

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

West Valley School District No. 363
Spokane County

Audit Period
September 1, 2010 through August 31, 2011

Report No. 1007635

Issue Date
May 14, 2012



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

May 14, 2012

Board of Directors
West Valley School District No. 363
Spokane, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on West Valley School District No. 363's financial statements and compliance with federal laws and regulations.

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

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Table of Contents

**West Valley School District No. 363
Spokane County
September 1, 2010 through August 31, 2011**

Federal Summary	1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with <i>Government Auditing Standards</i>	3
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	5
Independent Auditor's Report on Financial Statements.....	7
Financial Section.....	9

Federal Summary

West Valley School District No. 363 Spokane County September 1, 2010 through August 31, 2011

The results of our audit of West Valley School District No. 363 are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

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

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

FEDERAL AWARDS

Internal Control Over Major Programs:

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

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

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
84.010	Title I Cluster, Part A
84.027	Special Education Cluster - Grants to States (IDEA, Part B)
84.173	Special Education Cluster - Preschool Grants (IDEA Preschool)
84.389	ARRA - Title I Cluster, Part A (Recovery Act)
84.391	ARRA - Special Education Cluster, IDEA Part B (Recovery Act)
84.392	ARRA - Special Education Cluster, Preschool Grants (Recovery Act)
84.410	Education Jobs Fund

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

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

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

**West Valley School District No. 363
Spokane County
September 1, 2010 through August 31, 2011**

Board of Directors
West Valley School District No. 363
Spokane, Washington

We have audited the financial statements of West Valley School District No. 363, Spokane County, Washington, as of and for the year ended August 31, 2011, and have issued our report thereon dated April 20, 2012.

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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

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

COMPLIANCE AND OTHER MATTERS

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

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

This report is intended for the information and use of management, the Board of Directors, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized, flowing script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 20, 2012

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

**West Valley School District No. 363
Spokane County
September 1, 2010 through August 31, 2011**

Board of Directors
West Valley School District No. 363
Spokane, Washington

COMPLIANCE

We have audited the compliance of West Valley School District No. 363, Spokane County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011. The District's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011.

INTERNAL CONTROL OVER COMPLIANCE

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

This report is intended for the information of management, the Board of Directors, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", is positioned above the printed name and title.

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 20, 2012

Independent Auditor's Report on Financial Statements

**West Valley School District No. 363
Spokane County
September 1, 2010 through August 31, 2011**

Board of Directors
West Valley School District No. 363
Spokane, Washington

We have audited the accompanying financial statements of West Valley School District No. 363, Spokane County, Washington, as of and for the year ended August 31, 2011, as listed on page 9. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Valley School District No. 363, as of August 31, 2011, and the changes in financial position thereof for the year then ended on the basis of accounting described in Note 1.

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

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Long-Term Debt is also presented for purposes of additional analysis as required by the prescribed accounting manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended for the information and use of the governing body and management of the District. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized, flowing script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 20, 2012

Financial Section

**West Valley School District No. 363
Spokane County
September 1, 2010 through August 31, 2011**

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds – 2011
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2011
Statement of Fiduciary Net Assets – Fiduciary Funds – 2011
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds – 2011
Notes to Financial Statements – 2011

SUPPLEMENTARY INFORMATION

Schedule of Long-Term Debt – 2011
Schedule of Expenditures of Federal Awards – 2011
Notes to the Schedule of Expenditures of Federal Awards – 2011

