

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

Waitsburg School District No. 401-100
Walla Walla County

Audit Period
September 1, 2007 through August 31, 2010

Report No. 1005690

Issue Date
May 23, 2011



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

May 23, 2011

Board of Directors
Waitsburg School District No. 401-100
Waitsburg, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Waitsburg School District No. 401-100's financial statements and compliance with federal laws and regulations.

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

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Walla Walla County
September 1, 2007 through August 31, 2010**

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Federal Summary

Waitsburg School District No. 401-100 Walla Walla County September 1, 2009 through August 31, 2010

The results of our audit of Waitsburg School District No. 401-100 are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

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

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

FEDERAL AWARDS

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
84.027	Special Education Cluster - Grants to States (IDEA, Part B)
84.173	Special Education Cluster - Preschool Grants (IDEA Preschool)
84.391	ARRA - Special Education Cluster, IDEA Part B (Recovery Act)
84.392	ARRA - Special Education Cluster, Preschool Grants (Recovery Act)
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants (Recovery Act)

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

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

Waitsburg School District No. 401-100
Walla Walla County
September 1, 2007 through August 31, 2010

Board of Directors
Waitsburg School District No. 401-100
Waitsburg, Washington

We have audited the financial statements of Waitsburg School District No. 401-100, Walla Walla County, Washington, as of and for the years ended August 31, 2010, 2009 and 2008, and have issued our report thereon dated April 29, 2011.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

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

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

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized flourish at the end.

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 29, 2011

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

**Waitsburg School District No. 401-100
Walla Walla County
September 1, 2009 through August 31, 2010**

Board of Directors
Waitsburg School District No. 401-100
Waitsburg, Washington

COMPLIANCE

We have audited the compliance of Waitsburg School District No. 401-100, 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, 2010. The District's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2010.

INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

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

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 29, 2011

Independent Auditor's Report on Financial Statements

Waitsburg School District No. 401-100 Walla Walla County September 1, 2007 through August 31, 2010

Board of Directors
Waitsburg School District No. 401-100
Waitsburg, Washington

We have audited the accompanying financial statements of Waitsburg School District No. 401-100, Walla Walla County, Washington, for the years ended August 31, 2010, 2009 and 2008. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described in Note 1 to the financial statements, the District prepares its financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the *Accounting Manual for Public Schools in the State of Washington*, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of Waitsburg School District No. 401-100, for the years ended August 31, 2010, 2009 and 2008, on the basis of accounting described in Note 1.

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

Our audits were 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 Debt 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 has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 29, 2011

Financial Section

**Waitsburg School District No. 401-100
Walla Walla County
September 1, 2007 through August 31, 2010**

FINANCIAL STATEMENTS

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Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2010

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	473,466.63	95,214.95	323,332.75	594.58	1,048.48		893,657.39
State	2,709,145.99		0.00	0.00	33,842.68		2,742,988.67
Federal	233,256.85		0.00	0.00	0.00		233,256.85
Federal Stimulus	197,017.79						197,017.79
Other	30,285.91			0.00	0.00	0.00	30,285.91
TOTAL REVENUES	3,643,173.17	95,214.95	323,332.75	594.58	34,891.16	0.00	4,097,206.61
EXPENDITURES:							
CURRENT:							
Regular Instruction	1,673,515.32						1,673,515.32
Federal Stimulus	240,740.26						240,740.26
Special Education	327,744.29						327,744.29
Vocational Education	205,872.12						205,872.12
Skills Center	0.00						0.00
Compensatory Programs	163,540.06						163,540.06
Other Instructional Programs	2,139.76						2,139.76
Community Services	4,681.99						4,681.99
Support Services	961,056.76						961,056.76
Student Activities/Other		74,432.89				0.00	74,432.89
CAPITAL OUTLAY:							
Sites				0.00			0.00
Building				0.00			0.00
Equipment				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					0.00		0.00
Other	19,593.61						19,593.61
DEBT SERVICE:							
Principal	0.00		225,000.00	0.00	0.00		225,000.00
Interest and Other Charges	0.00		102,520.50	0.00	0.00		102,520.50
TOTAL EXPENDITURES	3,598,884.17	74,432.89	327,520.50	0.00	0.00	0.00	4,000,837.56
REVENUES OVER (UNDER) EXPENDITURES	44,289.00	20,782.06	-4,187.75	594.58	34,891.16	0.00	96,369.05

