



Washington State Auditor's Office

Independence • Respect • Integrity

Financial Statements and Federal Single Audit Report

Sunnyside School District No. 201

Yakima County

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

Published May 28, 2015

Report No. 1014303





Washington State Auditor

May 28, 2015

Board of Directors
Sunnyside School District No. 201
Sunnyside, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Sunnyside School District No. 201'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

TABLE OF CONTENTS

Federal Summary	4
Schedule Of Federal Audit Findings And Questioned Costs	6
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	12
Independent Auditor’s Report On Compliance For Each Major Federal Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133	15
Independent Auditor’s Report On Financial Statements	19
Financial Section.....	22
Corrective Action Plan For Findings Reported Under OMB Circular A-133	46
About The State Auditor’s Office.....	47

FEDERAL SUMMARY

**Sunnyside School District No. 201
Yakima County
September 1, 2013 through August 31, 2014**

The results of our audit of Sunnyside School District No. 201 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>
10.553	Child Nutrition Cluster - School Breakfast Program
10.555	Child Nutrition Cluster - National School Lunch Program
84.011	Migrant Education
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 \$387,659

The District did not qualify as a low-risk auditee under OMB Circular A-133.

SCHEDULE OF FEDERAL AUDIT FINDINGS AND QUESTIONED COSTS

Sunnyside School District No. 201 Yakima County September 1, 2013 through August 31, 2014

2014-001 The District did not have adequate controls to ensure compliance with federal procurement requirements.

CFDA Number and Title:	10.553 – School Breakfast Program 10.555 – National School Lunch Program
Federal Grantor Name:	U.S. Department of Agriculture
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	Office of Superintendent of Public Instruction
Pass-through Award/Contract Number:	N/A
Questioned Cost Amount:	\$0

Background

The District spent \$2,934,080 in School Breakfast and National School Lunch Program funds during the school year 2014. These programs provide funding for free and reduced-priced meals for low-income students. Families must meet income guidelines to be eligible for these programs.

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.

Description of Condition

Districts must follow the more restrictive of federal, state or local requirements when purchasing goods or services with federal funds. The District is required to follow state law and obtain price quotations from at least three qualified sources for purchases of goods up to \$75,000 and formal bids for purchases that exceed \$75,000.

We found the District did not have adequate internal controls to ensure procurement requirements were followed. The District paid \$411,976 of its grant funding for fruits and produce without complying with procurement requirements.

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

Cause of Condition

The District experienced staff turnover in its Nutrition program and Finance Department during the 2013-2014 school year. The District did not dedicate the necessary resources to ensure procurement procedures were in place.

Effect of Condition and Questioned Costs

The District did not formally procure the fruits and produce vendor for food services. Therefore, the District could not ensure they received the best possible price for food services.

Food purchases are allowable under the federal program; therefore we are not questioning costs.

Recommendation

We recommend the District establish and follow internal controls that will ensure compliance with federal procurement and District policies.

District's Response

The District will follow bid requirements for purchases within the Food Service Department and throughout the District.

Auditor's Remarks

We appreciate the steps the District is taking to resolve this issue. We will review the condition during our next audit.

Applicable Laws and Regulations

U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section 300 – Auditee Responsibilities, 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 the 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 each of its Federal programs

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.

RCW 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.

(5) The contract for the work or purchase shall be awarded to the lowest responsible bidder as defined in RCW 43.19.1911 but the board may by resolution reject any and all bids and make further calls for bids in the same manner as the original call. On any work or purchase the board shall provide bidding information to any qualified bidder or the bidder's agent, requesting it in person.

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

**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**

**Sunnyside School District No. 201
Yakima County
September 1, 2013 through August 31, 2014**

Board of Directors
Sunnyside School District No. 201
Sunnyside, 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 Sunnyside School District No. 201, Yakima 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 19, 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.

In addition, we noted certain matters that we have reported to the management of the District in a separate letter dated May 19, 2015.

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 19, 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**

**Sunnyside School District No. 201
Yakima County
September 1, 2013 through August 31, 2014**

Board of Directors
Sunnyside School District No. 201
Sunnyside, Washington

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

We have audited the compliance of Sunnyside School District No. 201, Yakima 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 2014-001 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.

