$ 1,841,595	\$ 2,314,341
Contributions in relation to the contractually required contributions	\$ 1,841,595	\$ 2,314,341
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 814,203	\$ 772,882
Contribution as a percentage of covered-employee payroll	226.18%	299.44%

\*These schedules are to be built prospectively until it contains ten years of data



## KENT SCHOOL DISTRICT #415

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND  
SCHEDULE OF DISTRICT CONTRIBUTIONS

AUGUST 31, 2016

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
AS OF JUNE 30

## SERS 2/3

Last 10 Fiscal Years\* (Dollar amounts in thousands)

	2015	2016
District's Proportion of the net pension liability (percentage)	2.573329%	2.605280%
District's proportionate share of the net pension liability (amount)	\$ 10,451,602	\$ 17,110,622
District's covered-employee payroll	\$ 44,312,115	\$ 48,840,714
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	23.59%	35.03%
Plan fiduciary net position as a percentage of the total pension liability	90.92%	86.52%

SCHEDULE OF DISTRICT CONTRIBUTIONS  
FISCAL YEAR END AUGUST 31

## SERS 2/3

Last 10 Fiscal Years\* (Dollar amounts in thousands)

	2015	2016
Contractually required contribution	\$ 2,501,834	\$ 3,116,810
Contributions in relation to the contractually required contributions	\$ 2,501,834	\$ 3,116,810
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 44,312,115	\$ 49,265,262
Contribution as a percentage of covered-employee payroll	5.65%	6.33%

\*These schedules are to be built prospectively until it contains ten years of data

## KENT SCHOOL DISTRICT #415

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND  
SCHEDULE OF DISTRICT CONTRIBUTIONS

AUGUST 31, 2016

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
AS OF JUNE 30

## TRS 1

Last 10 Fiscal Years\* (Dollar amounts in thousands)

	2015	2016
District's Proportion of the net pension liability (percentage)	2.596457%	2.646186%
District's proportionate share of the net pension liability (amount)	\$ 82,259,435	\$ 90,347,046
District's covered-employee payroll	\$ 2,001,222	\$ 1,299,996
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	4110.46%	6949.79%
Plan fiduciary net position as a percentage of the total pension liability	65.70%	62.07%

SCHEDULE OF DISTRICT CONTRIBUTIONS  
FISCAL YEAR END AUGUST 31

## TRS 1

Last 10 Fiscal Years\* (Dollar amounts in thousands)

	2015	2016
Contractually required contribution	\$ 5,810,269	\$ 8,042,180
Contributions in relation to the contractually required contributions	\$ 5,810,269	\$ 8,042,180
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 2,001,222	\$ 1,209,946
Contribution as a percentage of covered-employee payroll	290.34%	664.67%

\*These schedules are to be built prospectively until it contains ten years of data

## KENT SCHOOL DISTRICT #415

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND  
SCHEDULE OF DISTRICT CONTRIBUTIONS

AUGUST 31, 2016

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
AS OF JUNE 30

TRS 2/3

Last 10 Fiscal Years\* (Dollar amounts in thousands)

	2015	2016
District's Proportion of the net pension liability (percentage)	2.642053%	2.703228%
District's proportionate share of the net pension liability (amount)	\$ 22,293,692	\$ 37,123,349
District's covered-employee payroll	\$ 123,682,576	\$ 136,501,101
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	18.02%	27.20%
Plan fiduciary net position as a percentage of the total pension liability	92.48%	88.72%

SCHEDULE OF DISTRICT CONTRIBUTIONS  
FISCAL YEAR END AUGUST 31

TRS 2/3

Last 10 Fiscal Years\* (Dollar amounts in thousands)

	2015	2016
Contractually required contribution	\$ 7,021,184	\$ 8,823,421
Contributions in relation to the contractually required contributions	\$ 7,021,184	\$ 8,823,421
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 123,682,576	\$ 139,222,729
Contribution as a percentage of covered-employee payroll	5.68%	6.34%

\*These schedules are to be built prospectively until it contains ten years of data

**KENT SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**AUGUST 31, 2015**

**NOTE 1:**      **GENERAL BUDGETARY POLICIES**

The Kent School District's budgeting and accounting policies are in compliance with Generally Accepted Accounting Principles (GAAP). That means the modified accrual basis serves as the basis for budgeting. School district accounting systems provide the basis for the budgetary control. The budget is adopted by the board of directors after public hearing. Appropriations are a prerequisite to expenditures in the General, Special Revenue, Debt Service, Capital Projects, and Transportation Vehicle Funds. Appropriations lapse at the end of the fiscal year. Each fund's expenditures cannot, by law, exceed formal **fund** appropriations.

Management is authorized to modify specific accounts within the overall fund appropriation. The Board may adopt a revised or supplemental budget appropriation after a public hearing anytime during the fiscal year. If the local school district budget does not comply with the budget procedures established by RCW 43.09.200, the Superintendent of Public Instruction shall give written notice to the board of directors of the local school district that shall, within thirty days from the date the notice is issued, submit a revised budget which meets the requirements of RCW 43.09.200

Any excess of budgetary expenditures over appropriations are visible on the face of the budgetary comparison because the level of detail shown is sufficient to demonstrate compliance at the legal level of budgetary control.

**NOTE 2:**      **PENSIONS-Methods and assumptions used in calculations of Actuarial Determined Contributions (ADC) for TRS, SERS and PERS**

The Office of the State Actuary (OSA) calculates the ADC based on the results of an actuarial valuation consistent with the state's funding policy defined in RCW 41.45. Consistent with the state's contribution rate adoption process, the results of an actuarial valuation with an odd-numbered year valuation date determine the ADC for the biennium that ensues two years later. For example the actuarial valuation with a June 30, 2013, valuation date, completed in the fall of 2014, determines the ADC for the period beginning July 1, 2015, and ending June 30, 2017.

The Kent School District has no independent ability to fund or satisfy this pension liability outside of Washington's State's legislatively adopted contribution rates as they currently exist or may be adopted in the future. Assessments now and in the future are made based upon the annual qualified worker compensation and are paid by both the District, as the employer and its employees.

## **KENT SCHOOL DISTRICT NO. 415**

### **SUPPLEMENTAL DATA**

Supplemental data includes financial statements and schedules not required by the Governmental Accounting Standard Board (GASB), nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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**KENT SCHOOL DISTRICT NO. 415**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEETS**  
**AUGUST 31, 2016 AND 2015**

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 15,315,351	\$ 26,445,690
Property Tax Receivable	34,579,148	32,735,461
Accounts Receivable, Net	660,377	471,201
Due From Other Funds	159,712	61,340
Due From Other Governments	3,508,011	3,540,537
Inventories, at Cost	522,651	535,199
Prepaid Items	608,553	123,369
<b>TOTAL ASSETS</b>	<b>55,353,803</b>	<b>63,912,797</b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	4,774,624	5,263,603
Accrued Wages and Benefits Payable	11,602,410	10,594,607
Accrued Contingent Losses	72,523	106,257
Due to Other Governments	26,677	1,527
Due To Other Funds	131,947	169,584
<b>TOTAL LIABILITIES</b>	<b>16,608,181</b>	<b>16,135,578</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue	319,302	944,566
Unavailable Revenue - Taxes Receivable	34,579,148	32,735,461
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>34,898,450</b>	<b>33,680,027</b>
<b>Fund Balance:</b>		
Nonspendable	1,131,204	658,569
Restricted	2,616,766	2,658,360
Committed To	-	-
Assigned To	-	-
Unassigned	99,202	10,780,263
<b>TOTAL FUND BALANCE</b>	<b>3,847,172</b>	<b>14,097,192</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 55,353,803</b>	<b>\$ 63,912,797</b>

**KENT SCHOOL DISTRICT NO. 415**

Schedule B-2

**GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016  
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)**

	2016			2015 ACTUAL
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	
<b>REVENUES</b>				
Local	\$ 75,453,661	\$ 75,445,225	\$ (8,436)	\$ 70,049,985
State	225,863,821	215,130,328	(10,733,493)	193,096,895
Federal	28,018,238	24,537,296	(3,480,942)	22,919,963
Other	520,000	363,379	(156,621)	246,151
<b>TOTAL REVENUES</b>	<b>329,855,720</b>	<b>315,476,228</b>	<b>(14,379,492)</b>	<b>286,312,994</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
Regular Instruction	192,298,031	192,287,855	10,176	170,083,161
Special Education	38,793,610	40,262,335	(1,468,725)	36,246,437
Vocational Instruction	8,573,397	8,560,705	12,692	7,978,473
Compensatory Education	23,172,340	21,685,745	1,486,595	19,323,326
Other Instructional Programs	3,711,355	1,749,596	1,961,759	1,886,677
Community Services	347,562	398,804	(51,242)	396,490
Support Services	61,849,542	60,044,822	1,804,720	59,412,101
<b>CAPITAL OUTLAY</b>				
Other	973,652	621,811	351,841	531,080
<b>DEBT SERVICE</b>				
Principal	1,504	48,639	(47,135)	98,923
Interest and Other Charges	1,334	85,767	(84,433)	16,556
<b>TOTAL EXPENDITURES</b>	<b>329,722,327</b>	<b>325,746,079</b>	<b>3,976,248</b>	<b>295,973,225</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>133,393</b>	<b>(10,269,851)</b>	<b>(10,403,244)</b>	<b>(9,660,232)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Equipment	-	19,832	19,832	28,619
Non-Voted Bonds Issued	-	-	-	-
Long-Term Financing	-	-	-	-
Transfers	-	-	-	(7,066)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>19,832</b>	<b>19,832</b>	<b>21,552</b>
<b>Net Change in Fund Balance</b>	<b>133,393</b>	<b>(10,250,019)</b>	<b>(10,383,412)</b>	<b>(9,638,679)</b>
<b>FUND BALANCE - September 1</b>	<b>19,426,008</b>	<b>14,097,192</b>	<b>(5,328,816)</b>	<b>23,735,871</b>
<b>FUND BALANCE - August 31</b>				
Nonspendable	450,000	1,131,204	681,204	658,569
Restricted To	2,500,000	2,616,766	116,766	2,658,360
Committed To			-	
Assigned To	300,000		(300,000)	
Unassigned	16,309,401	99,202	(16,210,199)	10,780,263
<b>TOTAL FUND BALANCE</b>	<b>\$ 19,559,401</b>	<b>\$ 3,847,172</b>	<b>\$ (15,712,229)</b>	<b>\$ 14,097,192</b>



## KENT SCHOOL DISTRICT NO. 415

Schedule B-3

## GENERAL FUND

(Page 1 of 3)

## SCHEDULE OF REVENUES

## BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)

DESCRIPTION	2016		VARIANCE	2015 ACTUAL
	BUDGET	ACTUAL		
<b>1000 LOCAL TAXES</b>				
1100 Local Property Tax	\$ 68,484,648	\$ 69,045,003	\$ 560,355	\$ 64,169,681
1500 Timber Excise Tax	-	999	999	1,356
<b>TOTAL LOCAL TAXES</b>	<b>68,484,648</b>	<b>69,046,002</b>	<b>561,354</b>	<b>64,171,037</b>
<b>2000 LOCAL NON-TAX</b>				
2100 Tuition & Fees, Unassigned	450,000	368,090	(81,910)	355,179
2186 Community School Tuitions and Fees	-	1,350	1,350	390
2188 Day Care Tuition and Fees	150,000	124,935	(25,065)	129,829
2200 Sales - Goods, Supplies & Services	3,419,013	3,314,194	(104,819)	3,316,640
2300 Investment Earnings	300,000	135,105	(164,895)	175,373
2500 Gifts & Donations	750,000	295,226	(454,774)	373,812
2600 Fines & Damages	50,000	39,837	(10,163)	37,479
2700 Rental of Property	650,000	647,821	(2,179)	611,125
2800 Insurance Recoveries	50,000	506,197	456,197	24,930
2900 Local Non-Tax Unassigned/Other	1,150,000	966,467	(183,533)	854,192
<b>TOTAL LOCAL NONTAX</b>	<b>6,969,013</b>	<b>6,399,222</b>	<b>(569,791)</b>	<b>5,878,949</b>
<b>3000 STATE FUNDS, GENERAL PURPOSE</b>				
3100 Apportionment	171,294,521	167,000,949	(4,293,572)	149,186,201
3300 Local Effort Assistance	6,168,929	6,239,028	70,099	6,409,127
<b>TOTAL STATE, GENERAL PURPOSE</b>	<b>\$ 177,463,450</b>	<b>\$ 173,239,977</b>	<b>\$ (4,223,473)</b>	<b>\$ 155,595,327</b>

**KENT SCHOOL DISTRICT NO. 415**

**GENERAL FUND**

**SCHEDULE OF REVENUES**

**BUDGET AND ACTUAL**

**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)**

Schedule B-3

(Page 2 of 3)

DESCRIPTION	2016		VARIANCE	2015 ACTUAL
	BUDGET	ACTUAL		
<b>4000 STATE FUNDS, SPECIAL PURPOSE</b>				
4100 Special Purpose, Unassigned	\$ 8,000,000	\$ -	\$ (8,000,000)	\$ 1,533
4121 Special Education	16,336,633	16,740,821	404,188	15,090,115
4122 Special ED. Infants and Toddlers	1,064,420	1,159,757	95,337	939,677
4155 Learning Assistance Program	6,727,296	7,207,950	480,654	6,247,052
4158 Special Pilot Programs	1,803,585	2,117,122	313,537	1,906,717
4159 Juveniles in Adult Jails	107,765	115,263	7,498	100,352
4165 Transitional Bilingual	5,690,660	5,547,018	(143,642)	5,003,704
4174 Highly Capable	270,499	261,882	(8,617)	249,786
4198 School Food Service	169,513	155,907	(13,606)	166,475
4199 Transportation - Operations	8,230,000	8,583,571	353,571	7,793,552
4300 Other State Agencies - Unassigned	-	1,060	1,060	2,605
<b>TOTAL STATE, SPECIAL PURPOSE</b>	<b>48,400,371</b>	<b>41,890,351</b>	<b>(6,510,020)</b>	<b>37,501,567</b>
<b>5000 FEDERAL FUNDS, GEN PURPOSE</b>				
5300 Impact Aid - Public Law 81-874	-	798	798	5,817
5500 Federal Forests	20,000	11,108	(8,892)	13,843
<b>TOTAL FEDERAL, GENERAL PURPOSE</b>	<b>20,000</b>	<b>11,906</b>	<b>(8,094)</b>	<b>19,660</b>
<b>6000 FEDERAL, SPECIAL PURPOSE</b>				
6100 Special Purpose, Unassigned	280,533	118,625	(161,908)	93,900
6121 Federal Special Purpose - Medical	35,000	-	(35,000)	-
6124 H/C, Supplemental, EHA, Part B	4,900,694	5,785,861	885,167	5,714,724
6138 Vocational Education	187,523	206,312	18,789	194,884
6151 Remediation, ESSIA Title I	6,883,061	7,142,380	259,319	5,581,096
6152 School Improvement (ESEA) Title II	708,786	687,797	(20,989)	682,802
6164 Limited English Proficiency	862,311	572,327	(289,984)	580,161
6188 Day Care	-	47,810	47,810	45,279
6189 Other Community Services	-	161,565	161,565	192,246
6198 Food Services	7,473,496	7,372,613	(100,883)	7,310,497
6200 Direct Special Purpose Grants	-	91,147	91,147	83,704
6268 Indian Education, (92, 318)	71,199	71,617	418	69,626
6289 Other Community Services	197,067	-	(197,067)	-
6300 Fed Grants Thru Other Agencies	-	40,802	40,802	21,216
6318 Federal Stimulus-Competitive Grants	5,474,568	1,259,495	(4,215,073)	1,397,108
6321 Special Education-Medicaid Reimbursement	-	33,217	33,217	44,650
6998 USDA Commodities	924,000	933,822	9,822	888,410
<b>TOTAL FEDERAL, SPECIAL PURPOSE</b>	<b>\$ 27,998,238</b>	<b>\$ 24,525,390</b>	<b>\$ (3,472,848)</b>	<b>\$ 22,900,304</b>

