



Washington State Auditor's Office

Troy Kelley

Integrity • Respect • Independence

**Financial Statements and Federal Single Audit
Report**

Olympia School District No. 111

Thurston County

For the period September 1, 2013 through August 31, 2014

Published March 26, 2015

Report No. 1013830





Washington State Auditor
Troy Kelley

March 26, 2015

Board of Directors
Olympia School District No. 111
Olympia, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Olympia School District No. 111'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,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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FEDERAL SUMMARY

Olympia School District No. 111 Thurston County September 1, 2013 through August 31, 2014

The results of our audit of Olympia School District No. 111 are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

Financial Statements

An unmodified 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 unmodified opinion on the District's compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed 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>
84.027	Special Education Cluster (IDEA) - Special Education - Grants to States (IDEA, Part B)
84.173	Special Education Cluster (IDEA) - Special Education - Preschool Grants (IDEA Preschool)
84.367	Improving Teacher Quality - Title II

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.

STATUS OF PRIOR FEDERAL AUDIT FINDINGS

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of Olympia School District No. 111. The State Auditor's Office has reviewed the status as presented by the District.

Audit Period: September 1, 2012 through August 31, 2013	Report Ref. No.: 1011828	Finding Ref. No.: 1	CFDA Number(s): 84.027/84.173
Federal Program Name and Granting Agency: U.S. Department of Education/Special Education Cluster		Pass-Through Agency Name: Office of Superintendent of Public Instruction	
Finding Caption: The District did not comply with time and effort requirements for its Special Education grant program.			
Background: Without proper time and effort records, the District is unable to substantiate the accuracy of \$82,214 of salary and benefits charged to its federal Special Education program in the manner required by the grantor. However, we were able to obtain documentation showing these employees were charged solely to special education programs, so we are not questioning these costs.			
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between; padding: 5px;"> <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid </div>			
Corrective Action Taken: End of Year Safety Net Time & Effort Documentation <ol style="list-style-type: none"> 1. End of year IDEA Safety Net adjustments are made in September for the previous school year. 2. Keep ongoing list of staff who are JV'd from budget 21 to 24. 3. In September, meet with Time & Effort team to create and process semi-annual Safety Net documentation. 4. Forward request for JVs to Business office for completion. 5. File semi-annual documentation in Time & Effort binders. 			

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Olympia School District No. 111
Thurston County
September 1, 2013 through August 31, 2014**

Board of Directors
Olympia School District No. 111
Olympia, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Olympia School District No. 111, Thurston County, Washington, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated March 16, 2015. As discussed in Note 1 to the financial statements, during the year ended August 31, 2014, the District implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

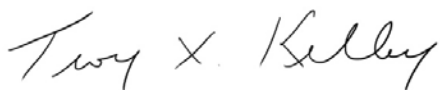
COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

March 16, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

**Olympia School District No. 111
Thurston County
September 1, 2013 through August 31, 2014**

Board of Directors
Olympia School District No. 111
Olympia, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of Olympia School District No. 111, Thurston 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, 2014. The District's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. Our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2014.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

March 16, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Olympia School District No. 111 Thurston County September 1, 2013 through August 31, 2014

Board of Directors
Olympia School District No. 111
Olympia, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Olympia School District No. 111, Thurston County, Washington, as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 15.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

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

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

Unmodified Opinion on Regulatory Basis of Accounting (Accounting Manual)

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Olympia School District No. 111, as of August 31, 2014, and the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions on the Governmental and Fiduciary Funds Based on U.S. GAAP

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General, ASB, Debt Service, Capital Project, Transportation Vehicle and Fiduciary funds as of August 31, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

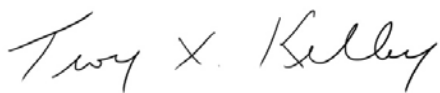
Other Matters

Supplementary and Other Information

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 Schedules of Long-Term Liabilities are also presented for purposes of additional analysis, as required by the prescribed Accounting Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

March 16, 2015

FINANCIAL SECTION

Olympia School District No. 111 Thurston County September 1, 2013 through August 31, 2014

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds – 2014
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2014
Statement of Fiduciary Net Assets – Fiduciary Funds – 2014
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds – 2014
Notes to Financial Statements – 2014

SUPPLEMENTARY AND OTHER INFORMATION

Schedules of Long-Term Liabilities – 2014
Schedule of Expenditures of Federal Awards – 2014
Notes to the Schedule of Expenditures of Federal Awards – 2014