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

May 19, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Sunnyside School District No. 201 Yakima County September 1, 2013 through August 31, 2014

Board of Directors
Sunnyside School District No. 201
Sunnyside, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Sunnyside School District No. 201, Yakima 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 Sunnyside School District No. 201, 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 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 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 19, 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 19, 2015

FINANCIAL SECTION

**Sunnyside School District No. 201
Yakima 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
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

Sunnyside School District No. 201

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	2,488,444.63	43,170.44	0.33	206,187.19	0.33	0.00	2,737,802.92
Minus Warrants Outstanding	-2,457,037.19	-40,835.08	0.00	-206,187.06	0.00	0.00	-2,704,059.33
Taxes Receivable	950,207.91		-1.73	0.00	0.00		950,206.18
Due From Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Governmental Units	1,274,783.50	0.00	0.00	383,989.13	0.00	0.00	1,658,772.63
Accounts Receivable	154,350.50	9,787.00	0.00	685,919.00	0.00	0.00	850,056.50
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	17,352.02	0.00					17,352.02
Prepaid Items	0.00	0.00		0.00	0.00	0.00	0.00
Investments	7,365,113.00	193,292.00	474,623.00	10,799,249.00	438,704.00	0.00	19,270,981.00
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
Self-Insurance Security Deposit	0.00						0.00
TOTAL ASSETS	9,793,214.37	205,414.36	474,621.60	11,869,157.26	438,704.33	0.00	22,781,111.92
LIABILITIES:							
Accounts Payable	612,537.77	18,717.93	0.00	1,991.20	0.00	0.00	633,246.90
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	8,085.13	0.00		0.00			8,085.13
Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
Payroll Deductions and Taxes Payable	182,349.42	0.00		0.00			182,349.42
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 the financial statement

Sunnyside School District No. 201

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	802,972.32	18,717.93	0.00	1,991.20	0.00	0.00	823,681.45
DEFERRED INFLOWS OF RESOURCES:							
Unavailable Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unavailable Revenue - Taxes Receivable	950,207.91		-1.73	0.00	0.00		950,206.18
TOTAL DEFERRED INFLOWS OF RESOURCES	950,207.91	0.00	-1.73	0.00	0.00	0.00	950,206.18
FUND BALANCE:							
Nonspendable Fund Balance	355,857.40	0.00	0.00	0.00	0.00	0.00	355,857.40
Restricted Fund Balance	0.00	186,696.43	474,623.33	0.00	438,704.33	0.00	1,100,024.09
Committed Fund Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned Fund Balance	0.00	0.00	0.00	11,867,166.06	0.00	0.00	11,867,166.06
Unassigned Fund Balance	7,684,176.74	0.00	0.00	0.00	0.00	0.00	7,684,176.74
TOTAL FUND BALANCE	8,040,034.14	186,696.43	474,623.33	11,867,166.06	438,704.33	0.00	21,007,224.29
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	9,793,214.37	205,414.36	474,621.60	11,869,157.26	438,704.33	0.00	22,781,111.92

The accompanying notes are an integral part of the financial statement

Sunnyside School District No. 201

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	2,505,590.99	430,214.66	3,679.13	172,864.12	750.24		3,113,099.14
State	51,985,256.19		0.00	8,295,557.39	410,993.83		60,691,807.41
Federal	12,975,085.46		0.00	0.00	0.00		12,975,085.46
Federal Stimulus	0.00						0.00
Other	160,811.48			0.00	0.00	0.00	160,811.48
TOTAL REVENUES	67,626,744.12	430,214.66	3,679.13	8,468,421.51	411,744.07	0.00	76,940,803.49
EXPENDITURES:							
CURRENT:							
Regular Instruction	29,953,589.81						29,953,589.81
Federal Stimulus	0.00						0.00
Special Education	6,260,410.83						6,260,410.83
Vocational Education	1,327,394.34						1,327,394.34
Skill Center	0.00						0.00
Compensatory Programs	10,582,403.88						10,582,403.88
Other Instructional Programs	1,314,723.79						1,314,723.79
Community Services	11,485.48						11,485.48
Support Services	15,419,960.07						15,419,960.07
Student Activities/Other		445,465.95				0.00	445,465.95
CAPITAL OUTLAY:							
Sites				97,751.64			97,751.64
Building				8,956,392.67			8,956,392.67
Equipment				481,246.19			481,246.19
Instructional Technology				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					374,997.36		374,997.36
Sales and Lease				0.00			0.00
Other	407,652.43						407,652.43
DEBT SERVICE:							
Principal	0.00		2,215,000.00	0.00	0.00		2,215,000.00
Interest and Other Charges	0.00		677,587.50	0.00	0.00		677,587.50
Bond/Levy Issuance				33,050.00	0.00		33,050.00
TOTAL EXPENDITURES	65,277,620.63	445,465.95	2,892,587.50	9,568,440.50	374,997.36	0.00	78,559,111.94