**West Valley School District 363
BALANCE SHEET
GOVERNMENTAL FUNDS
August 31, 2011**

	General Fund	Transportation Vehicle Fund	Capital Projects Fund	Debt Service Fund	Associated Student Body Fund	Total
Assets						
Imprest Cash	\$14,095				\$13,360	\$27,455
Cash on Hand	72,015		\$971		566	73,552
Cash on Deposit w/ County Treasurer	2,686,346		145,294		6,231	2,837,871
Warrants Outstanding	(2,685,346)		(145,294)		(6,231)	(2,836,871)
Cash w/ Fiscal Agent						
Taxes Receivable	3,505,379		248,020	\$1,858,546		5,611,945
Accounts Receivable	477,319					477,319
Due From Other Funds						
Prepaid Items	1,149		188,712			189,861
Inventories	25,885					25,885
Investments	2,010,446	\$94,103	647,861	1,273,948	132,134	4,158,492
Total Assets	\$6,107,288	\$94,103	\$1,085,564	\$3,132,494	\$146,060	\$10,565,509
Liabilities						
Accounts Payable	\$76,470		\$47,879		\$12,405	\$136,754
Est Employee Ins Ben Pay	156,907					156,907
Due to Other Funds						
Bonds Payable Long-Term						
Defer Revenue						
Defer Rev - Taxes Rec	3,505,379		248,020	\$1,858,546		5,611,945
Total Liabilities	\$3,738,756	\$0	\$295,899	\$1,858,546	\$12,405	\$5,905,607
Fund Balance						
Nonspendable Fund Balance	\$100,000					\$100,000
Restricted Fund Balance			\$261,814			261,814
Assigned Fund Balance		\$94,103	527,852	\$1,273,948	\$133,655	2,029,557
Unassigned Fund Balance	2,268,532					2,268,532
Total Fund Balance	\$2,368,532	\$94,103	\$789,665	\$1,273,948	\$133,655	\$4,659,903
Total Liabilities and Fund Balance	\$6,107,288	\$94,103	\$1,085,564	\$3,132,494	\$146,060	\$10,565,509

The accompanying notes are an integral part of this statement

West Valley School District 363
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Fiscal Year Ended August 31, 2011

	General Fund	Transportation Vehicle Fund	Capital Projects Fund	Debt Service Fund	Associated Student Body Fund	Total
Revenues						
Local	\$7,586,060	\$3,647	\$530,425	\$3,705,275	\$462,176	\$12,287,583
State	23,487,597	196,863	39	295		23,684,794
Federal	2,586,654					2,586,654
Federal Stimulus	1,315,442					1,315,442
Other	560,747					560,747
Total Revenues	\$35,536,499	\$200,510	\$530,465	\$3,705,570	\$462,176	\$40,435,220
Expenditures						
Current:						
Regular Instruction	\$18,407,158					\$18,407,158
Federal Stimulus	1,583,070					1,583,070
Special Education	3,894,804					3,894,804
Vocational Education	1,386,506					1,386,506
Compensatory Programs	1,781,433					1,781,433
Other Instructional Programs	302,187					302,187
Community Services						
Support Services	7,825,684					7,825,684
Student Activities/Other					\$436,199	436,199
Capital Outlay:						
Sites						
Building						
Equipment			\$445,597			445,597
Energy						
Transportation Equipment		\$217,648				217,648
Other	78,356					78,356
Debt Service:						
Principal		178,534		\$2,248,077		2,426,611
Interest and Other		83,467		1,533,777		1,617,244
Total Expenditures	\$35,259,201	\$479,649	\$445,597	\$3,781,854	\$436,199	\$40,402,500
Revenues Over (Under) Expenditures:	\$277,299	(\$279,138)	\$84,868	(\$76,284)	\$25,976	\$32,721
Other Financing Sources (Uses)						
Bond Sales						
Long-Term Financing						
Transfers In				\$228,077		\$228,077
Transfers Out	(\$228,077)					(228,077)
Other Financing Uses						
Other						
Total Other Financing Sources (Uses)	(\$228,077)	\$0	\$0	\$228,077	\$0	\$0
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$49,222	(\$279,138)	\$84,868	\$151,793	\$25,976	\$32,721
Fund Balance September 1	\$2,319,310	\$373,241	\$704,798	\$1,122,155	\$107,679	\$4,627,182
Correction of Prior Years Errors and Other Restatements						
Fund Balance August 31	\$2,368,532	\$94,103	\$789,665	\$1,273,948	\$133,655	\$4,659,903

The accompanying notes are an integral part of this statement

West Valley School District 363
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
August 31, 2011

