

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

Aberdeen School District No. 5
Grays Harbor County

Audit Period
September 1, 2012 through August 31, 2013

Report No. 1011647

Issue Date
April 21, 2014



Washington State Auditor
Troy Kelley

Independence • Respect • Integrity



Washington State Auditor Troy Kelley

April 21, 2014

Superintendent and Board of Directors
Aberdeen School District No. 5
Aberdeen, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Aberdeen School District No. 5's financial statements and compliance with federal laws and regulations.

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

Sincerely,

TROY KELLEY
STATE AUDITOR

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Grays Harbor County
September 1, 2012 through August 31, 2013**

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Federal Summary

Aberdeen School District No. 5 Grays Harbor County September 1, 2012 through August 31, 2013

The results of our audit of Aberdeen School District No. 5 are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unmodified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

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

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

FEDERAL AWARDS

Internal Control Over Major Programs:

- ***Significant Deficiencies:*** We identified deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- ***Material Weaknesses:*** We identified deficiencies that we consider to be material weaknesses.

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

We reported findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
10.555	Child Nutrition Cluster - National School Lunch Program
10.559	Child Nutrition Cluster - Summer Food Service Program
84.027	Special Education Cluster (IDEA) - Special Education - Grants to States (IDEA, Part B)
84.173	Special Education Cluster (IDEA) - Special Education - Preschool Grants (IDEA Preschool)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The District qualified as a low-risk auditee under OMB Circular A-133.

Schedule of Federal Audit Findings and Questioned Costs

Aberdeen School District No. 5
Grays Harbor County
September 1, 2012 through August 31, 2013

1. The District did not comply with time and effort requirements for its Special Education grant program.

CFDA Number and Title:	84.027, 84.173 Special Education Cluster
Federal Grantor Name:	U.S. Department of Education
Federal Award/Contract Number:	NA
Pass-through Entity Name:	Office of Superintendent of Public Instruction
Pass-through Award/Contract Number:	304523, 364522
Known Questioned Costs:	\$32,606
Projected Questioned Costs:	\$78,256

Description of Condition

During fiscal year 2013, the District spent \$861,064 in Special Education program funds. The objective of the program is to ensure that all children with disabilities have available to them a free appropriate public education which emphasizes special education and related services designed to meet their unique needs; ensure that the rights of children with disabilities and their parents or guardians are protected; assist States, localities, educational service agencies and Federal agencies to provide for the education of all children with disabilities; and assess and ensure the effectiveness of efforts to educate children with disabilities.

We audited the District's internal controls over payroll to determine whether salaries and benefits charged to the grant were supported by time and effort documentation as required by federal regulations. Depending on the number and type of activities employees work, time and effort documentation can be on a semi-annual certification or monthly personnel activity report, such as a timesheet.

Our audit found the District did not obtain monthly time and effort documentation for six of the fifteen employees whose positions were paid from the grant.

Cause of Condition

Employees responsible for the program were not aware of the federal requirements pertaining to monthly time and effort.

Effect of Condition and Questioned Costs

Without proper time and effort records, the District is unable to substantiate the accuracy of salary and benefits charged to its Federal Special Education program in the manner required by the grantor. We identified questioned costs of \$32,606 and projected questionable costs of \$78,256.

Recommendation

We recommend the District establish and follow time and effort internal controls to ensure it meets federal requirements for documentation of all payroll costs charged to grants.

District's Response

ASD is developing a documentation system for substitutes which includes a sign in/out sheet at each school. At the end of each month, the substitute sign-in sheet will accompany the time sheets sent to the payroll office.

The three certificated preschool teachers will use a substitute time and effort system approved by OSPI. Preschool teachers work from a predetermined schedule which will be attached to the substitute semi-annual time and effort documentation.

Auditor's Remarks

We appreciate the District's commitment to resolving the issues noted and will follow up during the next audit.

Applicable Laws and Regulations

U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Section 300 – Auditee Responsibilities, states in part:

The auditee shall:

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

U.S. Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* (2 CFR Part 225), Attachment B, Section 8(h), states in part:

- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
 - (a) More than one Federal award,
 - (b) A Federal award and a non Federal award,
 - (c) An indirect cost activity and a direct cost activity,
 - (d) Two or more indirect activities which are allocated using different allocation bases, or
 - (e) An unallowable activity and a direct or indirect cost activity.
- (5) Personnel activity reports or equivalent documentation must meet the following standards:
 - (a) They must reflect an after the fact distribution of the actual activity of each employee,
 - (b) They must account for the total activity for which each employee is compensated,
 - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
 - (d) They must be signed by the employee.
 - (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes...

Schedule of Federal Audit Findings and Questioned Costs

Aberdeen School District No. 5
Grays Harbor County
September 1, 2012 through August 31, 2013

2. The District did not have adequate internal controls to ensure compliance with federal suspension and debarment requirements.

CFDA Number and Title:	84.027 Special Education Grants to States 84.173 Special Education Preschool Grants
Federal Grantor Name:	U.S. Department of Education
Federal Award/Contract Number:	NA
Pass-through Entity Name:	Office of Superintendent of Public Instruction
Pass-through Award/Contract Number:	304523, 364522
Questioned Cost Amount:	\$0

Description of Condition

The objective of the Special Education program is to ensure all children with disabilities receive special education and related services to meet their needs. During fiscal year 2013, the District spent \$861,064 in Special Education Grant funds. Of this amount, the District paid three contractors \$235,107 in federal grant funds to provide behavior specialist services, psychology services and speech therapy services. While these services are necessary and allowable, the District must follow federal suspension and debarment requirements for these contractors.