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

Waitsburg School District No. 401

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2010

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
OTHER FINANCING SOURCES (USES):							
Bond Sales & Refunding Bond Sales	0.00		999,507.70	0.00	0.00		999,507.70
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	0.00		0.00	7,500.00	4,000.00		11,500.00
Transfers Out (GL 536)	-11,500.00		0.00	0.00	0.00	0.00	-11,500.00
Other Financing Uses (GL 535)	0.00		-968,045.46	0.00	0.00		-968,045.46
Other	0.00		0.00	0.00	0.00		0.00
TOTAL OTHER FINANCING SOURCES (USES)	-11,500.00		31,462.24	7,500.00	4,000.00	0.00	31,462.24
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	32,789.00	20,782.06	27,274.49	8,094.58	38,891.16	0.00	127,831.29
BEGINNING TOTAL FUND BALANCE	636,149.13	88,157.98	158,467.51	50,095.13	58,693.08	0.00	991,562.83
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	668,938.13	108,940.04	185,742.00	58,189.71	97,584.24	0.00	1,119,394.12

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

Waitsburg School District No. 401

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2009

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	482,414.10	101,086.50	311,145.17	1,287.21	1,047.08		896,980.06
State	2,819,490.59		0.00	0.00	51,933.65		2,871,424.24
Federal	300,672.47		0.00	0.00	0.00		300,672.47
Federal Stimulus	194,825.00						194,825.00
Other	21,124.42			0.00	0.00	0.00	21,124.42
TOTAL REVENUES	3,818,526.58	101,086.50	311,145.17	1,287.21	52,980.73	0.00	4,285,026.19
EXPENDITURES:							
CURRENT:							
Regular Instruction	1,719,204.90						1,719,204.90
Federal Stimulus	186,366.80						186,366.80
Special Education	357,113.28						357,113.28
Vocational Education	234,046.07						234,046.07
Skills Center	0.00						0.00
Compensatory Programs	296,679.69						296,679.69
Other Instructional Programs	3,249.53						3,249.53
Community Services	9,011.85						9,011.85
Support Services	954,685.33						954,685.33
Student Activities/Other		74,169.40				0.00	74,169.40

CAPITAL OUTLAY:

Sites				0.00			0.00
Building				14,796.00			14,796.00
Equipment				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					0.00		0.00
Other	79,830.94						79,830.94

DEBT SERVICE:

Principal	0.00		200,000.00	0.00	0.00		200,000.00
Interest and Other Charges	0.00		109,968.50	0.00	0.00		109,968.50
TOTAL EXPENDITURES	3,840,188.39	74,169.40	309,968.50	14,796.00	0.00	0.00	4,239,122.29
REVENUES OVER (UNDER) EXPENDITURES	-21,661.81	26,917.10	1,176.67	-13,508.79	52,980.73	0.00	45,903.90

The accompanying notes are an integral part of this financial statement

Waitsburg School District No. 401

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2009

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
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		0.00	7,500.00	4,000.00		11,500.00
Transfers Out (GL 536)	-11,500.00		0.00	0.00	0.00	0.00	-11,500.00
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	70.00		0.00	0.00	0.00		70.00
TOTAL OTHER FINANCING SOURCES (USES)	-11,430.00		0.00	7,500.00	4,000.00	0.00	70.00
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-33,091.81	26,917.10	1,176.67	-6,008.79	56,980.73	0.00	45,973.90
BEGINNING TOTAL FUND BALANCE	669,240.94	61,240.88	157,290.84	56,103.92	1,712.35	0.00	945,588.93
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	636,149.13	88,157.98	158,467.51	50,095.13	58,693.08	0.00	991,562.83