	Private Purpose Trust
Assets	
Imprest Cash	
Cash on Hand	
Cash on Deposit w/ County Treasurer	\$45
Warrants Outstanding	(45)
Cash w/ Fiscal Agent	
Taxes Receivable	
Accounts Receivable	
Due From Other Funds	
Intergovernmental Receivable	
Prepaid Items	
Inventories	
Investments	63,322
Total Assets and Other Debits	<u><u>\$63,322</u></u>
Liabilities	
Accounts Payable	\$37
Sick Leave Payable	
Est Employee Ins Ben Pay	
Due to Other Funds	
Matured Bonds Payable	
Bonds Payable Long-Term	
Defer Revenue	
Defer Rev - Taxes Rec	
Total Liabilities	<u><u>\$37</u></u>
Net Assets	
Nonspendable -- Trust Principal	\$55,738
Assigned to Fund Purposes	7,546
Total Net Assets	<u><u>\$63,284</u></u>

The accompanying notes are an integral part of this statement

West Valley School District 363
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Fiscal Year Ended August 31, 2011

	Private Purpose Trust
ADDITIONS	
Contributions	
Private Donations	
Employer	
Members	
Other	<u>\$1,754</u>
Total Contributions	<u>\$1,754</u>
Investment Income	
Net Appreciation (Depreciation) in Fair Value	
Interest	\$764
Less Investment Expenses	
Net Investment Income	<u>\$764</u>
Less Investment Expense	
Total Additions	<u>\$2,518</u>
DEDUCTIONS	
Benefits	
Refund of Contributions	
Administrative Expenses	
Scholarships	\$3,004
Other	
Total Deductions	<u>\$3,004</u>
Net Increase (Decrease)	(\$486)
Net Assets - Beginning of Year	63,771
Correction of Prior Year(s) Errors	
Net Assets - End of Year	<u><u>\$63,284</u></u>

The accompanying notes are an integral part of this statement

West Valley School District 363
NOTES TO FINANCIAL STATEMENTS
September 1, 2010 through August 31, 2011

Note 1 - Summary of significant accounting policies (SSAP)

- a. A description of the government-wide financial statements, noting that neither fiduciary funds nor component units that are fiduciary in nature are included.**

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

The West Valley School District presents governmental fund financial statements and related notes on the modified accrual basis of accounting as prescribed by generally accepted accounting principles (GAAP) and required by its regulatory agencies, the Office of Superintendent of Public Instruction and the State Auditor's Office. The district's accounting policies, as reflected in the accompanying financial statements, conform to the *Accounting Manual for Public School Districts in the State of Washington*, issued jointly by the State Auditor's Office and the Superintendent of Public Instruction by the authority of RCW 43.09.200, RCW 28A.505.140, RCW 28A.505.010(1), AND RCW 28A.505.020. This manual allows for a practice that differs from generally accepted accounting principles in the following manner:

- (1) Districtwide statements are not presented.
- (2) The financial statements do not report capital assets.
- (3) Debt is not reported on the face of the financial statements. It is reported on the notes to the financial statements and on the Schedule of Long-Term Debt. The Schedule of Long-Term Debt is required supplemental information.
- (4) The original budget is not presented. This information is available through the Office of Superintendent of Public Instruction.
- (5) The Management Discussion and Analysis is not required.
- (6) The financial statements do not report a liability for Other Post-Employment Benefits (GASB Statement 45).
- (7) Other departures from GAAP are indicated throughout the Notes.

- b. **A description of the activities accounted for in each of the following columns – major funds, internal service funds, and fiduciary fund types – presented in the basic financial statements.**

The West Valley School District presents financial information on the basis of funds, each of which is considered a separate accounting entity. The regulatory agencies require all funds be presented as major funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (or expenses) as appropriate. The various funds in the report are grouped into governmental (and fiduciary) funds as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is used to account for all expendable financial resources, except for those required to be accounted for in another fund. In keeping with the principle of having as few funds as are necessary, activities such as food services, maintenance, data processing, printing, and student transportation are included in the General Fund.

Capital Projects Funds

These funds account for financial resources that are to be used for the construction or acquisition of major capital assets. There are two funds that are considered to be of the capital projects fund type: the Capital Projects Fund and the Transportation Vehicle Fund.

Capital Projects Fund. This fund is used to account for resources set aside for the acquisition and construction of major capital assets such as land and buildings.

Transportation Vehicle Fund. This fund is used to account for the purchase, major repair, rebuilding, and debt service expenditures relate to pupil transportation equipment.

Debt Service Fund

This fund is used to account for the accumulation of resources for and the payment of matured general long-term debt principal and interest. In addition, this fund may be used to pay for expenditures relating to the transfer of bonds, which is a departure from GAAP.