**KENT SCHOOL DISTRICT NO. 415**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)**

Schedule B-3  
(Page 3 of 3)

DESCRIPTION	2016		VARIANCE	2015 ACTUAL
	BUDGET	ACTUAL		
<b>7000 REVENUES FROM OTHER DISTRICTS</b>				
7100 Program Participation, Unassigned	-	4,861	4,861	
7121 Special Education	25,000	1,114	(23,886)	23,976
7197 Support Services		-	-	-
7199 Transportation Services	100,000	-	(100,000)	-
<b>TOTAL REVENUES FROM OTHER DISTRICTS</b>	<b>125,000</b>	<b>5,975</b>	<b>(119,025)</b>	<b>23,976</b>
<b>8000 REVENUES FROM OTHER AGENCIES</b>				
8100 Agency & Association Grants	-	32,753	32,753	25,932
8200 Private Foundations	250,000	146,163	(103,837)	29,204
8500 Educational Service Districts	145,000	178,489	33,489	167,039
<b>TOTAL REVENUES FROM OTHER AGENCIES</b>	<b>395,000</b>	<b>357,405</b>	<b>(37,595)</b>	<b>222,175</b>
<b>TOTAL REVENUES</b>	<b>329,855,720</b>	<b>315,476,228</b>	<b>(14,379,492)</b>	<b>286,312,992</b>
<b>9000 OTHER FINANCING SOURCES</b>				
9300 Sale of Equipment	-	19,832	19,832	28,619
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>19,832</b>	<b>19,832</b>	<b>28,619</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	<b>\$ 329,855,720</b>	<b>\$ 315,496,060</b>	<b>\$ (14,359,660)</b>	<b>\$ 286,341,610</b>

**KENT SCHOOL DISTRICT NO. 415**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES BY PROGRAM**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

Schedule B-4

PROGRAM NUMBER AND DESCRIPTION		2016		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
		BUDGET	ACTUAL		
01	Basic Education	\$ 189,670,529	\$ 189,309,503	\$ 361,026	% 99.81
02	Alternative Learning Experience	153,144	378,924	(225,780)	247.43
03	Basic ED.-Dropout Reengagement	2,503,658	2,681,901	(178,243)	
18	Federal Stim. Competitive Grants	1,257,265	1,167,681	89,584	92.87
21	Special Educ., Basic, State	33,630,436	33,814,300	(183,864)	100.55
22	Special Educ., Infants and Toddlers, State	440,177	973,564	(533,387)	221.18
24	Special Educ., Supp., Federal	4,722,997	5,474,472	(751,475)	115.91
31	Vocational Education	8,388,725	8,100,235	288,490	96.56
34	Vocational Education-Middle School	90,498	226,270	(135,772)	250.03
38	Voc Educ Federal (94-482)	94,174	196,488	(102,314)	208.64
39	Vocational Education-Other	-	37,780	(37,780)	-
51	ESEA Disadvantaged Title I	6,883,061	6,697,516	185,545	97.30
52	School Improvement (Federal) Title II	708,786	644,910	63,876	90.99
55	Learning Assistance, State	6,727,296	6,217,043	510,253	92.42
58	Special and Pilot Programs, State	1,803,585	2,218,016	(414,431)	122.98
59	Juveniles in Adult Jails	107,765	110,139	(2,374)	102.20
64	Limited English Proficiency Federal, Title III	862,311	561,105	301,206	65.07
65	Trans. Bilingual, State	5,690,660	4,821,460	869,200	84.73
68	Indian Education (92-318)	71,199	71,617	(418)	100.59
69	Other Compensatory	317,677	343,938	(26,261)	108.27
74	Highly Capable	270,499	261,882	8,617	96.81
79	Other Instructional	2,183,591	320,033	1,863,558	14.66
89	Other Community Services	347,562	410,751	(63,189)	118.18
97	General Support Services	42,471,924	41,975,768	496,156	98.83
98	Food Services	11,148,955	10,401,596	747,359	93.30
99	Pupil Transportation	9,175,853	8,329,187	846,666	90.77
<b>TOTAL EXPENDITURES</b>		<b>\$ 329,722,327</b>	<b>\$ 325,746,079</b>	<b>\$ 3,976,248</b>	<b>% 98.79</b>

**KENT SCHOOL DISTRICT NO. 415**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES BY ACTIVITY**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

Schedule B-5  
(Page 1 of 2)

ACTIVITY NUMBER AND DESCRIPTION		2016		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
		BUDGET	ACTUAL		
ADMINISTRATION					
11	Board of Directors	\$ 831,425	\$ 801,489	\$ 29,936	% 96.40
12	Superintendent's Office	434,093	406,109	27,984	93.55
13	Business Office	2,928,723	3,272,250	(343,527)	111.73
14	Human Resources	2,877,934	2,971,676	(93,742)	103.26
15	Public Relations	630,127	741,388	(111,261)	117.66
TOTAL ADMINISTRATION		7,702,302	8,192,912	(490,610)	106.37
INSTRUCTION					
21	Supervision	8,501,418	8,384,889	116,529	98.63
22	Learning Resources	4,741,565	4,970,981	(229,416)	104.84
23	Principal's Office	21,749,679	22,639,185	(889,506)	104.09
24	Guidance and Counseling	6,706,327	6,891,711	(185,384)	102.76
25	Pupil Mgmt and Safety	4,627,723	4,752,493	(124,770)	102.70
26	Health Services	12,232,988	11,926,551	306,437	97.49
27	Teaching	195,224,993	190,239,787	4,985,206	97.45
28	Extra Curricular	2,903,467	3,090,564	(187,097)	106.44
29	Payment to Other Districts	778,989	494,626	284,363	63.50
31	Instructional Professional Development	5,360,816	6,832,499	(1,471,683)	127.45
32	Instructional Technology	228,154	401,208	(173,054)	175.85
33	Curriculum	4,100,725	4,408,481	(307,756)	107.50
TOTAL INSTRUCTION		267,156,844	265,032,975	2,123,869	99.21
FOOD SERVICE					
41	Supervision	363,130	345,980	17,150	95.28
42	Food	4,925,000	4,930,440	(5,440)	100.11
44	Operations	6,094,299	5,328,297	766,002	87.43
49	Nutrition Services Transfers	(233,474)	(203,121)	(30,353)	87.00
TOTAL FOOD SERVICE		11,148,955	10,401,596	747,359	93.30
PUPIL TRANSPORTATION					
51	Supervision	1,187,375	1,133,426	53,949	95.46
52	Operations	7,363,739	6,634,991	728,748	90.10
53	Maintenance	1,281,112	1,306,135	(25,023)	101.95
56	Insurance	132,000	127,058	4,942	96.26
59	Transportation Transfers	(860,184)	(1,000,137)	139,953	116.27
TOTAL PUPIL TRANSPORTATION		\$ 9,104,042	\$ 8,201,473	\$ 902,569	% 90.09

**KENT SCHOOL DISTRICT NO. 415**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES BY ACTIVITY**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

Schedule B-5  
(Page 2 of 2)

ACTIVITY NUMBER AND DESCRIPTION		2016		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
		BUDGET	ACTUAL		
MAINTENANCE & OPERATIONS					
61	Supervision	\$ 629,503	\$ 490,623	\$ 138,880	% 77.94
62	Grounds Maintenance	904,598	1,088,983	(184,385)	120.38
63	Operation of Building	10,408,494	9,814,071	594,423	94.29
64	Maintenance	3,485,364	3,851,916	(366,552)	110.52
65	Utilities	6,252,708	6,026,541	226,167	96.38
68	Insurance	1,614,150	1,589,784	24,366	98.49
TOTAL MAINTENANCE & OPERATIONS		23,294,817	22,861,918	432,899	98.14
OTHER SUPPORT SERVICES					
72	Information Services	10,178,172	9,947,392	230,780	97.73
73	Printing	711,900	524,733	187,167	73.71
74	Warehouse & Distributions	248,244	312,640	(64,396)	125.94
75	Motor Pool	(22,854)	(26,476)	3,622	115.85
TOTAL OTHER SUPPORT SERVICES		11,115,462	10,758,289	357,173	96.79
PUBLIC ACTIVITIES					
83	Interest	430	9,281	(8,851)	2,158.37
84	Principal	1,504	48,639	(47,135)	3,233.98
85	Debt Expen.	904.00	76,485	(75,581)	8,460.73
91	Public Activities	197,067	162,511	34,556	82.46
TOTAL PUBLIC ACTIVITIES		199,905	296,916	(97,011)	148.53
TOTAL GENERAL FUND		\$ 329,722,327	\$ 325,746,079	\$ 3,976,248	% 98.79

KENT SCHOOL DISTRICT NO. 415

Schedule B-6

GENERAL FUND

SCHEDULE OF EXPENDITURES BY OBJECT

BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED AUGUST 31, 2016

OBJECT NUMBER AND DESCRIPTION	2016		VARIANCE POSITIVE (NEGATIVE)	PERCENT EXPENDED
	BUDGET	ACTUAL		
0 Debit Transfer	\$ 1,441,432	\$ 1,439,367	\$ 2,065	% 99.86
1 Credit Transfer	(1,441,432)	(1,439,367)	(2,065)	99.86
2 Certificated Salaries	146,913,025	145,980,917	932,108	99.37
3 Classified Salaries	53,541,467	52,625,505	915,962	98.29
4 Employee Benefits	69,433,559	74,101,261	(4,667,702)	106.72
5 Supplies & Materials	19,732,905	16,797,983	2,934,922	85.13
7 Contractual Services	38,183,792	34,820,854	3,362,938	91.19
8 Travel	943,927	797,747	146,180	84.51
9 Capital Outlay	973,652	621,812	351,840	63.86
<b>TOTAL GENERAL FUND</b>	<b>\$ 329,722,327</b>	<b>\$ 325,746,079</b>	<b>\$ 3,976,248</b>	<b>% 98.79</b>

**KENT SCHOOL DISTRICT NO. 415**  
**SPECIAL REVENUE FUND (ASSOCIATED STUDENT BODY FUND)**  
**COMPARATIVE BALANCE SHEETS**  
**AUGUST 31, 2016 AND 2015**

Schedule C-1

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 1,813,106	\$ 1,735,499
Accounts Receivable, Net	246	-
Prepaid Items	36,860	9,385
Due from Other Funds	131,947	165,041
<b>TOTAL ASSETS</b>	<b>1,982,159</b>	<b>1,909,925</b>
<b>LIABILITIES AND DEFERRED INFLOW OF RESOURCES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts Payable	97,647	105,318
Due To Other Funds	13,390	32,501
<b>TOTAL LIABILITIES</b>	<b>111,037</b>	<b>137,819</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Unavailable Revenue	151,215	133,706
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>151,215</b>	<b>133,706</b>
<b>Fund Balance:</b>		
Nonspendable Fund Balance	\$ 36,860	\$ 9,385
Restricted Fund Balance	1,683,047	1,629,015
<b>Total Fund Balance</b>	<b>1,719,907</b>	<b>1,638,400</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,982,159</b>	<b>\$ 1,909,925</b>



**KENT SCHOOL DISTRICT NO. 415**  
**SPECIAL REVENUE FUND (ASSOCIATED STUDENT BODY FUND)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)**

	2016			2015
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
<b>REVENUES</b>				
General	\$ 1,329,302	\$ 836,405	\$ (492,897)	\$ 837,610
Athletics	678,100	426,228	(251,872)	425,006
Classes	195,470	87,677	(107,793)	102,194
Clubs	2,174,941	948,181	(1,226,760)	988,355
Private Monies	162,100	36,738	(125,362)	33,036
<b>Total Revenues</b>	<b>4,539,913</b>	<b>2,335,229</b>	<b>(2,204,684)</b>	<b>2,386,201</b>
<b>EXPENDITURES</b>				
General	981,601	500,591	481,010	503,047
Athletics	1,080,454	731,392	349,062	744,068
Classes	179,280	83,498	95,782	89,758
Clubs	2,271,828	898,414	1,373,414	1,021,945
Private Monies	163,020	39,827	123,193	29,832
<b>Total Expenditures</b>	<b>4,676,183</b>	<b>2,253,722</b>	<b>2,422,461</b>	<b>2,388,650</b>
<b>Changes in Fund Balance</b>	<b>(136,270)</b>	<b>81,507</b>	<b>217,777</b>	<b>(2,449)</b>
<b>FUND BALANCE - September 1</b>	1,488,356	1,638,400	150,044	1,640,849
<b>FUND BALANCE - August 31</b>	<b>\$ 1,352,086</b>	<b>\$ 1,719,907</b>	<b>\$ 367,821</b>	<b>\$ 1,638,400</b>

**KENT SCHOOL DISTRICT NO. 415  
DEBT SERVICE FUND (BOND FUND)  
COMPARATIVE BALANCE SHEETS  
AUGUST 31, 2016 AND 2015**

Schedule D-1

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 12,368,163	\$ 13,119,227
Property Tax Receivable	13,496,756	12,759,551
<b>TOTAL ASSETS</b>	<b>25,864,919</b>	<b>25,878,778</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>LIABILITIES:</b>		
Accrued Contingent Losses	17,626	25,039
<b>TOTAL LIABILITIES</b>	<b>17,626</b>	<b>25,039</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Unavailable Revenue-Taxes Receivable	13,496,756	12,759,551
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>13,496,756</b>	<b>12,759,551</b>
<b>Fund Balance:</b>		
Restricted Fund Balance	12,350,537	13,094,188
<b>Total Fund Balance</b>	<b>12,350,537</b>	<b>13,094,188</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 25,864,919</b>	<b>\$ 25,878,778</b>

**KENT SCHOOL DISTRICT NO. 415**  
**DEBT SERVICE FUND (BOND FUND)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)**

	2016			2015
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
<b>REVENUES</b>				
Local Taxes	\$ 26,635,350	\$ 26,846,717	\$ 211,367	\$ 26,706,367
Local Non-Tax	92,519	78,604	(13,915)	67,171
General Purpose Federal	769,050	716,755	(52,295)	712,909
<b>Total Revenues</b>	<b>27,496,919</b>	<b>27,642,076</b>	<b>145,157</b>	<b>27,486,447</b>
<b>EXPENDITURES</b>				
<b>DEBT SERVICE</b>				
Principal Payment	22,399,117	21,949,118	449,999	19,597,796
Interest on Bonds	6,639,614	6,396,440	243,174	7,252,521
Bond Transfer Fees	18,000	-	18,000	-
Investment Fees (Underwriter)	350,000	255,530	94,470	-
<b>Total Expenditures</b>	<b>29,406,731</b>	<b>28,601,088</b>	<b>805,643</b>	<b>26,850,317</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(1,909,812)</b>	<b>(959,012)</b>	<b>950,800</b>	<b>636,130</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Premium	-	6,268,780	6,268,780	-
Sales of Refunding Bonds	-	37,995,000	37,995,000	-
Transfers	123,958	60,208	(63,750)	7,066
Escrow Payment	-	(44,108,627)	(44,108,627)	-
<b>Total Other Financing Sources</b>	<b>123,958</b>	<b>215,361</b>	<b>91,403</b>	<b>7,066</b>
<b>Changes in Fund Balance</b>	<b>(1,785,854)</b>	<b>(743,651)</b>	<b>1,042,203</b>	<b>643,196</b>
<b>FUND BALANCE - September 1</b>	<b>12,616,789</b>	<b>13,094,188</b>	<b>477,399</b>	<b>12,450,992</b>
<b>FUND BALANCE - August 31</b>	<b>\$ 10,830,935</b>	<b>\$ 12,350,537</b>	<b>\$ 1,519,602</b>	<b>\$ 13,094,188</b>