Balance Sheet

Governmental Funds

August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
ASSETS:							
Cash and Cash Equivalents	7,002,047.81	1,146,680.69	5,553,099.91	49,484,265.17	2,003,997.63	0.00	65,190,091.21
Minus Warrants Outstanding	-1,537,328.11	-6,756.03	0.00	-166,084.93	0.00	0.00	-1,710,169.07
Taxes Receivable	10,573,127.79		6,200,157.38	1,200,154.51	0.00		17,973,439.68
Due From Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Governmental Units	566,109.51	0.00	0.00	0.00	0.00	0.00	566,109.51
Accounts Receivable	697,610.81	1,300.00	0.00	351,295.36	0.00	0.00	1,050,206.17
Interfund Loans Receivable	0.00			0.00			0.00
Accrued Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	188,770.67	0.00					188,770.67
Prepaid Items	57,761.89	-13,655.81		-875.92	0.00	0.00	43,230.16
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments/Cash With Trustee	0.00		0.00	0.00	0.00	0.00	0.00
Investments-Deferred Compensation	0.00		0.00	0.00	0.00	0.00	0.00
Self-Insurance Security Deposit	0.00			0.00			0.00
TOTAL ASSETS	17,548,100.37	1,127,568.85	11,753,257.29	50,868,754.19	2,003,997.63	0.00	83,301,678.33
LIABILITIES:							
Accounts Payable	399,277.53	38,680.76	0.00	4,798,448.44	0.00	0.00	5,236,406.73
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	255,869.20	0.00		0.00			255,869.20
Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
Payroll Deductions and Taxes Payable	768,882.34	0.00		0.00			768,882.34
Due To Other Governmental Units	18,822.43	154.77		801.32	0.00	0.00	19,778.52
Deferred Compensation Payable	0.00			0.00			0.00
Estimated Employee Benefits Payable	0.00						0.00
Due To Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

Balance Sheet

Governmental Funds

August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
LIABILITIES:							
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	0.00	0.00		0.00			0.00
Unearned Revenue	196,988.37	106,612.01	0.00	0.00	0.00		303,600.38
Matured Bonds Payable			0.00				0.00
Matured Bond Interest Payable			0.00				0.00
Arbitrage Rebate Payable	0.00		0.00	0.00	0.00		0.00
TOTAL LIABILITIES	1,639,839.87	145,447.54	0.00	4,799,249.76	0.00	0.00	6,584,537.17
DEFERRED INFLOWS OF RESOURCES:							
Unavailable Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unavailable Revenue - Taxes Receivable	10,573,127.79		6,200,157.38	1,200,154.51	0.00		17,973,439.68
TOTAL DEFERRED INFLOWS OF RESOURCES	10,573,127.79	0.00	6,200,157.38	1,200,154.51	0.00	0.00	17,973,439.68
FUND BALANCE:							
Nonspendable Fund Balance	188,770.67	0.00	0.00	0.00	0.00	0.00	188,770.67
Restricted Fund Balance	694,803.42	982,121.31	5,553,099.91	39,870,998.97	2,003,997.63	0.00	49,105,021.24
Committed Fund Balance	2,651,250.03	0.00	0.00	288,849.79	0.00	0.00	2,940,099.82
Assigned Fund Balance	930,439.00	0.00	0.00	4,709,501.16	0.00	0.00	5,639,940.16
Unassigned Fund Balance	869,869.59	0.00	0.00	0.00	0.00	0.00	869,869.59
TOTAL FUND BALANCE	5,335,132.71	982,121.31	5,553,099.91	44,869,349.92	2,003,997.63	0.00	58,743,701.48
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	17,548,100.37	1,127,568.85	11,753,257.29	50,868,754.19	2,003,997.63	0.00	83,301,678.33

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

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	24,906,772.21	1,366,259.43	13,636,045.13	4,078,124.63	9,523.21		43,996,724.61
State	60,558,726.19		190,690.81	680,549.32	542,783.43		61,972,749.75
Federal	5,313,307.26		0.00	0.00	0.00		5,313,307.26
Federal Stimulus	0.00						0.00
Other	616,757.63			408,912.00	0.00	0.00	1,025,669.63
TOTAL REVENUES	91,395,563.29	1,366,259.43	13,826,735.94	5,167,585.95	552,306.64	0.00	112,308,451.25
EXPENDITURES:							
CURRENT:							
Regular Instruction	50,464,878.47						50,464,878.47
Federal Stimulus	0.00						0.00
Special Education	14,186,831.23						14,186,831.23
Vocational Education	3,382,236.46						3,382,236.46
Skill Center	0.00						0.00
Compensatory Programs	3,226,205.27						3,226,205.27
Other Instructional Programs	844,852.57						844,852.57
Community Services	71,196.19						71,196.19
Support Services	19,895,638.65						19,895,638.65
Student Activities/Other		1,374,463.67				0.00	1,374,463.67
CAPITAL OUTLAY:							
Sites				32,040.00			32,040.00
Building				35,252,583.46			35,252,583.46
Equipment				2,820,290.88			2,820,290.88
Instructional Technology				0.00			0.00
Energy				1,778,771.29			1,778,771.29
Transportation Equipment					469,005.70		469,005.70
Sales and Lease					0.00		0.00
Other	155,325.78						155,325.78
DEBT SERVICE:							
Principal	0.00		7,270,000.00	0.00	0.00		7,270,000.00
Interest and Other Charges	0.00		6,508,108.90	0.00	0.00		6,508,108.90
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	92,227,164.62	1,374,463.67	13,778,108.90	39,883,685.63	469,005.70	0.00	147,732,428.52