Suspension and Debarment

Federal grant regulations prohibit recipients from contracting with or making subawards to parties suspended or debarred from doing business with the federal government. For vendor contracts of \$25,000 or more and all subawards, the District must ensure the vendor or subrecipient is not suspended or debarred.

To meet this requirement, the vendor or subrecipient can certify in writing that it has not been suspended or debarred. Alternatively, the District can check for suspended or debarred parties by reviewing the federal Excluded Parties List issued by the U.S. General Service Administration. The District must also inform the primary contractor to check the status of any covered transactions they enter into at the next lower level. The District must meet these requirements prior to entering into contracts with vendors or subrecipients.

The District paid \$68,283 of its grant funding to one vendor for services. The District did not verify the federal suspension and debarment status of this vendor.

Cause of Condition

District staff responsible for this grant was not aware of the suspension and debarment requirements for federally funded contracts.

Effect of Condition and Questioned Costs

Without proper controls, the District increases the risk of awarding funds to vendors and subrecipients that are suspended or debarred from participating in federal programs. Any payments made to an ineligible party are unallowable and would be subject to recovery by the funding agency. Failure to comply with federal requirements may jeopardize the District's eligibility for future federal assistance.

We were able to verify that the vendor was not suspended or debarred; therefore, we will not question these costs.

Recommendation

We recommend the District develop appropriate internal controls to ensure it complies with federal suspension and debarment requirements.

District's Response

Aberdeen School District has changed all of its contracts to include the Federal Suspension and Debarment Language. This will be included in any contracts between the District and outside vendors. If a third-party vendor does not have that language as part of their contract, the District will enter into a separate contract with that individual or entity that will include the Suspension and Debarment language.

To meet this requirement, the vendor or sub-recipient can certify in writing that they have not been suspended or debarred. Or, the District will check for suspended or debarred parties by reviewing the federal exclusion website – the federal System for Award Management – and documenting that the vendor is not suspended or debarred. The District will also inform the primary contractor to check the status of any covered transactions they enter into at the next lower level.

Auditor's Remarks

We appreciate the District's commitment to resolving the issues noted and will follow up during the next audit.

Applicable Laws and Regulations

U.S. Office of Management and Budget Circular A-133, *Audits of states, Local Governments, and Non-Profit Organizations*, Section 300 – Auditee Responsibilities, states in part:

The auditee shall:

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

Title 2, Code of Federal Regulations, Section 180.220, states in part, Are any procurement contracts included as covered transactions?

(b) Specifically, a contract for goods or services is a covered transaction if any of the following applies:

(1) The contract is awarded by a participant in a non-procurement transaction that is covered under §180.210, and the amount of the contract is expected to equal or exceed \$25,000...

(c) A subcontract also is a covered transaction if,—

(1) It is awarded by a participant in a procurement transaction under a nonprocurement transaction of a Federal agency that extends the coverage of paragraph (b)(1) of this section to additional tiers of contracts (see the diagram in the appendix to this part showing that optional lower tier coverage); and

(2) The value of the subcontract is expected to equal or exceed \$25,000.

Title 2, Code of Federal Regulations, Section 180.300 – What must I do before I enter into a covered transaction with another person at the next lower tier?

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the EPLS; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person.

Title 2 Code of Federal Regulations, Section 180.330 – What requirements must I pass down to persons at lower tiers with whom I intend to do business?

Before entering into a covered transaction with a participant at the next lower tier, you must require that participant to—

(a) Comply with this subpart as a condition of participation in the transaction. You may do so using any method(s), unless the regulation of the Federal agency responsible for the transaction requires you to use specific methods.

(b) Pass the requirement to comply with this subpart to each person with whom the participant enters into a covered transaction at the next lower tier.

Schedule of Prior Federal Audit Findings

Aberdeen School District No. 5 Grays Harbor County September 1, 2012 through August 31, 2013

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of the Aberdeen School District No. 5. The State Auditor's Office has reviewed the status as presented by the District.

Audit Period: 9/1/2011 to 8/31/2012	Report Reference No: 1009576	Finding Reference No: 1	CFDA Number(s): 84.027, 84.173
Federal Program Name and Granting Agency: Special Education Grants to States, Special Education Preschool Grants – U.S. Department of Education		Pass-Through Agency Name: Office of Superintendent of Public Instruction	
Finding Caption: The District did not have adequate internal controls to ensure compliance with federal procurement requirements.			
Background: The objective of the Special Education program is to ensure all children with disabilities receive special education and related services to meet their needs. During fiscal year 2012, the District spent \$761,610 in Special Education Grant funds. Of this amount, the District paid two contractors \$41,820 in federal grant funds to provide behavior specialist services and physical therapy services. While these services are necessary and allowable, the District must follow federal procurement requirements when selecting the contractors. For the procurement of professional services up to \$100,000, the District is required to obtain price or rate quotations from an adequate number of qualified sources. However, grant recipients may solicit services from one vendor if they determine the service is available from only a single source. We found the District did not solicit quotes from an adequate number of qualified sources. The District contacted one vendor to procure the behavioral specialist services and one vendor to procure the physical therapy services.			
Status of Corrective Action: (check one) <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			
Corrective Action Taken: <i>The positions are first posted on the district website and sent to WA Teach for statewide posting. If the position is not filled or if no one applies, three contractors are contacted for qualified applicants. We have also changed our hiring process working with HR to incorporate this practice in hiring for SPED positions, or other grant funded positions. In addition everything that requires a Certified position is posted on WA Teach, and we are attaching a copy of the WW Teach posting to the PAF (Personal Action Form) that is filled out for every position that the district posts for hiring.</i>			

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**Aberdeen School District No. 5
Grays Harbor County
September 1, 2012 through August 31, 2013**

Superintendent and Board of Directors
Aberdeen School District No. 5
Aberdeen, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Aberdeen School District No. 5, Grays Harbor County, Washington, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated March 31, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

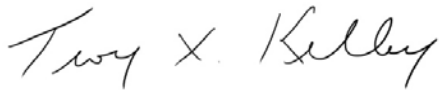
COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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



TROY KELLEY
STATE AUDITOR

March 31, 2014

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

**Aberdeen School District No. 5
Grays Harbor County
September 1, 2012 through August 31, 2013**

Superintendent and Board of Directors
Aberdeen School District No. 5
Aberdeen, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Aberdeen School District No. 5, Grays Harbor 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, 2013. The District's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Finding 1. Our opinion on each major federal program is not modified with respect to these matters.

