

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

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**Wapato School District No. 207**  
**Yakima County**

Audit Period  
**September 1, 2010 through August 31, 2011**

**Report No. 1007636**

Issue Date  
**May 14, 2012**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

May 14, 2012

Board of Directors  
Wapato School District No. 207  
Wapato, Washington

***Report on Financial Statements and Federal Single Audit***

Please find attached our report on Wapato School District No. 207'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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Yakima County  
September 1, 2010 through August 31, 2011**

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# **Federal Summary**

## **Wapato School District No. 207 Yakima County September 1, 2010 through August 31, 2011**

The results of our audit of Wapato School District No. 207 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 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 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>
84.041	Impact Aid
84.389	ARRA - Title I Cluster, Part A (Recovery Act)
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 \$336,405.

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

# **Schedule of Federal Audit Findings and Questioned Costs**

**Wapato School District No. 207  
Yakima County  
September 1, 2010 through August 31, 2011**

- 1. Wapato School District did not maintain documentation to support services it provided to priority students as required by its federal Migrant Education grant.**

<b>CFDA Number and Title:</b>	84.011 – Migrant Education
<b>Federal Grantor Name:</b>	U.S. Department of Education
<b>Federal Award/Contract Number:</b>	NA
<b>Pass-through Entity Name:</b>	Office of the Superintendent of Public Instruction
<b>Pass-through Award/Contract Number:</b>	280762
<b>Questioned Cost Amount:</b>	\$0

## **Description of Condition**

Wapato School District spent \$466,383 in federal Migrant Education funds during fiscal year 2011. The District is required to give “priority for services” to migratory children who are most at risk of failing to meet state academic standards and whose education was interrupted during the regular school year. The District must maintain documentation to show these students received services.

We selected a sample of 11 students the District identified as having met the “priority for services” criteria and found the District did not maintain supporting documentation to show eight of those students received services.

## **Cause of Condition**

The District did not have a process to ensure staff retained documentation of services received.

## **Effect of Condition**

The District cannot be sure priority students received needed services.

## **Recommendation**

We recommend the District:

- Maintain documentation supporting the services provided to the priority students.
- Establish an independent review of documentation supporting priority student services.
- Provide training to migrant education employees over program requirements.

## **District's Response**

*The District has created a form that will be used to document the services provided to PFS students. This form will be distributed monthly to staff providing services. The staff member will indicate what service was provided and sign the form below certifying the service.*

## **Auditor's Remarks**

We thank the District for its cooperation and assistance during the audit and look forward to reviewing the District's corrective action during our next audit.

## **Applicable laws and Regulations**

Title 20, United States Code, Section 6394(d), states:

(d) PRIORITY FOR SERVICES- In providing services with funds received under this part, each recipient of such funds shall give priority to migratory children who are failing, or most at risk of failing, to meet the State's challenging State academic content standards and challenging State student academic achievement standards, and whose education has been interrupted during the regular school year.

34 Code of Federal Regulations section 76.730, states:

A State and a subgrantee shall keep records that fully show:

- (a) The amount of funds under the grant or subgrant;
- (b) How the State or subgrantee uses the funds;
- (c) The total cost of the project;
- (d) The share of that cost provided from other sources; and
- (e) Other records to facilitate an effective audit.

34 Code of Federal Regulations section 76.731, states:

A State and a subgrantee shall keep records to show its compliance with program requirements.

# Schedule of Prior Federal Audit Findings

## Wapato School District No. 207 Yakima County September 1, 2010 through August 31, 2011

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of Wapato School District No. 207. The State Auditor's Office has reviewed the status as presented by the District.