The accompanying notes are an integral part of the financial statement

Sunnyside School District No. 201

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	2,349,123.49	-15,251.29	-2,888,908.37	-1,100,018.99	36,746.71	0.00	-1,618,308.45
OTHER FINANCING SOURCES (USES):							
Bond Sales & Refunding Bond Sales	0.00		4,139.70	10,033,050.00	0.00		10,037,189.70
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	0.00		2,875,000.00	0.00	0.00		2,875,000.00
Transfers Out (GL 536)	-2,875,000.00		0.00	0.00	0.00	0.00	-2,875,000.00
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)	-2,875,000.00		2,879,139.70	10,033,050.00	0.00	0.00	10,037,189.70
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-525,876.51	-15,251.29	-9,768.67	8,933,031.01	36,746.71	0.00	8,418,881.25
BEGINNING TOTAL FUND BALANCE	8,565,910.65	201,947.72	484,392.00	2,934,135.05	401,957.62	0.00	12,588,343.04
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	8,040,034.14	186,696.43	474,623.33	11,867,166.06	438,704.33	0.00	21,007,234.29

The accompanying notes are an integral part of the financial statement

Sunnyside School District No. 201
Notes to Financial Statements

September 1, 2013 Through August 31, 2014

NOTE 1: Summary of Significant Accounting Policies

The Sunnyside School 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.

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.

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 Superintendent or Executive Director of Finance and Operations is/are the only person (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. 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 Nonspendable. 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 Yakima 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 (except for investments of deferred compensation plans) 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
Certificates of Deposit or Other Time Deposits			
Repurchase Agreements			
Bankers' Acceptance			
Obligations of the U.S. Government or Its Subsidiary Corporations			
Investments Held by Broker-Dealers Under Reverse Repurchase Agreements: U.S. Government Securities U.S. Instrumentality Securities			
State Treasurer's Investment Pool			
County Treasurer's Investment Pool		19,270,981	19,270,981
Total Investments		19,270,981	19,270,981

Self-Funded Dental Plan

The Sunnyside School District maintains a Self-funded Dental Plan as part of the district's General Fund. The Self-Funded Dental Plan is administered by the Sunnyside School District's Insurance Committee. The third part administrator is Assurant Employee Benefits. Premiums are deposited into the General Fund and claims are paid from the General Fund. The liability of the Self-Funded Dental Plan reported at August 31, 2014 including incurred but not reported claims, total \$102,570.94. Plan assets total \$181,099.05 at August 31, 2014.

NOTE 3: Significant contingent liabilities

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

A. 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 program 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

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

B. Contributions

Employee contribution rates 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>FY 13/14</u>	<u>FY 12/13</u>	<u>FY 11/12</u>
Plan 1 TRS	\$ 56,522.71	\$ 46,555.81	\$ 63,933.66
Plan 2 TRS	\$ 456,811.81	\$ 353,695.88	\$ 298,881.43
Plan 3 TRS	\$2,164,167.11	\$1,635,959.36	\$1,555,924.04
Plan 1 PERS	\$ 36,722.60	\$ 32,459.82	\$ 38,168.20
Plan 2 SERS	\$ 461,285.03	\$ 353,795.26	\$ 342,584.03
Plan 3 SERS	\$ 557,411.79	\$ 397,921.24	\$ 370,045.57

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, 2013, 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 \$588,587.69. 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 non-capitalized (operating) leases

- a. Office space is leased to Migrant Student Data, Recruitment and Support (MSDRS) and PASS Course Sales (PASS).
- b. The two leases are for a period of one year with a provision to increase the lease amount annually. The entire annual lease payments are received at the beginning of the fiscal year.

c. The estimated lease payments for the next five years are as follows:

	MSDRS	PASS		
FY 2014-15	\$ 112,928.75	\$ 6,246.00		
FY 2015-16	\$ 112,928.75	\$ 6,246.00		
FY 2016-17	\$ 112,928.75	\$ 6,246.00		
FY 2017-18	\$ 112,928.75	\$ 6,246.00		
FY 2018-19	\$ 112,928.75	\$ 6,246.00		
				Grand Total
Total	\$ 564,643.75	\$ 31,230.00		\$ 595,873.75

The estimated capital lease payments for the next five years are as follows:

Lessor	Amount	Annual Installment	Final Installment Date	Interest Rate	Balance
Lease-Purchase Commitments					
Apple Inc.	\$ 1,184,156.86	\$296,039.21	7/27/2015	2.140%	\$ 296,039.21
Apple Inc.	\$ 26,655.08	\$ 6,663.77	7/27/2015	2.140%	\$ 6,663.77
Copiers Northwest	\$ 13,916.66	\$ 5,353.08	5/01/2017	0%	\$ 13,916.66
Canon Copiers	\$ 411,875.40	\$ 6,864.59	9/01/2019	0%	\$ 411,875.40
<i>Total Lease-Purchase Commitments</i>					\$ 728,495.04
Conditional Sales Contracts					
<i>Total Conditional Sales Contracts</i>					
Other Long-Term Commitments					
<i>Total Other Long-Term Commitments</i>					

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

Construction in progress as of August 31, 2014 is composed of:

Project	Project Authorization Amount	Expended as of 8/31/2014	Additional Local Funds Committed	Additional State Funds Committed
350-J02-43039	\$36,113,116.92	\$ 37,158,400.83	\$ 6,722,940.05	\$ 30,435,460.78
350-K23-92203-4486	\$ 6,225,000.00	\$ 5,801,572.31	\$0	\$ 6,225,000.00
S03-4618	\$ 6,060,873.90	\$ 6,367,648.75	\$ 1,417,306.45	\$ 4,950,342.30
Total	\$48,398,990.82	\$ 49,327,621.89	\$ 8,140,246.50	\$ 41,610,803.08

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. Encumbrances in the amount of \$189,988.11 within the General Fund were re-encumbered on September 1, 2014.

NOTE 9: Required disclosures about capital assets

The District's capital assets are insured in the amount of \$226,161,514.00 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:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
UTGO Bonds 2009	\$ 11,310,000	\$ 50,000	12/01/2022	3.25%-4.75%	\$ 11,310,000
UTGO Bonds 2012	\$ 6,200,000	\$ 1,475,000	12/01/2017	0.05%-2.00%	\$ 6,200,000
UTGO Bonds 2014A	\$ 9,855,000	\$ 0	12/01/2033	3.00%-3.45%	\$ 9,855,000
UTGO Bonds 2014B	\$ 85,000	\$ 85,000	12/01/2014	0.400%	\$ 85,000
Total General Obligation Bonds	\$27,450,000				\$27,450,000

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

Years Ending August 31	Principal	Interest	Total
2015	\$ 1,610,000	\$ 978,819.44	\$ 2,588,819.44
2016	\$ 1,575,000	\$ 952,420.00	\$ 2,527,420.00
2017	\$ 1,655,000	\$ 911,001.25	\$ 2,566,001.25
2018	\$ 1,750,000	\$ 867,357.50	\$ 2,617,357.50
2019	\$ 1,900,000	\$ 801,357.50	\$ 2,701,357.50
2020	\$ 2,045,000	\$ 705,288.75	\$ 2,750,288.75
2021	\$ 2,195,000	\$ 604,588.75	\$ 2,799,588.75
2022	\$ 2,350,000	\$ 493,707.50	\$ 2,843,707.50
2023	\$ 2,515,000	\$ 375,226.25	\$ 2,890,226.25
2024	\$ 625,000	\$ 306,120.00	\$ 931,120.00
2025	\$ 670,000	\$ 286,695.00	\$ 956,695.00
2026	\$ 720,000	\$ 265,845.00	\$ 985,845.00
2027	\$ 775,000	\$ 243,420.00	\$ 1,018,420.00
2028	\$ 830,000	\$ 219,345.00	\$ 1,049,345.00
2029	\$ 885,000	\$ 193,620.00	\$ 1,078,620.00
2030	\$ 940,000	\$ 166,245.00	\$ 1,106,245.00
2031	\$ 1,000,000	\$ 134,895.00	\$ 1,134,895.00
2032	\$ 1,065,000	\$ 99,273.75	\$ 1,164,273.75
2033	\$ 1,135,000	\$ 61,323.75	\$ 1,196,323.75
2034	\$ 1,210,000	\$ 20,872.50	\$ 1,230,872.50
Total	\$27,450,000	\$ 8,687,421.94	\$ 36,137,421.94

