



Washington State Auditor's Office

Independence • Respect • Integrity

Financial Statements and Federal Single Audit Report

Walla Walla School District No. 140

Walla Walla County

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

Published May 26, 2015

Report No. 1014235





Washington State Auditor

May 26, 2015

Board of Directors
Walla Walla School District No. 140
Walla Walla, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Walla Walla School District No. 140's financial statements and compliance with federal laws and regulations.

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

Sincerely,

A handwritten signature in black ink, reading "Jan M. Jutte".

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

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FEDERAL SUMMARY

Walla Walla School District No. 140 Walla Walla County September 1, 2013 through August 31, 2014

The results of our audit of Walla Walla School District No. 140 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 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 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, Part A Cluster - Title I Grants to Local Educational Agencies
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)

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.

SCHEDULE OF FEDERAL AUDIT FINDINGS AND QUESTIONED COSTS

Walla Walla School District No. 140 Walla Walla County September 1, 2013 through August 31, 2014

2014-001 Walla Walla School District did not have adequate internal controls to ensure compliance with federal procurement requirements for its Title I program.

CFDA Number and Title:	84.010 Title I Grants to Local Educational Agencies
Federal Grantor Name:	U.S. Department of Education
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	Office of Superintendent of Public Instruction
Pass-through Award/Contract Number:	201348, 224501, 228570
Questioned Cost Amount:	\$0

Background

During fiscal year 2014, the District spent \$1,215,665 in Title I program funds. The objective of the Title I program is to improve the teaching and learning of children who are at risk of not meeting state academic standards and who reside in areas with high concentrations of low-income families.

Description of Condition

Federal regulations require recipients of federal money to establish and follow internal controls to ensure compliance with program requirements. These controls include knowledge of grant requirements and monitoring of program controls. We found the District did not adequately design or follow controls for the Title I program to ensure compliance with procurement requirements.

Federal law and District policy requires the District to follow State law and obtain price quotations from at least three qualified sources for purchases up to \$75,000 and formal bids for purchases exceeding \$75,000. For purchases not covered under state law, such as professional services, grantees must follow federal procurement regulations. Federal grant recipients are required to obtain price or rate quotations from an adequate number of qualified sources for purchases up to

\$100,000 and formal bids for contracts exceeding \$100,000. A grantee may solicit services from only one vendor if it determines the services are available from a sole source or if they determine competition is inadequate. Grantees must keep documentation to show how they reached this conclusion.

We reviewed for compliance with procurement requirements for four of the largest vendors and found the District paid \$62,264 of its grant funding for goods and services to these vendors. The District did not get quotations for three of these contracts that were under \$100,000 and incorrectly declared another vendor as sole source.

We consider this deficiency in internal controls over compliance to be a material weakness.

Cause of Condition

The Assistant Superintendent in charge of federal funding was aware of the requirement, but did not adequately monitor staff to ensure required quotes were obtained for all the purchases and professional service contracts. Staff did not adequately document sole source vendors.

Effect of Condition and Questioned Costs

The District cannot be assured it obtained the best services at the most competitive price. However, the products purchased are allowable under the federal program, and as a result, we are not questioning these costs.

Recommendation

We recommend the District:

- Provide training and guidance to staff to ensure they are knowledgeable of the grant requirements.
- Establish and follow internal controls that will ensure compliance with federal procurement requirements and District policies.
- Retain adequate documentation to demonstrate compliance.

District's Response

The District does not dispute the findings and agrees that the proper quotes were not obtained. The Assistant Superintendent, who was in charge of the Title I spending, was a long time employee and had been informed of the responsibility for quotes on several occasions. The District agrees that the sole source was not adequately documented.

Since the audit findings, steps have been taken so that the same mistakes will not be repeated:

- We have two new experienced supervisors of the Title I funding area, as the previous supervisor who was in charge when the findings happened has resigned from the District.*
- We have had trainings on the federal funding requirements with the district staff that will be involved with Title I and other federal funding moving forward*
- We have updated our bid guidelines and flow chart to clearly show the proper dollar thresholds and required expectations.*

Auditor's Remarks

We thank the District for its response and appreciate the steps it is taking to resolve this issue. We will follow up with the District's corrective action during the next audit.

Applicable Laws and Regulations

Office of Management and Budget Circular A-133, Audits of States, Local Governments, and non-Profit Organizations, Section 300, states in part:

The auditee shall:

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to its Federal programs.