District's Response to Findings

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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.

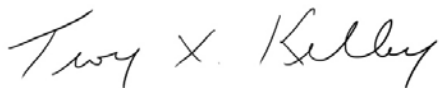
A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Finding 2 to be a significant deficiency.

District's Response to Findings

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

PURPOSE OF THIS REPORT

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



TROY KELLEY
STATE AUDITOR

March 31, 2014

Independent Auditor's Report on Financial Statements

Aberdeen School District No. 5 Grays Harbor County September 1, 2012 through August 31, 2013

Superintendent and Board of Directors
Aberdeen School District No. 5
Aberdeen, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Aberdeen School District No. 5, Grays Harbor County, Washington, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 19.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Unmodified Opinion on Regulatory Basis of Accounting (Accounting Manual)

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aberdeen School District No. 5, as of August 31, 2013, and the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General, ASB, Debt Service, Capital Project, Transportation Vehicle and Fiduciary funds as of August 31, 2013, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

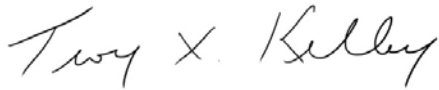
Other Matters

Supplementary and Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Long-Term Liabilities 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

TROY KELLEY
STATE AUDITOR

March 31, 2014

Financial Section

**Aberdeen School District No. 5
Grays Harbor County
September 1, 2012 through August 31, 2013**

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds – 2013
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2013
Statement of Fiduciary Net Position – Fiduciary Funds – 2013
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2013
Notes to Financial Statements – 2013

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Long-Term Liabilities – 2013
Schedule of Expenditures of Federal Awards – 2013
Notes to the Schedule of Expenditures of Federal Awards – 2013

Balance Sheet

Governmental Funds

August 31, 2013

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
ASSETS:							
Cash and Cash Equivalents	4,310,645.32	30,561.89	29,199.97	11,346.87	124,375.71	0.00	4,506,129.76
Minus Warrants Outstanding	-2,351,539.61	-1,433.06	0.00	0.00	0.00	0.00	-2,352,972.67
Taxes Receivable	2,638,367.43		1,307,336.47	92.01	0.00	0.00	3,945,795.91
Due From Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Governmental Units	510,343.30	0.00	0.00	0.00	0.00	0.00	510,343.30
Accounts Receivable	99,668.03	0.00	0.00	3,044.00	0.00	0.00	102,712.03
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	431,441.36	16,136.31					447,577.67
Prepaid Items	83,496.36	5,680.17		0.00	0.00	0.00	89,176.53
Investments	1,444,655.00	122,522.93	2,310,098.73	165,054.79	271,574.43	0.00	4,313,905.88
Investments/Cash With Trustee	0.00		0.00	0.00	0.00	0.00	0.00
Investments-Deferred Compensation	0.00			0.00			0.00
Self-Insurance Security Deposit	0.00						0.00
TOTAL ASSETS	7,167,077.19	173,468.24	3,646,635.17	179,537.67	395,950.14	0.00	11,562,668.41
LIABILITIES:							
Accounts Payable	571,194.12	19,472.89	0.00	0.00	0.00	0.00	590,667.01
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	62,726.98	0.00		0.00			62,726.98
Revenue Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
Payroll Deductions and Taxes Payable	528,857.90	0.00		0.00			528,857.90
Due To Other Governmental Units	2,436.55	0.00		0.00	0.00	0.00	2,436.55
Deferred Compensation Payable	0.00			0.00			0.00
Estimated Employee Benefits Payable	0.00						0.00
Due To Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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

Balance Sheet

Governmental Funds

August 31, 2013

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
LIABILITIES:							
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	0.00	0.00		0.00			0.00
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	2,652,282.93	17,351.00	1,307,336.47	5,419.14	0.00	0.00	3,982,389.54
TOTAL LIABILITIES	3,817,498.48	36,823.89	1,307,336.47	5,419.14	0.00	0.00	5,167,077.98
FUND BALANCE:							
Nonspendable Fund Balance	514,937.72	0.00	0.00	0.00	0.00	0.00	514,937.72
Restricted Fund Balance	232,672.45	136,644.35	2,339,298.70	0.00	0.00	0.00	2,708,615.50
Committed Fund Balance	1,754,013.75	0.00	0.00	0.00	0.00	0.00	1,754,013.75
Assigned Fund Balance	309,132.70	0.00	0.00	174,118.53	395,950.14	0.00	879,201.37
Unassigned Fund Balance	538,822.09	0.00	0.00	0.00	0.00	0.00	538,822.09
TOTAL FUND BALANCE	3,349,578.71	136,644.35	2,339,298.70	174,118.53	395,950.14	0.00	6,395,590.43
TOTAL LIABILITIES AND FUND BALANCE	7,167,077.19	173,468.24	3,646,635.17	179,537.67	395,950.14	0.00	11,562,668.41