At August 31, 2014, the District had \$474,623.00 available in the Debt Service Fund to service the general obligation bonds.

NOTE 12: Entity risk management activities

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In September 1, 1995, the District joined together with other school districts in the state to form Schools Insurance Association of Washington (SIAW), a public entity risk pool currently operating as a common risk management and insurance program. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the Schools Insurance Association of Washington (SIAW) provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 for each insured event.

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

Operation of a proportionally larger cooperative program to transport the District's students and only maintain the buses of Bickelton and Mabton, neighboring Districts are included in these financial statements. For fiscal year 2014, these cooperative revenues totaled \$14,833.69, as compared to the preceding year's revenues of \$13,445.49. Expenditures related to the cooperative totaled \$14,833.69, as compared to the preceding year's expenditures of \$13,445.49.

The District is a member of the King County Director's Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The District joined the association September 14, 1967, and has remained in the joint venture ever since. The District's current equity of \$48,911.33 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	\$355,857.40				
Inventory and Prepaid Items					
Restricted Fund Balance					
Carryover of Restricted Revenues					
Debt Service				\$474,623.33	
Arbitrage Rebate					
Uninsured Risks					
Other Items		\$186,696.43			\$438,704.33
Committed Fund Balance					
Minimum Fund Balance Policy					
Other Commitments					
Assigned Fund Balance					
Contingencies					
Other Capital Projects					
Other Purposes					
Fund Purposes			\$11,867,166.06		
Unassigned Fund Balance	\$7,684,176.74				

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 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 {termination payment method/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.

No unrecorded liability exists for other employee benefits.

Sunnyside School District No. 201
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	1,166,571.42	0.00	81,163.05	1,085,408.37	89,758.00
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	1,166,571.42	0.00	81,163.05	1,085,408.37	89,758.00

The accompanying notes are an integral part of the financial statement

Sunnyside School District No. 201
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	18,950,000.00	9,940,000.00	1,440,000.00	27,450,000.00	
	1,610,000.00				
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	
	0.00				
Non-Voted Debt					
Non-Voted Bonds	775,000.00	0.00	775,000.00	0.00	
	0.00				
LOCAL Program Proceeds	0.00	0.00	0.00	0.00	
	0.00				
Total Long-Term Liabilities	19,725,000.00	9,940,000.00	2,215,000.00	27,450,000.00	
	1,610,000.00				