Title 7, Code of Federal Regulations, Section 3016.36 – Procurement, states in part:

b) Procurement standards.

(1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section . . .

(9) Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(d) Methods of procurement to be followed.

(1) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources . . .

(2) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price . .

(3) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids . . .

(4) Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate

Revised Code of Washington 28A.335.190, Advertising for bids — Competitive bid procedures, states in part:

(2) Every purchase of furniture, equipment or supplies, except books, the cost of which is estimated to be in excess of forty thousand dollars, shall be on a competitive basis. The board of directors shall establish a procedure for securing telephone and/or written quotations for such purchases. Whenever the estimated cost

is from forty thousand dollars up to seventy-five thousand dollars, the procedure shall require quotations from at least three different sources to be obtained in writing or by telephone, and recorded for public perusal. Whenever the estimated cost is in excess of seventy-five thousand dollars, the public bidding process provided in subsection (1) of this section shall be followed.

Government Auditing Standards, December 2011 Revision, paragraph 4.23 states:

4.23 When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, as follows:

.11 For purposes of adapting GAAS to a compliance audit, the following terms have the meanings attributed as follows: ...

Deficiency in 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 on a timely basis. A deficiency in *design* exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in *operation* exists when a properly designed control does not operate as designed or the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Material weakness in internal control over compliance. A deficiency, or combination of deficiencies, in internal

control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. In this section, a reasonable possibility exists when the likelihood of the event is either reasonably possible or probable as defined as follows:

Reasonably possible. The chance of the future event or events occurring is more than remote but less than likely.

Remote. The chance of the future event or events occurring is slight.

Probable. The future event or events are likely to occur. ...

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

**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**

**Walla Walla School District No. 140
Walla Walla County
September 1, 2013 through August 31, 2014**

Board of Directors
Walla Walla School District No. 140
Walla Walla, 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 Walla Walla School District No. 140, Walla Walla 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 May 20, 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.

A handwritten signature in black ink, reading "Jan M. Jutte". The signature is fluid and cursive, with the first name "Jan" and last name "Jutte" clearly legible.

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

May 20, 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**

**Walla Walla School District No. 140
Walla Walla County
September 1, 2013 through August 31, 2014**

Board of Directors
Walla Walla School District No. 140
Walla Walla, Washington

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

We have audited the compliance of Walla Walla School District No. 140, Walla Walla 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Finding 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

District's Response to Findings

The District's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Finding 2015-001 to be a material weakness.

District's Response to Findings

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 black ink, reading "Jan M. Jutte". The signature is fluid and cursive, with the first name "Jan" and last name "Jutte" clearly legible, and "M." as a middle initial.

JAN M. JUTTE, CPA, CGFM

ACTING STATE AUDITOR

OLYMPIA, WA

May 20, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Walla Walla School District No. 140 Walla Walla County September 1, 2013 through August 31, 2014

Board of Directors
Walla Walla School District No. 140
Walla Walla, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Walla Walla School District No. 140, Walla Walla 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 22.

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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 Walla Walla School District No. 140, 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 May 20, 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.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

May 20, 2015

FINANCIAL SECTION

Walla Walla School District No. 140
Walla Walla County
September 1, 2013 through August 31, 2014

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds – 2014
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Walla Walla Public Schools No. 140

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	8,468,611.61	499,132.27	2,708,991.49	173,942.44	253,858.41	0.00	12,104,536.22
Minus Warrants Outstanding	-1,452,805.59	-3,826.24	0.00	0.00	0.00	0.00	-1,456,631.83
Taxes Receivable	4,697,578.79		1,514,322.48	0.00	0.00		6,211,901.27
Due From Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Governmental Units	713,867.52	0.00	0.00	117,758.00	0.00	0.00	831,625.52
Accounts Receivable	348,055.98	0.00	0.00	0.00	0.00	0.00	348,055.98
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	0.00	0.00					0.00
Prepaid Items	3,816.63	0.00		0.00	0.00	0.00	3,816.63
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments/Cash With Trustee	1,020.23		0.00	0.00	0.00	0.00	1,020.23
Investments-Deferred Compensation	0.00			0.00			0.00
Self-Insurance Security Deposit	0.00						0.00
TOTAL ASSETS	12,780,145.17	495,306.03	4,223,313.97	291,700.44	253,858.41	0.00	18,044,324.02
LIABILITIES:							
Accounts Payable	1,112,304.16	55,379.63	0.00	197,142.52	249,041.86	0.00	1,613,868.17
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	189,143.52	0.00		0.00			189,143.52
Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
Payroll Deductions and Taxes Payable	32,418.19	0.00		0.00			32,418.19
Due To Other Governmental Units	0.00	0.00		0.00	0.00	0.00	0.00
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.