The accompanying notes are an integral part of this financial statement

WAITSBURG SCHOOL DISTRICT NO. 401

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds**

For The Year Ended August 31, 2008

	General Fund	Assoc. Student Body	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	527,316.22	101,776.09	338,158.74	2,562.23	4,670.03		974,483.31
State	2,959,645.08				24,472.15		2,984,117.23
Federal	377,933.80						377,933.80
Other	21,438.08						21,438.08
TOTAL REVENUES	3,886,333.18	101,776.09	338,158.74	2,562.23	29,142.18		4,357,972.42
EXPENDITURES:							
CURRENT:							
Regular Instruction	1,814,210.98						1,814,210.98
Special Education	340,622.37						340,622.37
Vocational Education	220,663.99						220,663.99
Skills Center							
Compensatory Program	360,604.75						360,604.75
Other Instruct. Prog	7,760.29						7,760.29
Community Services	7,550.37						7,550.37
Support Services	956,336.81						956,336.81
Stu. Activities/Othe		90,762.25					90,762.25
CAPITAL OUTLAY:							
Sites				8,627.72			8,627.72
Building							
Equipment							
Energy							
Transportation Equip	73,996.10				111,728.80		111,728.80
Other							
DEBT SERVICE:							
Principal			185,000.00				185,000.00
Int. & Other Charges		90,762.25	119,593.50				119,593.50
TOTAL EXPENDITURES	3,781,745.66	90,762.25	304,593.50	8,627.72	111,728.80		4,297,457.93
REVS OVER (UNDER) EX	104,587.52	11,013.84	33,565.24	6,065.49-	82,586.62-		60,514.49
OTHER FIN SRCS(USES)							
Bond Sls & Ref Bond							
Long-Term Financing							
Transfers In				7,500.00	4,000.00		11,500.00
Trans Out (GL 536)	11,500.00-						11,500.00-
Oth Fin Use (GL 535)							
Other							
TOTAL OTHER FINANCE SOURCES (USES)	11,500.00-			7,500.00	4,000.00		
EXCESS OF REVS & OTH FIN SRCS OVER (UNDER EXP & OTHER FIN USES)	93,087.52	11,013.84	33,565.24	1,434.51	78,586.62-		60,514.49
BEG TOT FUND BALANCE Prior Year(s) Correc or Restatements	576,153.42	50,227.04	123,725.60	54,669.41	80,298.97		885,074.44
END TOT FUND BALANCE	669,240.94	61,240.88	157,290.84	56,103.92	1,712.35		945,588.93

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

WAITSBURG SCHOOL DISTRICT No. 401-100
Notes to Financial Statements
September 1, 2007 through August 31, 2010

Note 1 Summary of Significant Accounting Policies

a. Reporting Entity

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

For financial reporting purposes, the Waitsburg School District includes all funds, and all organizations controlled by or dependent on the district's board of directors. Control by or dependence on the district was determined on the basis of budget adoption, taxing authority, outstanding debt secured by the general credit of the district, obligation of the district to finance any deficits that may occur, or receipt of significant subsidies from the district.

b. Basis of Presentation—Fund Accounting

The district reports on cash basis of accounting pursuant to RCW 28A.505.020 permits districts with less than one thousand full time equivalent students for the preceding fiscal year to make a uniform election of cash basis accounting for all funds, except debt service. The accounts of the district are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its fund equity, revenues, and expenditures as appropriate. The various funds in the report are grouped into governmental as follows:

GOVERNMENTAL FUNDS

General Fund

This fund is the general operating fund of the district. It accounts for all expendable financial resources, except those required to be accounted for in another fund.

Capital Projects Funds

This fund type accounts for financial resources to be used for the construction or purchase of major capital assets, it consists of 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 capital assets.

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

Debt Service Fund

This fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest, and related expenditures.

Special Revenue Funds

This fund type accounts for the proceeds of specific revenue sources legally restricted for specific purposes. The Associated Student Body Fund is the only fund of this type. This fund is accounted for as a special revenue fund since the financial resources legally belong to the district.

c. Basis of Accounting

The basis of accounting refers to when revenues and expenditure are recognized in the accounts and reported in the financial statements.