**KENT SCHOOL DISTRICT NO. 415**  
**CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**AUGUST 31, 2016 AND 2015**

Schedule E-1

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,371,460	\$ 7,596,665
Cash Held by Trustee:		
Impact Fees	6,525,034	4,689,754
Property Tax Receivable	3,414,644	3,398,944
Due From Other Funds	-	4,142
Due From Other Govt.	597,111	31,565
<b>TOTAL ASSETS</b>	<b>12,908,249</b>	<b>15,721,070</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>LIABILITIES:</b>		
Accounts Payable	1,952,387	1,098,605
Due to Other Funds	146,315	28,437
Accrued Contingent Losses	95,399	142,158
<b>TOTAL LIABILITIES</b>	<b>2,194,101</b>	<b>1,269,200</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Unavailable Revenue	6,525,034	4,689,754
Unavailable Revenue - Taxes Receivable	3,414,644	3,398,944
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>9,939,678</b>	<b>8,088,698</b>
<b>FUND BALANCE:</b>		
<b>Restricted For:</b>		
Bond Proceeds	-	4,446,322
State Proceeds	216,212	1,134,698
Other Proceeds	120,677	119,658
<b>Committed For:</b>		
Levy Proceeds	1,691,732	546,193
<b>Assigned For:</b>		
Fund Purposes	139,650	116,301
<b>Unassigned</b>	(1,393,801)	-
<b>Total Fund Balance</b>	<b>774,470</b>	<b>6,363,172</b>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 12,908,249</b>	<b>\$ 15,721,070</b>

**KENT SCHOOL DISTRICT NO. 415**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)**

	2016			2015
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
<b>REVENUES</b>				
Local Taxes	\$ 6,959,400	\$ 6,998,250	\$ 38,850	\$ 6,037,991
Local Non-Tax	1,620,800	1,765,526	144,726	1,038,013
State, Special Purpose	-	-	-	57,902
<b>TOTAL REVENUES</b>	<b>8,580,200</b>	<b>8,763,776</b>	<b>183,576</b>	<b>7,133,906</b>
<b>EXPENDITURES</b>				
Capital Outlay:				
Sites	882,455	967,098	(84,643)	294,722
Building	9,290,035	6,167,371	3,122,664	2,299,493
Equipment	6,141,742	7,295,631	(1,153,889)	8,131,284
Energy	53,931	6,552	47,379	6,552
Interest and Other Charges	-	5,826	(5,826)	6,526
<b>TOTAL EXPENDITURES</b>	<b>16,368,163</b>	<b>14,442,478</b>	<b>1,925,685</b>	<b>10,738,577</b>
<b>Excess Of Revenues Over (Under) Expenditures</b>	<b>(7,787,963)</b>	<b>(5,678,702)</b>	<b>2,109,261</b>	<b>(3,604,671)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
G.O. Bonds Issued	-	-	-	-
Bond Premium	-	-	-	-
Bond Discount	-	-	-	-
Transfer	-	-	-	-
Sales of Property	4,500,000	90,000	(4,410,000)	330,023
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,500,000</b>	<b>90,000</b>	<b>(4,410,000)</b>	<b>330,023</b>
<b>Changes in Fund Balance</b>	<b>(3,287,963)</b>	<b>(5,588,702)</b>	<b>(2,300,739)</b>	<b>(3,274,648)</b>
<b>FUND BALANCE (DEFICITS) - September 1</b>	<b>6,646,168</b>	<b>6,363,172</b>	<b>(282,996)</b>	<b>9,637,820</b>
<b>FUND BALANCE - August 31</b>				
<b>Restricted For:</b>				
Bond Proceeds	750,000	-	(750,000)	4,446,322
State Proceeds	500,000	216,212	(283,788)	1,134,698
Other Purposes	125,000	120,677	(4,323)	119,658
School Construction	-	-	-	-
<b>Committed To:</b>				
Levy Proceeds	1,749,736	1,691,732	-	546,193
<b>Assigned to Fund Purposes</b>	-	-	-	-
Fund Purposes	233,469	139,650	(93,819)	116,301
<b>Unassigned</b>	-	(1,393,801)	(1,393,801)	-
<b>TOTAL FUND BALANCE</b>	<b>\$ 3,358,205</b>	<b>\$ 774,470</b>	<b>\$ (1,038,111)</b>	<b>\$ 6,363,172</b>

**KENT SCHOOL DISTRICT NO. 415  
TRANSPORTATION VEHICLE FUND  
COMPARATIVE BALANCE SHEETS  
AUGUST 31, 2016 AND 2015**

Schedule F-1

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,068,333	\$ 6,025,835
Due to Other Funds	-	-
<b>TOTAL ASSETS</b>	<b>2,068,333</b>	<b>6,025,835</b>
<b>LIABILITIES</b>		
Accounts Payable	253,153	2,332
Accrued Contingent Losses	-	-
<b>TOTAL LIABILITIES</b>	<b>253,153</b>	<b>2,332</b>
<b>FUND BALANCE</b>		
Restricted Fund Balance	1,815,180	6,023,503
<b>Total Fund Balance</b>	<b>1,815,180</b>	<b>6,023,503</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,068,333</b>	<b>\$ 6,025,835</b>

**KENT SCHOOL DISTRICT NO. 415  
TRANSPORTATION VEHICLE FUND**

Schedule F-2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED AUGUST 31, 2016  
(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)**

	2016			2015
	BUDGET	ACTUAL	VARIANCE POSITIVE(NEGATIVE)	ACTUAL
<b>REVENUES</b>				
Local Non-Tax	\$ 4,000	\$ 30,094	\$ 26,094	\$ 6,999
State, Specific Purpose	737,628	904,915	167,287	737,628
<b>TOTAL REVENUES</b>	<b>741,628</b>	<b>935,009</b>	<b>193,381</b>	<b>744,627</b>
<b>EXPENDITURES</b>				
Purchase of Buses	5,750,000	5,122,507	627,493	823,895
Other	-	459	(459)	20,099
<b>TOTAL EXPENDITURES</b>	<b>5,750,000</b>	<b>5,122,966</b>	<b>627,034</b>	<b>843,994</b>
<b>Excess of Revenues (Under) Expenditures</b>	<b>(5,008,372)</b>	<b>(4,187,957)</b>	<b>820,415</b>	<b>(99,367)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Bonds	-	-	-	5,000,000
Sales of Surplus Buses		39,842	39,842	30,318
Transfers	(123,958)	(60,208)		
<b>Total Other Financing Sources/Uses</b>	<b>(123,958)</b>	<b>(20,366)</b>	<b>39,842</b>	<b>5,030,318</b>
<b>Changes in Fund Balance</b>	<b>(5,132,330)</b>	<b>(4,208,323)</b>	<b>860,257</b>	<b>4,930,951</b>
<b>FUND BALANCE - September 1</b>	5,794,350	6,023,503	229,153	1,092,552
<b>FUND BALANCE - August 31</b>				
<b>Restricted Fund Balance</b>	<b>\$ 662,020</b>	<b>\$ 1,815,180</b>	<b>\$ 1,089,410</b>	<b>\$ 6,023,503</b>

**KENT SCHOOL DISTRICT NO. 415  
REEPLOEG PERMANENT FUND  
COMPARATIVE BALANCE SHEETS  
AUGUST 31, 2016 AND 2015**

Schedule G-1

	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 178,574	\$ 177,366
<b>TOTAL ASSETS</b>	<b>178,574</b>	<b>177,366</b>
<b>LIABILITIES</b>		
Accrued Contingent Losses	247	319
<b>TOTAL LIABILITIES</b>	<b>247</b>	<b>319</b>
<b>FUND BALANCE</b>		
Nondisposable	165,000	165,000
Assigned	13,327	12,047
<b>TOTAL FUND BALANCE</b>	<b>178,327</b>	<b>177,047</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 178,574</b>	<b>\$ 177,366</b>



**KENT SCHOOL DISTRICT NO. 415**

Schedule G-2

**REEPLOEG PERMANENT FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL****FOR THE FISCAL YEAR ENDED AUGUST 31, 2016****(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)**

	2016			2015 ACTUAL
	BUDGET	ACTUAL	VARIANCE POSITIVE/(NEGATIVE)	
<b>REVENUES</b>				
Local Non-Tax	\$ -	\$ 1,299	\$ 1,299	\$ 1,048
<b>TOTAL REVENUES</b>	-	1,299	1,299	1,048
<b>EXPENDITURES</b>				
Purchase/Replace Equipment			-	-
Investment Fees		19	(19)	15
<b>TOTAL EXPENDITURES</b>		19	(19)	15
<b>Excess of Revenues over Expenditures</b>	-	1,280	1,280	1,033
<b>FUND BALANCE - September 1</b>	-	177,047	177,047	176,014
<b>FUND BALANCE - August 31</b>	\$ -	\$ 178,327	\$ 178,327	\$ 177,047

**KENT SCHOOL DISTRICT NO. 415**  
**FIDUCIARY FUNDS**  
**COMBINING BALANCE SHEET**  
**AUGUST 31, 2016**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)**

	EMPLOYEE BENEFIT TRUST	PRIVATE- PURPOSE TRUST	2016 TOTAL	2015 TOTAL
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 190,171	\$ 65,433	\$ 255,604	\$ 316,137
<b>Total Assets</b>	<b>190,171</b>	<b>65,433</b>	<b>255,604</b>	<b>316,137</b>
<b>LIABILITIES</b>				
Accounts Payable	333	47	380	1,233
Due to Other Funds	-	6	6	-
<b>Total Liabilities</b>	<b>333</b>	<b>53</b>	<b>386</b>	<b>1,233</b>
<b>NET POSITION</b>				
Held in Trust for Private Purposes	-	65,380	65,380	70,562
Held in Trust for Pension and Other Employee Benefits	189,838	-	189,838	244,342
<b>TOTAL NET POSITION</b>	<b>\$ 189,838</b>	<b>\$ 65,380</b>	<b>\$ 255,218</b>	<b>\$ 314,904</b>

**KENT SCHOOL DISTRICT NO. 415**  
**FIDUCIARY FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**  
**(WITH COMPARATIVE TOTALS FOR AUGUST 31, 2015)**

	EMPLOYEE BENEFIT TRUST	PRIVATE- PURPOSE TRUST	2016 TOTAL	2015 TOTAL
<b>ADDITIONS</b>				
Contributions	\$ 382,860	\$ 31,879	\$ 414,739	\$ 424,944
Investment Earnings	1,230	534	1,764	1,633
<b>Total Additions</b>	<b>384,090</b>	<b>32,413</b>	<b>416,503</b>	<b>426,577</b>
<b>DEDUCTIONS</b>				
Benefits Claims	403,126	-	403,126	380,263
Scholarships	-	5,000	5,000	2,975
Other	-	32,587	32,587	-
Administrative Expenses	35,468	8	35,476	34,905
<b>Total Deductions</b>	<b>438,594</b>	<b>37,595</b>	<b>476,189</b>	<b>418,143</b>
<b>CHANGES IN NET POSITION</b>	<b>(54,504)</b>	<b>(5,182)</b>	<b>(59,686)</b>	<b>8,434</b>
<b>Net POSITION, Beginning of the Year</b>	244,342	70,562	314,904	343,880
<b>Net POSITION, End of the Year</b>	<b>\$ 189,838</b>	<b>\$ 65,380</b>	<b>\$ 255,218</b>	<b>\$ 352,314</b>

**KENT SCHOOL DISTRICT NO. 415**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT**  
**FOR THE FISCAL YEAR ENDED AUGUST 31, 2016**

	<b>BALANCE</b> <b>9/1/2015</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>BALANCE</b> <b>8/31/2016</b>
Unlimited G. O. Bonds	\$ 143,130,000	\$ 37,995,000	\$ 62,860,000	\$ 118,265,000
Qualified School Construction Bonds	15,000,000	-	-	15,000,000
Limited G. O. Bonds	5,623,505	-	199,118	5,424,387
Capital Leases	-	803,104	40,155	762,948
NonCancellable Operating Leases	353,935	3,207,983	159,192	3,402,726
Compensated Absences	5,779,878	4,484,509	4,268,569	5,995,818
Unamortized Bond Premium/Discount	5,382,636	6,268,780	1,875,803	9,775,613
Net Pension Liabilities TRS 1	82,259,435	8,087,611	-	90,347,046
Net Pension Liabilities TRS 2/3	22,293,692	14,829,656	-	37,123,348
Net Pension Liabilities SERS 2/3	10,451,602	6,659,020	-	17,110,622
Net Pension Liabilities PERS 1	20,960,173	945,896	-	21,906,069
Net OPEB	47,632,049	11,644,878	1,902,184	57,374,743
	<b>\$ 358,866,905</b>	<b>\$ 94,926,437</b>	<b>\$ 71,305,021</b>	<b>\$ 382,488,320</b>

**KENT SCHOOL DISTRICT NO. 415**  
**OUTSTANDING GENERAL OBLIGATION BONDS/LONG-TERM FINANCING**  
**AUGUST 31, 2016**

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AMOUNT: \$69,265,000 2005 Refunding - Dated: 5/2/05					AMOUNT: \$35,000,000 2006 Building Fund - Dated: 11/1/06			
Due Date	Principal	Interest	Total Payments	Remaining Balance	Principal	Interest	Total Payments	Remaining Balance
12/1/2016	9,200,000	505,500	9,705,500	11,020,000	3,590,000	71,800	3,661,800	-
6/1/2017		275,500	275,500	11,020,000				
12/1/2017	5,365,000	275,500	5,640,500	5,655,000				
6/1/2018		141,375	141,375	5,655,000				
12/1/2018	5,655,000	141,375	5,796,375	-				
6/1/2019								
12/1/2019								
6/1/2020								
12/1/2020								
6/1/2021								
12/1/2021								
6/1/2022								
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6/1/2030								
12/1/2030								
6/1/2031								
12/1/2031								
6/1/2032								
12/1/2032								
	\$ 20,220,000	\$ 1,339,250	\$ 21,559,250		\$ 3,590,000	\$ 71,800	\$ 3,661,800	

**KENT SCHOOL DISTRICT NO. 415**  
**OUTSTANDING GENERAL OBLIGATION BONDS/LONG-TERM FINANCING**  
**AUGUST 31, 2016**

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AMOUNT: \$15,000,000 2007 Building Fund Dated: 11/07/07					AMOUNT: \$1,800,000 LGO:Transportation Admin Bldg: Dated 5/8/08			
Due Date	Principal	Interest	Total Payments	Remaining Balance	Principal	Interest	Total Payments	Remaining Balance
12/1/2016	1,035,000	42,300	1,077,300	1,080,000	102,759	9,061	111,819	321,628
6/1/2017		21,600	21,600	1,080,000	104,953	6,867	111,819	216,675
12/1/2017	1,080,000	21,600	1,101,600	-	107,193	4,626	111,819	109,482
6/1/2018					109,482	2,337	111,820	-
12/1/2018								
6/1/2019								
12/1/2019								
6/1/2020								
12/1/2020								
6/1/2021								
12/1/2021								
6/1/2022								
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12/1/2030								
6/1/2031								
12/1/2031								
6/1/2032								
12/1/2032								
	\$ 2,115,000	\$ 85,500	\$ 2,200,500		\$ 424,387	\$ 22,891	\$ 447,278	

**KENT SCHOOL DISTRICT NO. 415**  
**OUTSTANDING GENERAL OBLIGATION BONDS/LONG-TERM FINANCING**  
**AUGUST 31, 2016**

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AMOUNT: \$25,000,000 2008 Building Fund Dated: 11/08/08					AMOUNT: \$12,995,000 2010 Refunding Dated: 11/04/10			
Due Date	Principal	Interest	Total Payments	Remaining Balance	Principal	Interest	Total Payments	Remaining Balance
12/1/2016	1,135,000	81,916	1,216,916	2,435,000	1,280,000	135,813	1,415,813	8,430,000
6/1/2017		57,088	57,088	2,435,000		119,813	119,813	8,430,000
12/1/2017	1,190,000	57,088	1,247,088	1,245,000	1,310,000	119,813	1,429,813	7,120,000
6/1/2018		29,569	29,569	1,245,000		103,438	103,438	7,120,000
12/1/2018	1,245,000	29,569	1,274,569	-	1,345,000	103,438	1,448,438	5,775,000
6/1/2019						86,625	86,625	5,775,000
12/1/2019					1,380,000	86,625	1,466,625	4,395,000
6/1/2020						65,925	65,925	4,395,000
12/1/2020					1,420,000	65,925	1,485,925	2,975,000
6/1/2021						44,625	44,625	2,975,000
12/1/2021					1,465,000	44,625	1,509,625	1,510,000
6/1/2022						22,650	22,650	1,510,000
12/1/2022					1,510,000	22,650	1,532,650	-
6/1/2023								
12/1/2023								
6/1/2024								
12/1/2024								
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12/1/2030								
6/1/2031								
12/1/2031								
6/1/2032								
12/1/2032								
	\$ 3,570,000	\$ 255,228	\$ 3,825,228		\$ 9,710,000	\$ 1,021,963	\$ 10,731,963	