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

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2013

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	5,750,739.94	366,627.34	2,536,261.35	87,438.39	707.12		8,741,774.14
State	25,070,899.11		0.00	0.00	124,349.47		25,195,248.58
Federal	4,661,770.02		0.00	0.00	0.00		4,661,770.02
Federal Stimulus	0.00						0.00
Other	225,002.49			0.00	0.00	0.00	225,002.49
TOTAL REVENUES	35,708,411.56	366,627.34	2,536,261.35	87,438.39	125,056.59	0.00	38,823,795.23
EXPENDITURES:							
CURRENT:							
Regular Instruction	16,166,235.01						16,166,235.01
Federal Stimulus	0.00						0.00
Special Education	4,190,559.68						4,190,559.68
Vocational Education	1,676,224.03						1,676,224.03
Skills Center	334,014.04						334,014.04
Compensatory Programs	4,795,104.70						4,795,104.70
Other Instructional Programs	338,339.23						338,339.23
Community Services	79,083.19						79,083.19
Support Services	7,498,506.88						7,498,506.88
Student Activities/Other		329,047.69				0.00	329,047.69
CAPITAL OUTLAY:							
Sites				129,104.44			129,104.44
Building				0.00			0.00
Equipment				310.60			310.60
Instructional Technology				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					216,156.46		216,156.46
Sales and Lease				0.00			0.00
Other	308,297.48						308,297.48
DEBT SERVICE:							
Principal	0.00		1,565,000.00	0.00	0.00		1,565,000.00
Interest and Other Charges	0.00		812,655.29	0.00	0.00		812,655.29
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	35,386,364.24	329,047.69	2,377,655.29	129,415.04	216,156.46	0.00	38,438,638.72

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

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2013

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
DEBT SERVICE:							
REVENUES OVER (UNDER) EXPENDITURES	322,047.32	37,579.65	158,606.06	-41,976.65	-91,099.87	0.00	385,156.51
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		125,000.00	0.00	0.00		125,000.00
Transfers Out (GL 536)	-125,000.00		0.00	0.00	0.00	0.00	-125,000.00
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	0.00		0.00	0.00	0.00		0.00
TOTAL OTHER FINANCING SOURCES (USES)	-125,000.00		125,000.00	0.00	0.00	0.00	0.00
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	197,047.32	37,579.65	283,606.06	-41,976.65	-91,099.87	0.00	385,156.51
BEGINNING TOTAL FUND BALANCE	3,152,531.39	99,064.70	2,055,692.64	216,095.18	487,050.01	0.00	6,010,433.92
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	3,349,578.71	136,644.35	2,339,298.70	174,118.53	395,950.14	0.00	6,395,590.43

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

Aberdeen School District No. 005
Statement Of Fiduciary Net Position
Fiduciary Funds
August 31, 2013

	Private Purpose Trust	Other Trust
ASSETS:		
Imprest Cash	0.00	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	177.27	0.00
Minus Warrants Outstanding	0.00	0.00
Due From Other Funds	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	0.00
Investments	160,252.86	0.00
Investments/Cash With Trustee	0.00	0.00
Other Assets	0.00	
Capital Assets, Land	0.00	
Capital Assets, Buildings	0.00	
Capital Assets, Equipment	0.00	0.00
Accum Depreciation, Buildings	0.00	
Accum Depreciation, Equipment	0.00	0.00
TOTAL ASSETS	160,430.13	0.00
LIABILITIES:		
Accounts Payable	74.00	0.00
Due To Other Funds	0.00	0.00
TOTAL LIABILITIES	74.00	0.00
NET POSITION:		
Held in trust for:		
Private Purposes	160,356.13	0.00
TOTAL NET POSITION	160,356.13	0.00

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

Aberdeen School District No. 005
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended August 31, 2013

ADDITIONS:			
Contributions:			
Private Donations	26,821.41	0.00	
Employer		0.00	
Members		0.00	
Other	0.00	0.00	
TOTAL CONTRIBUTIONS	26,821.41	0.00	
Investment Income:			
Net Appreciation (Depreciation) in Fair Value	0.00	0.00	
Interest and Dividends	233.16	0.00	
Less Investment Expenses	0.00	0.00	
Net Investment Income	233.16	0.00	
Other Additions:			
Rent or Lease Revenue	0.00	0.00	
Total Other Additions	0.00	0.00	
TOTAL ADDITIONS	27,054.57	0.00	
DEDUCTIONS:			
Benefits		0.00	
Refund of Contributions	0.00	0.00	
Administrative Expenses	0.00	0.00	
Scholarships	29,989.55		
Other	0.00	0.00	
TOTAL DEDUCTIONS	29,989.55	0.00	
Net Increase (Decrease)	-2,934.98	0.00	
Net Position--Beginning	163,291.11	0.00	
Prior Year(s) Corrections or Restatements	0.00	0.00	
NET POSITION--ENDING	160,356.13	0.00	

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

ABERDEEN SCHOOL DISTRICT #5
Notes to the Financial Statements
September 1, 2012 through August 31, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (SSAP)

Description of the government-wide financial statements.

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

The District presents governmental fund financial statements and related notes on the modified accrual basis of accounting 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. 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's Office and the Superintendent of Public Instruction by the authority of RCW 43.09.200, RCW 28A.505.140, RCW 28A.505.010(1), and RCW 28A.505.020. This manual allows for a practice that differs from generally accepted accounting principles in the following manner:

- (1) Districtwide statements, as defined in GAAP, 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 on the notes to the financial statements and on the Schedule of Long-Term Liabilities. The Schedule of Long-Term Liabilities is required supplemental information.
- (4) The budgetary comparison schedule compares the district's actual results with the final budgeted amounts. The original budget document is available through the Office of Superintendent of Public Instruction.
- (5) The Management Discussion and Analysis is optional.
- (6) The financial statements do not report a liability for Other Post-Employment Benefits (GASB Statement 45).
- (7) Other departures from GAAP that are material in nature are indicated throughout the Notes.