The district's accounting policies, as reflected in the accompanying financial statements, conform to the *Accounting Manual for Public School Districts in the State of Washington* for cash basis districts. The publication was issued jointly by the State Auditor and the Superintendent of Public Instruction by the authority of RCW 43.09.200, RCW 28A.505.140, RCW 28A.505.010 (1), and RCW 28A.505.020. This manual allows for practices that differ from generally accepted accounting principles in the following manner:

- (1) Revenues are recognized when they are received in cash, rather than when measurable and available. Expenditures are recognized when warrants are issued rather than when expenditures are incurred.
- (2) The cost of supplies and material is recorded as an expenditure at the time the inventory item is purchased rather than when consumed.
- (3) Districtwide statements are not presented.
- (4) The financial statements do not report capital assets.
- (5) Debt is not reported on the face of the financial statements. It is reported in the notes to the financial statements and on the Schedule of Long-Term Debt. The Schedule of Long-Term Debt is required supplemental information.
- (6) The original budget is not presented but is available at the Office of Superintendent of Public Instruction.
- (7) Management Discussion and Analysis is not presented.

d. Budgetary Data

General Budgetary Policies

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

Budgetary Basis of Accounting

For budget and accounting purposes, revenues and expenditures are accounted for on a cash basis as allowed in law for all governmental funds. Fund balance is budgeted as available resources and pursuant to law; the budgeted ending fund balance cannot be negative.

e. Deposits and Investments

The county treasurer is the ex officio treasurer for the district. In this capacity, the county treasurer receives deposits and transacts investments on the district's behalf.

The district's 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.

The district's deposits are covered entirely by federal depository insurance or by collateral held by the district's custodial banks in the district's name. Statutes authorize the district to invest in (1) securities, certificates, notes, bonds, short-term securities, or other obligations of the United States and (2) deposits in any state bank or trust company, national banking association, stock saving bank, mutual savings bank, savings and loan association, and any branch bank engaged in banking in the state in accordance with RCW 30.04.300 if the institution has been approved by the Public Deposit Protection Commission to hold public deposits and has segregated eligible collateral having a value of not less than its maximum liability. The district's cash plus investments on deposit balance with the county was \$929,585, \$986,813 and \$1,114,644 as of August 31, 2008, August 31, 2009 and August 31, 2010 respectively.

f. Inventory

The cost of supplies and materials is recorded as an expenditure at the time the inventory item is purchased. (For donated USDA commodities inventory a beginning and ending inventory is kept to meet federal requirements. The district USDA ending inventory is valued at \$ 0, \$0 and \$ 0 as of August 31, 2008, August 31, 2009 and August 31, 2010 respectively.

g. 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.

h. 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. District obligation at August 31, 2010 was \$95,977 vacation buy-out was \$24,370.

As stated above, employees earn sick leave at a rate of 12 days per year to a maximum of one contract year. The district has adopted its own buy-back provision for sick leave. Staff members who have accumulated beyond the 180 days as of December 31 of each year shall have the option of annual sick leave buy back or VEBA III per procedure in RCW 28A.400.210 except for the 60-day floor in said statute. District obligation for buy-back liability at August 31, 2010 was \$11,672.80.

Note 2 Capital Assets

The district's capital assets are insured in the amount of \$125,000,000 for fiscal year 2007-08, 175,000,000 for fiscal year 2008-09 and 100,000,000 for fiscal year 2009-10. In the opinion of the district's insurance consultant, this amount is sufficient to adequately fund replacement of the district's assets.

Note 3 Pensions

A. General Information

Substantially all Waitsburg School District full-time and qualifying part-time employees participate in one of the following three contributory, multi-employer, cost-sharing statewide retirement systems managed by 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 September 30, 2007, September 30, 2008 and September 30, 2009 respectively:

2007-2008

<u>Program</u>	<u>Active Members</u>	<u>Inactive Vested Members</u>	<u>Retired Members</u>
TRS	64,939	9,428	38,091
PERS	158,022	26,583	71,244
SERS	50,825	7,674	3,141

2008-2009

<u>Program</u>	<u>Active Members</u>	<u>Inactive Vested Members</u>	<u>Retired Members</u>
TRS	66,524	8,699	39,150
PERS	161,668	27,267	73,122
SERS	51,774	8,600	3,873

2009-2010

<u>Program</u>	<u>Active Members</u>	<u>Inactive Vested Members</u>	<u>Retired Members</u>
TRS	67,388	8,660	39,927
PERS	159,235	28,074	74,857
SERS	52,474	9,193	4,629

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 or after 20 years of credited service and attainment of age 55 with the benefit actuarially reduced from age 65.