**KENT SCHOOL DISTRICT NO. 415**  
**OUTSTANDING GENERAL OBLIGATION BONDS/LONG-TERM FINANCING**  
**AUGUST 31, 2016**

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Amount: \$15,000,000 2010 QSCB Building Fund: Dated 11/4/10					Amount \$14,600,000 2012 Refunding Dated 3/28/12			
Due Date	Principal	Interest	Total Payments	Remaining Balance	Principal	Interest	Total Payments	Remaining Balance
12/1/2016		384,525	384,525	15,000,000	1,540,000	133,950	1,673,950	10,085,000
6/1/2017		384,525	384,525	15,000,000		118,550	118,550	10,085,000
12/1/2017		384,525	384,525	15,000,000	1,575,000	118,550	1,693,550	8,510,000
6/1/2018		384,525	384,525	15,000,000		102,800	102,800	8,510,000
12/1/2018		384,525	384,525	15,000,000	1,615,000	102,800	1,717,800	6,895,000
6/1/2019		384,525	384,525	15,000,000		86,650	86,650	6,895,000
12/1/2019		384,525	384,525	15,000,000	1,655,000	86,650	1,741,650	5,240,000
6/1/2020		384,525	384,525	15,000,000		70,100	70,100	5,240,000
12/1/2020		384,525	384,525	15,000,000	1,700,000	70,100	1,770,100	3,540,000
6/1/2021		384,525	384,525	15,000,000		53,100	53,100	3,540,000
12/1/2021		384,525	384,525	15,000,000	1,740,000	53,100	1,793,100	1,800,000
6/1/2022		384,525	384,525	15,000,000		27,000	27,000	1,800,000
12/1/2022		384,525	384,525	15,000,000	1,800,000	27,000	1,827,000	-
6/1/2023		384,525	384,525	15,000,000		-	-	-
12/1/2023		384,525	384,525	15,000,000		-	-	-
6/1/2024		384,525	384,525	15,000,000		-	-	-
12/1/2024		384,525	384,525	15,000,000		-	-	-
6/1/2025		384,525	384,525	15,000,000				
12/1/2025	5,000,000	384,525	5,384,525	10,000,000				
6/1/2026		256,350	256,350	10,000,000				
12/1/2026	10,000,000	256,350	10,256,350	-				
6/1/2027								
12/1/2027								
6/1/2028								
12/1/2028								
6/1/2029								
12/1/2029								
6/1/2030								
12/1/2030								
6/1/2031								
12/1/2031								
6/1/2032								
12/1/2032								
	\$ 15,000,000	\$ 7,818,675	\$ 22,818,675		\$ 11,625,000	\$ 1,050,350	\$ 12,675,350	



**KENT SCHOOL DISTRICT NO. 415**  
**OUTSTANDING GENERAL OBLIGATION BONDS/LONG-TERM FINANCING**  
**AUGUST 31, 2016**

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	Amount \$19,370,000 2012A Refunding Dated 10/25/12				Amount: \$15,000,000 2013 Building Fund: Dated 5/1/13			
Due Date	Principal	Interest	Total Payments	Remaining Balance	Principal	Interest	Total Payments	Remaining Balance
12/1/2016	1,435,000	336,625	1,771,625	14,280,000		305,150	305,150	13,725,000
6/1/2017		300,750	300,750	14,280,000		305,150	305,150	13,725,000
12/1/2017	1,485,000	300,750	1,785,750	12,795,000		305,150	305,150	13,725,000
6/1/2018		263,625	263,625	12,795,000		305,150	305,150	13,725,000
12/1/2018	1,545,000	263,625	1,808,625	11,250,000		305,150	305,150	13,725,000
6/1/2019		225,000	225,000	11,250,000		305,150	305,150	13,725,000
12/1/2019	1,510,000	225,000	1,735,000	9,740,000	1,000,000	305,150	1,305,150	12,725,000
6/1/2020		194,800	194,800	9,740,000		280,150	280,150	12,725,000
12/1/2020	1,935,000	194,800	2,129,800	7,805,000		280,150	280,150	12,725,000
6/1/2021		156,100	156,100	7,805,000		280,150	280,150	12,725,000
12/1/2021	1,945,000	156,100	2,101,100	5,860,000	1,000,000	280,150	1,280,150	11,725,000
6/1/2022		117,200	117,200	5,860,000		255,150	255,150	11,725,000
12/1/2022	1,990,000	117,200	2,107,200	3,870,000	1,000,000	255,150	1,255,150	10,725,000
6/1/2023		77,400	77,400	3,870,000		230,150	230,150	10,725,000
12/1/2023	2,020,000	77,400	2,097,400	1,850,000	1,000,000	230,150	1,230,150	9,725,000
6/1/2024		37,000	37,000	1,850,000		205,150	205,150	9,725,000
12/1/2024	1,850,000	37,000	1,887,000	-	1,040,000	205,150	1,245,150	8,685,000
6/1/2025						179,150	179,150	8,685,000
12/1/2025					1,090,000	179,150	1,269,150	7,595,000
6/1/2026						151,900	151,900	7,595,000
12/1/2026						151,900	151,900	7,595,000
6/1/2027						151,900	151,900	7,595,000
12/1/2027					1,145,000	151,900	1,296,900	6,450,000
6/1/2028						129,000	129,000	6,450,000
12/1/2028					1,190,000	129,000	1,319,000	5,260,000
6/1/2029						105,200	105,200	5,260,000
12/1/2029					1,240,000	105,200	1,345,200	4,020,000
6/1/2030						80,400	80,400	4,020,000
12/1/2030					1,285,000	80,400	1,365,400	2,735,000
6/1/2031						54,700	54,700	2,735,000
12/1/2031					1,340,000	54,700	1,394,700	1,395,000
6/1/2032						27,900	27,900	1,395,000
12/1/2032					1,395,000	27,900	1,422,900	-
	\$ 15,715,000	\$ 3,080,375	\$ 18,795,375		\$ 13,725,000	\$ 6,397,850	\$ 20,122,850	

**KENT SCHOOL DISTRICT NO. 415**  
**OUTSTANDING GENERAL OBLIGATION BONDS/LONG-TERM FINANCING**  
**AUGUST 31, 2016**

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Amount \$5,000,000 LGO: Transportation Vehicle Fund-New School Buses Date 6/30/15					Amount \$37,995,000 2015 Refunding Dated 11/19/2015			
Due Date	Principal	Interest	Total Payments	Remaining Balance	Principal	Interest	Total Payments	Remaining Balance
12/1/2016	445,000	63,750	508,750	4,555,000		921,625	921,625	37,995,000
6/1/2017		58,076	58,076	4,555,000		921,625	921,625	37,995,000
12/1/2017	455,000	58,076	513,076	4,100,000	3,695,000	921,625	4,616,625	34,300,000
6/1/2018		52,275	52,275	4,100,000		829,250	829,250	34,300,000
12/1/2018	470,000	52,275	522,275	3,630,000	5,060,000	829,250	5,889,250	29,240,000
6/1/2019		46,283	46,283	3,630,000		702,750	702,750	29,240,000
12/1/2019	480,000	46,283	526,283	3,150,000	5,835,000	702,750	6,537,750	23,405,000
6/1/2020		40,163	40,163	3,150,000		556,875	556,875	23,405,000
12/1/2020	490,000	40,163	530,163	2,660,000	6,145,000	556,875	6,701,875	17,260,000
6/1/2021		33,915	33,915	2,660,000		403,250	403,250	17,260,000
12/1/2021	505,000	33,915	538,915	2,155,000	2,530,000	403,250	2,933,250	14,730,000
6/1/2022		27,476	27,476	2,155,000		340,000	340,000	14,730,000
12/1/2022	520,000	27,476	547,476	1,635,000	2,655,000	340,000	2,995,000	12,075,000
6/1/2023		20,846	20,846	1,635,000		273,625	273,625	12,075,000
12/1/2023	530,000	20,846	550,846	1,105,000	2,800,000	273,625	3,073,625	9,275,000
6/1/2024		14,089	14,089	1,105,000		203,625	203,625	9,275,000
12/1/2024	545,000	14,089	559,089	560,000	2,450,000	203,625	2,653,625	6,825,000
6/1/2025		7,140	7,140	560,000		142,375	142,375	6,825,000
12/1/2025	560,000	7,140	567,140	-	2,610,000	142,375	2,752,375	4,215,000
6/1/2026						77,125	77,125	4,215,000
12/1/2026					2,780,000	77,125	2,857,125	1,435,000
6/1/2027						21,525	21,525	1,435,000
12/1/2027					1,435,000	21,525	1,456,525	-
6/1/2028								
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12/1/2030								
6/1/2031								
12/1/2031								
6/1/2032								
12/1/2032								
	\$ 5,000,000	\$ 664,275	\$ 5,664,275		\$ 37,995,000	\$ 9,865,675	\$ 47,860,675	

**KENT SCHOOL DISTRICT NO. 415**  
**OUTSTANDING GENERAL OBLIGATION BONDS/LONG-TERM FINANCING**  
**AUGUST 31, 2016**

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Due Date	TOTAL DEBT SERVICE PAYMENTS	
	Total Calendar Year	Total Fiscal Year
12/1/2016	22,754,772	
6/1/2017		25,429,268
12/1/2017	21,503,991	
6/1/2018		21,153,322
12/1/2018	21,470,832	
6/1/2019		20,983,989
12/1/2019	15,533,965	
6/1/2020		15,289,520
12/1/2020	14,875,075	
6/1/2021		14,638,203
12/1/2021	11,896,330	
6/1/2022		11,714,666
12/1/2022	11,823,003	
6/1/2023		11,635,548
12/1/2023	8,323,093	
6/1/2024		8,180,935
12/1/2024	7,573,778	
6/1/2025		7,442,579
12/1/2025	10,686,380	
6/1/2026		10,458,565
12/1/2026	13,750,750	
6/1/2027		13,438,800
12/1/2027	2,926,850	
6/1/2028		2,882,425
12/1/2028	1,448,000	
6/1/2029		1,424,200
12/1/2029	1,450,400	
6/1/2030		1,425,600
12/1/2030	1,445,800	
6/1/2031		1,420,100
12/1/2031	1,449,400	
6/1/2032		1,422,600
12/1/2032	1,450,800	1,422,900
	<b>\$ 170,363,218</b>	<b>\$ 170,363,218</b>

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## STATISTICAL SECTION

The statistical section includes certain financial and non-financial data to provide context for interpreting information in the financial statements, note disclosures and required supplementary information. The additional information is provided to present economic, financial and social framework in which the district operates, and to assist the financial statement users to better understand the overall operations and financial health of the Kent School District.

**Financial Trends-Tables 1-7** present trend information to provide historical context for the district's financial performance and financial health.

**Revenue Capacity-Tables 8-10** present information on key factors that affect the district's ability to generate property taxes.

**Debt Capacity-Tables 11-16** present information to help the reader assess affordability of current levels of outstanding debt and assess the ability of the district to issue additional debt in the future.

**Demographic and Economic Information-Tables 17-20** present demographic and economic indicators to help the reader understand the environment in which the district's financial activities take place and to provide a history of district operations and comparisons with other governments.

**Operating Information-Tables 21-23** present information about district operations and resources to help the reader understand how district financial information relates to services the district provides and to the activities the district performs.



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## STATISTICAL SECTION

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# **STATISTICAL SECTION**

## **(PART A)**

### **FINANCIAL TRENDS**

1. Net Position by Components, Last Ten Fiscal Years
2. Changes In Net Position, Last Ten Fiscal Years
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4. Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years
5. General Governmental Revenues by Source
6. General Governmental Expenditures by Function
7. Interest Earnings on Investments – Last Ten Fiscal Years

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**KENT SCHOOL DISTRICT NO. 415**  
**NET POSITION/ASSETS BY COMPONENT**  
**Last Ten Fiscal Years**  
 (Accrual Basis of Accounting)

	Fiscal Year									
	2016*	2015*	2014*	2013*	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net Investment in Capital Assets	\$ 287,939,442	\$ 268,491,006	\$ 236,468,768	\$ 278,153,226	\$ 270,761,288	\$ 243,182,852	\$ 230,617,571	\$ 200,217,501	\$ 183,777,035	\$ 166,359,385
Restricted	32,464,175	29,942,623	17,583,290	23,556,003	26,137,976	48,825,942	54,739,482	51,614,432	36,447,168	40,428,543
Unrestricted	(178,820,345)	(137,045,293)	64,024,964	22,374,347	17,907,983	3,655,309	3,107,672	32,100,376	31,080,407	32,643,069
<b>Total Governmental Activities Net Position/Assets*</b>	<b>\$ 141,583,272</b>	<b>\$ 161,388,336</b>	<b>\$ 318,077,022</b>	<b>\$ 324,083,576</b>	<b>\$ 314,807,247</b>	<b>\$ 295,664,103</b>	<b>\$ 288,464,725</b>	<b>\$ 283,932,310</b>	<b>\$ 251,304,610</b>	<b>\$ 239,430,997</b>

Source: Kent School District Financial Statements  
 \*Net Assets were renamed as Net Position  
 for 2013