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

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2014

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
DEBT SERVICE:							
REVENUES OVER (UNDER) EXPENDITURES	-831,601.33	-8,204.24	48,627.04	-34,716,099.68	83,300.94	0.00	-35,423,977.27
OTHER FINANCING SOURCES (USES):							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	409,994.06		0.00	0.00	0.00		409,994.06
Transfers Out (GL 536)	0.00		0.00	-409,994.06	0.00	0.00	-409,994.06
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	378.00		0.00	0.00	2,411.50		2,789.50
TOTAL OTHER FINANCING SOURCES (USES)	410,372.06		0.00	-409,994.06	2,411.50	0.00	2,789.50
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-421,229.27	-8,204.24	48,627.04	-35,126,093.74	85,712.44	0.00	-35,421,187.77
BEGINNING TOTAL FUND BALANCE	5,756,361.98	990,325.55	5,504,472.87	79,995,443.66	1,918,285.19	0.00	94,164,889.25
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	5,335,132.71	982,121.31	5,553,099.91	44,869,349.92	2,003,997.63	0.00	58,743,701.48

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

Statement Of Fiduciary Net Position

Fiduciary Funds

August 31, 2014

ASSETS:	Private Purpose Trust	Other Trust
Imprest Cash	0.00	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	39,007.17	0.00
Minus Warrants Outstanding	0.00	0.00
Due From Other Funds	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	0.00
Investments	0.00	0.00
Investments/Cash With Trustee	0.00	0.00
Other Assets	0.00	0.00
Capital Assets, Land	0.00	
Capital Assets, Buildings	0.00	
Capital Assets, Equipment	0.00	0.00
Accum Depreciation, Buildings	0.00	
Accum Depreciation, Equipment	0.00	0.00
TOTAL ASSETS	39,007.17	0.00
LIABILITIES:		
Accounts Payable	0.00	0.00
Due To Other Funds	0.00	0.00
TOTAL LIABILITIES	0.00	0.00
NET POSITION:		
Held in trust for:		
Restricted for Other Items	0.00	0.00
Restricted for Self Insurance		0.00
Restricted for Uninsured Risks		0.00
Nonspendable -- Trust Principal	8,000.00	0.00
Committed to Other Purposes	0.00	0.00
Held In Trust For Private Purposes	31,007.17	
Assigned to Fund Purposes	0.00	0.00
Held In Trust For Pension And Other Employee Benefits		0.00
Unassigned Fund Balance	0.00	0.00
TOTAL NET POSITION	39,007.17	0.00

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

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended August 31, 2014

		Private Purpose Trust	Other Trust
ADDITIONS:			
Contributions:			
Private Donations		10,041.78	0.00
Employer			0.00
Members			0.00
Other		0.00	0.00
TOTAL CONTRIBUTIONS		10,041.78	0.00
Investment Income:			
Net Appreciation (Depreciation) in Fair Value		0.00	0.00
Interest and Dividends		171.88	0.00
Less Investment Expenses		0.00	0.00
Net Investment Income		171.88	0.00
Other Additions:			
Rent or Lease Revenue		0.00	0.00
Total Other Additions		0.00	0.00
TOTAL ADDITIONS		10,213.66	0.00
DEDUCTIONS:			
Benefits			0.00
Refund of Contributions		0.00	0.00
Administrative Expenses		0.00	0.00
Scholarships		8,000.00	
Other		408.32	0.00
TOTAL DEDUCTIONS		8,408.32	0.00
Net Increase (Decrease)		1,805.34	0.00
Net Position--Beginning		37,201.83	0.00
Prior Year(s) Corrections or Restatements		0.00	0.00
NET POSITION--ENDING		39,007.17	0.00

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



Olympia School District 111
Notes to Financial Statements
September 1, 2013 through August 31, 2014

Note 1 Summary of Significant Accounting Policies

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

The District presents governmental fund financial statements and related notes on the modified accrual basis of accounting in accordance with the *Accounting Manual for Public School Districts in the State of Washington*, issued jointly by the State Auditor's Office and the Superintendent of Public Instruction by the authority of RCW 43.09.200, RCW 28A.505.140, RCW 28A.505.010(1), and RCW 28A.505.020. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- (1) Districtwide statements, as defined in GAAP, are not presented.
- (2) A schedule of Long-Term Liabilities is presented as supplementary information.
- (3) Supplementary information required by GAAP is not presented.