Special Revenue Fund

A special revenue fund is used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. In Washington State, the only allowable special revenue fund for school districts is the Associated Student Body (ASB) fund. This fund is accounted for in the district's financial statements as the financial resources legally belong to the district. As a special revenue fund, amounts within the ASB Fund may only be used for those purposes that relate to the operation of the Associated Student body of the district.

FIDUCIARY FUNDS

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

Private-Purpose Trust Fund

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

c. The measurement focus and basis of accounting used in the government-wide statements.

The district's accounting policies conform to the *Accounting Manual for Public School Districts in the State of Washington*, issued jointly by the State Auditor and the Superintendent of Public Instruction. The district's financial statements are presented in conformity with that publication.

The measurement focus for the district's funds is the modified accrual basis and the current financial resources focus. This basis of accounting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. This means that only current assets and current liabilities are included on their balance sheets.

Revenues are recognized as soon as they are measurable and available. "Measurable" means the amount of the transaction can be readily determined. Revenues are considered "available" if they are collected within 60 days after year-end to pay liabilities of the current period. Property taxes receivable are measurable but not available and are, therefore, not accrued. Categorical program claims and inter-district billings are measurable and available and are, therefore, accrued.

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

d. Budgetary Data

General Budgetary Policies

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

Budgetary Basis of Accounting

For budget and accounting purposes, revenues and expenditures are accounted for on the modified accrual basis as prescribed in law for all governmental funds. Fund balance is budgeted as available resources and, under statute, may not be negative, unless the district enters into binding conditions with state oversight pursuant to RCW 28A.505.110.

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

The West Valley School 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 the purpose are considered first before any unrestricted or unassigned amounts are expended.

- f. **The government's fund balance classifications policies and procedures.**

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

Nonspendable Fund Balance. The amounts reported as Nonspendable are resources of the district that are not in spendable format. They are either non-liquid resources such as inventory or prepaid items, or the resources are legally or contractually required to be maintained intact.

Restricted Fund Balance. Amounts that are reported as Restricted are those resources of the district that have had a legal restriction placed on their use either from statute, WAC, or other legal requirements that are beyond the control of the board of directors. Restricted fund balance includes anticipated recovery of revenues that have been received but are restricted as to their usage.

Committed Fund Balance. Amounts that are reported as Committed are those resources of the district that have had a limitation placed upon their usage by formal action of the district's board of directors. Commitments are made either through a formal adopted board resolution or are related to an established policy of the board. Commitments may only be changed when the resources are used for the intended purpose or the limitation is removed by a subsequent formal action of the board of directors.

Assigned Fund Balance. In the General Fund, amounts that are reported as Assigned are those resources that the district has set aside for specific purposes. These accounts reflect tentative management plans for future financial resource use such as the replacement of equipment or the assignment of resources for contingencies. Assignments reduce the amount reported as Unassigned Fund Balance, but may not reduce that balance below zero.

In other governmental funds, Assigned fund balance represents a positive ending spendable fund balance once all restrictions and commitments are considered. These resources are only available for expenditure in that fund and may not be used in any other fund without formal action by the district's board of directors and as allowed by statute.

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.

Note 2 - Cash deposits with financial institutions.

The county treasurer is the *ex officio* treasurer for the District. In this capacity, the county treasurer receives deposits and transacts investments on the District's behalf. The District's deposits are covered entirely by federal depository insurance or by collateral held by the District's custodial banks in the District's name. Statutes authorize the District to invest in (1) securities, certificates, notes, bonds, short-term securities, or other obligations of the United States, and (2) deposit in any state bank or trust company, national banking association, stock saving 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.

All temporary investments are stated at cost plus accrued interest that approximates market. Investments are shown on the combined balance sheet at cost, net of amortized premium or discount.

Reductions in market value are not reflected on the financial statements. Gains or losses on investments sold or exchanged are recognized at the time the transactions are completed.

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

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

	Carrying Amount	Market Value
Spokane County Treasurer's Investment Pool	<u>\$4,158,492</u>	<u>\$4,158,492</u>
Total Investments	<u><u>\$4,158,492</u></u>	<u><u>\$4,158,492</u></u>

Market value of investments does not include a gain or loss in the value of the investments as realized by GASB 31. This amount is not recorded as a gain or loss in the financial statements, as it is the policy of the Spokane County Treasurer to hold investments until maturity. Accordingly these amounts do not reflect the funds available to the District.