Plan 3 under the TRS and SERS programs are defined benefit, defined contribution pension plans whose members joined on or after July 1, 1996 or September 1, 2000 for SERS and TRS, respectively. Members are eligible to retire with full benefits after five years of credited service and attainment of age 60 or after ten years of credited service and attainment of age 55 with the benefit actuarially reduced from age 65.

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 advice from the Office of the State Actuary. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at 6 percent and does not vary from year to year. The

employer rate is the same for all plans in a system. The methods used to determine the contribution requirements are established under chapters 41.40 41.32 and 41.35 RCW for PERS, TRS and SERS respectively.

The district 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 as of August 31, 2008 (report date – (07-01-08)

Plan 1 TRS	.0600	Plan 1 PERS	.0600
Plan 2 TRS	.0290	Plan 2 SERS	.0390
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 as of August 31, 2008:

Plan 1 TRS	.0582	Plan 1 PERS	.0831
Plan 2 TRS	.0582	Plan 2 SERS	.0588
Plan 3 TRS	.0582	Plan 3 SERS	.0588

Employee contribution rates as of August 31, 2009 (report date – 07/01/2009)

Plan 1 TRS	.0600	Plan 1 PERS	.0600
Plan 2 TRS	.0426	Plan 2 SERS	.0468
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 as of August 31, 2009 (report date – 07/01/2009)

Plan 1 TRS	.0846	Plan 1 PERS	.0529
Plan 2 TRS	.0846	Plan 2 SERS	.0754
Plan 3 TRS	.0846	Plan 3 SERS	.0754

Employee contribution rates as of August 31, 2010 (report date – 07-01-2010)

Plan 1 TRS	.0600	Plan 1 PERS	.0600
Plan 2 TRS	.0363	Plan 2 SERS	.0314
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 as of August 31, 2010:

Plan 1 TRS	.0614	Plan 1 PERS	.0531
Plan 2 TRS	.0614	Plan 2 SERS	.0544
Plan 3 TRS	.0614	Plan 3 SERS	.0544

The DRS administrative rate of 0.18 for 2007 and .16 for 2008, 2009 and 2010 is included in employer rate.

Under current law the employer must contribute 100 percent of the employer-required contribution. Employer required contributions in dollars. (TRS: July 1 – June 30, PERS: Jan 1 – Dec 31, SERS: Sept 1 – Aug. 30)

<u>Plan</u>	<u>2008 FY 07-08</u>	<u>2009 FY 08-09</u>	<u>2010 FY 09-10</u>
Plan 1 TRS	\$15,421.58	\$16,052.69	\$12,491.79
Plan 2 TRS	\$18,185.22	\$40,523.98	\$31,308.53
Plan 3 TRS	\$42,068.64	\$72,748.64	\$54,025.01
Plan 1 PERS	\$0	\$0	\$ 0
Plan 2 SERS	\$19,451.86	\$20,834.08	\$10,873.47
Plan 3 SERS	\$16,181.84	\$18,226.29	\$8,592.10

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, 200X comprehensive annual financial report. Refer to this report for detailed trend information. It is available from:

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

Note 4 - Construction and Other Significant Commitments

There were no construction projects outstanding at the end of any year.

Note 5 Risk Management

Workers' Compensation - 2008

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 2007-2008, 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 \$350,000 and the annual aggregate retention is \$2,690,221. The maximum coverage under the excess insurance contract is \$2,690,221. Since the pool is a cooperative program, there is a joint liability among the participating members.

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.

Workers' Compensation - 2009

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 2008-2009, 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 \$350,000 and the annual aggregate retention is \$2,708,702. The maximum coverage under the excess insurance contract is \$2,708,702. Since the pool is a cooperative program, there is a joint liability among the participating members.

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.

Workers' Compensation - 2010

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 2009-2010, 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 \$350,000 and the annual aggregate retention is \$2,775,910. The maximum coverage under the excess insurance contract is \$2,775,910. Since the pool is a cooperative program, there is a joint liability among the participating members.