<b>Audit Period:</b> 9/1/09 – 8/31/2010	<b>Report Reference</b> <b>No:</b> 1005788	<b>Finding Reference</b> <b>No:</b> 1	<b>CFDA Number(s):</b> 84.041, 84.401
<b>Federal Program Name and Granting Agency:</b> Impact Aid Formula Grant, ARRA Impact Aid School Construction Grants - U.S. Department of Education		<b>Pass-Through Agency Name:</b> NA	
<b>Finding Caption:</b> The District's internal controls over its Impact Aid federal grant were inadequate to ensure compliance with federal requirements, resulting in questioned costs of \$20,770.			
<b>Background:</b> The 2010 audit found the District charged \$20,770 to the Recovery Act Impact Aid Construction grant that was not allowable and inappropriately reported this amount to the federal government as Recovery Act expenses. We questioned these costs. Further, the District did not include two year-end payments on the Schedule of Expenditures of Federal Awards (SEFA), resulting in an understatement of \$12,312. Because of this, the SEFA did not accurately reflect Recovery Act expenditures, which is in conflict with the accountability and transparency objectives of the Act.			
<b>Status of Corrective Action: (check one)</b> <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid			
<b>Corrective Action Taken:</b> <i>The District worked with the Department of Education regarding this finding. The District revised the report to reflect the correct amount of expenditures for the time period. The District also provided the Department with documentation, which showed the funds did not come out of the grant allocation. The District received a letter from Department concurring with the District's documentation and did not seek recovery of the \$20,770.</i>  <i>The District also implemented a procedure in which the Business Manager reviews all construction invoices prior to running checks to ensure accuracy of coding and description. Prior to this review, the Assistant Superintendent and construction manager review the invoices and approve them for payment.</i>			



<b>Audit Period:</b> 9/1/2009 – 8/31/2010	<b>Report Reference No:</b> 1005788	<b>Finding Reference No:</b> 2	<b>CFDA Number(s):</b> 84.011
<b>Federal Program Name and Granting Agency:</b> Migrant Education - U.S. Department of Education		<b>Pass-Through Agency Name:</b> Office of the Superintendent of Public Instruction	
<b>Finding Caption:</b> Wapato School District did not prioritize services to students as required by its federal Migrant Education grant.			
<b>Background:</b> The Migrant Education grant requires the District give priority for services to migratory children who are most at risk of failing to meet state academic standards and whose education was interrupted during the regular school year. The 2010 audit found the District did not identify students that were most at risk and thus did not provide them services before other migrant students.			
<b>Status of Corrective Action: (check one)</b> <div> <input type="checkbox"/> Fully Corrected         <input checked="" type="checkbox"/> Partially Corrected         <input type="checkbox"/> No Corrective Action Taken         <input type="checkbox"/> Finding is considered no longer valid       </div>			
<b>Corrective Action Taken:</b> <i>The District has implemented a process in which the Migrant Records Clerk reviews all migrant children and identifies the high risk students. The Migrant Records Clerk creates a list of priority for service students and distributes the list to teachers and principals. This list is created and distributed monthly.</i>			

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

**Wapato School District No. 207  
Yakima County  
September 1, 2010 through August 31, 2011**

Board of Directors  
Wapato School District No. 207  
Wapato, Washington

We have audited the financial statements of Wapato School District No. 207, Yakima County, Washington, as of and for the year ended August 31, 2011, and have issued our report thereon dated April 5, 2012.

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

## ***INTERNAL CONTROL OVER FINANCIAL REPORTING***

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

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

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

## **COMPLIANCE AND OTHER MATTERS**

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

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

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

A handwritten signature in black ink, appearing to read "Brian Sonntag", written in a cursive style.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

April 5, 2012

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

**Wapato School District No. 207  
Yakima County  
September 1, 2010 through August 31, 2011**

Board of Directors  
Wapato School District No. 207  
Wapato, Washington

## **COMPLIANCE**

We have audited the compliance of Wapato School District No. 207, 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, 2011. The District's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011. However, 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 1.

## **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.

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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Finding 1 to be a material weakness.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

April 5, 2012

# **Independent Auditor's Report on Financial Statements**

## **Wapato School District No. 207 Yakima County September 1, 2010 through August 31, 2011**

Board of Directors  
Wapato School District No. 207  
Wapato, Washington

We have audited the accompanying financial statements of Wapato School District No. 207, Yakima County, Washington, as of and for the year ended August 31, 2011, as listed on page 13. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wapato School District No. 207, as of August 31, 2011, and the changes in financial position thereof for the year then ended on the basis of accounting described in Note 1.