Fund Accounting

Financial transactions of the District are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (or expenses) as appropriate. All funds are considered major funds. The various funds in the report are grouped into governmental (and fiduciary) funds as follows:

Governmental Funds

General Fund

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

Capital Projects Funds

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

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

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

Debt Service Fund

This fund is used to account for the accumulation of resources for and the payment of matured general long-term debt principle and interest.

Special Revenue Fund

In Washington State, the only allowable special revenue fund for school districts is the Associated Student Body (ASB) Fund. This fund is accounted for in the District's financial statements as the financial resources legally belong to the District. As a special revenue fund, amounts within the ASB Fund may only be used for those purposes that relate to the operation of the Associated Student Body of the District.

Permanent Funds

These funds are used to report resources that are legally restricted such that only earnings, and not principal, may be expended. Amounts in the Permanent Fund may only be spent in support of the District's programs and may not be used to the benefit of any individual.

Fiduciary Funds

Fiduciary funds 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.

Agency Funds

These funds are used to account for assets that the District holds on behalf of others in a purely custodial capacity.

Measurement focus, basis of accounting and fund financial statement presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered "measurable" if the amount of the transaction can be readily determined. Revenues are considered "available" when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenue to be available if they are collected within 60 days after year-end. Property taxes receivable are measurable but not available and are, therefore, not accrued. Categorical program claims and interdistrict 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. Purchases of capital assets are expensed during the year of acquisition. For federal grants, the recognition of expenditures is dependent on the obligation date. (Obligation means a purchase order has been issued, contracts have been awarded, or goods and/or services have been received.)

Budgets

Chapter 28A.505 RCW and Chapter 392-123 Washington Administrative Code (WAC) mandate school district budget policies and procedures. The board adopts annual appropriated budgets for all governmental funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Appropriations lapse at the end of the fiscal period.

Budgets are adopted on the same modified accrual basis as used for financial reporting. Fund balance is budgeted as available resources and, under statute, may not be negative, unless the District enters into binding conditions with state oversight pursuant to RCW 28A.505.110.

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

The District receives state funding for specific categorical education-related programs. Amounts that are received for these programs that are not used in the current fiscal year may be carried forward into the subsequent fiscal year, where they may be used only for the same purpose as they were originally received. When the District has such carryover, those funds are expended before any amounts received in the current year are expended.

Additionally, the District has other restrictions placed on its financial resources. When expenditures are recorded for purposes for which a restriction or commitment of fund balance is available, those funds that are restricted or committed to that purpose are considered first before any unrestricted or unassigned amounts are expended.

The government's fund balance classifications policies and procedures.

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

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

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

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

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

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

The Assistant Superintendent and/or Superintendent are the only persons who have the authority to create Assignments of fund balance.

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

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

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

Cash and Cash Equivalents

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

Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method (or weighted average). The consumption method of inventory is used, which charges inventory as an expenditure when it is consumed. A portion of fund balance, representing inventory, is considered Non-spendable. USDA commodity inventory consists of food donated by the United States Department of Agriculture. It is valued at the prices paid by the USDA for the commodities.

Accounting and Reporting Changes for 2013–2014

Effective for the 2013-2014 school year, the district implemented provisions of *GASB Statement No. 65 Items Previously Reported as Assets and Liabilities*. As a result, deferred property taxes were reclassified from liabilities to deferred inflows of resources.

Note 2: Cash deposits with financial institutions

The Thurston County Treasurer is the *ex officio* treasurer for the District and holds all accounts of the District. The District directs the County Treasurer to invest those financial resources of the District that the District has determined are not needed to meet the current financial obligations of the District.

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 investments as of August 31, 2014, are as follows:

	Number of Securities	Carrying Amount	Market Value
County Treasurer's Investment Pool			65,169,098.38
Total Investments			65,169,098.38

Note 3: Significant contingent liabilities

Litigation

The Olympia School District has seven known cases of pending legal litigation, four related to one incident. One of these seven will be settled very shortly. The District's membership in ESD 113 and SIAW Insurance Cooperatives limits its exposure in each case to \$2,500, with the exposure for one case at \$25,000, for a total exposure of \$37,500. We are unaware of other circumstances within the District that would give rise to other claims or assessments.

Note 4: Significant effects of subsequent events

There were no events after the balance sheet date that would have a material impact on the next or future fiscal years.

Note 5: Annual pension cost and net pension obligations

General Information

Substantially all 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, 2013:

Program	Active Members	Inactive Vested Members	Retired Members
TRS	65,935	9,823	44,220
PERS	150,706	31,047	85,328
SERS	52,295	11,588	9,079

Data is as of last actuarial valuation date of June 30, 2013.

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

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

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

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

Contributions

Employee contribution rates effective September 1, 2013 through August 31, 2014:

Plan 1 TRS	6.00%	Plan 1 PERS	6.00%
Plan 2 TRS	4.96%	Plan 2 SERS	4.64%
Plan 3 TRS and 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 increase to a maximum of 15 percent.