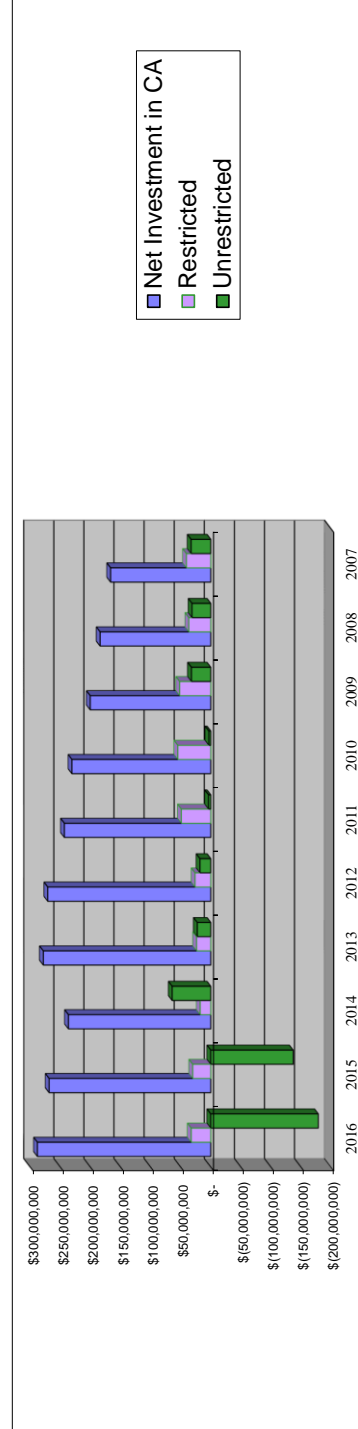


Table 2

**KENT SCHOOL DISTRICT NO. 415**  
**CHANGES IN NET POSITION/ASSETS \***  
**Last Ten Fiscal Years**  
 (Accrual Basis of Accounting)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>EXPENSES</b>										
<b>Governmental Activities:</b>										
Regular Instruction	\$ 234,812,393	\$ 196,989,483	\$ 183,581,432	\$ 167,719,935	\$ 155,945,966	\$ 163,783,137	\$ 158,827,514	\$ 125,491,053	\$ 137,722,585	\$ 136,130,485
Special Instruction	42,842,889	37,989,467	36,540,159	36,648,724	35,232,562	33,564,006	33,625,711	32,057,700	30,853,361	24,797,950
Vocational Instruction	9,167,102	8,387,376	8,289,592	7,320,239	7,293,976	7,205,701	6,981,094	6,812,128	6,432,534	6,317,652
Compensatory Education	22,604,040	19,950,182	19,391,302	16,427,797	13,720,101	14,233,383	13,793,360	22,471,439	22,333,072	19,665,530
Other Instructional Programs	1,879,438	1,966,723	1,279,749	826,994	586,468	1,808,847	10,184,340	13,526,223	1,753,904	1,040,641
Community Services	415,546	409,250	446,898	394,835	431,843	464,346	448,812	409,762	429,059	341,242
Support Services	66,833,011	64,000,963	58,688,150	54,627,893	52,631,594	53,038,387	53,192,853	53,546,551	53,661,381	48,436,569
Extracurricular Activities (ASB)	2,311,260	2,421,438	2,352,615	2,644,026	2,679,080	2,842,329	2,879,668	3,065,283	3,374,813	3,191,994
Interest on Long-Term Debt	3,108,050	5,465,006	7,815,963	2,349,449	3,196,295	9,036,566	9,470,096	10,983,450	10,902,238	11,508,580
Unallocated Depreciation	-	-	-	-	-	-	-	-	162,680	706,296
<b>Total Governmental Activities Expenses</b>	<b>383,973,728</b>	<b>337,579,888</b>	<b>318,385,859</b>	<b>288,959,892</b>	<b>271,717,885</b>	<b>285,976,703</b>	<b>289,403,448</b>	<b>268,363,590</b>	<b>267,625,628</b>	<b>252,136,939</b>
<b>PROGRAM REVENUES</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
Regular Instruction	1,427,319	2,837,481	2,736,833	2,828,418	622,313	787,504	784,470	6,190,362	4,417,440	2,512,230
Special Instruction	-	19,935,898	19,501,921	19,472,202	9,430	-	6,468	21,822,706	114,370	115,905
Vocational Instruction	-	-	-	-	-	9,725	-	108,312	120,000	120,000
Compensatory Education	-	-	-	-	-	-	-	-	-	-
Community Services	-	-	-	-	-	-	-	152,350	173,874	149,221
Support Services	6,264,117	7,960,027	6,083,739	4,841,280	-	-	-	4,651,971	12,403,306	10,995,454
Extracurricular Activities (ASB)	2,335,229	2,386,201	2,433,067	2,769,117	2,655,550	2,686,635	2,574,787	2,964,432	3,210,792	3,052,498
Operating Grants and Contributions	52,147,272	34,175,557	33,115,938	28,928,838	10,582,385	10,527,381	19,456,352	47,639,210	49,341,875	43,549,894
Capital Grants and Contributions	206,312	194,884	207,223	203,675	186,086	44,519	88,576	8,977	2,109	6,149
<b>Total Governmental Activities Program Revenues</b>	<b>62,380,250</b>	<b>67,490,048</b>	<b>64,078,721</b>	<b>59,043,530</b>	<b>14,055,764</b>	<b>14,055,764</b>	<b>22,910,654</b>	<b>83,538,320</b>	<b>69,783,769</b>	<b>60,501,351</b>
<b>NET (EXPENSE)/REVENUE</b>	<b>(321,593,478)</b>	<b>(270,089,840)</b>	<b>(254,307,138)</b>	<b>(229,916,362)</b>	<b>(257,662,121)</b>	<b>(271,920,941)</b>	<b>(266,492,793)</b>	<b>(184,825,270)</b>	<b>(197,841,859)</b>	<b>(191,635,589)</b>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental Activities:</b>										
Taxes:										
Property Taxes for Maintenance & Operations	69,045,003	64,169,681	60,479,012	59,009,757	57,510,209	53,103,673	50,162,904	47,058,406	41,794,423	42,270,679
Property Taxes for Debt Service	26,846,717	26,706,337	28,207,564	28,807,967	30,343,851	31,272,990	30,801,238	31,388,592	20,943,288	20,942,068
Property Taxes for Capital Projects	6,998,250	6,037,934	4,994,939	4,963,607	4,984,767	4,958,146	4,966,784	4,947,138	4,908,201	4,989,355
Unallocated State Apportionment & Others	198,552,081	159,995,703	154,228,560	145,239,639	183,471,001	189,122,159	184,216,729	133,007,742	139,180,817	118,494,179
Interest and Investment Earnings	346,364	343,722	390,509	1,171,720	495,438	663,349	877,552	1,064,805	3,150,606	3,886,206
<b>Total Governmental Activities</b>	<b>301,788,415</b>	<b>257,253,377</b>	<b>248,300,584</b>	<b>239,192,690</b>	<b>276,805,266</b>	<b>279,120,317</b>	<b>271,025,207</b>	<b>217,466,683</b>	<b>209,977,335</b>	<b>190,582,487</b>
<b>Change in Net Assets/Net Position*</b>	<b>(19,805,064)</b>	<b>(12,836,462)</b>	<b>(6,006,554)</b>	<b>9,276,328</b>	<b>19,143,145</b>	<b>7,199,376</b>	<b>4,532,414</b>	<b>32,641,411</b>	<b>12,135,476</b>	<b>(1,053,102)</b>

Source: Kent School District Financial

## KENT SCHOOL DISTRICT NO. 415

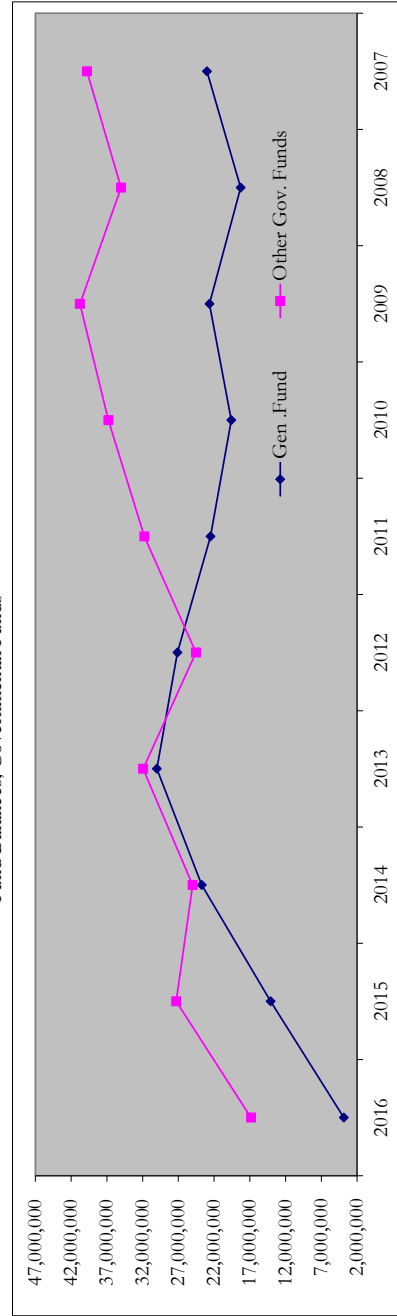
## FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

General Fund	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Nonspendable	\$ 1,131,204	\$ 658,569	\$ 723,706	\$ 525,356	\$ 401,618	\$ 370,499	\$ 419,363	\$ 303,993	\$ 353,482	\$ 323,576
Restricted For:	2,616,766	2,658,360	2,286,131	2,118,722	2,659,424	3,862,605				
Assigned To	0	0	3,350,000	8,700,000	9,000,000	5,051,687	4,950,349	9,576,121	5,305,982	10,161,094
Committed To	0	0	13,794,194	12,463,886	12,082,333	9,197,714	12,444,224			
Unassigned	99,202	10,780,263	3,581,840	6,197,843	2,994,287	4,009,378	1,788,919	12,768,222	12,631,632	12,525,395
<b>Total General Fund</b>	<b>3,847,172</b>	<b>14,097,192</b>	<b>23,735,871</b>	<b>30,005,807</b>	<b>27,137,662</b>	<b>22,491,883</b>	<b>19,602,855</b>	<b>22,648,336</b>	<b>18,291,096</b>	<b>23,010,065</b>
<b>All Other Governmental Funds</b>										
Nonspendable-perm fund	165,000	165,000	165,000	165,000	165,000	165,000	171,482	212,990	208,738	200,441
Restricted for:										
Special Revenue Fund	1,719,907	1,638,400	1,640,849	1,478,115	1,255,228	1,188,169	1,212,604	1,348,039	1,322,159	1,414,866
Debt Service Fund	12,350,537	13,094,188	12,450,992	14,212,728	14,250,975	12,383,175	8,423,469	10,364,120	6,038,051	5,383,843
Capital Project Fund	774,470	6,363,172	9,637,821	15,078,348	8,648,876	17,960,262	26,713,159	28,482,090	27,324,298	32,419,804
Transportation Vehicle Fund	1,815,180	6,023,503	1,092,552	999,482	218,108	38,920	266,472	357,797	124,234	372,636
Permanent Fund	13,327	12,047	11,013	10,066	8,986	7,897				
<b>Total All Other Governmental Funds</b>	<b>\$ 16,838,421</b>	<b>\$ 27,296,310</b>	<b>\$ 24,998,227</b>	<b>\$ 31,943,739</b>	<b>\$ 24,547,173</b>	<b>\$ 31,743,423</b>	<b>\$ 36,787,185</b>	<b>\$ 40,765,036</b>	<b>\$ 35,017,481</b>	<b>\$ 39,791,591</b>

Fund Balances, Governmental Funds



**KENT SCHOOL DISTRICT NO. 415**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
(Modified Accrual Basis of Accounting)

Table 4

	FISCAL YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>REVENUES</b>										
Local Taxes and Non-Taxes	\$ 111,165,715	\$ 103,907,574	\$ 102,020,059	\$ 100,795,652	\$ 100,867,011	\$ 97,676,680	\$ 94,186,335	\$ 95,631,172	\$ 89,097,772	\$ 80,536,805
State Funds	216,035,243	193,892,425	184,047,719	166,559,458	165,886,774	159,005,165	167,782,942	170,157,449	162,445,332	151,064,388
Federal Funds	25,254,051	23,632,872	23,377,234	21,956,270	20,967,333	30,323,966	28,095,328	30,137,910	17,644,736	15,711,012
Revenues from Other Districts	5,975	23,976	26,914	22,244	20,517	26,035	19,324	60,778	50,649	61,051
Revenues from Other Agencies	357,405	222,175	154,699	194,718	34,958	66,173	97,474	66,170	70,115	72,027
Miscellaneous	2,335,228	2,386,201	2,433,066	2,769,117	2,655,550	2,699,158	2,595,125	3,008,836	3,210,792	3,052,498
<b>TOTAL REVENUES</b>	<b>355,153,617</b>	<b>324,065,223</b>	<b>312,059,691</b>	<b>292,297,459</b>	<b>290,432,144</b>	<b>289,797,178</b>	<b>292,776,528</b>	<b>299,062,315</b>	<b>272,519,396</b>	<b>250,497,780</b>
<b>EXPENDITURES</b>										
Regular Instruction	192,287,855	170,083,161	157,112,240	141,097,476	137,254,921	142,407,815	138,496,052	121,510,427	124,306,050	117,443,092
Special Instruction	40,262,335	36,246,437	34,050,495	33,500,313	32,861,956	30,752,315	30,751,643	31,040,817	30,121,247	24,762,334
Vocational Instruction	8,560,705	7,978,474	7,980,496	6,922,724	7,012,796	6,857,460	6,594,020	6,596,045	6,213,727	6,258,648
Compensatory Education	21,685,745	19,323,326	18,988,977	15,828,079	13,313,930	13,683,323	13,147,505	21,758,636	21,791,487	19,627,759
Other Instructional Programs	1,749,596	1,886,677	1,225,651	772,428	548,966	1,722,049	9,696,883	13,097,166	1,712,762	1,028,850
Community Services	398,804	396,490	437,755	380,529	419,196	446,591	426,953	396,764	418,994	340,800
Support Services	60,044,822	59,412,101	54,867,215	49,887,263	49,114,939	48,746,318	48,616,237	49,581,803	49,356,971	46,082,611
Student Activities	2,253,722	2,388,650	2,270,333	2,546,230	2,588,491	2,723,561	2,730,561	2,969,232	3,303,500	3,190,306
Capital Outlay	15,058,463	11,263,131	16,888,623	19,627,038	19,811,357	30,672,763	14,807,287	39,112,406	34,285,539	26,880,048
Purchase of Buses	5,122,507	823,895	603,648	-	-	-	348,486	2,266,231	617,181	1,518,189
Miscellaneous	256,008	114	65	32	3,309	18	43,806	2,398	1,947	-
Debt Service:										
Interest and Others	6,488,033	7,275,603	8,261,321	8,836,955	10,267,581	10,889,180	11,289,273	11,665,626	11,404,358	11,430,103
Principal	21,997,757	19,696,719	22,618,689	21,446,891	20,032,747	18,261,644	22,874,361	16,359,464	15,100,119	15,973,765
<b>TOTAL EXPENDITURES</b>	<b>376,166,352</b>	<b>336,774,778</b>	<b>325,305,508</b>	<b>300,845,961</b>	<b>293,230,189</b>	<b>307,163,071</b>	<b>299,823,067</b>	<b>316,357,015</b>	<b>298,633,882</b>	<b>274,536,505</b>
<b>Excess of Revenues Over/(Under)</b>	<b>(21,012,735)</b>	<b>(12,709,555)</b>	<b>(13,245,817)</b>	<b>(8,548,502)</b>	<b>(2,798,045)</b>	<b>(17,365,893)</b>	<b>(7,046,539)</b>	<b>(17,294,700)</b>	<b>(26,114,486)</b>	<b>(24,038,725)</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Expenditures										
Sales of Equipment & Properties	149,674	388,960	30,370	61,365	36,195	28,565	23,205	52,563	103,465	56,369
Long-Term Financing	-	-	-	14,620,000	-	15,000,000	-	2,259,087	-	1,518,189
Sales of Bonds	-	5,000,000	-	19,370,000	14,600,000	12,995,000	-	25,000,000	33,285,000	35,198,947
Bond Premium/(Discount)	6,268,780	(20,000)	-	5,585,352	615,728	359,966	-	101,559	270,152	(122,197)
Bond Insurance Cost	37,995,000	-	-	(143,941)	-	-	-	-	-	-
Payment to Refunded Escrow	(44,108,627)	-	-	(22,460,425)	(15,004,349)	(13,172,373)	-	-	(16,658,486)	-
Miscellaneous	-	-	-	-	-	-	-	-	(116,889)	-
<b>Total Other Financing Sources (Uses)</b>	<b>304,827</b>	<b>5,368,960</b>	<b>30,370</b>	<b>17,032,350</b>	<b>247,574</b>	<b>15,211,158</b>	<b>23,205</b>	<b>27,413,210</b>	<b>16,883,241</b>	<b>36,651,308</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (20,707,908)</b>	<b>\$ (7,340,595)</b>	<b>\$ (13,215,447)</b>	<b>\$ 8,483,848</b>	<b>\$ (2,550,471)</b>	<b>\$ (2,154,735)</b>	<b>\$ (7,023,334)</b>	<b>\$ 10,118,512</b>	<b>\$ (9,231,245)</b>	<b>\$ 12,612,583</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>7.89%</b>	<b>8.29%</b>	<b>10.01%</b>	<b>10.77%</b>	<b>11.08%</b>	<b>10.54%</b>	<b>11.99%</b>	<b>10.11%</b>	<b>10.03%</b>	<b>11.07%</b>

Source: Kent School District Financial Statements.