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

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

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

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

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

April 5, 2012

# **Financial Section**

**Wapato School District No. 207  
Yakima County  
September 1, 2010 through August 31, 2011**

## ***FINANCIAL STATEMENTS***

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

## ***SUPPLEMENTARY INFORMATION***

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



E.S.D. 105

Balance Sheet

COUNTY: 39 Yakima

Governmental Funds

August 31, 2011

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>ASSETS:</b>							
Cash and Cash Equivalents	1,047,893.08	36,995.58	12,831.63	118,076.05	4.90	0.00	1,215,801.24
Minus Warrants Outstanding	-1,012,830.97	-28,432.21	0.00	-60,912.61	0.00	0.00	-1,102,175.79
Taxes Receivable	297,114.52		230,616.34	0.00	0.00		527,730.86
Due From Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Governmental Units	686,430.49	0.00	0.00	563,892.45	0.00	0.00	1,250,322.94
Accounts Receivable	18,270.23	0.00	0.00	2,256.00	0.00	0.00	20,526.23
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	27,242.98	0.00					27,242.98
Prepaid Items	0.00	0.00		0.00	0.00	0.00	0.00
Investments	2,614,079.00	239,813.00	607,983.00	10,374,039.00	10,328.00	0.00	13,836,242.00
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
<b>TOTAL ASSETS</b>	<b>3,678,199.33</b>	<b>238,376.37</b>	<b>851,430.97</b>	<b>10,997,350.89</b>	<b>10,332.90</b>	<b>0.00</b>	<b>15,775,690.46</b>
<b>LIABILITIES:</b>							
Accounts Payable	360,582.76	14,551.25	0.00	747,175.34	0.00	0.00	1,122,309.35
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	39,107.48	0.00		0.00			39,107.48
Revenue Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
Payroll Deductions and Taxes Payable	13,200.07	0.00		0.00			13,200.07
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

E.S.D. 105

## Balance Sheet

COUNTY: 39 Yakima

## Governmental Funds

August 31, 2011

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>LIABILITIES:</b>							
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	25,633.91	0.00		0.00			25,633.91
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
Deferred Revenue	297,114.52	0.00	230,616.34	0.00	0.00	0.00	527,730.86
<b>TOTAL LIABILITIES</b>	<b>735,638.74</b>	<b>14,551.25</b>	<b>230,616.34</b>	<b>747,175.34</b>	<b>0.00</b>	<b>0.00</b>	<b>1,727,981.67</b>
<b>FUND BALANCE:</b>							
Nonspendable Fund Balance	178,400.80	0.00	0.00	0.00	0.00	0.00	178,400.80
Restricted Fund Balance	829,582.98	0.00	0.00	9,861,377.85	0.00	0.00	10,690,960.83
Committed Fund Balance	1,745,146.92	0.00	0.00	0.00	0.00	0.00	1,745,146.92
Assigned Fund Balance	0.00	223,825.12	620,814.63	388,797.70	10,332.90	0.00	1,243,770.35
Unassigned Fund Balance	189,429.89	0.00	0.00	0.00	0.00	0.00	189,429.89
<b>TOTAL FUND BALANCE</b>	<b>2,942,560.59</b>	<b>223,825.12</b>	<b>620,814.63</b>	<b>10,250,175.55</b>	<b>10,332.90</b>	<b>0.00</b>	<b>14,047,708.79</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>3,678,199.33</b>	<b>238,376.37</b>	<b>851,430.97</b>	<b>10,997,350.89</b>	<b>10,332.90</b>	<b>0.00</b>	<b>15,775,690.46</b>

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

E.S.D. 105

## Statement of Revenues, Expenditures, and Changes in Fund Balance

COUNTY: 39 Yakima

## Governmental Funds

For the Year Ended August 31, 2011

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>REVENUES:</b>							
Local	1,246,093.12	267,760.69	778,490.14	35,847.32	1,239.64		2,329,430.91
State	23,295,710.63		0.00	12,408.00	114,280.66		23,422,399.29
Federal	7,793,799.53		0.00	563,892.45	0.00		8,357,691.98
Federal Stimulus	2,594,604.73						2,594,604.73
Other	37,036.26			0.00	60,000.00	0.00	97,036.26
<b>TOTAL REVENUES</b>	<b>34,967,244.27</b>	<b>267,760.69</b>	<b>778,490.14</b>	<b>612,147.77</b>	<b>175,520.30</b>	<b>0.00</b>	<b>36,801,163.17</b>
<b>EXPENDITURES:</b>							
<b>CURRENT:</b>							
Regular Instruction	14,919,837.54						14,919,837.54
Federal Stimulus	2,320,317.90						2,320,317.90
Special Education	2,905,838.25						2,905,838.25
Vocational Education	812,222.89						812,222.89
Skills Center	0.00						0.00
Compensatory Programs	4,136,348.28						4,136,348.28
Other Instructional Programs	394,847.73						394,847.73
Community Services	0.00						0.00
Support Services	7,540,825.11						7,540,825.11
Student Activities/Other		237,754.19				0.00	237,754.19
<b>CAPITAL OUTLAY:</b>							
Sites				73,140.03			73,140.03
Building				761,860.11			761,860.11
Equipment				0.00			0.00
Energy				8,127.72			8,127.72
Transportation Equipment					371,633.46		371,633.46
Other	0.00						0.00
<b>DEBT SERVICE:</b>							
Principal	13,119.76		1,326,726.15	0.00	0.00		1,339,845.91
Interest and Other Charges	1,529.80		53,058.03	416,939.24	0.00		471,527.07
<b>TOTAL EXPENDITURES</b>	<b>33,044,887.26</b>	<b>237,754.19</b>	<b>1,379,784.18</b>	<b>1,260,067.10</b>	<b>371,633.46</b>	<b>0.00</b>	<b>36,294,126.19</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,922,357.01</b>	<b>30,006.50</b>	<b>-601,294.04</b>	<b>-647,919.33</b>	<b>-196,113.16</b>	<b>0.00</b>	<b>507,036.98</b>