Note 3 - Annual pension cost and net pension obligations.

A. General Information

Substantially all West Valley School District full-time and qualifying part-time employees participate in one of the following statewide retirement systems managed by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

Membership by retirement system program as of June 30, 2010:

TRS	66,325	8,950	40,570
PERS	156,526	28,860	76,899
SERS	52,339	9,700	5,384

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

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

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

Plan 3 under the TRS and SERS programs are defined benefit, defined contribution pension plans whose members joined on or after July 1, 1996, or September 1, 2000, for TRS and SERS, respectively. Members are eligible to retire with full benefits at age 65, or they may retire at age 55 with at least ten service years with a reduced benefit amount, or they may retire at age 55 with at least 30 service years and receive either a reduced benefit or stricter return-to-work rules.

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

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

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

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

B. Contributions

Employee contribution rates as of August 31, 2011:

Plan 1 TRS	6.00%	Plan 1 PERS	6.00%
Plan 2 TRS	3.36%	Plan 2 SERS	3.15%
Plan 3 TRS/SERS	5.00% (minimum) 15.00% (maximum)		

For Plan 3 TRS and SERS, rates adjusted based upon age may be chosen. The optional rates range begins at 5 percent and increases to a maximum of 15 percent.

Employer contribution rates as of August 31, 2011:

Plan 1 TRS	6.14%	Plan 1 PERS	7.07%
Plan 2 TRS	6.14%	Plan 2 SERS	5.45%
Plan 3 TRS	6.14%	Plan 3 SERS	5.45%

Under current law, the employer must contribute 100 percent of the employer-required contribution. Employer required contributions in dollars (participant information for all plans is as of August 31):

Plan	Fiscal Year 2010
TRS 1	78,597
TRS 2	127,897
TRS 3	695,995
PERS 1	9,095
SERS 2	87,493
SERS 3	210,822

Historical trend information showing TRS, PERS, and SERS progress in accumulating sufficient assets to pay benefits when due is presented in the State of Washington's June 30, 2011, comprehensive annual financial report. Refer to this report for detailed trend information. It is available from:

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

Note 4 - Commitments under noncapitalized (operating) leases.

Lessor	Description	Amount	Annual Installment	Final Installment Date	Interest Rate	Balance
ABC	Copiers	46,591	11,538	January 1, 2014	8.75%	\$ 25,051
ABC	Copiers	19,063	4,722	April 1, 2014	8.76%	11,193
ABC	Copiers	7,038	1,627	March 1, 2016	5.86%	6,527
IKON	Copiers	87,572	20,407	April 1, 2014	6.19%	50,049
IKON	Copiers	4,266	1,022	April 1, 2014	7.34%	2,468
Great America Leasing	Postage Machine & Meter	7,000	1,679	January 1, 2016	7.40%	6,310
Northern Leasing Systems	Credit Card Machine	1,605	443	December 1, 2012	5.00%	<u>571</u>
Total Operating Leases						<u><u>\$ 102,168</u></u>

Commitments under capital leases.

Lessor	Description	Amount	Annual Installment	Final Installment Date	Interest Rate	Balance
Avista Utilities	Lighting Retrofit	286,233	39,016	October 1, 2010	6.85%	\$ -
Banner Bank	12 Busses	434,837	76,714	November 30, 2017	4.25	434,837
Banner Bank	6 Busses	346,298	65,514	May 31, 2017	4.25%	346,298
Banner Bank	1 Bus	62,947	11,105	November 30, 2017	4.25%	62,947
Banner Bank	1 Bus	65,680	12,421	May 31, 2017	4.25%	65,680
Banner Bank	2 Busses	125,000	18,857	November 30, 2011	4.61%	9,216
Banner Bank	3 Busses	207,556	34,349	May 30, 2018	4.25%	207,556
Banner Bank	3 Busses	248,098	36,658	May 30, 2019	4.25%	<u>248,098</u>
Total Capital Leases						<u><u>\$ 1,374,633</u></u>

Note 5 - Required disclosures about capital assets.

