

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

Issaquah School District No. 411
King County

Audit Period
September 1, 2011 through August 31, 2012

Report No. 1009610

Issue Date
May 13, 2013



WASHINGTON
TROY KELLEY
STATE AUDITOR



**Washington State Auditor
Troy Kelley**

May 13, 2013

Board of Directors
Issaquah School District No. 411
Issaquah, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Issaquah School District No. 411'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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King County
September 1, 2011 through August 31, 2012**

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Federal Summary

Issaquah School District No. 411 King County September 1, 2011 through August 31, 2012

The results of our audit of Issaquah School District No. 411 are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unmodified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

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

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

FEDERAL AWARDS

Internal Control Over Major Programs:

- ***Significant Deficiencies:*** We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- ***Material Weaknesses:*** We identified no 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 no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
84.027	Special Education Cluster (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.

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

**Issaquah School District No. 411
King County
September 1, 2011 through August 31, 2012**

Board of Directors
Issaquah School District No. 411
Issaquah, Washington

We have audited the financial statements of Issaquah School District No. 411, King County, Washington, as of and for the year ended August 31, 2012, and have issued our report thereon dated April 12, 2013.

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.

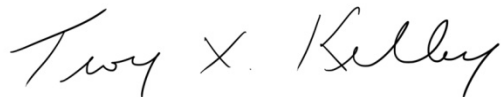
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify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



TROY KELLEY
STATE AUDITOR

April 12, 2013

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

**Issaquah School District No. 411
King County
September 1, 2011 through August 31, 2012**

Board of Directors
Issaquah School District No. 411
Issaquah, Washington

COMPLIANCE

We have audited the compliance of Issaquah School District No. 411, King 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, 2012. 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, 2012.

INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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



TROY KELLEY
STATE AUDITOR

April 12, 2013

Independent Auditor's Report on Financial Statements

Issaquah School District No. 411 King County September 1, 2011 through August 31, 2012

Board of Directors
Issaquah School District No. 411
Issaquah, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Issaquah School District No. 411, King County, Washington, as of and for the year ended August 31, 2012, as listed on page 10.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting that demonstrates compliance with the Washington State statutes and the *Accounting Manual for Public Schools in the State of Washington* 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Issaquah School District No. 411, as of August 31, 2012, and the changes in financial position thereof for the year then ended on the basis of accounting that demonstrates compliance with Washington State statutes and the *Accounting Manual for Public Schools in the State of Washington* described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. As described in Note 1 to the financial statements, the financial statements are prepared in accordance with the basis of accounting that demonstrates compliance with Washington State statutes and the *Accounting Manual for Public Schools in the State of Washington*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

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.

Purpose of this Report

This report is intended for the information and use of management, the Board of Directors, federal awarding agencies and pass-through entities 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

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.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large, stylized "X" between the first and last names.

TROY KELLEY
STATE AUDITOR

April 12, 2013

Financial Section

**Issaquah School District No. 411
King County
September 1, 2011 through August 31, 2012**

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds – 2012
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2012
Notes to Financial Statements – 2012

SUPPLEMENTARY INFORMATION

Schedule of Long-Term Liabilities – 2012
Schedule of Expenditures of Federal Awards – 2012
Notes to the Schedule of Expenditures of Federal Awards – 2012