The accompanying notes are an integral part of the financial statement

Sunnyside School District #201
Yakima County
EIN: 91-6001614
Schedule of Expenditure of Federal Awards
For Fiscal 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 Number	From Direct Awards	From Pass Through Awards	Total	Footnote
USDA	WA OSPI	School Breakfast Program (A)	10.553	N/A		625,580	625,580	
		WA OSPI National School Lunch - Cash Assistance	10.555	N/A		2,170,929	2,170,929	
		WA OSPI National School Lunch - Cash Assistance	10.555	N/A		26,627	26,627	3
		WA OSPI National School Lunch - Non-Cash Assis	10.555			110,944	110,944	
		10.555				<u>2,308,500</u>	<u>2,308,500</u>	
	ST TREAS	Schools and Roads - Grants to States	10.665	N/A		85,910	85,910	
Subtotal U.S. Dept of Agriculture						3,019,991	3,019,991	
US Dept of Ed	OSPI	Title 1 Grants to Local Educational Agenc	84.010	201528		3,397,634	3,397,634	4,6
	OSPI	Title 1 Grants to Local Educational Agenc	84.010	228613		18,423	18,423	4,6
	OSPI	Title 1 Grants to Local Educational Agenc	84.010	228337		12,906	12,906	4,6
	OSPI	Title 1 Grants to Local Educational Agenc	84.010	228614		20,000	20,000	4,6
		84.010				<u>3,448,963</u>	<u>3,448,963</u>	
	OSPI	Migrant Education_State Grant Program	84.011	282049		547,209	547,209	6
	OSPI	Migrant Education_State Grant Program	84.011	290747		73,245	73,245	6
	OSPI	Migrant Education_State Grant Program	84.011	20140167		2,098,468	2,098,468	
		84.011				<u>2,718,922</u>	<u>2,718,922</u>	
	OSPI	Special Education_ Grants to States (IDEA, P	84.027	304645		1,176,920	1,176,920	6
		Impact Aid	84.041	57-WA-xxxx-0021	4,677		4,677	
	OSPI	Career and Technical Ed - Basic Grants t	84.048	173055		72,737	72,737	6
	OSPI	Special Education - Preschool Grants	84.173	364644		41,578	41,578	6
U of WA		Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334A110036-12		49,096	49,096	6
U of WA		Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	P334A110036-13		428,800	428,800	6
		84.334				<u>477,896</u>	<u>477,896</u>	
		High School Graduation Initiative	84.360	S360A100105-11	908,363		908,363	6
		High School Graduation Initiative	84.360	360A100105-12	86,004		86,004	6
		84.360			<u>994,367</u>		<u>994,367</u>	
	OSPI	English Language Acquisition State Gran	84.365	101874		118,461	118,461	
	OSPI	Improving Teacher Quality State Grants	84.367	523256		395,685	395,685	4,6
Subtotal U.S. Dept of Education						999,044	8,451,162	9,450,206

Sunnyside School District #201
Yakima County
EIN: 91-6001614
Schedule of Expenditure of Federal Awards
For Fiscal 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 Number	From Direct Awards	From Pass Through Awards	Total	Footnote

Dept of Health

and Human

Services

		Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1365-90072		17,471	17,471	
	DSHS	Drug-Free Communities Support Program	93.276	1H79SP020023-0	70,720		70,720	
	WA DSHS	Medicaid Assistance Program	93.778	0765-19256		255,714	255,714	8
	DSHS	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1265-59187 Amendment #2		61,087	61,087	
	DSHS	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1265-59187 Amendment #2		10,220	10,220	
	ESD 105	Block Grants for Prevention and Treatment of Substance Abuse	93.959	9003000028		36,555	36,555	
			93.959			107,862	107,862	
		Subtotal U.S. Dept of Health and Human Services			70,720	381,047	451,767	
TOTAL FEDERAL AWARDS EXPENDED								
					1,069,764	11,852,200	12,921,964	

SUNNYSIDE SCHOOL DISTRICT #201
2013-2014
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 Sunnyside School District's financial statements. *The district uses the modified accrual basis of accounting.* Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2—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 3—NONCASH AWARDS

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

NOTE 4—SCHOOLWIDE PROGRAMS

The district operates a "schoolwide program" in five elementary buildings, two middle schools, and one high school. Using federal funding, schoolwide programs are designed to upgrade an entire education program within a school for all students, rather than limit services to certain targeted students. The following federal program amounts were expended by the Sunnyside School District in its schoolwide program.

NOTE 5—NOT AVAILABLE (N/A)

The Sunnyside School District was unable to obtain other identification number.

NOTE 6—FEDERAL INDIRECT RATE

The Sunnyside School District used the federal restricted rate of 5.52 % for this program.

NOTE 7—MEDICAID ADMINISTRATIVE MATCH

The amounts reported on the SEFA are for the prior year 2012-2013. The 2013-2014 amounts could not be determined until the following year, after the year-end report is done. We do this in order to avoid claim staff that might have been transferred to a federal program as late as August.

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

Sunnyside School District No. 201 Yakima 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 Sunnyside School District No. 201.

Finding ref number: 2014-001	Finding caption: The District did not have adequate controls to ensure compliance with federal procurement requirements.
Name, address, and telephone of auditee contact person: Jeff Loe, Executive Director of Finance and Operations 1110 S. Sixth Street Sunnyside, WA 98944 509-836-8701	
Corrective action the auditee plans to take in response to the finding: <i>The District will follow bid requirements for purchases within the Food Service Department and throughout the District.</i>	
Anticipated date to complete the corrective action: School Year 2015-2016	

ABOUT THE STATE AUDITOR'S OFFICE

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