The district's capital assets are insured in the amount of \$107,856,000 for fiscal year 2011. In the opinion of the district's insurance consultant, the amount is sufficient to adequately fund replacement of the district's assets.

Note 6 - Required disclosures about long-term liabilities.Long-Term Debt

Bonds payable at August 31, 2011, are comprised of the following individual issues:

Issue name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
General Obligation Bonds - 2004 Issue	20,250,000	175,000 to 2,805,000	2021	2.00% to 5.25%	\$ 4,900,000
General Obligation Bonds - 2007 Issue	14,750,000	200,000 to 3,100,000	2019	4.00% to 5.75%	13,155,000
Limited General Obligation Bonds - 1998 Issue	1,340,000	103,077	2011	0.00%	103,077
Limited General Obligation Bonds - 2008 Issue	500,000	100,000	2013	0.00%	300,000
Limited General Obligation Bonds - 2011 Issue	13,905,000	30,000 to 2,750,000	2021	2.00% to 5.00%	13,905,000
Total Limited & General Obligation Bonds					<u>\$ 32,363,077</u>

The following is a summary of general obligation long-term debt transactions of the district for the fiscal year ended August 31, 2011:

Long-term Debt Payable at September 1, 2010	\$ 34,461,154
New Issues	13,905,000
Debt Retired	<u>16,003,077</u>
Long-term Debt Payable at August 31, 2011	<u>\$ 32,363,077</u>

The following is a schedule of annual requirements to amortize debt at August 31, 2011:

Years Ending August 31	Principal	Interest	Total
2012	2,448,076	1,322,586	3,770,662
2013	2,460,000	1,243,725	3,703,725
2014	2,635,000	1,136,185	3,771,185
2015	2,730,000	1,030,163	3,760,163
2016	2,890,000	915,213	3,805,213
2017-	19,200,000	2,414,081	21,614,081
Total	\$ 32,363,076	\$ 8,061,953	\$ 40,425,029

On August 31, 2011, the district had \$1,273,948 available in the Debt Service Fund to service the general obligation bonds.

Refunded Debt

On June 9, 2011, the district issued \$13.905 million in general obligation bonds with an average interest rate of 4.30 percent to advance refund \$13.755 million of outstanding 2004 series bonds with an average interest rate of 5.19 percent. The net proceeds of \$15.480 million after payment of \$90,368 in underwriting fees, insurance, and other issuance costs were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2004 series bonds. As a result, the 2004 series bonds are considered defeased.

The district advance refunded the 2004 series bonds to reduce its total debt service payments over the next 10 years by \$847,018 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$739,005.

Note 7 - Additional Disclosures.

Entity risk management activities.

The District made payments totaling \$246,222 to the industrial insurance pool, which is administered by Educational Service District No. 101 on behalf of several local school districts for fiscal year 2011. These funds are operated for the District's benefit in lieu of the District having to make monthly premium payments to the State of Washington for industrial insurance beneficiaries as they occur and minimizes the District's cost for the programs.

The District self-insures unemployment compensation for all of its employees. Actual employee claims are paid by the State of Washington Department of Employment Security and then reimbursed by the District. This self-insurance program costs the District less than full participation in the state unemployment compensation program. The District made unemployment compensation payments totaling \$87,272 in fiscal year 2011, and has set aside \$156,907 in payables for fiscal year 2011 to ensure payment of these claims.

The District is a member of the United Schools Insurance Program. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or

join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1985 when 29 school districts in the State of Washington joined together by signing a Joint Purchasing Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Current membership includes 151 full member school districts.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Sexual abuse and school board legal liability coverage is on a "claims made basis." All other coverages are on an "occurrence basis." The pool provides the following forms of group purchased insurance coverage for its members: property, general liability, automobile liability, school board legal liability, and crime.

The pool acquires insurance from Munich Reinsurance America, Inc. Liability insurance is subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool also purchases a stop loss policy in the amount of \$1,275,000 as an additional layer of protection for its members.

Property insurance is subject to a per-occurrence deductible of \$25,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$24,000.

Boiler and machinery insurance is subject to a per-occurrence deductible of \$2,500. Members are responsible for the deductible amount of each claim.