E.S.D. 121 Balance Sheet

COUNTY: 17 King Governmental Funds

August 31, 2012

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
ASSETS:							
Cash and Cash Equivalents	20,527,109.37	3,161,996.37	28,323,029.21	75,175,337.04	4,367,546.24	0.00	131,555,018.23
Minus Warrants Outstanding	-2,633,141.23	-20,209.55	0.00	-170,935.70	0.00	0.00	-2,824,286.48
Taxes Receivable	17,325,665.71		20,835,289.49	4,182,371.93	9,644.32	0.00	42,352,971.45
Due From Other Funds	2,227,247.42	0.00	0.00	0.00	0.00	0.00	2,227,247.42
Due From Other Governmental Units	257,246.49	0.00	0.00	0.00	0.00	0.00	257,246.49
Accounts Receivable	300,862.14	0.00	0.00	0.00	0.00	0.00	300,862.14
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	162,486.26	0.00					162,486.26
Prepaid Items	1,805,922.96	110,746.06		0.00	0.00	0.00	1,916,669.02
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments/Cash With Trustee	0.00			0.00			0.00
Investments-Deferred Compensation	0.00			0.00			0.00
Self-Insurance Security Deposit	0.00			0.00			0.00
TOTAL ASSETS	39,973,399.12	3,252,532.88	49,158,318.70	79,186,773.27	4,377,190.56	0.00	175,948,214.53
LIABILITIES:							
Accounts Payable	827,315.75	6,102.11	0.00	9,826,463.57	0.00	0.00	10,659,881.43
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	1,103,429.35	0.00		0.00			1,103,429.35
Revenue Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
Payroll Deductions and Taxes Payable	176,387.14	0.00		0.00			176,387.14
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			0.00
Due To Other Funds	0.00	493,510.66	3,517.39	1,730,219.37	0.00	0.00	2,227,247.42

E.S.D. 121

Balance Sheet

COUNTY: 17 King

Governmental Funds

August 31, 2012

	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		2,000.00			2,000.00
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	19,887,375.82	724,099.10	20,835,289.49	4,182,371.93	9,644.32	0.00	45,638,780.66
TOTAL LIABILITIES	21,994,508.06	1,223,711.87	20,838,806.88	15,741,054.87	9,644.32	0.00	59,807,726.00
FUND BALANCE:							
Nonspendable Fund Balance	150,000.00	0.00	0.00	0.00	0.00	0.00	150,000.00
Restricted Fund Balance	928,252.00	2,028,821.01	28,319,511.82	6,723,872.00	0.00	0.00	38,000,456.83
Committed Fund Balance	1,088,220.00	0.00	0.00	0.00	0.00	0.00	1,088,220.00
Assigned Fund Balance	4,500,000.00	0.00	0.00	56,721,846.40	4,367,546.24	0.00	65,589,392.64
Unassigned Fund Balance	11,312,419.06	0.00	0.00	0.00	0.00	0.00	11,312,419.06
TOTAL FUND BALANCE	17,978,891.06	2,028,821.01	28,319,511.82	63,445,718.40	4,367,546.24	0.00	116,140,488.53
TOTAL LIABILITIES AND FUND BALANCE	39,973,399.12	3,252,532.88	49,158,318.70	79,186,773.27	4,377,190.56	0.00	175,948,214.53

See accompanying notes to financial statements.

E.S.D. 121 Statement of Revenues, Expenditures, and Changes in Fund Balance

COUNTY: 17 King Governmental Funds

For the Year Ended August 31, 2012

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	52,491,968.70	4,112,613.45	41,771,269.21	10,733,043.75	851,018.99		109,959,914.10
State	97,612,029.77		263,604.16	1,411,243.39	1,285,571.36		100,572,448.68
Federal	5,727,894.85		0.00	0.00	0.00		5,727,894.85
Federal Stimulus	53,377.00						53,377.00
Other	253,957.84			0.00	0.00	0.00	253,957.84
TOTAL REVENUES	156,139,228.16	4,112,613.45	42,034,873.37	12,144,287.14	2,136,590.35	0.00	216,567,592.47
EXPENDITURES:							
CURRENT:							
Regular Instruction	90,548,426.08						90,548,426.08
Federal Stimulus	53,915.13						53,915.13
Special Education	15,248,784.19						15,248,784.19
Vocational Education	3,784,420.60						3,784,420.60
Skills Center	0.00						0.00
Compensatory Programs	4,923,987.27						4,923,987.27
Other Instructional Programs	3,524,366.81						3,524,366.81
Community Services	4,733,556.37						4,733,556.37
Support Services	29,604,001.85						29,604,001.85
Student Activities/Other		3,849,430.82				0.00	3,849,430.82
CAPITAL OUTLAY:							
Sites				100,434.33			100,434.33
Building				58,174,521.16			58,174,521.16
Equipment				6,957,824.60			6,957,824.60
Instructional Technology				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					949,209.93		949,209.93
Sales and Lease							0.00
Other	784,538.91						784,538.91
DEBT SERVICE:							
Principal	0.00		32,135,000.00	0.00	0.00		32,135,000.00
Interest and Other Charges	0.00		14,740,044.91	0.00	0.00		14,740,044.91
Bond/Levy Issuance				337,604.52	0.00		337,604.52
TOTAL EXPENDITURES	153,205,997.21	3,849,430.82	46,875,044.91	65,570,384.61	949,209.93	0.00	270,450,067.48