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.

Unemployment – 2008, 2009 and 2010

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 an annual contribution 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 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 comprises the Executive Board. ESD #123 is responsible for conducting the business affairs of the Pool.

RISK MANAGEMENT – FY 2008

The WAITSBURG SCHOOL DISTRICT is a member of the United Schools Insurance Program. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the interlocal Cooperation Act. The pool was formed on September 1, 1985 when 29 school districts in the State of Washington joined together by signing a Joint Purchasing Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. **Two hundred and thirty-three** schools have joined the pool.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for educators legal liability is on a “claims made basis”. The Pool provides the following forms of group purchased insurance coverage for its members: property, liability, automobile liability, boiler and machinery, crime, excess liability and educators legal liability.

The pool acquires liability insurance from unrelated underwriters that are subject to per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool, however, purchases a stop loss policy in the amount of **\$2,800,000** to reduce risk to its members.

Property insurance is subject to a per-occurrence deductible of \$50,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$49,000.

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

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

The pool is fully funded by its member participants. Claims are filed by members with Canfield and Associates, Inc. which has been contracted to perform pool administration, claims adjustment and administration and loss prevention for the pool. Fees paid to the third party administrator under this arrangement for the years ended August 31, **2007** and **2008** were **\$1,043,520** and **\$1,153,442**, respectively.

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

RISK MANAGEMENT – FY 2009

The WAITSBURG SCHOOL DISTRICT is a member of the United Schools Insurance Program. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the interlocal Cooperation Act. The pool was formed on September 1, 1985 when 29 school districts in the State of Washington joined together by signing a Joint Purchasing Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. **Two hundred and thirty-six** schools have joined the pool.

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

The pool acquires liability insurance from unrelated underwriters that are subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool, however, purchases a stop loss policy in the amount of **\$3,600,000** to reduce risk to its members.

Property insurance is subject to a per-occurrence deductible of \$50,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$49,000.

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

RISK MANAGEMENT – FY 2010

The WAITSBURG SCHOOL DISTRICT is a member of the United Schools Insurance Program. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the interlocal Cooperation Act. The pool was formed on September 1, 1985 when 29 school districts in the State of Washington joined together by signing a Joint Purchasing Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. **Current membership includes 151 full member school districts and 91 associate member independent schools.**

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

The pool acquires insurance from **Munich Reinsurance America, Inc. Liability insurance** **is** subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible. The pool also purchases a stop loss policy in the amount of **\$2,652,000 as an additional layer of protection for its members.**

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

Note 6 - Long-Term Debt

Bonds payable at August 31, 2008, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
General Obligation Bonds					
99UTR & 93NR Issues	\$2,495,000	\$61,958 to \$328,000	12-1-2016	4.0 % to 5.75%	\$2,310,000
Total General Obligation Bonds					\$2,310,000

Bonds payable at August 31, 2009, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
General Obligation Bonds					
99UTR & 93NR Issues	\$2,310,000	\$61,958 to \$328,000	12-1-2016	4.0 % to 5.75%	\$2,110,000
Total General Obligation Bonds					\$2,110,000

Bonds payable at August 31, 2010, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
General Obligation Bonds					
99NC & 09R Issues	\$2,110,000	\$61,958 to \$328,000	12-1-2016	3.0 % to 5.50%	\$1,935,000
Total General Obligation Bonds					\$1,935,000

The following is a summary of general obligation long-term debt transactions of the District for the periods September 1, 2007 through August 31, 2008

Long-Term Debt Payable at 9/01/07	\$2,495,000
New Issues	\$0
Debt Retired	\$185,000
Long-Term Debt Payable at 8/31/08	\$2,310,000

The following is a summary of general obligation long-term debt transactions of the District for the period September 1, 2008 through August 31, 2009.

Long-Term Debt Payable at 9/01/08	\$2,310,000
New Issues	\$0
Debt Retired	\$200,000
Long-Term Debt Payable at 8/31/09	\$2,110,000

The following is a summary of general obligation long-term debt transactions of the District for the period September 1, 2009 through August 31, 2010.