Each new member now pays the pool an admittance fee. This amount covers the member's share of unrestricted reserves. Members contract to remain in the pool for a minimum of one year, and must give notice before August 31 before terminating participation the following September 1. The Joint Purchasing Agreement is renewed automatically each year. Even after termination, a member is still responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Joint Purchasing Agreement.

The pool is fully funded by its member participants. Claims are filed by members with Canfield & Associates, which has been contracted to perform pool administration, claims adjustment, and loss prevention for the pool. Fees paid to the third party administrator under this arrangement for the year ended August 31, 2011 was \$2,317,810.

A Board of Directors of nine members is selected by the membership from six areas of the state on a staggered term basis and is responsible for conducting the business affairs of the pool. The board of Directors has contracted with Canfield & Associates to perform day-to-day administration of the pool. This pool has no employees.

Property taxes.

Property tax revenues are collected as the result of special levies passed by the voters in the district. Taxes are levied on January 1. The taxpayer has the obligation of paying all taxes on April 30 or one-half then and one-half on October 31. Typically, slightly more than half of the collections are made on the April 30 date. The October 31 collection is not available in time to cover liabilities for the fiscal period ended August 31. Therefore, the fall portion of property taxes is not accrued as revenue. Instead, the property taxes due on October 31 are recorded as deferred revenue.

Joint ventures and jointly governed organizations.

The District is a member of the King County Director's Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The District's current equity of \$6,244 is the accumulation of the annual assignment of KCDA's operating surplus based upon the percentage derived from KCDA's total sales to the District compared to all other districts applied against paid administrative fees. The District may withdraw from the joint venture and will receive its equity in ten annual allocations of merchandise or 15 annual payments.

Postemployment benefit plans other than pension plans – both in separately issued plan financial statements and employer statements.

457 Plan – Deferred Compensation Plan

District employees have the option of participating in a deferred compensation plan as defined in §457 of the Internal Revenue Code that is administered by the state deferred compensation plan.

403(b) Plan – Tax Sheltered Annuity (TSA)

The district offers a tax deferred annuity plan for its employees. The plan permits participants to defer a portion of their salary until future years.

The district complies with IRS regulations that require school districts to have a written plan including participating investment companies, types of investments, loans, transfers, and various requirements. The plan is administered by CPI Qualified Plan Consultants, Inc. The plan assets are assets of the district employees, not the school district, and are therefore not reflected on these financial statements.

Termination benefits.

Compensated Absences

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

Under the provisions of RCW 28A.400.210, sick leave accumulated by district employees is reimbursed at death or retirement at the rate of one day for each four days of accrued leave, limited to 180 accrued days. This chapter also provides for an annual buy out of an amount up to the maximum annual accumulation of 12 days.

For buy out purposes employees may accumulate such leave to a maximum of 192 days, including the annual accumulation, as of December 31 of each year.

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

In July 2005, the District entered into an agreement to participate in the ESD 101 Compensated Absences Liability Pool. The Pool allows member districts to accumulate funds for payments of accrued sick and/or annual leave due to annual cash out, long-term medical leave, retirement and/or death of employees.

Payroll contributions are made to the Pool at the time leave is earned to reserve assets for expenditures related to sick leave and vacation leave buy out at retirement and certain other instances. Such expenditures are recorded at the time leave is earned rather than at the time of cash out. Expenditures of leave taken during employment continue to be recorded when paid. In the fiscal year ending August 31, 2011, the District made payments totaling \$217,586 to the ESD 101 Compensated Absences Liability Pool. The District at the end of fiscal year 2011 has a balance of \$423,100.

No unrecorded liability exists for other employee benefits.

Significant contingent liabilities.

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

Significant effects of subsequent events.