E.S.D. 121 Statement of Revenues, Expenditures, and Changes in Fund Balance

COUNTY: 17 King

Governmental Funds

For the Year Ended August 31, 2012

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
DEBT SERVICE:							
REVENUES OVER (UNDER) EXPENDITURES	2,933,230.95	263,182.63	-4,840,171.54	-53,426,097.47	1,187,380.42	0.00	-53,882,475.01
OTHER FINANCING SOURCES (USES):							
Bond Sales & Refunding Bond Sales	0.00		56,846,520.78	55,337,604.52	0.00		112,184,125.30
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	0.00		0.00	0.00	0.00		0.00
Transfers Out (GL 536)	0.00		0.00	0.00	0.00	0.00	0.00
Other Financing Uses (GL 535)	0.00		-47,524,453.44	0.00	0.00		-47,524,453.44
Other	0.00		0.00	30,400.00	31,793.00		62,193.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00		9,322,067.34	55,368,004.52	31,793.00	0.00	64,721,864.86
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	2,933,230.95	263,182.63	4,481,895.80	1,941,907.05	1,219,173.42	0.00	10,839,389.85
BEGINNING TOTAL FUND BALANCE	15,045,660.11	1,765,638.38	23,837,616.02	61,503,811.35	3,148,372.82	0.00	105,301,098.68
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	17,978,891.06	2,028,821.01	28,319,511.82	63,445,718.40	4,367,546.24	0.00	116,140,488.53

See accompanying notes to financial statements.

Issaquah School District
Notes to Financial Statements
September 1, 2011 through August 31, 2012

Note 1 Summary of Significant Accounting Policies

a. Reporting Entity

The Issaquah 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 Issaquah 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 Issaquah 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.

Permanent Funds

These funds are used to report resources legally restricted such that only earnings, and not principal, may be used to support the district's programs.

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 RCW 28A.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 Schedules of Long-Term and Short-Term Debt, which are required parts of the financial statements.
- (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 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.

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

Encumbrances

Encumbrance accounting is employed in governmental funds. Purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve a portion of the applicable appropriation. Encumbrances lapse at the end of the fiscal year and may be re-encumbered the following year. Encumbrances in the amount of \$142,987 within the General Fund were re-encumbered on September 1, 2012.

e. 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.

All of the district's investments 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, 2012, are as follows:

	Carrying Amount	Market Value
King County Treasurer's Investment Pool	\$ 131,555,018	\$ 131,421,043
Total Investments	\$ 131,555,018	\$ 131,421,043

Impaired Investments

As of August 31, 2012, all impaired commercial paper investments have completed enforcement events. The King County impaired investment pool (Impaired Pool) held one commercial paper asset where the Impaired Pool accepted an exchange offer and is receiving the cash flows from the investment's underlying securities. The Impaired Pool also held the residual investments in four commercial paper assets that were part of completed enforcement events, where the Impaired Pool accepted the cash out option. The District's share of the impaired investment pool principal is \$944,119 and the district's fair value of these investments is \$423,909.

Interest Rate Risk

As of August 31, 2012, the Pool's average duration was 1.24 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, no longer than five years. While the Pool's market value is calculated on a monthly basis, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

Credit Risk

As of August 31, 2012, the district's investment in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, Pool policies authorize investments in U.S. Treasury securities, U.S. agency securities and mortgage-backed securities, municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1" by two NRSROs), certificates of deposits issued by qualified public depositaries, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

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. 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 vesting method.

No unrecorded liability exists for other employee benefits.

g. Fund Balance – May contain nonspendable amounts, restrictions, commitments, or assignments.

Nonspendable fund balance amounts are those assets of the school district that are not in spendable format. These can be in the form of inventory items, or amounts that have been received that are legally or contractually required to be maintained intact.