**KENT SCHOOL DISTRICT NO. 415  
GENERAL GOVERNMENTAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS (Unaudited)**

Table 5

<b>FISCAL YEAR</b>	<b>LOCAL TAXES</b>	<b>STATE FUNDS</b>	<b>FEDERAL FUNDS</b>	<b>LOCAL NON-TAX REVENUE</b>
2006-07	40,636,208	150,290,866	15,711,012	8,544,790
2007-08	42,974,496	161,252,749	17,644,736	8,727,993
2008-09	45,368,469	165,267,291	30,137,910	8,015,703
2009-10	48,742,238	161,793,314	28,095,328	7,345,919
2010-11	53,123,674	157,222,874	29,881,763	7,830,285
2011-12	57,510,209	162,065,529	20,198,283	6,445,346
2012-13	59,011,066	165,198,453	21,220,674	6,782,783
2013-14	60,480,660	183,305,155	22,663,555	6,068,029
2014-15	64,171,037	193,096,894	22,919,964	5,878,949
2015-16	69,046,002	215,130,328	24,537,296	6,399,222

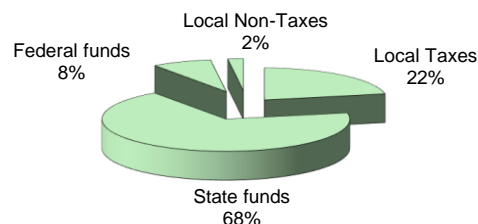
<b>FISCAL YEAR</b>	<b>PAYMENTS FROM OTHER DISTRICTS</b>	<b>PAYMENTS FROM OTHER AGENCIES AND ASSOC.</b>	<b>TOTAL REVENUES GENERAL FUND</b>
2006-07	61,051	72,027	215,315,954
2007-08	50,649	70,115	230,720,737
2008-09	60,778	66,170	248,916,321
2009-10	19,324	97,474	246,093,597
2010-11	26,035	66,173	248,150,804
2011-12	20,517	34,958	246,274,841
2012-13	22,244	194,718	252,429,938
2013-14	26,914	154,699	272,699,013
2014-15	23,976	222,175	286,312,994
2015-16	5,975	357,405	315,476,228

<b>FISCAL YEAR</b>	<b>SPECIAL REVENUE FUNDS</b>	<b>DEBT SERVICE FUND</b>	<b>*CAPITAL PROJECTS FUND</b>	<b>PERMANENT FUND</b>	<b>TOTAL ALL FUNDS</b>
2006-07	3,052,498	23,513,187	8,603,124	13,020	250,497,782
2007-08	3,210,792	26,751,829	11,826,725	9,313	272,519,396
2008-09	3,008,806	31,509,785	15,622,532	4,842	299,062,286
2009-10	2,595,125	31,180,716	12,904,790	2,299	292,776,527
2010-11	2,699,158	31,791,873	7,153,911	1,432	289,797,180
2011-12	2,655,550	31,191,248	10,309,399	1,104	290,432,142
2012-13	2,769,117	29,674,934	7,422,376	1,094	292,297,459
2013-14	2,433,067	28,988,554	7,938,097	960	312,059,691
2014-15	2,386,201	27,486,447	7,878,533	1,048	324,065,223
2015-16	2,335,229	27,642,076	9,698,785	1,299	355,153,617

\* Capital Projects Fund and Transportation Vehicle Fund  
Source Data: Kent School District Financial Statements

**General Fund - Revenue by Source 2015-16**



**KENT SCHOOL DISTRICT NO. 415**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**  
**LAST TEN FISCAL YEARS (Unaudited)**

Table 6

<b>GENERAL FUND</b>					
<b>FISCAL YEAR</b>	<b>ADMINISTRATION</b>	<b>INSTRUCTION</b>	<b>FOOD SERVICE</b>	<b>PUPIL TRANSPOR.</b>	<b>MAINT. &amp; OPERATIONS</b>
2006-07	4,594,309	168,869,723	8,223,673	6,778,043	21,034,387
2007-08	5,957,587	183,752,845	8,814,902	7,798,748	20,062,522
2008-09	5,743,726	193,361,308	8,962,021	7,538,861	20,840,277
2009-10	5,609,996	198,228,489	9,005,845	7,974,091	20,774,571
2010-11	5,444,123	194,650,039	9,111,751	8,223,777	19,763,383
2011-12	5,445,369	191,307,131	10,106,856	7,127,618	19,996,559
2012-13	5,441,413	198,496,736	10,051,641	7,308,463	19,911,815
2013-14	6,741,793	219,932,149	9,932,557	7,430,922	21,097,360
2014-15	8,047,579	236,268,244	10,270,365	7,824,642	22,589,933
2015-16	8,192,912	265,032,975	10,401,596	8,201,473	22,861,918

<b>FISCAL YEAR</b>	<b>OTHER SERVICES</b>	<b>TOTAL GENERAL FUND</b>
2006-07	7,652,714	217,152,849
2007-08	8,771,997	235,158,599
2008-09	8,090,495	244,536,686
2009-10	7,536,938	249,129,928
2010-11	8,079,301	245,272,373
2011-12	7,663,163	241,646,695
2012-13	8,067,653	249,277,721
2013-14	10,749,101	275,883,882
2014-15	10,972,462	295,973,225
2015-16	11,055,205	325,746,079

	<b>SPECIAL REVENUE FUND</b>	<b>DEBT SERVICE FUND</b>	<b>CAPITAL PROJECTS FUNDS</b>	<b>PERMANENT FUND</b>	
<b>FISCAL YEAR</b>	<b>STUDENT ACTIVITIES</b>		<b>BUILDING &amp; TRANSPORTATION</b>		<b>TOTAL ALL FUNDS</b>
2006-07	3,190,306	27,403,868	26,789,484	-	274,536,507
2007-08	3,303,500	26,504,477	33,666,290	1,015	298,633,881
2008-09	2,969,232	28,025,090	40,825,417	590	316,357,015
2009-10	2,730,561	34,163,634	13,755,137	43,806	299,823,066
2010-11	2,723,593	29,057,026	30,110,059	18	307,163,071
2011-12	2,588,491	30,184,415	18,810,572	15	293,230,188
2012-13	2,546,230	30,038,295	18,983,701	14	300,845,961
2013-14	2,270,333	30,765,726	16,385,554	13	325,305,508
2014-15	2,388,650	26,850,317	11,582,571	15	336,794,778
2015-16	2,253,722	28,601,088	19,565,444	19	376,166,352

Source: Kent School District Financial Statements  
Other Services includes Debt Services, Motor Pool, and Public Activities

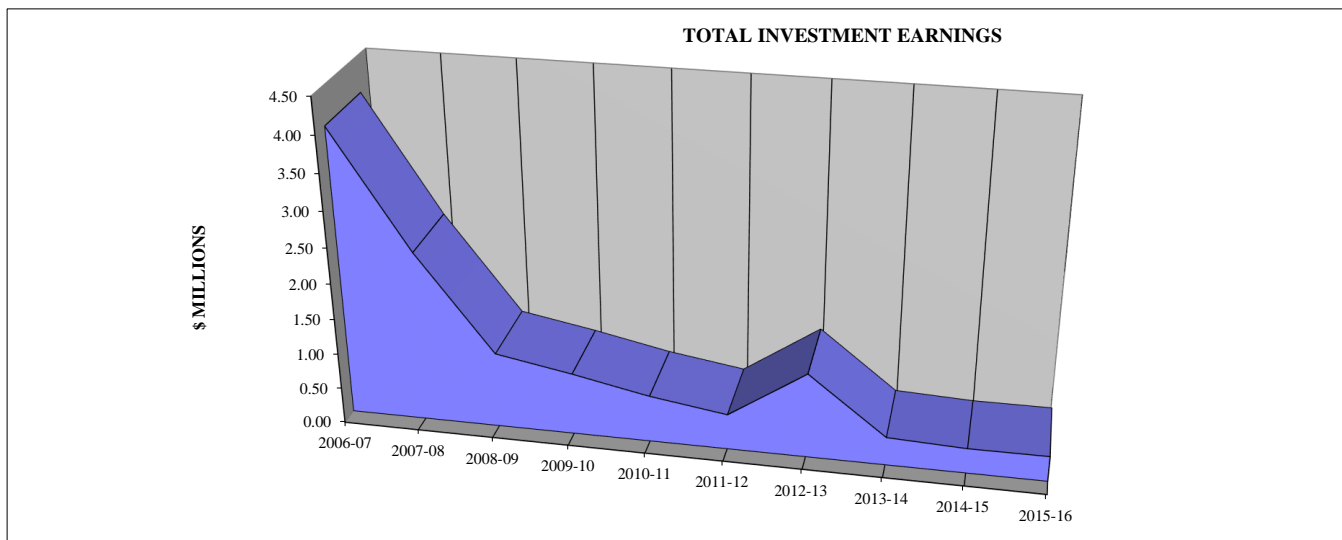


**KENT SCHOOL DISTRICT NO. 415  
INTEREST EARNINGS ON INVESTMENTS  
LAST TEN FISCAL YEARS**

Table 7

(Unaudited)

FISCAL YEAR	TOTAL	GENERAL FUND	SPECIAL REVENUE FUND (*)	DEBT SERVICE FUND	CAPITAL PROJECTS FUND		PERMANENT FUND
			ASB		CAPITAL PROJECT FUND	TRANSP. VEHICLE FUND	
2006-07	4,007,881	1,473,085	110,078	385,923	2,006,355	19,420	13,020
2007-08	2,395,964	840,671	65,779	176,349	1,278,027	25,825	9,313
2008-09	1,064,805	372,946	39,965	121,193	515,981	10,281	4,439
2009-10	877,552	329,693	20,338	104,000	409,007	12,215	2,299
2010-11	663,539	239,681	12,523	76,680	328,738	4,485	1,432
2011-12	504,557	222,686	8,861	78,347	190,955	3,450	258
2012-13	1,200,952	487,116	28,138	131,371	547,231	6,002	1,094
2013-14	400,479	198,891	9,666	67,040	120,599	3,979	304
2014-15	355,956	175,373	11,185	66,958	94,393	6,999	1,048
2015-16	360,017	135,105	13,128	78,605	102,560	30,094	525



Source Data: Kent School District Financial Statements

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# **STATISTICAL SECTION**

## **(PART B)**

### **REVENUE CAPACITY**

8. Property Tax Levies and Collections
9. Assessed Value of Taxable Property and Property Tax Rates – Overlapping Taxing Authorities
10. Assessed and Estimated Actual Property Value

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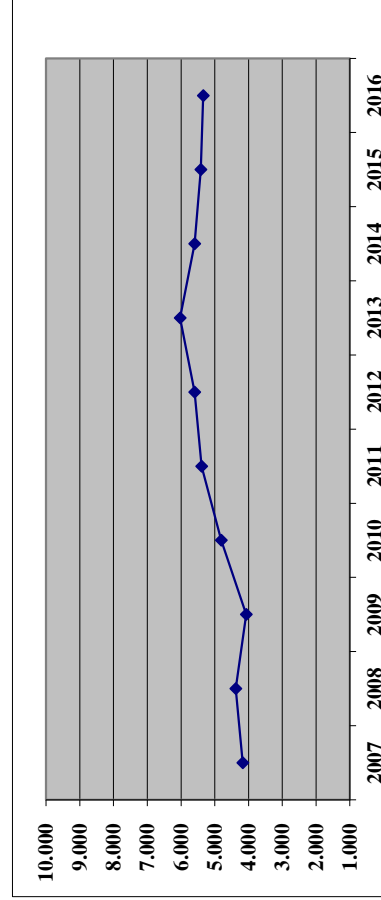
**KENT SCHOOL DISTRICT NO. 415**  
**SPECIAL PROPERTY TAX LEVIES AND COLLECTIONS**  
**GOVERNMENTAL FUND TYPES**  
**LAST TEN CALENDAR YEARS**  
(Unaudited)

Table 8

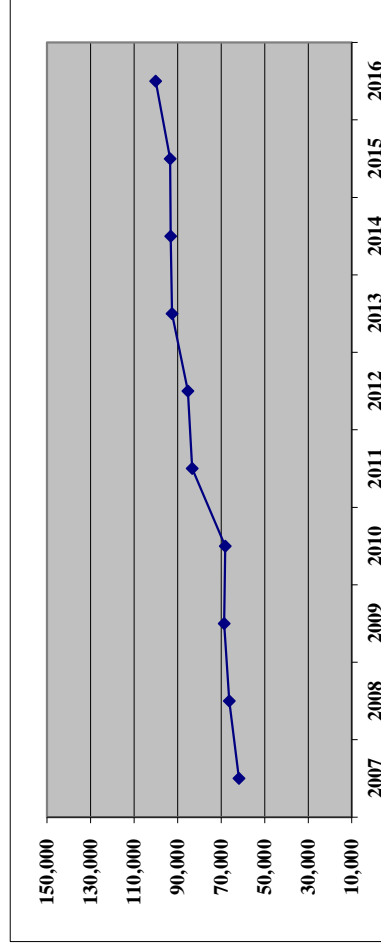
TAX (CALENDAR YEAR)	PROPERTY TAX LEVIES					COLLECTED CALENDAR YEAR OF LEVY					COLLECTED BY 8/31	
	GENERAL FUND	DEBT SERVICE FUND	BUILDING FUND	TOTAL LEVY	RATE PER \$1,000 ASSESSED VALUE	GENERAL FUND	DEBT SERVICE FUND	BUILDING FUND	TOTAL COLLECTED	PERCENTAGE OF TOTAL LEVY	AMOUNT	PERCENTAGE OF TOTAL LEVY
2007	42,514,342	21,083,282	5,010,634	68,608,258	4.176	35,426,884	23,395,364	2,990,182	61,812,430	90.09	29,099,593	42.41
2008	43,970,878	32,000,000	5,000,000	80,970,878	4.383	37,860,476	25,350,381	2,987,217	66,198,074	81.76	32,687,329	40.37
2009	47,453,327	31,499,756	5,000,029	83,953,112	4.069	39,657,774	25,904,988	2,990,472	68,553,234	81.66	32,689,463	38.94
2010	50,490,769	31,004,294	5,000,665	86,495,728	4.809	42,185,783	21,007,128	4,950,878	68,143,789	78.78	36,625,702	42.34
2011	56,438,444	32,003,087	5,000,609	93,442,140	5.387	47,032,739	31,241,313	4,960,734	83,234,786	89.08	35,822,763	38.34
2012	58,994,829	29,003,761	5,000,689	92,999,279	5.599	49,781,672	30,601,266	4,933,812	85,316,750	91.74	42,080,752	45.25
2013	59,966,417	29,008,391	5,001,224	93,976,032	6.028	58,692,521	28,934,314	4,982,072	92,608,907	98.55	45,075,301	47.96
2014	61,184,325	27,526,636	5,004,404	93,715,365	5.600	59,463,147	28,798,653	4,962,697	93,224,497	99.48	45,075,301	48.10
2015	67,091,800	26,007,505	7,001,380	100,100,685	5.414	60,969,385	27,476,875	4,989,683	93,435,943	93.34	49,685,549	49.64
2016	70,952,491	27,614,119	7,019,624	105,586,234	5.344	67,026,976	26,040,015	6,977,977	100,044,968	94.75	56,008,328	53.05

Source: King County Assessor's Office  
Kent School District Financial Statements

**Property Tax Rates**  
**Per \$1,000 Assessed Value**



**Property Tax Collections**



**KENT SCHOOL DISTRICT NO. 415**  
**ASSESSED VALUE OF TAXABLE PROPERTY AND PROPERTY TAX RATES**  
**ALL OVERLAPPING TAXING AUTHORITIES**  
**TAX ASSESSMENTS PER \$ 1000 VALUE**  
**LAST TEN CALENDAR YEARS**  
**(Unaudited)**

Table 9

CALENDAR YEAR	SCHOOL DISTRICT TAXABLE VALUES FOR EXCESS LEVIES	DISTRICT ASSESSED		
		GENERAL	DEBT SERVICE	CAPITAL PROJECTS
2007	16,596,480,785	2.588	1.283	0.305
2008	18,472,947,892	2.380	1.730	0.271
2009	20,813,029,644	2.300	1.527	0.242
2010	17,985,432,938	2.807	1.724	0.278
2011	17,559,853,978	3.254	1.845	0.288
2012	16,822,080,478	3.552	1.746	0.301
2013	15,780,533,835	3.847	1.861	0.321
2014	16,523,646,922	3.744	1.684	0.306
2015	18,680,289,494	3.628	1.406	0.378
2016	19,957,076,436	3.591	1.397	0.355