Description of the activities accounted for in each of the following funds presented in the basic financial statements.

The District presents financial information 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 and fiduciary funds as follows:

Governmental Funds

General Fund

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

Capital Projects Funds

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

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

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

Debt Service Fund

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

Special Revenue Fund

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

Permanent Funds

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

Fiduciary Funds

Fiduciary funds include pension and other employee benefit trust funds, private-purpose trust funds, and agency funds, and are used to account for assets that are held in trust by the District in a trustee and agency capacity.

Private-Purpose Trust Fund

This fund is used to account for resources that are legally held in trust by the District. The trust agreement details whether principal and interest may both be spent, or whether only interest may be spent. Money from a Private-Purpose Trust Fund may not be used to support the District's programs, and may be used to benefit individuals, private organizations, or other governments.

Pension (and Other Employee Benefit) Trust Fund

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

Agency Funds

These funds are used to account for assets that the District holds for other agencies in a purely custodial capacity.

Proprietary Funds

School districts in the State of Washington are not allowed to utilize proprietary fund types, which is a departure from GAAP.

The measurement focus and basis of accounting used in the government-wide statements.

The District's accounting policies 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. The District's financial statements are presented in conformity with that publication.

The measurement focus for the District's funds is the modified accrual basis and the current financial resources focus. This basis of accounting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. This means that only current assets and current liabilities are included on their balance sheets.

Revenues are recognized as soon as they are measurable and available. "Measurable" means the amount of the transaction can be readily determined. Revenues are considered "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. Categorical program claims and interdistrict billings are measurable and available and are, therefore, accrued.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which are recorded when due. 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. (Obligation means a purchase order has been issued, contracts have been awarded, or goods and/or services have been received.)

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, under statute, may not be negative, unless the District enters into binding conditions with state oversight pursuant to RCW 28A.505.110.

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

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

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

The government's fund balance classifications policies and procedures.

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

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

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

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

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

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

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

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

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

Assets, Liabilities, and Fund Equity

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

Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method. The consumption method of inventory is used, which charges inventory as an expenditure when it is consumed. A portion of fund balance, representing inventory, is considered Nonspendable. *(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.

NOTE 2: CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

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

All of the District's investments (except for investments of deferred compensation plans) during the year and at year-end were insured or registered and held by the District or its agent in the District's name.

The District's investments as of August 31, 2013, are as follows:

	Number of Securities	Carrying Amount	Market Value
State Treasurer's Investment Pool		4,313,905.88	4,313,905.88
County Treasurer's Investment Pool			
Total Investments		4,313,905.88	4,313,905.88

NOTE 3: SIGNIFICANT CONTINGENT LIABILITIES

Litigation

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

ESD 113 Insurance Cooperative

In Sept 1, 1986, the District joined the ESD 113 Insurance Cooperative, a public entity risk pool for property and casualty insurance.

On August 20, 2003, the ESD 113 Insurance Cooperative (EIC) Advisory Board voted to cease operation of the EIC. The EIC continues to be responsible for the resolution of all open claims and other liabilities arising from the time of operation of the EIC up to August 31, 2003. The EIC allowed districts to combine their purchasing power to obtain favorable and steady insurance rates for property

and liability coverage. The EIC provided coverage for up to \$25,000 on each covered loss. Losses above \$25,000 were covered by traditional insurance policy purchased for members through the EIC. Provisions of the EIC agreement, Chapter 48.62 RCW, and Chapter 236-22 WAC require that only the remaining assets be distributed after all financial and legal obligations of the EIC have been resolved.

At August 31, 2013 there were no open claims against the EIC and the EIC records \$78,000 as a liability for future potential (IBNR) Claims.

NOTE 4: SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

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

NOTE 5: ANNUAL PENSION COST AND NET PENSION OBLIGATIONS

General Information

Substantially all District full-time and qualifying part-time employees participate in one of the following statewide retirement systems managed by the Washington State Department of Retirement Systems (DRS), under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

Membership by retirement system program as of June 30, 2011:

<u>Program</u>	<u>Active Members</u>	<u>Inactive Vested Members</u>	<u>Retired Members</u>
TRS	66,203	9,204	41,709
PERS	152,417	29,925	79,363
SERS	52,332	10,262	6,428

Membership by retirement system program as of June 30, 2012:

<u>Program</u>	<u>Active Members</u>	<u>Inactive Vested Members</u>	<u>Retired Members</u>
TRS	65,357	9,545	42,918
PERS	150,590	30,515	82,242
SERS	51,558	10,920	7,651

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, respectively. Members are eligible to retire with full benefits after five years of credited service and attainment of age 65, or after 20 years of credited service and attainment of age 55 with the benefit actuarially reduced from age 65.

Plan 3 under the TRS and SERS programs are defined benefit, defined contribution pension plans whose members joined on or after July 1, 1996, or September 1, 2000, for TRS and SERS, respectively. Members are eligible to retire with full benefits at age 65, or they may retire at age 55 with at least ten service years with a reduced benefit amount, or they may retire at age 55 with at least 30 service years and receive either a reduced benefit or stricter return-to-work rules.

Average final compensation (AFC) of Plan 1 TRS and PERS members is the highest average salary during any two consecutive years. For Plan 2 and Plan 3 TRS and SERS members, it is the highest average salary during any five consecutive years.