Long-Term Debt Payable at 9/01/09	\$2,110,000
New Issues	\$ 0
Deb Retired	\$175,000
Long-Term Debt Payable at 8/31/10	\$1,935,000

The following is a schedule of annual requirements to amortize long-term debt at August 31, 2010.

Years Ending August 31	Principal	Interest	Total
2008	185,000	119,290	304,290
2009	200,000	109,665	309,665
2010	225,000	72,564	297,564
2011-2016	1,935,000	241,520	2,176,520
Total	2,545,000	543,039	3,088,039

At August 31, 2008, 2009 and 2010, the district had \$157,291, 158,468 and \$ 185,742 respectively, available in the Debt Service Fund to service the general obligation bonds.

Note 7 – Summary of Significant Contingent Liabilities

Litigation

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

Note 8 – Other Disclosures

The Waitsburg School District is a member of the King County Directors' Association (KCDA). KCDA is purchasing coop designed to pool the member districts' purchasing power. The Board authorized joining the association by passing a Resolution (which could not physically be located) prior to an amendment dated July 24, 1974 and has remained in the joint venture ever since. The district's equity was as follows \$310 in 2008, \$506 in 2009 and \$510 in 2010 and is accumulation

of the annual assignment of KCDA's operating surplus based upon the percentage derived from KCDA's total sales to the district 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 9 – Subsequent Events

No events occurred after August 31, 2010, that would have material impact on the next or future years.

Schedule of Long-Term Debt

For the Year Ended August 31, 2010

Description	Beginning Outstanding Debt September 1, 2009	Amount Issued/Increased	Amount Redeemed/Decreased	Ending Outstanding Debt August 31, 2010
Total Voted Bonds	2,110,000.00	995,000.00	1,170,000.00	1,935,000.00
Total Non-Voted Notes/Bonds	0.00	0.00	0.00	0.00
Qualified Zone Academy Bonds (QZAB)	0.00	0.00	0.00	0.00
Qualified School Construction Bonds(QSCB)	0.00	0.00	0.00	0.00
Other Long-Term Debt :				
Capital Leases	0.00	0.00	0.00	0.00
Contracts Payable (GL 603)	0.00	0.00	0.00	0.00
NonCancellable Operating Leases	0.00	0.00	0.00	0.00
Claims & Judgments	0.00	0.00	0.00	0.00
Compensated Absences	0.00	0.00	0.00	0.00
Other Long-Term Debt	0.00	0.00	0.00	0.00
Total Other Long-Term Debt	0.00	0.00	0.00	0.00
TOTAL LONG-TERM DEBT	2,110,000.00	995,000.00	1,170,000.00	1,935,000.00

Waitsburg School District No. 401

Schedule of Long-Term Debt

For the Year Ended August 31, 2009

Description	Beginning	Amount		Amount		Ending
	Outstanding Debt September 1, 2008	Issued/Increased	Redeemed/Decreased	Amount	Outstanding Debt August 31, 2009	
Total Voted Bonds	2,310,000.00	0.00		200,000.00	2,110,000.00	
Total Non-Voted Notes/Bonds	0.00	0.00		0.00	0.00	
Qualified Zone Academy Bonds (QZAB)	0.00	0.00		0.00	0.00	
Other Long-Term Debt:						
Capital Leases	0.00	0.00		0.00	0.00	
Contracts Payable (GL 603)	0.00	0.00		0.00	0.00	
NonCancellable Operating Leases	0.00	0.00		0.00	0.00	
Claims & Judgements	0.00	0.00		0.00	0.00	
Compensated Absences	0.00	0.00		0.00	0.00	
Other Long-Term Debt	0.00	0.00		0.00	0.00	
Total Other Long-Term Debt	0.00	0.00		0.00	0.00	
TOTAL LONG-TERM DEBT	2,310,000.00	0.00		200,000.00	2,110,000.00	

WATTSBURG SCHOOL DISTRICT NO. 401
 Schedule of Long-Term Debt
 For The Year Ended August 31, 2008