Employer contribution rates effective September 1, 2013 through August 31, 2014:

Plan 1 TRS	10.39%	Plan 1 PERS	9.21%
Plan 2 TRS	10.39%	Plan 2 SERS	9.82%
Plan 3 TRS	10.39%	Plan 3 SERS	9.82%

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):

<u>Plan</u>	<u>13-14</u>
Plan 1 TRS	189,340.73
Plan 2 TRS	687,389.86
Plan 3 TRS	3,247,800.64
Plan 1 PERS	47,558.75
Plan 2 SERS	779,151.01
Plan 3 SERS	553,356.71

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, 2014, 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 6: Annual other post-employment benefit cost and net OPEB obligations

The State, through the Health Care Authority (HCA), administers an agent multi-employer Other Post-Employment Benefit 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. Programs include (medical, dental, life insurance and long-term disability insurance).

Employers participating in the plan include the State of Washington (which includes general government agencies and higher education institutions), 57 of the state's K–12 school districts and educational service districts (ESDs), and 206 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 247 K–12 school districts and ESDs. The District's retirees are eligible to participate in the PEBB plan under this arrangement.

According to state law, the Washington State Treasurer collects a fee from all school district entities which have employees that are not current active members of the state Health Care Authority but participate in the state retirement system. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees that elect to purchase their health care benefits through the state Health Care Authority. For the fiscal year 2013-14, the District was required to pay the HCA \$64.40 per month per full-time equivalent employee to support the program, for a total payment of \$785,488.41. This assessment to the District is set forth in the State's operating budget and is subject to change on an annual basis. This amount is not actuarially determined and is not placed in a trust to pay the obligations for post-employment health care benefits.

The District has no control over the benefits offered to retirees, the rates charged to retirees, nor the fee paid to the Health Care Authority. The District does not determine its Annual Required Contribution nor the Net Other Post-Employment Benefit obligation associated with this plan. Accordingly, these amounts are not shown on the financial statements. This is a departure from GAAP.

Note 7: Commitments under noncapitalized (operating) leases

For the fiscal year(s) ended August 31, 2014, the District had incurred additional long-term debt as follows:

Lessor	Amount	Annual Installment	Final Installment Date	Interest Rate	Balance
Lease-Purchase Commitments					
Cit Tech	19,633.80	2,466.71	03/01/2015	8.4	12,194.87
GE Capital	14,793.98	2,712.57	09/27/2014	9.4	2,712.57
GE Capital	17,340.00	1,732.80	09/27/2014	9.4	1,732.80
GE Capital	12,304.20	2,255.77	09/01/2014	9.6	2,805.65
Panasonic	14,586.60	2,187.99	09/01/2014	9.6	2,187.99
Ikon	9,438.60	1,258.48	11/23/2014	8.3	2,516.96
Sharp	17,811.00	3,872.46	09/27/2015	8.5	11,290.72
<i>Total Lease-Purchase Commitments</i>					35,441.56

Note 8: Construction and other significant commitments, including encumbrances, if appropriate

Construction in progress is composed of:

Project	Project Authorization Amount	Expended as of 8/31/13	Additional State Funds Committed
CHS Fitness Addition	3,800,000.00	2,416,413.00	
Garfield Modernization	20,470,226.00	5,508,421.00	
Olympia Regional Learning Academy	28,025,024.00	1,595,139.00	
Ingersoll Emergency Repairs	38,237.00	38,237.00	
Ingersoll Grandstand & Track	750,000.00	697,164.00	
JMS Improvements	487,441.00	487,441.00	
Re-roofing at HES,McK,McL,RES	360,000.00	330,724.00	
Paving Improvements at CHS, RMS	87,000.00	82,426.00	
Esco's 1,3,4 and			

Project	Project Authorization Amount	Expended as of 8/31/13	Additional State Funds Committed
Emerging/Sustainable Energy	5,500,000.00	488,222.00	
Control and Alarms at BHES, McL, MES, MMS, RES	820,000.00	586,999.00	
Generators at CHS, OHS, Transportation	85,000.00	25,005.00	
CHS Field House, Bus Loop, CTE Shed, Fence, Field Drain, Safety Backboard	550,000.00	461,680.00	
CHS Transformer	66,689.00	66,689.00	
Double-Classroom Portable at CES	150,000.00	49,847.00	150,000.00
MES Emergency Work	1,500,000.00	196,878.00	
MES Gym Flooring	23,033.00	23,033.00	
MMS Ladders	5,971.00	5,971.00	
OHS Safety Sensors in Lecture Hall	35,000.00	30,185.00	
WMS Acoustical Remediation	138,204.00	138,204.00	
Total	62,891,825.00	13,228,678.00	150,000.00

The most significant construction project of the 2013-2014 school year was the modernization and addition project at Garfield Elementary School. This project consisted of four different construction phases. Phase I was completed at the start of the 2014-2014 school year.