Restrictions are legal restrictions placed on spending of the fund balance of a district based upon statute, WAC or other legal requirements beyond the discretion of the board of directors of the district. Examples include anticipated carryover or recovery of revenues previously received and restricted as to usage.

Commitments represent formal actions taken by the board of directors to commit funds for specific purposes. Funds that have been committed cannot be used for another purpose unless the board of directors takes a specific action to end the commitment.

Assignments are used to set aside financial resources 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.

Note 2 Capital Assets

The district’s capital assets are insured in the amount of \$500,000,000 per occurrence. In the opinion of the Washington Schools Risk Management Pool, this amount is sufficient to adequately fund replacement of the district’s assets.

Note 3 Pension Plans

A. General Information

Substantially all District full-time and qualifying part-time employees participate in one of the following three contributory, multi-employer, cost-sharing statewide retirement systems managed by the Washington State Department of Retirement Systems (DRS): Teachers’ Retirement System (TRS), Public Employees’ Retirement System (PERS) and School Employees’ Retirement System (SERS). Participation in the programs was as follows:

Membership by retirement system program as of June 30, 2010:

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

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

Data is as of last actuarial valuation date of June 30, 2011.

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

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

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

service and attainment of age 55 with the benefit actuarially reduced from age 65, or 30 years of credited service and receive either a reduced benefit or stricter return-to-work rules.

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

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

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

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

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

B. Contributions

Employee contribution rates effective September 1, 2011 through August 31, 2012:

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	5.00% (minimum), 15.00% (maximum)		

For Plan 3 TRS and SERS, rates adjusted based upon age may be chosen. The optional rates range begins at 5 percent and increase to a maximum of 15 percent.

Employer contribution rates effective September 1, 2011 through August 31, 2012:

	9/1/11-8/31/12		9/1/11-3/31/12	4/1/12-6/30/12	7/1/12-8/31/12
Plan 1 TRS	8.04%	Plan 1 PERS	7.25%	7.08%	7.21%
Plan 2 TRS	8.04%	Plan 2 SERS	7.59%	7.58%	7.58%
Plan 3 TRS	8.04%	Plan 3 SERS	7.59%	7.58%	7.58%

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>		FY 11-12		FY 10-11		FY 09-10
Plan 1 TRS	\$	227,772	\$	224,273	\$	279,708
Plan 2 TRS	\$	902,434	\$	676,318	\$	647,766
Plan 3 TRS	\$	3,882,330	\$	3,102,263	\$	3,165,819
Plan 1 PERS	\$	39,340	\$	33,510	\$	54,058
Plan 2 SERS	\$	590,853	\$	534,720	\$	664,526
Plan 3 SERS	\$	924,048	\$	795,086	\$	965,482

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, 2012, comprehensive annual financial report. Refer to this report for detailed trend information. It is available from:

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

Note 4 Construction and Other Significant Commitments

The district has authorized projects totaling \$586,371,122. Of this total, \$329,509,990 has already been expended by the District. The remaining district commitment amounts to \$256,861,132. Issaquah School District receives a small portion of State-Matching funds and does not have Local Funding designated to fund its Construction and Other Significant Commitments.

Construction in progress is composed of:

Project	Project Authorization Amount	Expended as of 8/31/2012
Major Maintenance/Other	\$214,349,407	\$87,550,289
Portables	\$6,500,000	\$5,945,317
LHS Addition/Remodel	\$21,696,000	\$19,311,528
Liberty HS Phase 2 &3	\$44,585,000	\$2,398,858
Re-Roofing - Multiple Sites	\$2,511,200	\$2,507,613
Issaquah H.S. Rebuild	\$96,500,000	\$92,169,146
May Valley (A-Pod and Paint Ventilation)	\$2,100,000	\$2,087,380
Skyline H.S. Modernization	\$47,900,000	\$47,882,347
Briarwood Elementary Rebuild	\$24,604,000	\$23,974,919
Challenger Elementary Modernization	\$2,709,515	\$2,692,188
Maywood M.S. Modernization	\$17,800,000	\$15,969,381
Creekside Elementary	\$23,450,000	\$23,418,134
HVAC Renovations - Multiple Sites	\$3,351,000	\$3,350,688
IVE Addition	\$8,545,000	\$42,863
Apollo Addition/Playfield	\$7,270,000	\$20,817
IMS Rebuild	\$62,500,000	\$188,522
Total	\$586,371,122	\$329,509,990

Note 5 Deferred Compensation Plans

457 Plan – Deferred Compensation Plan

District employees have the option of participating in an IRC, Section 457, deferred compensation plan administered by the state deferred compensation plan.