Walla Walla Public Schools No. 140
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	0.00	0.00	0.00	0.00	0.00		0.00
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	1,333,865.87	55,379.63	0.00	197,142.52	249,041.86	0.00	1,835,429.88
DEFERRED INFLOWS OF RESOURCES:							
Unavailable Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unavailable Revenue - Taxes Receivable	4,697,578.79		1,514,322.48	0.00	0.00		6,211,901.27
TOTAL DEFERRED INFLOWS OF RESOURCES	4,697,578.79	0.00	1,514,322.48	0.00	0.00	0.00	6,211,901.27
FUND BALANCE:							
Nonspendable Fund Balance	3,816.63	0.00	0.00	0.00	0.00	0.00	3,816.63
Restricted Fund Balance	241,855.82	439,926.40	2,708,991.49	54,997.37	4,816.55	0.00	3,450,587.63
Committed Fund Balance	483,841.23	0.00	0.00	0.00	0.00	0.00	483,841.23
Assigned Fund Balance	1,057,292.34	0.00	0.00	39,560.55	0.00	0.00	1,096,852.89
Unassigned Fund Balance	4,961,894.49	0.00	0.00	0.00	0.00	0.00	4,961,894.49
TOTAL FUND BALANCE	6,748,700.51	439,926.40	2,708,991.49	94,557.92	4,816.55	0.00	9,996,992.87
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	12,780,145.17	495,306.03	4,223,313.97	291,700.44	253,858.41	0.00	18,044,324.02

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

Walla Walla Public Schools No. 140

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	11,247,433.01	749,614.93	3,533,905.31	2,093.26	100.98		15,533,147.49
State	45,058,428.97		0.00	6,762,733.31	243,132.59		52,064,294.87
Federal	6,995,349.46		0.00	0.00	0.00		6,995,349.46
Federal Stimulus	0.00						0.00
Other	879,458.58			7,000.00	0.00	0.00	886,458.58
TOTAL REVENUES	64,180,670.02	749,614.93	3,533,905.31	6,771,826.57	243,233.57	0.00	75,479,250.40
EXPENDITURES:							
CURRENT:							
Regular Instruction	34,688,240.55						34,688,240.55
Federal Stimulus	0.00						0.00
Special Education	6,757,834.04						6,757,834.04
Vocational Education	1,923,860.26						1,923,860.26
Skill Center	45,334.40						45,334.40
Compensatory Programs	5,393,975.82						5,393,975.82
Other Instructional Programs	1,461,832.77						1,461,832.77
Community Services	148,147.21						148,147.21
Support Services	13,210,792.18						13,210,792.18
Student Activities/Other		776,152.10				0.00	776,152.10
CAPITAL OUTLAY:							
Sites				15,818.50			15,818.50
Building				6,242,355.93			6,242,355.93
Equipment				719,300.82			719,300.82
Instructional Technology				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					249,041.86		249,041.86
Sales and Lease				0.00			0.00
Other	693,305.61						693,305.61
DEBT SERVICE:							
Principal	0.00		2,755,000.00	0.00	0.00		2,755,000.00
Interest and Other Charges	0.00		768,064.25	0.00	0.00		768,064.25
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	64,323,322.84	776,152.10	3,523,064.25	6,977,475.25	249,041.86	0.00	75,849,056.30

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

Walla Walla Public Schools No. 140

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	-142,652.82	-26,537.17	10,841.06	-205,648.68	-5,808.29	0.00	-369,805.90
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	0.00		42,200.00	0.00	0.00		42,200.00
Transfers Out (GL 536)	-42,200.00		0.00	0.00	0.00	0.00	-42,200.00
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	0.00		0.00	0.00	0.00		0.00
TOTAL OTHER FINANCING SOURCES (USES)	-42,200.00		42,200.00	0.00	0.00	0.00	0.00
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-184,852.82	-26,537.17	53,041.06	-205,648.68	-5,808.29	0.00	-369,805.90
BEGINNING TOTAL FUND BALANCE	6,932,533.10	466,463.57	2,655,950.43	300,206.60	10,624.84	0.00	10,365,778.54
Prior Year(s) Corrections or Restatements	1,020.23	0.00	0.00	0.00	0.00	0.00	1,020.23
ENDING TOTAL FUND BALANCE	6,748,700.51	439,926.40	2,708,991.49	94,557.92	4,816.55	0.00	9,996,992.87