E.S.D. 105

## Statement of Revenues, Expenditures, and Changes in Fund Balance

COUNTY: 39 Yakima

## Governmental Funds

For the Year Ended August 31, 2011

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>OTHER FINANCING SOURCES (USES) :</b>							
Bond Sales & Refunding Bond Sales	0.00		127,808.70	10,015,000.00	0.00		10,142,808.70
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	0.00		140,819.18	400,000.00	168,000.00		708,819.18
Transfers Out (GL 536)	-708,819.18		0.00	0.00	0.00	0.00	-708,819.18
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
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-708,819.18</b>		<b>268,627.88</b>	<b>10,415,000.00</b>	<b>168,000.00</b>	<b>0.00</b>	<b>10,142,808.70</b>
<b>EXCESS OF REVENUES/OTHER FINANCING SOURCES</b>							
<b>OVER (UNDER) EXPENDITURES AND OTHER</b>	<b>1,213,537.83</b>	<b>30,006.50</b>	<b>-332,666.16</b>	<b>9,767,080.67</b>	<b>-28,113.16</b>	<b>0.00</b>	<b>10,649,845.68</b>
<b>FINANCING USES</b>							
<b>BEGINNING TOTAL FUND BALANCE</b>	<b>1,729,022.76</b>	<b>193,818.62</b>	<b>953,480.79</b>	<b>483,094.88</b>	<b>38,446.06</b>	<b>0.00</b>	<b>3,397,863.11</b>
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>ENDING TOTAL FUND BALANCE</b>	<b>2,942,560.59</b>	<b>223,825.12</b>	<b>620,814.63</b>	<b>10,250,175.55</b>	<b>10,332.90</b>	<b>0.00</b>	<b>14,047,708.79</b>

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

E.S.D. 105

## Statement Of Fiduciary Net Assets

COUNTY: 39 Yakima

## Fiduciary Funds

August 31, 2011

ASSETS:	Private Purpose Trust	Other Trust
Imprest Cash	0.00	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	35.20	0.00
Minus Warrants Outstanding	-29.00	0.00
Due From Other Funds	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	0.00
Investments	112,926.00	0.00
Investments/Cash With Trustee	0.00	0.00
Other Assets	0.00	0.00
Capital Assets, Land	0.00	
Capital Assets, Buildings	0.00	
Capital Assets, Equipment	0.00	0.00
Accum Depreciation, Buildings	0.00	
Accum Depreciation, Equipment	0.00	0.00
<b>TOTAL ASSETS</b>	<b>112,932.20</b>	<b>0.00</b>
<b>LIABILITIES:</b>		
Accounts Payable	0.00	0.00
Due To Other Funds	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>0.00</b>	<b>0.00</b>
<b>NET ASSETS:</b>		
Net assets held in trust for:		
Restricted for Other Items	0.00	0.00
Restricted for Self Insurance		0.00
Restricted for Uninsured Risks		0.00
Nonspendable -- Trust Principal	0.00	0.00
Committed to Other Purposes	0.00	0.00
Assigned to Fund Purposes	112,932.20	0.00
Unassigned Fund Balance	0.00	0.00
<b>TOTAL NET ASSETS</b>	<b>112,932.20</b>	<b>0.00</b>