Two other major projects are an addition and remodel to locker rooms and athletic facilities at Capital High School (CHS) and a new facility for the Olympia Regional Learning Academy (ORLA). The work at CHS is due to be completed by December 2014. Design work on ORLA began during the 2013-2014 school year and construction is due to be completed by January of 2015.

Other projects that took place during this period include improvements to the Ingersoll Stadium Grandstand and Track. Numerous small projects funded by both bond and levy include work at Capital HS, Marshall MS, McLane ES, Madison ES, Lincoln ES, Reeves MS, Washington MS, and Olympia HS.

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, 2014:

Fund	Amount
Capital Projects Fund	\$57,261,497.47

Note 9: Required disclosures about capital assets

The District's capital assets are insured in the amount of \$150,000,000 for fiscal year 2014. In the opinion of the District's insurance consultant, the amount is sufficient to adequately fund replacement of the District's assets.

Note 10: Required disclosures about long-term liabilities

Long-Term Debt

Bonds payable at August 31, 2014, are comprised of the following individual issues:

GO Bonds Issue Name	Amount Authorized	Annual Installment	Final Maturity	Interest Rate(s)	Amount Outstanding
2003	\$20,200,000.00	\$2,385,000.00	12/1/2014	3-4%	\$0
2005	\$56,400,000.00		12/1/2016	4-5%	\$ 760,000
2012R	\$54,415,000.00		12/1/2023	4-5%	\$ 54,415,000
2012	\$75,130,000.00	\$3,235,000.00	12/1/2031	3-4.5%	\$ 71,895,000
2005R	\$39,650,000.00	\$1,650,000.00	12/1/2017	3-5%	\$ 7,425,000
Total	\$245,795,000.00	\$7,270,000.00			\$134,495,000.00

The following is a summary of general obligation long-term debt transactions of the District for the fiscal year(s) ended August 31, 2014:

Long-Term Debt Payable at 9/1/2013	\$141,765,000.00
Debt Retired	\$ 7,270,000.00
New Debt	
Long-Term Debt Payable at 8/31/2014	\$134,495,000.00

The following is a schedule of annual requirements to amortize debt at August 31, 2014:

Years Ending August 31	Principal	Interest	Total
2015	\$ 6,340,000.00	\$ 6,241,675.00	\$ 12,581,675.00
2016	\$ 5,520,000.00	\$ 5,986,850.00	\$ 11,506,850.00
2017	\$ 6,060,000.00	\$ 5,736,725.00	\$ 11,796,725.00
2018	\$ 5,095,000.00	\$ 5,478,632.00	\$ 10,573,632.00
2019	\$ 5,860,000.00	\$ 5,204,775.00	\$ 11,064,775.00
2020-2024	\$ 37,815,000.00	\$20,840,250.00	\$ 58,655,250.00
2025-2032	\$ 67,805,000.00	\$15,173,137.50	\$ 82,978,137.50
Total	\$134,495,000.00	\$64,662,044.50	\$199,157,044.50

At August 31, 2014, the District had \$5,553,099.91 available in the Debt Service Fund to service the general obligation bonds.

Bonds Authorized But Unissued

The voters approved the district to issue bonds in the amount of \$97,800,000. In 2013 \$75,130,000 was issued, with the remaining \$22,670,000 still unissued.

Note 11: Interfund balances and transfers

No interfund loan activity for the district.

Note 12: Entity risk management activities

Workers Compensation

In July 1983, the District joined the CR ESD 113 Workers' Compensation Trust (Trust), a public entity risk pool.

The Trust is organized pursuant to Title 51.14 RCW for the purpose of managing workers' compensation payroll taxes, employee claims, and safety programs. Membership is established by execution of an agreement between the CR ESD 113 and each local school district.

The Trust provides industrial injury accident insurance coverage for its 45 member districts. The Trust is fully funded by its member participants. Member contributions are calculated based on the members' hours worked and the members' experience rated contribution factor. The Trust retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by its excess insurance contracts that the Trust acquires insurance from unrelated underwriters. The Trust's per-occurrence retention limit is \$400,000 and the annual aggregate retention is \$11,145,540 minimum for a two year period FY 2013-15. Since the Trust is a cooperative program, there is joint liability among participating members.

For fiscal year 2014, there are 45 members in the pool including 44 participating school districts. A Board comprised of one designated representative from each participating member and a six member Executive Board governs the Trust. The Executive Board has five members elected by the Board and the ESD Superintendent.