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

Walla Walla Public Schools No. 140
Statement of Fiduciary Net Position
Fiduciary Funds
August 31, 2014

	Private Purpose Trust	Other Trust
ASSETS:		
Imprest Cash	0.00	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	8,584.48	606,334.31
Minus Warrants Outstanding	0.00	-42,503.00
Due From Other Funds	0.00	0.00
Accounts Receivable	367.76	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	
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	8,952.24	563,831.31
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
Nondisposable -- Trust Principal	7,550.00	0.00
Committed to Other Purposes	1,391.96	0.00
Held In Trust For Private Purposes	10.28	
Assigned to Fund Purposes	0.00	0.00
Held In Trust For Pension And Other Employee Benefits		563,831.31
Unassigned Fund Balance	0.00	0.00
TOTAL NET POSITION	8,952.24	563,831.31

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

Walla Walla Public Schools No. 140
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	367.76	0.00
Employer		0.00
Members		0.00
Other	0.00	186,525.08
TOTAL CONTRIBUTIONS	367.76	186,525.08
Investment Income:		
Net Appreciation (Depreciation) in Fair Value	0.00	0.00
Interest and Dividends	73.07	3,764.44
Less Investment Expenses	0.00	0.00
Net Investment Income	73.07	3,764.44
Other Additions:		
Rent or Lease Revenue	0.00	0.00
Total Other Additions	0.00	0.00
TOTAL ADDITIONS	440.83	190,289.52
DEDUCTIONS:		
Benefits		0.00
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	0.00
Scholarships	429.10	
Other	0.00	42,503.00
TOTAL DEDUCTIONS	429.10	42,503.00
Net Increase (Decrease)	11.73	147,786.52
Net Position--Beginning	8,940.51	416,044.79
Prior Year(s) Corrections or Restatements	0.00	0.00
NET POSITION--ENDING	8,952.24	563,831.31

Walla Walla School District
Notes to the Financial Statements
September 1, 2013 through August 31, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Walla Walla 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.

Pension (and Other Employee Benefit) Trust Fund

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

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 revenues 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.

Effective for the 2013-2014 school year, the district implemented 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.

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 Board of Directors has 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.

NOTE 2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

The Walla Walla 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.

The District's investments as of August 31, 2014, are as follows:

<u>Deposit Type</u>	<u>Carrying Amount</u>	<u>Market Value</u>
County Treasurer's Investment Pool	\$10,422,716	\$10,422,716

All imprest accounts are carried at Baker Boyer Bank and Washington Trust Bank.

NOTE 3: SIGNIFICANT CONTINGENT LIABILITIES

There were none at the balance sheet date.

Litigation

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

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 three contributory, multi-employer, cost-sharing statewide retirement systems managed by the Washington State Department of Retirement Systems (DRS): Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS) and School Employees' Retirement System (SERS). Participation in the programs was as follows:

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

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

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

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 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 the rates set by the Legislature. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at 6 percent and does not vary from year to year. The employer rate is the same for all plans in a system. The methods used to determine the contribution requirements are established under chapters 41.40, 41.32, and 41.35 RCW for PERS, TRS and SERS respectively.

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

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>FY2013-2014</u>	<u>FY2012-2013</u>	<u>FY2011-2012</u>
Plan 1 TRS	75,170.91	83,450.40	\$97,937.88
Plan 2 TRS	470,804.54	364,369.13	\$357,814.19
Plan 3 TRS	2,150,206.56	1,605,214.82	\$1,577,175.08
Plan 1 PERS	8,695.92	10,043.16	\$10,781.79
Plan 2 SERS	422,562.64	281,654.37	\$267,897.66
Plan 3 SERS	542,121.01	401,460.73	\$399,822.53

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, 20XX, 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 \$571,357.76. 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: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS, INCLUDING ENCUMBRANCES, IF APPROPRIATE