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

E.S.D. 105

## Statement of Changes in Fiduciary Net Assets

COUNTY: 39 Yakima

## Fiduciary Funds

For the Year Ended August 31, 2011

<b>ADDITIONS:</b>			
Contributions:			
Private Donations	Private Purpose Trust	Other Trust	
Employer	8,893.01		0.00
Members			0.00
Other	0.00		0.00
<b>TOTAL CONTRIBUTIONS</b>	<b>8,893.01</b>		<b>0.00</b>
<b>Investment Income:</b>			
Net Appreciation (Depreciation) in Fair Value	0.00		0.00
Interest and Dividends	1,208.69		0.00
Less Investment Expenses	0.00		0.00
Net Investment Income	1,208.69		0.00
<b>Other Additions:</b>			
Rent or Lease Revenue	0.00		0.00
Total Other Additions	0.00		0.00
<b>TOTAL ADDITIONS</b>	<b>10,101.70</b>		<b>0.00</b>
<b>DEDUCTIONS:</b>			
Benefits			0.00
Refund of Contributions	0.00		0.00
Administrative Expenses	0.00		0.00
Scholarships	8,200.00		
Other	8,527.01		0.00
<b>TOTAL DEDUCTIONS</b>	<b>16,727.01</b>		<b>0.00</b>
Net Increase (Decrease)	-6,625.31		0.00
Net Assets--Beginning	119,557.51		0.00
Prior Year(s) Corrections or Restatements	0.00		0.00
<b>NET ASSETS--ENDING</b>	<b>112,932.20</b>		<b>0.00</b>

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

**Wapato School District No. 207**  
**Notes to Financial Statements**  
**September 1, 2010 through August 31, 2011**

**Note 1 Summary of Significant Accounting Policies**

a. Reporting Entity

The Wapato 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 Wapato School District includes all funds, and organizations that are 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 Wapato School District presents governmental fund financial statements and related notes on the modified accrual basis of accounting as prescribed by generally accepted accounting principles (GAAP) and required by its regulatory agencies, the Office of Superintendent of Public Instruction and the State Auditor's Office. However, the district elects to not present district wide financial statements, and management's discussion and analysis, which are departures from GAAP. Long-term debt is reported on a required supplementary schedule. The accounts of the district are organized on the basis of funds, each of which is considered a separate accounting entity. The regulatory agencies require all funds be presented as major funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate. The various funds in the report are grouped into governmental funds as follows:

**GOVERNMENTAL FUNDS**

General Fund

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

Capital Projects Funds

These funds account for financial resources to be used for the construction or acquisition of major capital assets. The capital projects fund type 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 and the payment of matured general long-term debt principal, interest, and related expenditures.

#### Special Revenue Funds

These funds account for the proceeds of specific revenue sources that are legally restricted for specific purposes. The Associated Student Body Fund (ASB 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.

#### FIDUCIARY FUNDS

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

Private-Purpose Trust Fund. This fund is used to account for resources legally held in trust where principal and income benefit individuals, private organizations, or other governments.

#### c. Basis of Accounting

The district's accounting policies, as reflected in the accompanying financial statements, conform to the *Accounting Manual for Public School Districts in the State of Washington*, issued jointly by the State Auditor and the Superintendent of Public Instruction by the authority of RCW 43.09.200, RCW 28A.505.140, RCW 28A 505.010(1), and RCW28A.505.020. This manual allows for a practice that differs from generally accepted accounting principles in the following manner:

- (1) District wide statements are not presented.
- (2) The financial statements do not report capital assets.
- (3) Debt is not reported on the face of the financial statements. It is reported 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.
- (4) The original budget is not presented. This information is available through the Office of Superintendent of Public Instruction.
- (5) The Management Discussion and Analysis is not required.

The modified accrual basis of accounting is used for all governmental funds. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and the district considers all revenues available if they are collected within 60 days after year end to pay liabilities of the current



period. Property taxes receivable are measurable but not available and are, therefore, not accrued. However, categorical program claims and inter-district billings are measurable and available and are, therefore, accrued.

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

All governmental funds reporting focus primarily on the sources, uses, and balances of current financial resources and often have a budgetary orientation. This means that only current assets and current liabilities are included on their balance sheets.

d. Budgetary Data

General Budgetary Policies

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

Budgetary Basis of Accounting

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

e. Assets, Liabilities, and Fund Equity

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. Of the total investments below \$112,926 were Private Purpose investments.

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

	Number of Securities	Carrying Amount	Market Value
County Treasurer's Investment Pool		\$13,949,168	\$13,949,168
Total Investments		\$13,949,168	\$13,949,168

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. Reservation of fund balance is not necessary. Management may reserve a portion of fund balance in any amount as a budgetary technique to ensure the availability of resources at the appropriate time. (Such reserves for inventory indicate that a portion of net

current assets is set aside to replace or increase the inventory.) 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.

f. Revenue and Expenditure Recognition

Debt Service

Principal and interest on general long-term debt is recognized only when due.