	<i>Beginning Balance 9/1/2013</i>	<i>Current Year Claims and Changes in Estimates</i>	<i>Ending Balance 8/31/2014</i>
<i>Incurred but not Reported</i>	<i>\$6,011,000</i>	<i>\$(262,000)</i>	<i>\$5,749,000</i>
<i>Future L&I Assessments</i>	<i>1,294,000</i>	<i>(188,000)</i>	<i>1,106,000</i>
<i>Estimated Unallocated Loss Adjustment</i>	<i>403,000</i>	<i>(18,000)</i>	<i>385,000</i>

The CR ESD 113 is responsible for conducting the business affairs of the Trust. As of August 31, 2014, the amount of claim liabilities totaled \$7,240,000. This liability is the CR ESDs best estimate based on available information including actuarial reports. Changes in the reported liability since August 31, 2014, resulted in the following:

Unemployment Insurance

In 1998, the District joined together the Unemployment Compensation Pool (Pool). The Pool is organized pursuant to Title 50.44 RCW for the purpose of managing unemployment compensation payroll taxes and employee claims. Membership is established by execution of an agreement between the CR ESD 113 and each local school district.

The Pool provides unemployment compensation coverage for members of the Pool arising from former employees. The Pool is fully funded by its member participants. Member districts pay a percentage of their employee's wages. These contributions plus investment earnings pays for unemployment claims and for the administration of the Pool. There is provision that members can be additionally assessed if the Pool needs additional funding.

Effective September 1, 2012, the Pool began "pooling" the unemployment risks among members. This was a change from the historical "banking model" program whereby each member was essentially responsible for its own claims. This change to a pooling system required that the Pool had to develop an overall base rate, make individual adjustments to the base rate based upon member experience, and transition the prior bank balances to the capital position in the pooled system.

For fiscal year 2014, there are 38 school district members in the Pool in addition to the CR ESD. The Pool is governed by a Cooperative Board, which is comprised of one designated representative from each participating member and a six member Executive Board. Five members elected by the Cooperative Board and the CR ESD 113Superintendent comprise the Executive Board.

As of August 31, 2014, the amount of claim reserves totaled \$566,626. This liability is the CR ESDs best estimate based on available information. Changes in the reported liability since August 31, 2013, resulted in the following:

	Beginning Balance 9/1/2013	Current Year Claims and Changes in Estimates	Ending Balance 8/31/2014
Claims Reserves	\$972,706	\$ - 406,080	\$566,626

Note 13: Property taxes

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

Note 14: 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 board authorized joining the association by passing Resolution 231 dated 1987, and has remained in the joint venture ever since. The District's current equity of \$94,087.44 is the accumulation of the annual assignment of KCDA's operating surplus based upon the percentage derived from KCDA's total sales to the District compared to all other districts applied against paid administrative fees. The District may withdraw from the joint venture and will receive its equity in ten annual allocations of merchandise or 15 annual payments.

Note 15: Fund balance classification details

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

	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transportation Vehicle Fund
Nonspendable Fund balance					
Inventory and Prepaid Items	\$ 188,770.67				
Restricted Fund Balance					
Carryover of Restricted Revenues	\$ 421,379.00				
Debt Service				\$5,553,099.91	
Arbitrage Rebate					
Uninsured Risks					
Other Items	\$ 273,424.42		\$40,159,848.76		
Committed Fund Balance					
Minimum Fund Balance Policy	\$2,651,250.03				
Other Commitments					
Assigned Fund Balance					
Contingencies					
Other Capital Projects					
Other Purposes	\$ 930,439.00				
Fund Purposes		\$982,121.31	\$4,709,501.16		\$2,003,997.63
Unassigned Fund Balance	\$ 869,869.59				

In addition, the Capital Projects Fund has the following amounts in Restricted and Committed Fund Balance, based on the source of the revenues:

Restricted from Bond Proceeds	\$35,645,342.22
Committed from Levy Proceeds	\$ 288,849.79
Restricted from State Proceeds	\$ 1,782,007.08
Restricted from Federal Proceeds	
Restricted from Other Proceeds	\$ 4,709,501.16
Restricted from Impact Fee Proceeds	\$ 1,759,427.76
Restricted from Mitigation Fee Proceeds	\$ 684,221.91
Restricted from Undistributed Proceeds	

The board of directors has established a minimum fund balance policy for the general fund to provide for financial stability and contingencies within the District. The policy is that the District shall maintain no less than 3% of expenditures in fund balance. Portions of fund balance that are set aside for the purpose of meeting this policy are recorded on the financial statements as a part of Committed fund balance.

Note 16: Post-employment 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, or the District.

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 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 requirements. The plan is administered by a third party administrator. The plan assets are assets of the District employees, not the school district, and are therefore not reflected on these financial statements.

Note 17: 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 buyout purposes, employees may accumulate such leave to a maximum of 192 days, including the annual accumulation, as of December 31 of each year.

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

Vacation pay, including benefits, that is expected to be liquidated with expendable available financial resources is reported as expenditures and a fund liability of the governmental fund that will pay it.

No unrecorded liability exists for other employee benefits.