Description	Beginning Outstanding Debt 9/1/2007 (1)	Amount Issued/ Increased (2)	Amount Redeemed/ Decreased (3)	Ending Outstanding Debt 8/31/2008 (1)+(2)-(3)
Total Voted Bonds	2,495,000.00		185,000.00	2,310,000.00
Total Non-Voted Notes/Bonds				
Qualifed Zone Academy Bonds				
Other Long-Term Debt:				
Capital Leases				
Contracts Payable (GL 603)				
Noncancelable Operating Leases				
Claims & Judgements				
Compensated Absences				
Other Long-Term Debt				
Total Other Long-Term Debt	2,495,000.00		185,000.00	2,310,000.00
Total Long-Term Debt				

Waitsburg School District #401-100
Schedule of Expenditures of Federal Awards
For the Year Ending August 31, 2010

Federal Agency Name	Pass-Through Agency	Federal Program Title	Federal CFDA Number	Other I.D. No.	Expenditures		
					From Direct Awards	From Pass Through Awards	Foot-Note Ref.
U.S. Dept. of Agriculture	WA OSPI	School Breakfast Program	10.553	WA12345		\$17,221	1
	WA OSPI	National School Lunch Program	10.555	WA12345		51,355	1
	WA OSPI	National School Lunch Non Cash Asst. Food Commodities	10.555	WA12345		8,127	1,4
			Subtotal U.S. Department of Agriculture		\$76,703	\$76,703	
U.S. Dept. of Education	WA OSPI	Title I Grants to LEAs	84.010A	0200286		\$73,485	1,3,5
	WA OSPI	Special Ed Grants to State	84.027A	0303443		65,495	1,3,5
	WA OSPI	Career and Technical Education Basic Grant to State	84.048A	0171830		2,901	1,3,5
	WA OSPI	Special Education	84.173A	0365125		172	172 1,3,5
	WA OSPI	Preschool Grant					
	WA OSPI	Title II Part D Enhancing Ed through Technology	84.318A	0481238		635	635 1,3,5
		Rural Education	84.358A	S358A082004		18,229	18,229 1,3
		Achievement Program					
		Rural Education	84.358A	S358A092004		10,914	10,914 1,3
		Achievement Program					
	WA OSPI	Improving Teacher Quality	84.367A	0441048		15,693	15,693 1,3,5
	WA OSPI	ARRA - Education Technology					
WA OSPI		State Grant - Ed Tech	84.386A	0724245		1,559	1,559 1,2
		ARRA - Education Technology					
		State Grants - TL21 WHS	84.386A	0727135		7,548	7,548 1,2
	WA OSPI	ARRA - Title I Grants to LEAs	84.389A	0240286		19,003	19,003 1,2

Waitsburg School District #401-100
Schedule of Expenditures of Federal Awards
For the Year Ending August 31, 2010

Federal Agency Name	Pass-Through Agency	Federal Program Title	Federal CFDA Number	Other I.D. No.	Expenditures			Foot-Note Ref.
					From Direct Awards	From Pass Through Awards	Total	
	WA OSPI	ARRA - Special Education Grants to State	84.391A	0310237		66,587	66,587	1,2
	WA OSPI	ARRA - Special Education Preschool Grants	84.392A	0370425		367	367	1,2
	WA OSPI	ARRA - State Fiscal Stabilization Fund	84.394A	0995769		192,629	192,629	1,2
Subtotal U.S. Department of Education					\$29,143	\$446,074	\$475,217	
TOTAL FEDERAL AWARD EXPENDED					\$29,143	\$522,777	\$551,920	

Waitsburg School District #401-100
Schedule of Expenditures of Federal Awards
For the Year Ending August 31, 2010

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 2009-1010

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Waitsburg School District's financial statements. The District uses the cash 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, only the federal grant portions of the programs costs are shown. Entire program costs, including the Waitsburg School District's portion may be more than shown.

NOTE 3 – PROGRAM COSTS/MATCHING CONTRIBUTIONS

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

NOTE 4 – NONCASH AWARDS

The amount of USDA Commodities reported on the schedule is the market value received by the District during the current year. The value is determined by OSPI.

NOTE 5 – FEDERAL INDIRECT RATE

The Waitsburg School District used the federal restricted rate of .045 percent for this program in 2009-10
The Waitsburg School District used the federal restricted rate of .041 percent for this program in 2008-09



ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

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

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