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 option 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 taxes due on October 31 are recorded as deferred revenue.

Compensated Absences

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

Under the provisions of RCW 28A.400.210, sick leave accumulated by district employees is reimbursed at death or retirement at the rate of one day for each four days of accrued leave, limited to 180 accrued days. This chapter also provides for an annual buy out of an amount up to the maximum annual accumulation of 12 days. For buy out purposes employees may accumulate such leave to a maximum of 192 days, including the annual accumulation, as of December 31 of each year.

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

**Note 2 Capital Assets**

The district's capital assets are insured in the amount of \$55,353,380 for fiscal year 2011. 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 Wapato 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 June 30, 2011:

Program	Active Members	Inactive Vested Members	Retired Members
TRS	66,325	8,950	40,570
PERS	156,526	28,860	76,899
SERS	52,339	9,700	5,384

Certificated public employees are members of TRS. 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, or after 25 years of credited service and attainment of age 55, or after 30 years of credited service.

Plan 2 under the TRS and 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 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 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 (Plan 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 six 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 RCW chapters 41.40, 41.32 and 41.35 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, 2011:

Plan 1 TRS	6.00%	Plan 1 PERS	6.00%
Plan 2 TRS	3.36%	Plan 2 SERS	3.15%
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, 2011:

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

+Rate effective July 1, 2011. From September 1, 2010 through June 30, 2011, the rate was 5.31%.

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>FY10-11</u>	<u>FY09-10</u>	<u>FY08-09</u>
Plan 1 TRS	\$ 55,062	\$ 69,592	\$118,050
Plan 2 TRS	\$155,561	\$134,820	\$200,577
Plan 3 TRS	\$614,561	\$608,634	\$815,856
Plan 1 PERS	\$ 17,363	\$ 18,940	\$ 37,574
Plan 2 SERS	\$102,462	\$104,727	\$155,936
Plan 3 SERS	\$175,325	\$189,416	\$234,333

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

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

### **Note 4 Deferred Compensation Plan**

District employees have the option of participating in an IRC, Section 457, deferred compensation plan administered by the district, a state retirement system, or another governmental entity.

### **Note 5 Risk Management**

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.

The district is a member of the Schools Insurance Association of Washington (SIAW). Chapter 48.62 RCW authorized 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, 1995, when seven mid-sized school districts in the State of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Current membership includes 151 full member school districts.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Wrongful Act Liability and Employee Benefit Liability 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, liability, vehicle liability, other mobile equipment, boiler and machinery, bonds of various types, excess liability and public official's 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 \$1,275,000 as an additional layer of protection for its members.

Property insurance is subject to a per-occurrence deductible of \$25,000. Members are responsible for the first \$5,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$20,000.

Boiler and machinery insurance is subject to a per-occurrence deductible of \$5,000. Members are responsible for the deductible amount of each claim.

Members contract to remain in the pool for one year and must give notice before December 31 before terminating participation the following September 1. Renewal of the Interlocal Agreement occurs 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 Interlocal Agreement.

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

A governing board is selected by the membership and is responsible for conducting the business affairs of the pool. The Board of Directors has contracted with Canfield & Associates to perform day-to-day administration of the pool. This pool has no employees.

#### **Note 6 Debt**

##### **Long-Term Debt**

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

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
General Obligation Bonds					
2011	\$10,000,000	\$ 0	12/1/34	3-4.25%	\$10,000,000
2009	\$ 2,950,000	\$1,201,000	12/1/11	3-4%	\$ 570,000
2000	\$ 280,000	\$ 20,892	1/1/16	5.826%	\$ 110,389
2001	\$ 200,000	\$ 24,834	12/1/11	5.728%	\$ 12,953
2006	\$ 245,000	\$ 80,000	6/1/12	3.8-4.3%	\$ 85,000

Total General Obligation Bonds

\$10,778,342

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

Long-Term Debt Payable at 9/1/10	\$ 2,105,068
New Issues	\$10,000,000
Debt Retired	\$ 1,326,726
Long-Term Debt Payable at 8/31/11	\$10,778,342

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

Years Ending August 31,	Principal	Interest	Total
2012	690,079.91	392,425.50	1,082,505.41
2013	728,434.73	374,940.79	1,103,375.52
2014	429,819.94	356,905.58	786,725.52
2015	396,287.02	343,813.50	740,100.52
2015-2034	8,533,720.57	4,194,554.69	12,728,275.26
Total	\$10,778,342.17	\$ 5,662,640.06	\$16,440,982.23

At August 31, 2011 the district had \$620,815 available in the Debt Service Fund to service the general obligation bonds.