Note 18: Conditions and events giving rise to substantial doubt about the government's ability to continue as a going concern

No conditions or events exist.

Schedule of Long-Term Liabilities: GENERAL FUND

For the Year Ended August 31, 2014

Description	Beginning Outstanding Debt September 1, 2013	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2014	Amount Due Within One Year
Non-Voted Debt and Liabilities					
Capital Leases	0.00	0.00	0.00	0.00	0.00
Contracts Payable	0.00	0.00	0.00	0.00	0.00
Non-Cancellable Operating Leases	30,010.88	12,603.34	7,172.66	35,441.56	5,322.61
Claims & Judgements	0.00	0.00	0.00	0.00	0.00
Compensated Absences	763,696.47	1,032,066.90	895,140.23	900,623.14	900,623.14
Long-Term Notes	0.00	0.00	0.00	0.00	0.00
Anticipation Notes Payable	0.00	0.00	0.00	0.00	0.00
Lines of Credit	0.00	0.00	0.00	0.00	0.00
Other Non-Voted Debt	0.00	0.00	0.00	0.00	0.00
Other Liabilities					
Non-Voted Notes Not Recorded as Debt	0.00	0.00	0.00	0.00	0.00
Total Long-Term Liabilities	793,707.35	1,044,670.24	902,312.89	936,064.70	905,945.75

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

Schedule of Long-Term Liabilities: DEBT SERVICE FUND

For the Year Ended August 31, 2014

Description	Beginning Outstanding Debt September 1, 2013	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2014	Amount Due Within One Year
Voted Debt					
Voted Bonds	141,765,000.00	0.00	7,270,000.00	134,495,000.00	6,340,000.00
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
Non-Voted Debt					
Non-Voted Bonds	0.00	0.00	0.00	0.00	0.00
LOCAL Program Proceeds	0.00	0.00	0.00	0.00	0.00
Total Long-Term Liabilities	141,765,000.00	0.00	7,270,000.00	134,495,000.00	6,340,000.00

OLYMPIA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ending August 31, 2014

1	2	3	4	5	6	7	8	9
					Expenditures			
Federal Agency Name	Pass Through Agency	Federal Program Title	CFDA Number	Other Identification Number	From Direct Awards	From Pass Through Awards	Total	Footnote
Dept of Agriculture	WA/OSPI	National School Lunch Program	10.555	N/A		920,486.43	\$920,486.43	
		Cash Assistance		N/A		186,380.85	\$186,380.85	Note 3
		Non-cash assistance (commodities)		N/A				
		School Breakfast Program	10.553	N/A		259,996.93	\$259,996.93	
Dept of Agriculture	WA/OST	Child and Adult Care Food Program	10.558	N/A		23,529.72	\$23,529.72	
		Schools and Roads-Grants to States	10.665	N/A		129.89	\$129.89	
Dept of Agriculture		Farm to School Grant Program	10.575	N/A	69,030.00		\$69,030.00	
Dept of Health and Human Services	WA/HCA	Medical Assistance Program	93.778	N/A		200,000.00	\$200,000.00	
		Special Education-Grants to State (IDEA Part B)	84.027	304221		1,788,378.32	\$1,788,378.32	Note 7
Dept of Education	WA/OSPI	Special Education-Grants to States (Safety Net)	84.027	337458		277,337.00	\$277,337.00	
		Special Education-Preschool Grants	84.173	385311		76,534.26	\$76,534.26	
		Career and Technical Education -Basic Grants to Sates	84.048	172333		57,558.00	\$57,558.00	Note 7
		Title 1 Grants to Local Educational Agencies	84.010	200960		916,225.70	\$916,225.70	Note 4 Note 7
		Education for Homeless Children and Youth	84.196	456110		27,074.16	\$27,074.16	Note 7
		Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	223010		15,789.78	\$15,789.78	Note 7
		Improving Teacher Quality State Grants	84.367	522129		364,740.56	\$364,740.56	Note 4 Note 7
		English Language Acquisition State Grants	84.365	401430		26,648.79	\$26,648.79	Note 7
					69,030.00	5,140,810.39	\$5,209,840.39	

The Accompanying Notes to the Schedule of Expenditures of Federal Awards are an Integral Part of this Schedule.

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 Olympia School District's financial statements. The Olympia School District uses the *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 3—NONCASH AWARDS

The amount of commodities reported on the schedule is the value of commodities distributed by the Olympia School District during the current year and priced as prescribed by the USDA.

NOTE 4—SCHOOLWIDE PROGRAMS

The Olympia School District operates a "schoolwide program" in three elementary buildings. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limit services to certain targeted students. The following federal program amounts were expended by the Olympia School District in its schoolwide program. Title 1 (84.010) \$436,807.68; Title II (84.367) \$23,261.16.

NOTE 7—FEDERAL INDIRECT RATE

The Olympia School District used the federal restricted rate of 3.33 percent 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.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

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