The retirement allowance of Plan 1 TRS and PERS members is the AFC multiplied by 2 percent per year of service, capped at 60 percent, with a cost-of-living adjustment. For Plan 2 TRS and SERS members, it is the AFC multiplied by 2 percent per year of service with provision for a cost-of-living adjustment. For the defined benefit portion of Plan 3 TRS and SERS members, it is the AFC multiplied by 1 percent per year of service with a cost-of-living adjustment.

The employer contribution rates for PERS, TRS, and SERS (Plans 1, 2, and 3) and the TRS and SERS Plan 2 employee contribution rates are established by the Pension Funding Council based upon advice from the Office of the State Actuary. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at 6 percent and does not vary from year to year. The employer rate is the same for all plans in a system. The methods used to determine the contribution requirements are established under Chapters 41.40, 41.32, and 41.35 RCW for PERS, TRS, and SERS, respectively.

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

Contributions

Employee contribution rates as of September 1, 2012-August 31, 2013:

Plan 1 TRS 6.00%	Plan 1 PERS 6.00%
Plan 2 TRS 4.69%	Plan 2 SERS 4.09%
Plan 3 TRS and SERS: Member-selected rate between five percent and fifteen percent, depending on plan options.	

Employer contribution rates as of September 1, 2012 through August 31, 2013:

9/1/12-8/31/13	9/1/12-6/30/13	7/1/13-8/31/13
Plan 1 TRS 8.05%	Plan 1 PERS 7.21%	9.19%
Plan 2 TRS 8.05%	Plan 2 SERS 7.59%	7.59%
Plan 3 TRS 8.05%	Plan 3 SERS 7.59%	7.59%

Under current law, the employer must contribute 100 percent of the employer-required contribution. Employer required contributions in dollars (participant information for all plans is as of August 31):

<u>Plan</u>	<u>FY 10-11</u>	<u>FY11-12</u>	<u>FY 12-13</u>
Plan 1 TRS	\$ 51,829.77	\$ 35,055.13	\$ 21,511.44
Plan 2 TRS	\$ 156,256.26	\$ 135,549.74	\$ 212,432.57
Plan 3 TRS	\$ 697,869.98	\$ 549,330.19	\$ 903,610.15
Plan 1 PERS	\$ 20,407.56	\$ 11,589.17	\$ 16,515.78
Plan 2 SERS	\$ 129,489.50	\$ 123,820.26	\$ 197,076.07
Plan 3 SERS	\$ 155,624.90	\$ 144,493.21	\$ 198,713.48

Historical trend information showing TRS, PERS, and SERS progress in accumulating sufficient assets to pay benefits when due is presented in the state of Washington's June 30, 2013, comprehensive annual financial report. Refer to this report for detailed trend information. It is available from:

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

NOTE 6: ANNUAL OTHER POST-EMPLOYMENT BENEFIT COST AND NET OPEB OBLIGATIONS

The State, through the Health Care Authority (HCA), administers an agent multi-employer Other Post-Employment Benefit plan. The Public Employees Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. Programs include (medical, dental, life insurance and long-term disability insurance)

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

According to state law, the Washington State Treasurer collects a fee from all school district entities which have employees that are not current active members of the state Health Care Authority but participate in the state retirement system. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees that elect to purchase their health care benefits through the state Health Care Authority. For the fiscal year 2012-13 the District was required to pay the HCA \$65.17 per month per full-time equivalent employee to support the program, for a total payment of \$312,985.12. This assessment to the District is set forth in the State's operating budget and is subject to change on an annual basis. This amount is not actuarially determined and is not placed in a trust to pay the obligations for post-employment health care benefits.

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

NOTE 7: COMMITMENTS UNDER NONCAPITALIZED (OPERATING) LEASES

For the fiscal year(s) ended August 31, 2013, the District had incurred additional long-term debt as follows:

Lessor	Amount	Annual Installment	Final Installment Date	Interest Rate	Balance
Lease-Purchase Commitments					
Aberdeen Office Central Park Elementary	8280	2760	Sept 2014		2760
Aberdeen Office McDermoth Elementary	8280	2760	Dec 2014		3450
<i>Total Lease-Purchase Commitments</i>					
\$16,560		\$5520		\$6210	

NOTE 8: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The District's capital assets are insured in the amount of \$ 140,613,103 for fiscal year 2013. In the opinion of the District's insurance consultant, the amount is sufficient to adequately fund replacement of the District's assets.

NOTE 9: REQUIRED DISCLOSURES ABOUT LONG-TERM LIABILITIES

Long-Term Debt

Bonds payable at August 31, 2013 are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
General Obligation Bonds					
UTGO Bonds 2003	9,850,000	395,000	12/1/2013	4.000	395,000
UTGO Bonds 2004	9,840,000	400,000	12/1/2013	4.000	400,000
UTGOR Bonds 2006	7,355,000	715,000- 1,045,000	12/1/2019	3.75-5.00	6,145,000
UTGOR Bonds 2011	8,995,000	45,000- 1,485,000	12/1/2023	2.80-3.00	8,940,000
UGTOR Bonds 2012	8,955,000	55,000- 1,445,000	12/1/2023	2.00-3.00	8,850,000
2004 LTGO QZAB	714,000	0	9/30/2017	0%	714,000
2005 LTGO QZAB	575,000	0	1/31/2018	0%	575,000
Total General Obligation Bonds (minus-) QZAB Bonds	44,995,000	1,565,000			26,019,000 <u>-1,289,000</u> 24,730,000

The following is a summary of general obligation long-term debt transactions of the District for the fiscal year(s) ended August 31, 2013:

Long-Term Debt Payable at 9/1/2012	26,295,000
New Issues	0
Debt Retired	1,565,000
Long-Term Debt Payable at 8/31/2013	24,730,000

The following is a schedule of annual requirements to amortize debt at August 31, 2013:

Years Ending August 31	Principal	Interest	Total
2014	1,610,000	746,778	2,356,778
2015	1,730,000	680,603	2,410,603
2016	1,845,000	616,203	2,461,203
2017	1,960,000	544,828	2,504,828
2018	2,095,000	473,528	2,568,528
2019-2023	12,560,000	1,295,000	13,855,000
2024	2,930,000	36,848	2,966,848
Total	24,730,000	4,393,788	29,123,788

At August 31, 2013, the District had \$2,310,098.73 available in the Debt Service Fund to service the general obligation bonds.