#### New Bond Issue

On June 8, 2011, the District issued voted debt in the amount of \$10,000,000 for the High School modernization project. This debt issue is reflected in the schedule above. The first principal payment of this issue is due December 1, 2012.

#### **Note 7 Interfund Loans**

The District had no interfund loans for the fiscal year 2010-11.

#### **Note 8 Summaries of Significant Contingencies**

##### Litigation

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

### **Note 9 Other Disclosures**

The district is a member of the King County Directors' Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The board authorized joining the association by passing Resolution 6-75 dated March 6, 1975, and has remained in the joint venture ever since. The district's current equity of \$38,150 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 10 Subsequent Event**

The Wapato School District sold bonds in the amount of \$10,000,000 on January 10, 2012.

This was the second series of bonds to be sold as part of our \$20 million voter approved bond.

This transaction will be reflected in the 2011-2012 financial statements.

REPORT F196

E.S.D. 105

COUNTY: 39 Yakima

Wapato School District No. 207

Schedule of Long-Term Debt

For the Year Ended August 31, 2011

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Description	Beginning Outstanding Debt September 1, 2010	Amount Issued/Increased	Amount Redeemed/Decreased	Ending Outstanding Debt August 31, 2011
Total Voted Bonds	1,771,000.00	10,000,000.00	1,201,000.00	10,570,000.00
Total Non-Voted Notes/Bonds	334,068.33	0.00	125,726.15	208,342.18
Qualified Zone Academy Bonds (QZAB)	0.00	0.00	0.00	0.00
Qualified School Construction Bonds (QSCE)	0.00	0.00	0.00	0.00
<b>Other Long-Term Debt:</b>				
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	459,372.99	166,200.54	0.00	625,573.53
Other Long-Term Debt	0.00	0.00	0.00	0.00
Total Other Long-Term Debt	459,372.99	166,200.54	0.00	625,573.53
<b>TOTAL LONG-TERM DEBT</b>	<b>2,564,441.32</b>	<b>10,166,200.54</b>	<b>1,326,726.15</b>	<b>11,403,915.71</b>