On January 25, 2012 the district incurred additional long term debt to purchase 6 busses as follows,

Long-Term Debt

Bonds payable at August 31, 2011, are comprised of the following individual issues:

Issue name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
Limited General Obligation Bonds - 2012 Issue	700,000	70,000	2017	3.40%	700,000

Total Limited & General Obligation Bonds					<u>\$ 700,000</u>
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West Valley School District 363
SCHEDULE OF LONG-TERM DEBT
For The Fiscal Year Ended August 31, 2011

Description	Beginning Outstanding Debt	Amount Issued	Amount Redeemed	Ending Outstanding Balance
Total Voted Bonds	\$33,830,000	\$13,905,000	\$15,775,000	\$31,960,000
Qualified Zone Academy Bonds (QZAB)	631,154	-	228,077	403,077
Other Long-Term Debt:				
Capital Leases	1,587,990	1,365,416	1,578,774	1,374,633
Non-Cancelable Operating Leases	119,776	14,038	31,646	102,168
Compensated Absences	648,522	433,576	92,701	989,397
Total Other Long-Term Debt	<u>\$2,356,288</u>	<u>\$1,813,030</u>	<u>\$1,703,121</u>	<u>\$2,466,198</u>
Total Long-Term Debt	<u><u>\$36,817,442</u></u>	<u><u>\$15,718,030</u></u>	<u><u>\$17,706,198</u></u>	<u><u>\$34,829,275</u></u>

West Valley School District
Schedule of Expenditure of Federal Awards
For Year Ending August 31, 2011

				Expenditures		
Federal Agency Name	Pass Through Agency	Federal Program Title	CFDA Number	From Direct Awards	From Pass Through Awards	Foot Note
Dept of Agriculture						
	OSPI	School Breakfast Program	10.553		123,986	123,986
	OSPI	Nat'l School Lunch Program	10.555			
		Cash Assistance			598,416	598,416
		Non-cash Assistance (Commodities)			75,057	75,057 4
	OSPI	Summer Food Service Program For Children	10.559		13,123	13,123
Dept of Agriculture Subtotal				0	810,583	810,583
Department of the Interior						
		Fish, Wildlife and Plant Conservation Resource Management	15.231	4,877	0	4,877
Dept of the Interior				4,877	0	4,877
Dept of Transportation						
	OSPI	Highway Planning and Construction	20.205		6,017	6,017
Dept of Transportation				0	6,017	6,017
Dept of Education						
	OSPI	Title 1 Grants to LEAs	84.010		491,990	491,990 5
	OSPI	Special Ed - State Grants	84.027		753,791	753,791 5
	OSPI	Voc Ed Basic Grants to States	84.048		26,849	26,849 5
	OSPI	Special Ed - Preschool Grants	84.173		28,922	28,922 5
	OSPI	Education Technology State Grants	84.318*		16,389	16,389 5
	HECB	Gaining Early Aware & Read for Undergrad Pro	84.334		112,710	112,710 5
	OSPI	English Language Acquisition Grants	84.365*		10,288	10,288 5
	OSPI	Improving Teacher Quality State Grant	84.367		129,684	129,684 5
	OSPI	ARRA - Title I Grants to Local Educational Agencies	84.389*		173,230	173,230 2, 5
	OSPI	ARRA - Special Education Grants to States	84.391		355,609	355,609 2, 5
	OSPI	ARRA - Special Education - Preschool Grants	84.392		5,101	5,101 2, 5
	OSPI	Education Jobs Fund	84.410		785,787	785,787 2
Dept of Education Subtotal				0	2,890,350	2,890,350
Dept of Health/Human Srv						
	DSHS	Medical Assist Program	93.778*		219,370	219,370
Dept of Health/Human Services Subtotal				0	219,370	219,370

Totals

4,877 3,926,320 3,931,197

*Note

84.318 Includes:

Ed Through Tech	1,665
Peer Coach-WVHS	3,099
Peer Coach-CMS	8,606
Peer Coach-CBE	3,019

84.365 Includes:

Emergency Immigrant	2,073
Title III LEP	8,215

84.389 Includes:

Title I A ARRA	137,230
ESD Summer School	36,000

93.778 Medicaid Admin Match	157,279
Medicaid Reimbursement	62,091

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

West Valley School District 363

Notes to the Schedule of Expenditures of Federal Awards

NOTE 1 – BASIS OF ACCOUNTING

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

NOTE 2 – AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009

The funding for this program was provided by the American Recovery and Reinvestment Act (ARRA) of 2009.

NOTE 3 – PROGRAM COSTS/MATCHING CONTRIBUTIONS

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

NOTE 4 – NONCASH AWARDS

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

NOTE 5 – FEDERAL RESTRICTED INDIRECT RATE

The District used the federal restricted rate of 2.81% for this program.



ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

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

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