Construction in progress is composed of:

Project	Project Budget	Expended as of 8/31/14	Balance
PM HVAC Energy	27,262	27,262	0
Skills Center Construction	10,350,000	9,894,205	455,795
BE Boiler	165,000	81,549	83,451
PM Roof	107,546	107,546	0
Total	10,649,808	10,110,562	539,246

NOTE 8: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The District's capital assets are insured in the amount of \$147,879,575 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 9: REQUIRED DISCLOSURES ABOUT LONG-TERM LIABILITIES

Long-Term Debt

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

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
2007 Edison	19,500,000	2,715,000	12/1/2018	4.20	16,785,000
2001 Buses	1,020,000	40,000	4/1/2014	.60	0
Total General Obligation Bonds					16,785,000

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	19,540,000
New Issues	0
Debt Retired	2,755,000
Long-Term Debt Payable at 8/31/2014	16,785,000

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

Years Ending August 31,	Principal	Interest	Total
2015	2,910,000.00	651,243.75	3,561,243.75
2016	3,120,000.00	526,875.00	3,646,875.00
2017	3,340,000.00	393,637.50	3,733,637.50
2018	3,570,000.00	248,887.50	3,818,887.50
2019	3,845,000.00	86,512.50	3,931,512.50
Total	16,785,000.00	1,907,156.25	18,692,156.25

At August 31, 2014, the District had \$2,708,991.49 available in the Debt Service Fund to service the general obligation bonds.

NOTE 10: ENTITY RISK MANAGEMENT ACTIVITIES

Unemployment

In fiscal year 1978, school districts within Educational Service District (ESD) #123 joined together to form the Cooperative Unemployment Compensation Insurance Pool, a public entity risk pool currently operating as a common risk management and insurance program for unemployment compensation. Seventeen district, including ESD #123, have joined the Pool. Members pool their self-insured losses and administrative services and have established a plan of self-insurance and related services, such as risk management, claims administration, etc. Coverage is on an “occurrence” basis. Members make a contributions to the fund based on their total gross payroll and unemployment history during the preceding year. The pool is fully funded by its member participants. The financial statements of the pool may be obtained by contacting Educational Service District No. 123.

The Pool is governed by a Cooperative Board, which is comprised of one designated representative from each participating members and a six member Executive Board. Five members elected by the Cooperative Board and the ESD Superintendent comprise the Executive Board. ESD #123 is responsible for conducting the business affairs of the Pool.

Workers’ Compensation

In fiscal year 1985, school districts within Educational Service District (ESD) #123 joined together to form the Southeast Washington Workers Compensation Cooperative Trust, a public entity risk pool currently operating as a common risk management and insurance program for industrial insurance. For fiscal year 2013-2014, there are nineteen school districts, including ESD #123, in the pool. The pool allows members to pool their self-insured losses and jointly purchases insurance and administrative services, such as risk management, claims administration, etc. Coverage is on an “occurrence” basis. The district pays an annual contribution to the fund based on their total payroll hours and claims history for the past three years. The pool is fully funded by its member participants. The pool acquires insurance from unrelated underwriters. The pool’s per-occurrence retention limit is \$400,000 and the bi-annual aggregate retention is \$5,533,482. The maximum coverage under the excess insurance contract is \$5,533,482. Since the pool is a cooperative program, there is a joint liability among the participating members. The financial statements of the pool may be obtained by contacting Educational Service District No. 123.

A Cooperative Board that is comprised of one designated representative from each participating member and a six member Executive Board governs the Pool. The Executive Board has five members elected by the Cooperative Board and the ESD Superintendent. ESD #123 is responsible for conducting the business affairs of the Pool.

Risk Management

The district is a member of the Washington Schools Risk Management Pool (Pool). 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 in 1986 when educational service districts and school districts in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Over 80 school and educational service districts have joined the Pool.

The Pool allows members to jointly purchase insurance coverage, establish a plan of self-insurance, and provide related services, such as risk management. The Pool provides the following coverages for its members: property, liability, vehicle, public official liability, crime, employment practices, machinery breakdown, and network security.

Members make an annual contribution to fund the Pool. The Pool acquires reinsurance from unrelated underwriters that are subject to a per-occurrence self-insured retention of \$1 million. Members are responsible for varied deductibles for both liability and property claims. Insurance carriers cover losses over \$1 million to the maximum limits of each policy. Since the Pool is a cooperative program, there is a joint liability among the participating members.