CALENDAR YEAR	STATE SCHOOL	CITY	LIBRARIES	PORT	COUNTY	TOTAL
2007	2.325	2.563	0.500	0.232	1.290	6.909
2008	2.132	2.364	0.453	0.224	1.208	6.381
2009	1.962	2.180	0.417	0.197	1.097	5.853
2010	2.223	2.362	0.485	0.216	1.285	6.571
2011	2.280	1.484	0.566	0.224	1.338	5.892
2012	2.422	1.568	0.569	0.229	1.415	6.203
2013	2.567	1.694	0.567	0.233	1.540	6.601
2014	2.470	1.645	0.562	0.215	1.516	6.408
2015	2.280	1.576	0.502	0.188	1.342	5.888
2016	2.168	1.511	0.477	0.169	1.326	5.651

Source Data: King County Assessor's Office

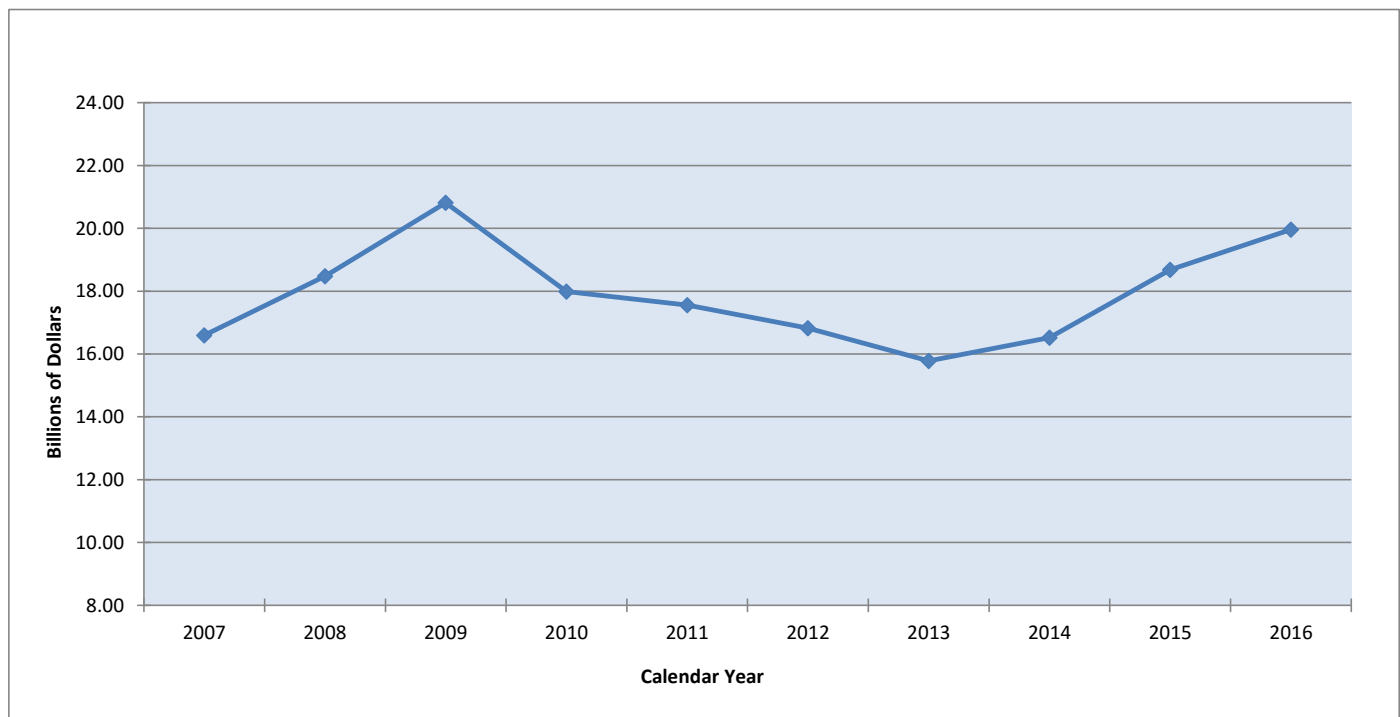
Table 10

**KENT SCHOOL DISTRICT NO. 415**  
**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN CALENDAR YEARS**  
**(Unaudited)**

<b>TAX (CALENDAR YEAR)</b>	<b>LAND</b>	<b>IMPROVEMENTS</b>	<b>PUBLIC UTILITIES</b>	<b>PERSONAL PROPERTY</b>	<b>OMITTED ASSESSMENTS</b>	<b>TOTAL ASSESSED VALUE</b>
2007	5,170,076,852	10,439,214,726	47,451,968	939,154,239	583,000	16,596,480,785
2008	5,712,895,082	11,480,593,701	357,826,848	919,411,660	2,220,601	18,472,947,892
2009	6,732,730,499	12,755,403,506	379,007,490	945,888,149	0	20,813,029,644
2010	6,653,768,136	9,868,371,049	396,928,150	1,063,509,047	2,856,556	17,985,432,938
2011	6,864,761,587	9,284,156,322	358,580,329	1,050,427,740	1,928,000	17,559,853,978
2012	6,496,634,337	8,950,833,438	407,748,894	964,685,945	2,177,864	16,822,080,478
2013	6,063,816,057	8,465,116,990	387,453,379	859,219,738	4,927,671	15,780,533,835
2014	6,261,862,013	8,972,106,750	402,528,846	872,310,012	14,839,301	16,523,646,922
2015	6,480,982,571	10,872,927,919	432,136,688	889,735,546	4,506,770	18,680,289,494
2016	6,814,446,899	11,818,622,719	435,457,558	887,859,260	690,000	19,957,076,436

Source: King County Assessor's Office

Total Assessed Value



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# **STATISTICAL SECTION**

## **(PART C)**

### **DEBT CAPACITY**

11. Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures
12. Ratio of Outstanding Debt By Type
13. Ratio of Net Bonded Debt to Assessed Value and Net Bonded Debt per Capita
14. Statement of Direct and Overlapping Debt
15. Computation of Legal Debt Margin
16. Legal Debt Margin Information – Last Ten Fiscal Years

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**KENT SCHOOL DISTRICT NO. 415**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR**  
**GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES**  
**LAST TEN FISCAL YEARS**

Table 11

(Unaudited)

<b>FISCAL YEAR</b>	<b>PRINCIPAL(1)</b>	<b>INTEREST(2)</b>	<b>TOTAL DEBT SERVICE</b>	<b>TOTAL GENERAL FUND EXPENDITURES(3)</b>	<b>RATIO OF DEBT SERVICE TO TOTAL GENERAL FUND EXPENDITURES</b>
2006/07	15,973,765	11,425,873	27,399,638	217,152,847	12.62
2007/08	15,100,119	11,404,358	26,504,477	235,158,599	11.27
2008/09	16,359,464	11,665,626	28,025,090	244,536,686	11.46
2009/10	22,874,361	11,289,273	34,163,634	249,129,929	13.71
2010/11	18,191,005	10,866,021	29,057,026	245,272,373	11.85
2011/12	19,952,073	10,232,342	30,184,415	241,646,696	12.49
2012/13	21,446,891	8,836,955	30,283,846	249,277,721	12.15
2013/14	22,527,910	8,236,917	30,764,827	275,883,882	11.15
2014/15	19,597,796	7,252,521	26,850,317	295,973,225	9.07
2015/16	21,949,118	6,396,440	28,345,558	325,746,079	8.70

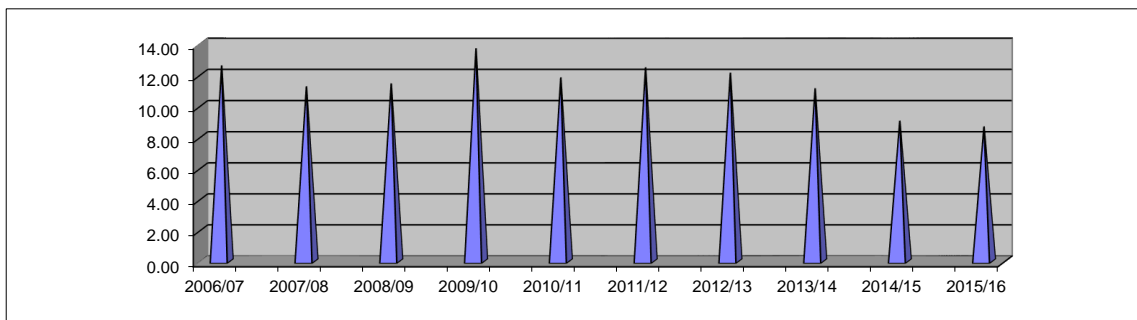
(1) General obligation bond principal payments reported in the debt service funds.

(2) Excludes bond issuance and other costs.

(3) Includes general fund only.

Source: Kent School District Financial Statements

**RATIO OF DEBT SERVICE TO TOTAL GENERAL FUND EXPENDITURES**



**KENT SCHOOL DISTRICT NO. 415**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
(amounts expressed in thousands, except per capita amount)

Table 12

<b>FISCAL YEAR</b>	<b>VOTED &amp; NON-VOTED DEBT</b>	<b>CAPTIAL LEASES</b>	<b>TOTAL PRIMARY GOVERNMENT</b>	<b>% OF PERSONAL INCOME</b>	<b>PER CAPITA</b>
2006/07	239,538	1,439	240,977	0.038	1,555
2007/08	241,772	1,124	242,896	0.033	1,557
2008/09	250,928	2,867	253,795	0.031	1,617
2009/10	228,743	2,178	230,921	0.025	1,471
2010/11	227,154	1,462	228,616	0.025	1,456
2011/12	208,178	882	209,060	0.022	1,323
2012/13	200,429	451	200,880	0.022	1,271
2013/14	178,351	0	178,351	0.020	1,129
2014/15	163,754	0	163,754	0.017	1,036
2015/16	138,689	76,295	214,984	0.022	1,361

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
See Schedule of Demographic and Economic Statistics for personal income and population data.

**KENT SCHOOL DISTRICT NO. 415  
RATIO OF NET BONDED DEBT TO  
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

Table 13

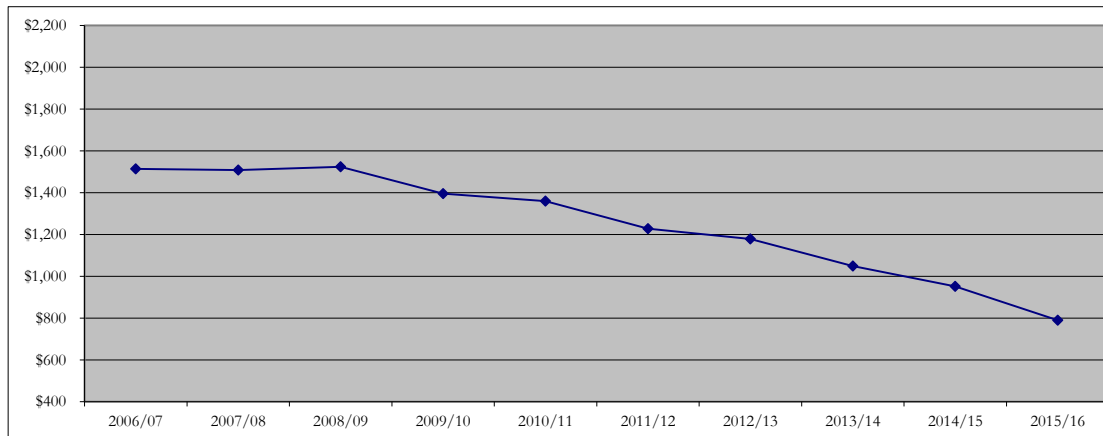
(Unaudited)							
FISCAL YEAR	POPULATION (1)	ASSESSED VALUE (2)	GROSS BONDED DEBT	LESS DEBT SERVICE FUNDS AVAILABLE	NET BONDED DEBT	RATIO OF NET BONDED DEBT TO ASSESSED VALUE	NET BONDED DEBT PER CAPITA
2006/07	154,717	16,423,890,000	239,537,294	5,383,600	234,153,694	1.43 :100	1513
2007/08	156,287	18,472,947,892	241,772,161	6,038,051	235,734,110	1.28 :100	1508
2008/09	157,877	20,813,029,644	250,928,078	10,364,120	240,563,958	1.16 :100	1524
2009/10	157,877	17,985,432,938	228,742,135	8,423,469	220,318,666	1.22 :100	1396
2010/11	157,992	17,559,853,978	227,153,824	12,383,175	214,770,649	1.22 :100	1359
2011/12	158,025	16,822,080,478	208,177,814	14,250,975	193,926,839	1.15 :100	1227
2012/13	158,051	15,780,533,835	200,428,760	14,212,728	186,216,032	1.18 :100	1178
2013/14	158,098	16,523,646,922	178,351,300	12,450,992	165,900,308	1.00 :100	1049
2014/15	158,219	18,680,289,494	163,753,504	13,094,188	150,659,316	0.81 :100	952
2015/16	160,000 *P	19,957,076,436	138,689,387	12,350,537	126,338,850	0.63 :100	790

Sources:

- (1) Population updated to match revised 2004 Census Tracts, KC Pub.Health, - \*(P) will be updated when actuals are obtained  
(2) King County Assessor's Office

\* Projection

**Net Bonded Debt Per Capita**



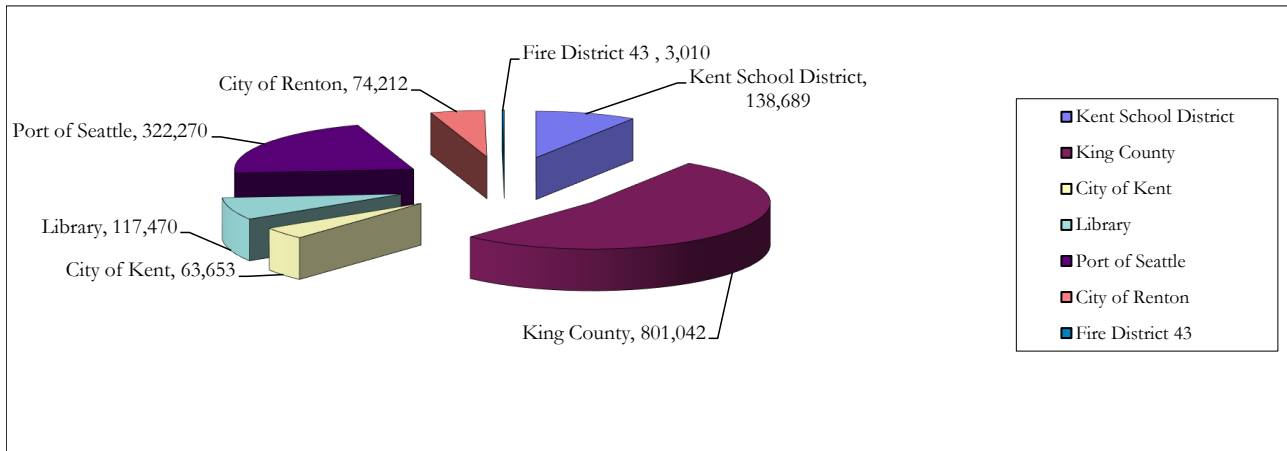
**KENT SCHOOL DISTRICT NO. 415**  
**STATEMENT OF DIRECT AND OVERLAPPING DEBT**  
**August 31, 2016**  
**(Unaudited)**

Table 14

		AREA DEBT OUTSTANDING	PERCENT OVERLAPPING	DEBT WITHIN DISTRICT BOUNDARY
Kent School District		\$ 138,689,386	100.00	\$ 138,689,386
King County		801,041,512	4.68	37,488,743
City of Kent		63,652,803	87.36	55,607,089
Library		117,470,000	8.05	9,456,335
Port of Seattle		322,270,000	4.68	15,082,236
City of Renton		74,211,528	1.07	794,063
Fire District 43	Maple Valley	3,010,000	4.71	141,771
TOTALS:		<u><u>\$ 1,520,345,229</u></u>		<u><u>\$ 257,259,623</u></u>

Sources:

King County Assessor's Office - Overlapping Percent  
King County/Accounting Office - Debt Outstanding



**KENT SCHOOL DISTRICT NO. 415**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**AUGUST 31, 2016**

	With a Vote 5%	With a Vote 2-1/2%	Without a Vote 3/8%
Total Assessed Value	\$ 19,957,076,436	\$ 19,957,076,436	\$ 19,957,076,436
Multiplied: by Debt Limit Percentage	x 0.050	x 0.0250	x 0.00375
Debt Limit (1)	997,853,822	498,926,911	74,839,037
Less:			
Debt Outstanding	133,265,000	133,265,000	
Non-voted Debt	-	-	5,424,387
Capital Leases	-	-	762,948
Vacation and Sick Leave Payable	-	-	5,995,818
Add:			
Amount Available in Debt Service Fund	12,350,537	12,350,537	-
Cash and Investments in General Fund	-	-	15,315,351
Remaining Debt Capacity	<u>\$ 876,939,359</u>	<u>\$ 378,012,448</u>	<u>\$ 77,971,234</u>

Notes: (1) RCW 39.36.015 and 39.36.020 provide that debt cannot be incurred in excess of the following percentages of the value of the taxable property of the district: 5% with a vote of the people, provided the indebtedness in excess of 2-1/2% is for capital outlay (3/5 assent of those who vote), 2-1/2% with a vote of the people (3/5 assent of those who vote), 3/8% without a vote of the people.