NOTE 10: ENTITY RISK MANAGEMENT ACTIVITIES

Workers Compensation

In Jan 1, 1978 the District joined the Educational Service District 113 Workers' Compensation Trust (Trust), a public entity risk pool.

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

The Trust provides industrial injury accident insurance coverage for its membership. The Trust is fully funded by its member participants. Member contributions are calculated based on the members' hours worked and the members experience rated contribution factor. The Trust retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by its excess insurance contracts the Trust acquires insurance from unrelated underwriters. The Trust's per-occurrence retention limit is \$350,000 and the annual aggregate retention is \$5,526,769 minimum.

Unemployment Insurance

In Jan 1978, the District joined together the Unemployment Compensation Pool (Pool). The Pool is organized pursuant to Title 50.44 RCW for the purpose of managing unemployment compensation payroll taxes and employee claims. Membership is established by execution of an agreement between the ESD and each local school district.

The Pool provides unemployment compensation coverage for members of the Pool arising from previous employees. The Pool is fully funded by its member participants. Member districts pay a percentage of their employee's wages. These contributions plus investment earnings pays for

unemployment claims and for the administration of the Pool. The agreement provides that members may be additionally assessed if the Pool needs additional funding.

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

Schools Insurance Association of Washington (SIAW)

The Aberdeen School District is a member of the Schools Insurance Association of Washington (SIAW). In Sept 1, 2003 the District joined the SIAW pool. The pool was formed on Sept 1, 1995 when seven mid-sized school district in the State of Washington joined together with other school districts in the state to form a public entity risk pool currently operation as a common risk management and insurance program. The district pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the SIAW (School Insurance Association of Washington) provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$100,000 for each insured event.

NOTE 11: PROPERTY TAXES

Property tax revenues are collected as the result of special levies passed by the voters in the District. Taxes are levied on January 1. The taxpayer has the obligation of paying all taxes on April 30 or one-half then and one-half on October 31. Typically, slightly more than half of the collections are made on the April 30 date. The October 31 collection is not available in time to cover liabilities for the fiscal period ended August 31. Therefore, the fall portion of property taxes is not accrued as revenue. Instead, the property taxes due on October 31 are recorded as deferred revenue.

NOTE 12: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

The district is part of a Transportation Co-op with Hoquiam School District. Hoquiam is the lead district in the Student Transportation Cooperative. The districts share certain administrative and support cost and Aberdeen reimburses the Hoquiam district for its portion of the shared cost. For fiscal 2012-13 these cooperative revenues totaled \$394,973.85 which includes revenues received from Aberdeen School District. Cooperative expenditures totaled \$552,974.14 (expenditures plus indirects). Expenditures for the cooperative are split between districts based upon the STARS funding program which is driven mainly by miles driven by each district. The percentages for the fiscal 2012-13 school year were:

Aberdeen	58.80%
Hoquiam	41.20%

The total transportation cooperative expenditures for the fiscal year 2011-12 were \$508,189.94. Those expenditures are reduced by revenues brought in by outside work. Revenues generated from vehicle repairs and maintenance of other school district's vehicles and other municipality's vehicle's as well as costs for repairs of the Aberdeen motor pool vehicles. These revenues totaled \$359,526.94. The percentages for the 2012-13 school year were:

Aberdeen	59.60%
Hoquiam	40.40%

Pursuant to direction of the Office of Superintendent's instructions, revenues and expenditures for the transportation cooperative are reflected in the financial statements as gross amounts, rather than net. Hoquiam records the full expenditures for the cooperative. Aberdeen records their expenditure portion as a payment to other school district (activity 52).

The District is a member of the King County Director's Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The board authorized joining the association by passing Resolution 2005-07 dated March 15, 2005, and has remained in the joint venture ever since. The District's current equity of \$32,619.04 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 13: FUND BALANCE CLASSIFICATION DETAILS

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

	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transportation Vehicle Fund
Nonspendable Fund Balance					
Inventory and Prepaid Items	514,937.72				
Restricted Fund Balance		136,644.35			
Carryover of Restricted Revenues	232,672.45				
Debt Service				2,339,298.70	
Arbitrage Rebate					
Uninsured Risks					
Other Items					
Committed Fund Balance					
Minimum Fund Balance Policy*	1,740,708.75				
Other Commitments	13,305.00				
Assigned Fund Balance			\$174,118.53		\$395,950.14
Other Purposes	309,132.70				

*The board of directors has established a minimum fund balance policy for the general fund to provide for financial stability and contingencies within the District. The policy is that the District shall maintain a 5% of general fund budgeted revenues

NOTE 14: POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS—BOTH IN SEPARATELY ISSUED PLAN FINANCIAL STATEMENTS AND EMPLOYER STATEMENTS

403(b) Plan – Tax Sheltered Annuity (TSA)

The District offers a tax deferred annuity plan for its employees. The plan permits participants to defer a portion of their salary until future years under one type of deferral: elective deferrals (employee contribution).