Schedule of Expenditures of Federal Awards								
For the Year Ending August 31, 2011								
Federal Agency Name	Pass Through Agency	Federal Program Title	CFDA #	Other ID Number	Expenditures			Foot Note
					From Direct Awards	From Pass Through Awards	Total	
USDA	WA OSPI	School Breakfast Program	10.553	N/A		275,878	275,878	
USDA	WA OSPI	National School Lunch - Cash Assistance	10.555	N/A		1,137,506	1,137,506	
USDA	WA OSPI	Seamless Summer Meals	10.555	N/A		8,118	8,118	
USDA	WA OSPI	NSLP-noncash assistance (commodities)	10.555	N/A		86,773	86,773	3
USDA	WA OSPI	School and Roads Grants to States	10.665	N/A		75,111	75,111	
USDA	WA OSPI	USDA Fresh Fruit and Vegetables	10.582	N/A		111,548	111,548	
		Subtotal USDA			-	1,694,933	1,694,933	
Dept. of Interior		J.O.M Indian Education	15.130	N/A	57,649		57,649	
		Subtotal Dept. of Interior			57,649	-	57,649	
Dept. of Ed.		Impact Aid -81-874	84.041	N/A	2,308,565		2,308,565	
Dept. of Ed.		Impact Aid - 81-874 Special Ed	84.041	N/A	129,148		129,148	
Dept. of Ed.		Indian Education Grants to LEA's	84.060	N/A	174,854		174,854	
Dept. of Ed.	WA OSPI	Career and Technical Education Basic Grants to States	84.048	172149		32,181	32,181	
Dept. of Ed.	Thorp School Dist.	Fund for the Improvement of Education	84.215	N/A		3,496	3,496	
Dept. of Ed.	WA OSPI	Educational Technology State Grants	84.318	721722		2,611	2,611	
Dept. of Ed.	WA OSPI	Educational Technology State Grants	84.318	731103		6,563	6,563	
Dept. of Ed.	WA OSPI	English Language Acquisition Grants	84.365	401319		149,605	149,605	
Dept. of Ed.	WA OSPI	Improving Teacher Quality State Grants	84.367	520201		158,827	158,827	
Dept. of Ed.	WA OSPI	School Improvement Grant - Cohort II	84.377	225309		386,736	386,736	
Dept. of Ed.	WA OSPI	ARRA Title I (Summit Districts Comprehensive Improvement Assistance)	84.389	228028		261,006	261,006	
Dept. of Ed.	WA OSPI	Title 1 - Regular	84.010	200573		1,220,863	1,220,863	
Dept. of Ed.	WA OSPI	Title I Grants to Local Educational Agencies	84.010	250249		3,265	3,265	
Dept. of Ed.	WA OSPI	Title I Grants to Local Educational Agencies	84.010	250250		3,150	3,150	
Dept. of Ed.	WA OSPI	Title 1 - Part C Migrant	84.011	280762		466,383	466,383	
Dept. of Ed.	WA OSPI	Special Education Grants to States	84.027	303679		631,212	631,212	
Dept. of Ed.	WA OSPI	Special Education Preschool Grants	84.173	365394		26,812	26,812	
Dept. of Ed.	ESD 105	Safe and Drug Free Schools and Communities State Grants	84.186	N/A		21,200	21,200	
Dept. of Ed.	UofW	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A		126,404	126,404	
Dept. of Ed.	HECB	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A		115,137	115,137	
Dept. of Ed.	UofW	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	N/A		119,100	119,100	
Dept. of Ed.	WA OSPI	ARRA Educational Technology State Grants	84.386	727328		4,716	4,716	5
Dept. of Ed.	WA OSPI	ARRA Educational Technology State Grants	84.386	727265		2,433	2,433	5
Dept. of Ed.	WA OSPI	ARRA Educational Technology State Grants	84.386	724360		28,814	28,814	5
Dept. of Ed.	WA OSPI	ARRA- Title I, Part A, Grants to LEA's	84.389	240582		540,643	540,643	5
Dept. of Ed.	WA OSPI	ARRA-Special Education Grants to States	84.391	310459		515,429	515,429	5
Dept. of Ed.	WA OSPI	ARRA-Special Education Preschool Grants	84.392	370600		16,970	16,970	5
Dept. of Ed.	WA OSPI	ARRA- State Fiscal Stabilization Funds	84.394	995816		1,086,741	1,086,741	5
Dept. of Ed.		ARRA Impact Aid School Construction Recovery Act	84.401	N/A	917,864		917,864	5
		Subtotal Dept. of Ed			3,530,431	5,930,297	9,460,728	
Dept. of H.H.S.	WA OSPI	Medicaid Reimbursement	93.778	N/A		194	194	
		Subtotal Dept of H.H.S.			-	194	194	
Total Federal Awards Expended					3,588,081	7,625,424	11,213,505	

The accompanying notes to the Schedule of Expenditures of Federal Awards is an integral part of this statement.

**WAPATO SCHOOL DISTRICT NO. 207**  
**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 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 – SCHOOLWIDE PROGRAMS**

The District operates a “schoolwide program” in all buildings. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limit services to certain targeted students. The following federal program amounts were expended by the District in its schoolwide programs: Title I (84.010) - \$1,220,863 State Basic Education, - \$14,919,838.

**NOTE 3 - NON CASH AWARDS – FOOD COMMODITIES**

The amount of food commodities reported on the schedule is the market value of commodities received by the School District during the current year. The value is determined by the USDA.

**NOTE 4 – FEDERAL INDIRECT RATE**

The Wapato School District claimed indirect costs under this grant using its federal restricted rate of 5.88%.

**NOTE 5 – AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)**

The funding for this program was provided by the American Recovery and Reinvestment Act (ARRA) of 2009. Of the amount shown, \$0.00 was paid to subrecipients.



## **ABOUT THE STATE AUDITOR'S OFFICE**

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

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

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

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

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

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

**State Auditor**  
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**Deputy Chief of Staff**  
**Chief Policy Advisor**  
**Director of Audit**  
**Director of Performance Audit**  
**Director of Special Investigations**  
**Director for Legal Affairs**  
**Director of Quality Assurance**  
**Local Government Liaison**  
**Communications Director**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

**Brian Sonntag, CGFM**  
**Ted Rutt**  
**Doug Cochran**  
**Jerry Pugnetti**  
**Chuck Pfeil, CPA**  
**Larisa Benson**  
**Jim Brittain, CPA**  
**Jan Jutte, CPA, CGFM**  
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