Source: King County Assessor's Office

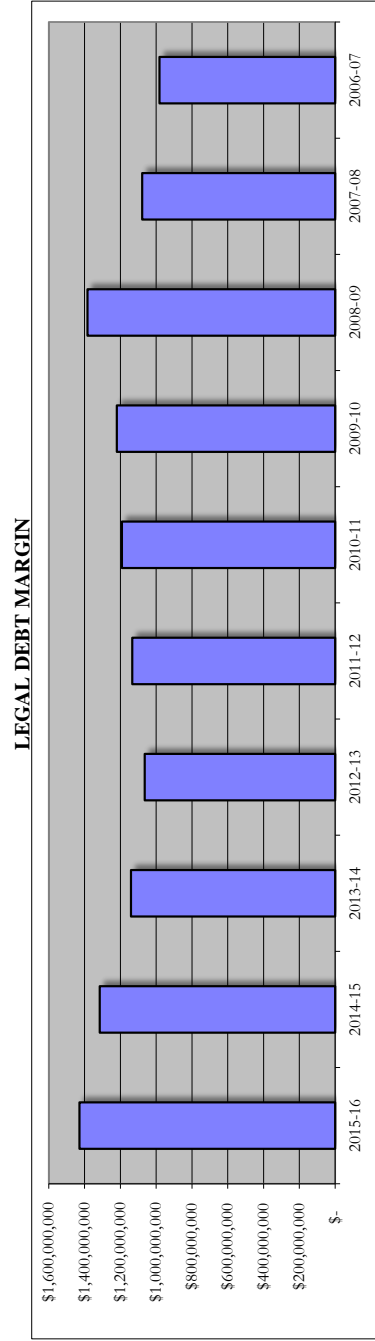
**KENT SCHOOL DISTRICT NO. 415**  
**LEGAL DEBT MARGIN INFORMATION**  
 Last Ten Fiscal Years

	FISCAL YEAR									
	2015/16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Debt Limit:</b>										
Non-Voted Debt	\$ 74,839,037	\$ 70,051,086	\$ 61,963,676	\$ 59,177,002	\$ 63,082,802	\$ 65,849,452	\$ 67,445,374	\$ 78,048,861	\$ 61,589,588	\$ 56,782,596
Voted Debt (5%)	997,853,822	934,014,475	826,182,346	789,026,692	841,104,024	877,992,699	899,271,647	1,040,651,482	821,194,500	757,101,278
Voted Debt (2-1/2%)	498,926,911	467,007,237	413,091,173	394,513,346	420,552,012	438,996,349	449,635,823	461,823,697	410,597,250	378,550,639
<b>Total Debt Limit</b>	<b>1,571,619,769</b>	<b>1,471,072,798</b>	<b>1,301,237,195</b>	<b>1,242,717,040</b>	<b>1,324,738,839</b>	<b>1,382,838,501</b>	<b>1,416,352,844</b>	<b>1,580,524,040</b>	<b>1,293,381,338</b>	<b>1,192,434,513</b>
<b>Total Net Debt Applicable to Limit</b>	142,483,339	156,181,881	159,969,981	178,897,529	190,583,224	191,205,339	197,120,741	197,120,741	215,128,375	211,486,547
<b>Legal Debt Margin</b>	<b>\$ 1,429,136,430</b>	<b>\$ 1,314,890,917</b>	<b>\$ 1,141,267,214</b>	<b>\$ 1,063,819,511</b>	<b>\$ 1,134,155,615</b>	<b>\$ 1,191,633,162</b>	<b>\$ 1,219,232,103</b>	<b>\$ 1,383,403,299</b>	<b>\$ 1,078,252,963</b>	<b>\$ 980,947,966</b>

Total Net Debt Applicable to the Limit  
 as a Percentage of Debt Limit

9.07%	10.62%	12.29%	14.40%	14.39%	13.83%	13.92%	12.47%	16.63%	17.74%
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Sources: King County Assessor and Kent School District Financial Statements.





# **STATISTICAL SECTION**

## **(PART D)**

### **DEMOGRAPHIC AND ECONOMIC INFORMATION**

17. Demographic and Economic Statistics – Last Ten Calendar Years
18. Principal Taxpayers – Current Year and Nine Years Ago
19. Principal Employers – Current Year and Nine Years Ago
20. Miscellaneous Statistics

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**KENT SCHOOL DISTRICT NO. 415  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

Table 17

<b>YEAR</b>	<b>KSD POPULATION (1)</b>	<b>MEDIAN HOUSEHOLD INCOME (2)</b>	<b>PER CAPITA PERSONAL INCOME (2)</b>	<b>FULL TIME EQUIVALENT (FTE) ENROLLMENT (3)</b>	<b>UNEMPLOYMENT % (4)</b>
2006/07	154,717	66,055	48,216	25,864	4.06
2007/08	156,287	66,541	52,650	25,745	3.85
2008/09	157,800	67,027	57,710	25,828	6.96
2009/10	157,877	65,877	58,141	25,778	8.30
2010/11	157,992	65,383	56,904	25,621	8.51
2011/12	158,025	66,294	57,837	25,590	7.37
2012/13	158,051	68,313	59,598	25,481	5.56
2013/14	158,098	71,122	62,770	25,745	4.90
2014/15	158,219	75,045	68,877	25,888	4.14
2015/16	160,000 *P	78,657 *P	72,530	25,980	4.55

Sources:

- (1) \*(P) Population estimates updated by KC Public Health
- (1) Population updated to match revised 2010 Census Tracts, KC Public Health
- (2) BEA Bearfacts and US Census Bureau
- (3) Kent School District, October 1st, Full-Time Equivalent (FTE) Students- Excludes  
Preschool Special Ed and college only Running Start students.
- (4) Employment Security Department

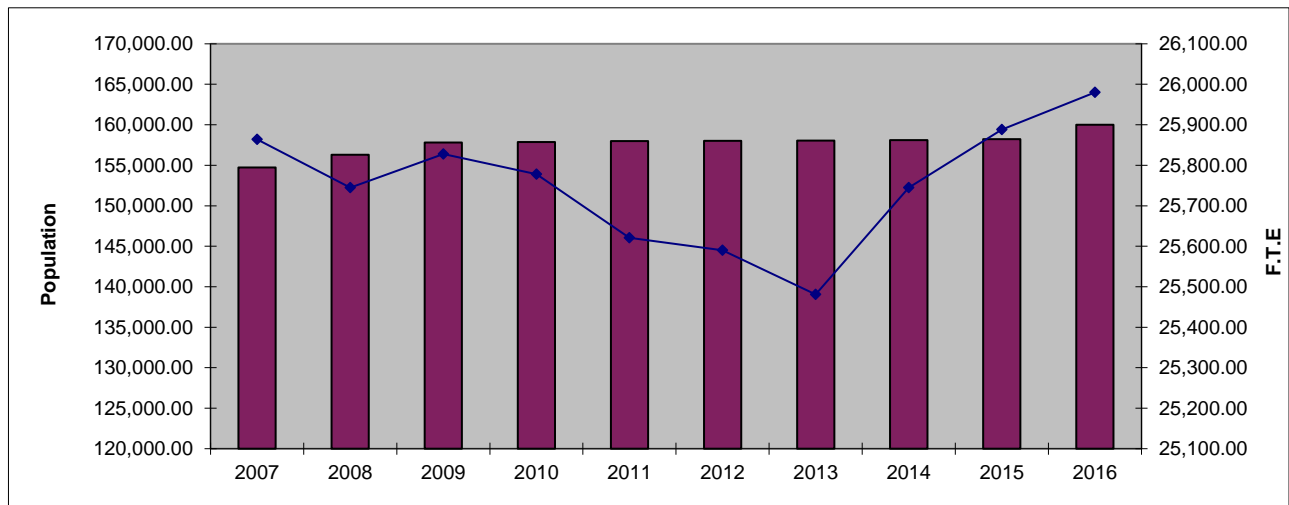


Table 18

**KENT SCHOOL DISTRICT NO. 415**  
**PRINCIPAL TAXPAYERS**  
**Current Year and Nine Years Ago**

EMPLOYER	2016			2007		
	ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL OF DISTRICT ASSESSED VALUE	ASSESSED VALUATION	RANK	PERCENTAGE OF TOTAL OF DISTRICT ASSESSED VALUE
Puget Sound Energy	\$ 254,402,467	1	% 1.27	\$ 156,540,794	2	% 0.94
Prologis USLV(formerly KTR Kent Valley LLC)	242,424,900	2	1.21			
Boeing	205,570,268	3	1.03	294,258,280	1	1.79
Seagale Properties	138,572,200	4	0.69			
AMB Property LP	102,550,400	5	0.51	110,258,700	3	0.66
Eproperty Tax Inc.	86,351,900	6	0.43			
Signature Point Apt.	75,953,200	7	0.38			
TIAA CREF	67,813,600	8	0.34			
KV Industrial 2 LLC	65,630,700	9	0.33			
Petrovistsky Road Fee Owner	57,910,000	10	0.29			
CSVD Ltd (formerly McElroy George)				101,892,300	4	0.61
Red Mortgage Capital				76,659,900	5	0.46
Qwest Corporation Inc.				47,037,066	6	0.28
Blue Properties LLC(Robbins-Hattrup)				29,952,300	7	0.18
Property Reserve				22,183,600	8	0.13
Sysco				19,854,227	9	0.12
Olympic Steamship Company				19,790,500	10	0.12
<b>Total</b>	<b>\$ 1,297,179,635</b>		<b>% 6.50</b>	<b>\$ 878,427,667</b>		<b>% 5.29</b>

Source: King County Assessor

**KENT SCHOOL DISTRICT NO. 415**  
**PRINCIPAL EMPLOYERS**  
**Current and Nine Years Ago**

EMPLOYER	2016			2007		
	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Amazon Fulfillment Center (1)	3,500	1	4.49%			
Kent Public Schools (2)	2,949	2	3.78%	3,300	2	6.77
Boeing Company	2,480	3	3.18%	4,217	1	8.65
REI Inc.	1,017	4	1.30%	684	4	1.40
City of Kent	667	5	0.86%	804	3	1.65
Carlisle Interconnect Industries	650	6	0.83%			
King County Regional Justice Center	630	7	0.81%	630	6	1.29
Coho Dist LLC dba Columbia Dist.	620	8	0.79%			
Exotic Metals Forming Co.	618	9	0.79%			
Sysco	510	10	0.65%	593	7	1.22
Oberto Sausage				437	10	0.90
Mikron Industries				675	5	1.38
Alaska Distributors Co.				510	8	1.05
Alaska Airlines				494	9	1.01
<b>Total</b>	<b>13,641</b>		<b>% 17.49%</b>	<b>12,344</b>		<b>% 22.23</b>

Sources:

2017 Official Bond Statement(1)

District 2016 (2)

City of Kent as December 2015 CAFR

**KENT SCHOOL DISTRICT NO. 415**  
**MISCELLANEOUS STATISTICS**  
**(Unaudited)**

Date Established	1872
Area	71 square miles*
Population	160,000 *P
Number of Schools:	
Elementary	28
Middle Schools	6
High Schools	4
High School Academy 9-12	2
Academy 3-12	1
Full time Equivalent Employees:	
Certified	1890
Classified	1020
Basic Ed Teacher/Student Staffing Ratios:	
K-3	1:22
4	1:23
5-6	1:27
7-8	1:24.5
9	1:23.5
10-12	1:25.5
FTE-Oct 1st	25,980
Headcount-Oct 1st	26,512

Source: P223 State Enrollment Reports #1251 and KSD Finance Department

FTE and Headcount

Excludes Preschool, Special Ed and college only Running Start students.

\*(P) Population estimates

# **STATISTICAL SECTION**

## **(PART E)**

### **OPERATING INFORMATION**

- 21. Full Time Equivalent District Employees by Program
- 22. Operating Statistics – Last Ten Fiscal Years
- 23. Contributing Staff

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**KENT SCHOOL DISTRICT NO. 415**  
**FULL TIME EQUIVALENT DISTRICT EMPLOYEES BY PROGRAM**  
**Last Ten Fiscal Years**

Program Description	FISCAL YEAR									
	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
Regular Education										
Certificated	1527	1452	1327	1288	1264	1295	1374	1313	1291	1312
Classified	277	292	269	259	234	243	228	259	281	269
Special Education										
Certificated	217	203	206	205	219	227	216	197	187	144
Classified	177	181	172	180	180	179	164	156	182	164
Vocational Education										
Certificated	65	62	55	54	53	58	56	54	54	52
Classified	6	6	7	7	6	7	8	9	9	11
Compensatory Education										
Certificated	76	73	77	76	58	74	38	137	134	138
Classified	111	92	84	80	67	67	78	66	66	64
Other Instructional Programs										
Certificated	2	1	1	1	1	8	9	6	6	1
Classified	1	1	1	1	0	1	1	1	1	1
Support Services										
Certificated	3	4	3	3	2	3	3	1	4	4
Classified	448	441	421	413	414	435	430	423	433	421
<b>TOTAL</b>	<b>2910</b>	<b>2808</b>	<b>2623</b>	<b>2567</b>	<b>2498</b>	<b>2597</b>	<b>2,605</b>	<b>2,622</b>	<b>2,648</b>	<b>2,581</b>

Sources: Kent School District's Information  
Report 1801-OSPI

**KENT SCHOOL DISTRICT NO. 415**  
**OPERATING STATISTICS**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Expenses</b>	<b>FTE Enrollment (1)</b>	<b>Cost per Pupil</b>	<b>Percentage Change</b>	<b>Teaching Staff</b>	<b>Pupil/Teacher Ratio</b>	<b>Student Attendance Percentage</b>
2006-07	252,136,939	25,641	9,833	14.17	1,544	16.6	0.9370
2007-08	267,625,628	25,574	10,465	6.42	1,559	16.4	0.9260
2008-09	268,363,590	25,668	10,455	(0.09)	1,591	16.1	0.9315
2009-10	289,403,448	25,642	11,286	7.95	1,595	16.1	0.9316
2010-11	285,976,703	25,549	11,193	(0.82)	1,567	16.3	0.9307
2011-12	271,717,885	25,405	10,695	(4.45)	1,506	16.9	0.9323
2012-13	286,929,640	25,290	11,346	6.08	1,534	16.5	0.9316
2013-14	318,385,859	25,604	12,435	9.60	1,563	16.4	0.9293
2014-15	379,372,865	25,750	14,733	18.48	1,795	14.3	0.9341
2015-16	383,973,728	25,980	14,780	0.32	1,890	13.7	0.9354

Sources: Non-financial information

(1) Annual Average Enrollment

**KENT SCHOOL DISTRICT NO. 415  
CONTRIBUTING STAFF**

The following individuals contributed to the successful completion of the Kent School District's  
Comprehensive Annual Financial Report:

**FINANCE and ACCOUNTING DEPARTMENT**

**Ralph Fortunato**, Director of Fiscal Services

**Gayla O'Donnell**, Executive Assistant

**Lisa Tylor**, Supervisor of Budgeting and Fiscal Planning

**Julie Lahde**, Accounting Supervisor

**Bonnie Connor**, Inventory Administrator