The District complies with IRS regulations that require school districts to have a written plan to include participating investment companies, types of investments, loans, transfers, and various requirements. The plan is administered by a third party administrator, TSA Consulting Group. The plan assets are assets of the District employees, not the school district, and are therefore not reflected on these financial statements. For the year ended August 31, 2013, the District made no contributions to the plan.

NOTE 15: TERMINATION BENEFITS

Compensated Absences

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

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

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

NOTE 16: OTHER DISCLOSURES

Skills Center Branch Campus Note

The District operates a Branch Campus of the New Market Skills Center, hosted by the Tumwater School District. A Skills Center is a regional cooperative program designed to enhance the learning opportunities for career and technical education for students of participating districts by avoiding unnecessary duplication of course offerings and allowing students from many districts to participate.

The Skills Center was created by an agreement of 9 member districts. The Skills Center is governed by an Administrative Council, comprised of the superintendents of all member districts, or their appointed representatives. The administration of the Skills Center is handled by a director, employed by the Aberdeen School District.

A Branch Campus is an extension of the Skills Center core campus located within the District. A Branch Campus provides three or more career and technical education programs at a location separate from the core campus, but is still governed by the Administrative Council that oversees the Skills Center. Branch campuses report their own enrollment, separate from the core campus, and receive direct apportionment funding as if they were a core campus Skills Center Core Campus Note

Sources of Funding

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

Aberdeen School District No. 005
Schedule of Long-Term Liabilities
For the Year Ended August 31, 2013

Description	Beginning		Amount		Amount		Ending
	Outstanding Debt	September 1, 2012	Issued/Increased	Redeemed/Decreased	Outstanding Debt	August 31, 2013	
Total Voted Bonds		26,295,000.00	0.00	1,565,000.00		24,730,000.00	
Total Non-Voted Notes/Bonds		0.00	0.00	0.00		0.00	
Qualified Zone Academy Bonds (QZAB)		1,289,000.00	0.00	0.00		1,289,000.00	
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		1,062,371.97	41,573.36	104,865.03		999,080.30	
Other Long-Term Liabilities		0.00	0.00	0.00		0.00	
Total Other Long-Term Liabilities		1,062,371.97	41,573.36	104,865.03		999,080.30	
TOTAL LONG-TERM LIABILITIES		28,646,371.97	41,573.36	1,669,865.03		27,018,080.30	

ABERDEEN SCHOOL DISTRICT #5
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the fiscal year ending August 31, 2013

1	2	3	4	5	6	7	8	9
Federal Agency Name	Pass Through Agency	Federal Program Title	CFDA Number	Other Identification Number	From Direct Awards	From Pass Through Awards	Total	Footnote
Dept of Agriculture	WA OSPI	National School Lunch Program (A)	10.555	14-005		1,233,123.51	\$1,233,123.51	
		Cash Assistance				89,082.37	\$89,082.37	2
		Non-Cash Assistance				1,322,205.88	\$1,322,205.88	
		Summer Food Service Program for Children (A)	10.559	14848		32,798.44	\$32,798.44	
		Fresh Fruit and Vegetable Program (B)	10.582	14-005		61,897.51	\$61,897.51	
		School and Roads - Grants to States (A)	10.665	N/A		58,590.20	\$58,590.20	
						1,475,492.03	\$1,475,492.03	
Dept of Education	WA OSPI							
		Title 1 Grants to Local Educational Agencies (A)	84.010A	201115		981,497.16	\$981,497.16	3,4
		Title 1 Grants to Local Educational Agencies (A)	84.010A	222428		50,481.00	\$50,481.00	4
		Title 1 Grants to Local Educational Agencies (A)	84.010A	228501		9,357.69	\$9,357.69	4
		Title 1 Grants to Local Educational Agencies (A)	84.010A	228502		15,405.71	\$15,405.71	4
		Title 1 Grants to Local Educational Agencies (A)	84.010A	228503		20,000.00	\$20,000.00	4
			84.010A			1,076,741.56	\$1,076,741.56	
		Migrant Education_State Grant Program (A)	84.011A	281043		61,371.21	\$61,371.21	4
		Special Education_Grants to States (A)	84.027A	304523		811,319.61	\$811,319.61	4
		Career and Technical Education--Basic Grants to States (A)	84.048	172627		53,681.00	\$53,681.00	
		Career and Technical Education--Basic Grants to States (A)	84.048	189061		10,000.00	\$10,000.00	
			84-048			63,681.00	\$63,681.00	
		Indian Education_Grants to Local Educational Agencies (A,B)	84.060A	S060A120627		27,345.64	\$27,345.64	5
		Special Education_Preschool Grants (A)	84.173A	364522		49,745.00	\$49,745.00	4
		Education for Homeless Children and Youth (A)	84.196A	455075		33,476.00	\$33,476.00	4
		Twenty-First Century Community Learning Centers (A)	84.287C	993679		515,121.00	\$515,121.00	4

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

ABERDEEN SCHOOL DISTRICT #5

[illegible]

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year ending August 31, 2013

NOTE 1—BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Aberdeen School District's financial statements. The Aberdeen School District uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2—NONCASH AWARDS

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

NOTE 3—SCHOOLWIDE PROGRAMS

The Aberdeen School District operates a "schoolwide program" in four elementary buildings, one middle school and one alternative high school. 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 Aberdeen School District in its schoolwide programs Title I (84.010) - \$981,497.16

NOTE 4—FEDERAL INDIRECT RATE

The Aberdeen School District used the federal restricted rate of **2.59** percent for this program.

NOTE 5 -- FEDERAL INDIRECT RATE

The Aberdeen School District used a fixed rate of **1.64** percent for this program.



ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens 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.

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Director of Local Audit
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Deputy Director of Local Audit
Deputy Director of Local Audit
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