Members contract to remain in the Pool for a minimum of three years and must give notice two and one half years before terminating participation. The Interlocal Governmental Agreement is renewed automatically each year after the initial three-year period. 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 Interlocal Governmental Agreement if the assets of the Pool were exhausted.

The Pool is fully funded by its member participants.

The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. An executive board is elected at the annual meeting, and is responsible for overseeing the business affairs of the Pool.

NOTE 11: 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 12: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

Transportation Cooperative

Operation of a cooperative program to service the district's buses and those of neighboring districts are included in these financial statements. For fiscal year 2013-2014, these General Fund cooperative revenues totaled \$25,572.14, as compared to the preceding year's revenues of \$20,675.93. General Fund expenditures related to the cooperative totaled \$28,945.27, as compared to the preceding year's expenditures of \$20,675.93. For fiscal year 2013-2014, Capital Projects cooperative revenues totaled \$7,000, as compared to the preceding year's revenue of \$7,000, for payment to fund the local share cost of construction of the facility.

King County Director's Association

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 in May 1974 and has remained in the joint venture ever since. The District's current equity of \$13,758.18 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.

Dental Trust

The Eastern Washington School Dental Trust was formed in December 1975. The current Trust Agreement includes three school districts in southeastern Washington. The purpose of the Eastern Washington School Dental Trust is to provide for group dental benefits for certain classes of employees of the employers and their eligible family members. Walla Walla School District holds the insurance reserves in a Trust Fund with the County Treasurer and is indicated under "Other Trust" on the District's financial statements.

Compensated Absences Pool

In fiscal year 2013-14, five school districts and Educational Service District (ESD) #123 make up the membership of a Compensated Absences Pool. The purpose of the Pool is allow members to accumulate funds for payments of accrued sick and/or annual leave due to annual cash out, termination, retirement and/or death of employees. Members make contributions to the pool based on a self-selected percentage of their total gross payroll. Payroll contributions are made to the Pool at the time leave is earned to reserve assets for expenditures related to leave buy out consist with district policy. 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. The pool is fully funded by its member participants. The financial statements of the Pool may be obtained by contacting Educational Service District No. 123.

Skill Center

The District is the host district for the SEA-Tech Skill Center, a regional program designed to provide career and technical education opportunities to students in participating districts. The purpose of a Skill Center is to enhance the career and technical education course offerings among districts by avoiding unnecessary duplication of courses.

The SEA-Tech Skill Center was created through an agreement of the 6 member districts. The Skill Center is governed by an Administrative Council, comprised of the superintendents, or their appointed representatives, of all member districts. The Skill Center administration is handled through a director, employed by the District.

As host district, the District has the following responsibilities:

1. Employ staff of the Skill Center.
2. Act as fiscal agent for the Skill Center and maintain separate accounts and fund balances for each fund.
3. Review and adopt the Skill Center budget as a part of the District's overall budget.
4. Provide such services as may be mutually agreed upon by the District and the Skill Center.

Sources of Funding

The Skill Center is primarily funded by state apportionment, based on the number of students who attend the Skill Center. Other sources of income include federal grants from the Carl D. Perkins program, tuition and fees, and payments from member districts.

Capital Improvements

The District collects an annual fee from all participating districts for the Capital Projects Maintenance Fund. These funds are used for the maintenance and related capital improvements of Skill Center facilities. Fees are collected from each member district in accordance with the interlocal agreement signed by all member districts. Any amounts collected that have not been expended for capital purposes are recorded as a restriction of the District's Capital Projects Fund balance.

Unspent Funds

Any funds remaining at the end of the year from Skill Center operations are recorded as a restriction of the District's General Fund balance, and are to be used for financing future operations of the Skill Center. Member districts do not have claim to any unspent funds of the Skill Center.

The following districts are member districts of the Skill Center: College Place, Dayton, Prescott, Touchet, Waitsburg, and Walla Walla.

NOTE 13: 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	\$3,816.63	\$0			
Restricted Fund Balance					
Carryover of Restricted Revenues	\$241,855.82				
Debt Service	\$0		\$0	\$2,708,991.49	\$0
Arbitrage Rebate	\$0		\$0	\$0	\$0
Uninsured Risks	\$0	\$0	\$0		\$0
Other Items	\$	\$439,926.40	\$54,997.37	\$0	\$4,816.55
Committed Fund Balance					
Minimum Fund Balance Policy	\$				
Other Commitments	\$483,841.23	\$0	\$0	\$0	\$0
Assigned Fund Balance					
Contingencies	\$200,000				
Other Capital Projects	\$				
Other Purposes	\$857,292.34				
Fund Purposes		\$0	\$39,560.55	\$0	\$0
Unassigned Fund Balance	\$4,961,894.49				

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	\$53,383.09
Committed from Levy Proceeds	\$0
Restricted from State Proceeds	\$ 1,614.28
Restricted from Federal Proceeds	\$0
Restricted from Other Proceeds	\$0
Restricted from Impact Fee Proceeds	\$0
Restricted from Mitigation Fee Proceeds	\$0
Restricted from Undistributed Proceeds	\$0

NOTE 14: 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. For the year ended August 31, 2014, the District made \$4,979.97 in discretionary employer contributions to the plan.

NOTE 15: 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.

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.

Walla Walla Public Schools No. 140
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	0.00	0.00	0.00	0.00	0.00
Claims & Judgements	0.00	0.00	0.00	0.00	0.00
Compensated Absences	3,211,243.01	115,886.64	0.00	3,327,129.65	271,165.00
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	3,211,243.01	115,886.64	0.00	3,327,129.65	271,165.00

Walla Walla Public Schools No. 140
Schedule of Long-Term Liabilities: DEBT SERVICE FUND
For the Year Ended August 31, 2014

Due Description Year	Beginning Outstanding Debt September 1, 2013	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2014	Amount Within One
Voted Debt					
Voted Bonds	19,500,000.00	0.00	2,715,000.00	16,785,000.00	
	2,910,000.00				
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
Non-Voted Debt					
Non-Voted Bonds	40,000.00	0.00	40,000.00	0.00	0.00
LOCAL Program Proceeds	0.00	0.00	0.00	0.00	0.00
Total Long-Term Liabilities	19,540,000.00	0.00	2,755,000.00	16,785,000.00	
	2,910,000.00				

Walla Walla School District #140

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ending August 31, 2014

1	2	3	4	5	6	7	8	9
Federal Agency Name	Pass Through Agency	Federal Program Title	CFDA Number	Other Identification	From Direct Awards	From Pass Through Awards	Total	Footnote
USDA	Wa OSPI	School Breakfast Program	10.553			375,095.28	375,095.28	1
	Wa OSPI	National School Lunch Program	10.555			1,380,647.15	1,380,647.15	1
	Wa OSPI	National School Lunch Program - Snacks	10.555			12,372.80	12,372.80	1
	Wa OSPI	NSLP Noncash Asst. Food Commodities	10.555			186,298.13	186,298.13	4
	Wa OSPI	Child and Adult Care Food Program	10.558	6188 & 6398		33,731.52	33,731.52	1
		Farm to School Implementation	10.575	CN-F2S-IMPL 13-WA-01	63,940.20	-	63,940.20	1,3,9
	Wa OSPI	Fresh Fruit & Vegetable Program	10.582	Prg 98-01		15,009.87	15,009.87	1
	Office State Treasurer	Schools & Roads-Grants to States	10.665	Rev 55-5500		1,259.99	1,259.99	1
		Subtotal US Dept of Agriculture			63,940.20	2,004,414.74	2,068,354.94	
Dept of Defense		JROTC	12.999	Rev 52-5200	63,385.82		63,385.82	1,3
		Subtotal US Dept of Defense			63,385.82	-	63,385.82	
Dept of Commerce	Nat'l Telecomm & Info Admin	ARRA State Broadband Data and Development Grant Program	11.558	Prg 79-0795	5,000.00	-	5,000.00	1, 2
		Subtotal US Dept of Transportation			5,000.00	-	5,000.00	
US Dept of Ed	Wa OSPI	Title I Grants to Local Educational Agencies	84.010A	201348		1,174,352.42	1,174,352.42	1,5,9
	Wa OSPI	Title I Grants to Local Educational Agencies	84.010A	224501		21,313.00	21,313.00	1,5,9
	Wa OSPI	Title I Grants to Local Educational Agencies	84.010A	228570		20,000.00	20,000.00	1,5,9
	Wa OSPI	IDEA Special Education-Grants to States	84.027a	304871		1,159,918.00	1,159,918.00	1,9
	Wa OSPI	Career & Technical Education-Basic Grants to States	84.048	173073		80,155.46	80,155.46	1,9
	Wa OSPI	Special Education-PreSchool Grants	84.173A	364859		32,528.00	32,528.00	1,9
	Wa OSPI	Twenty-First Century Community Learning Centers	84.287	992107		477,234.41	477,234.41	1,9
	Washington State University	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	79-0414		38,989.04	38,989.04	1
	Wa OSPI	English Language Acquisition Grants	84.365A	401931		98,188.88	98,188.88	1
	Wa OSPI	Improving Teacher Quality State Grants	84.367	523211		223,900.70	223,900.70	1,9
		Subtotal US Dept of Education			-	3,326,579.91	3,326,579.91	
US Dept of Health & Human Services	ACF	Head Start	93.600	10CH0091/48	987,316.00	-	987,316.00	1,3,9
	DSHS	Medical Assistance Program	93.778	Prg 7930 (Adm)	-	497,971.60	497,971.60	1
		Subtotal US Dept of Health & Human Services			987,316.00	497,971.60	1,485,287.60	
		TOTAL OF ALL FEDERAL AWARDS			1,119,642.02	5,828,966.25	6,948,608.27	

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Preparers: Note 1—Basis of Accounting and Note 2—ARRA are required. The remaining notes are optional - use them if they apply to your district.

NOTE 1—BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the (district)'s financial statements. The (district) uses the (cash/modified accrual/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

Of the amount shown for this program, \$ 5,000.00 was paid from ARRA funds.

NOTE 3—PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the (federal/state/local) 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 (vaccine/dental items/commodities/surplus property/etc.) reported on the schedule is the value of (vaccine/dental items/commodities/surplus property/etc.) distributed by the (district) during the current year and priced as prescribed by USDA.

NOTE 5—SCHOOLWIDE PROGRAMS

The (district) operates a "schoolwide program" in four 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 (district) in its schoolwide program. Title I (84.010) (\$ 838,040).

NOTE 6—TRANSFERABILITY

As allowed by federal regulations, the (district) expended (\$ NA) from Title II Improving Teacher Quality, Part A (84.367) to Safe and Drug-Free Schools (84.186). This amount is reflected in the expenditures of Safe and Drug-Free Schools (84.186).

NOTE 7—SMALL RURAL SCHOOLS ACHIEVEMENT (SRSA)

As allowed by federal regulations, the (district) expended (\$ NA) from Title II Improving Teacher Quality, Part A (84.367) funds for activities of the Safe and Drug-Free Schools (84.186) program. This amount is reflected in the expenditures of Title II Improving Teacher Quality, Part A (84.367).

NOTE 8—NOT AVAILABLE (N/A)

The (district) was unable to obtain other identification number.

NOTE 9—FEDERAL INDIRECT RATE

The (district) used the federal (restricted/unrestricted) rate of 4.03% for this program.

NOTE 10—AMOUNTS PASSED THROUGH TO SUBRECIPIENTS

Of the amount shown for this program, \$ 0 was passed-through to subrecipients.

CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER OMB CIRCULAR A-133

Walla Walla School District No. 140 Walla Walla County September 1, 2013 through August 31, 2014

This schedule presents the corrective action planned by the auditee for findings reported in this report in accordance with OMB Circular A-133. The information in this schedule is the representation of the Walla Walla School District No. 140.

Finding ref number: 2014-001	Finding caption: Walla Walla School District did not have adequate internal controls to ensure compliance with federal procurement requirements for its Title I program.
Name, address, and telephone of auditee contact person: Ted Cohan, Executive Director of Business Services 364 S. Park Street Walla Walla, WA 99362 509-526-6717	
Corrective action the auditee plans to take in response to the finding: <i>Walla Walla School District has two new experienced supervisors of the Title I funding area and the previous supervisor who was in charge when the findings occurred has resigned from the District.</i> <i>The District has had trainings on the federal funding requirements with the District staff that will be involved with the Title I and other federal funding moving forward.</i> <i>The District has updated its bid guidelines and flow chart to clearly show the proper dollar thresholds and required expectations.</i>	
Anticipated date to complete the corrective action: All have been completed as of March 17, 2015	

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