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 as an elective deferral (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.

The plan assets are assets of the school district employees, not the school district, and are therefore not reflected on these financial statements

Note 6 Risk Management

The District is one of over 70 school districts, educational service districts, and inter-local cooperative members of the Washington Schools Risk Management Pool (WSRMP), which was formed on August 30, 1986 pursuant to Chapter 48.62 of the Revised Code of Washington. The purpose of WSRMP is to join together in a cooperative manner to provide its members the capability and authority to jointly purchase property and liability insurance, establish and maintain a reserve to pay for self-insurance coverage, provide a plan of self-insurance, and provide related services, including a cooperative program of risk management.

The District pays an annual premium contribution to WSRMP for its property and liability insurance coverage. For the period 09/01/2011 to 08/31/2012, WSRMP self-insures the first \$1 million per occurrence for property and purchases excess property insurance to a limit of \$500 million per occurrence. WSRMP self-insures the first \$1 million per occurrence for liability, including errors & omissions and employment practices liability and purchases liability reinsurance to a limit of \$20 million per occurrence; including coverage for sexual molestation.

The WSRMP Executive Board sets rates annually, after consultation with an independent actuarial firm, based on actual loss experience. An independent actuarial firm also performs an annual solvency report, which WSRMP is in excess of a 95% confidence level. Should the assets of the Pool were to be exhausted; members would be responsible for the Pool's liabilities, based on an allocation in proportion to each member's contribution.

The Washington Schools Risk Management Pool is audited independently by the WA State Auditor's Office and has a completed audit on file on their website. Additionally, James Marta & Company, Certified Public Accountants, performed a financial statement audit and Report on Internal Controls. These completed audit documents are on file on the WSRMP website.

Note 7 Operating Leases

As of August 31, 2012, the district had two operating leases for copy machines located in all of the district buildings. The lease period for both leases is 60 months. One lease has an expiration date of March 31, 2014 and the other expires December 31, 2015.

The following is a schedule of the future minimum payments at August 31, 2012:

Year Ending August 31,	
2013	\$ 552,162
2014	\$ 193,567
2015	\$ 74,036
2016	\$ 0
2017	\$ 0
Total minimum lease payments	<u>\$ 819,765</u>

Note 8 Long-Term Debt

Bonds payable at August 31, 2012, are comprised of the following individual issues:

Issue Name	Amount Issued	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
2001 UTGO Ref. Bonds	75,255,000	70,000 - 18,270,000	6/1/2015	3.5% - 5.625%	31,060,000
2004A UTGO Ref. Bonds	25,485,000	100,000 - 4,890,000	12/1/2019	2.5% - 5.25%	20,765,000
2004B UTGO Ref. Bonds	16,265,000	695,000 - 2,945,000	12/1/2016	3.00% - 5.25%	11,180,000
2007 UTGO Bonds	75,000,000	8,750,000 - 20,000,000	12/1/2023	4.25% - 5.00%	75,000,000
2008 UTGO Bonds	60,000,000	2,500,000 - 17,500,00	12/1/2025	4.00% - 5.00%	40,000,000
2009 UTGO Bonds	30,000,000	750,000 - 10,000,000	12/1/2018	3.00% - 5.00%	20,000,000
2009 UTGO Ref. Bonds	6,475,000	55,000 - 3,685,000	6/1/2013	3.00%	2,735,000
2010A UTGO Bonds (BABs)	29,870,000	6,880,000 - 8,080,000	12/1/2029	5.50% - 5.625%	29,870,000
2010B UTGO Ref. Bonds	11,360,000	255,000 - 7,995,000	12/1/2020	3.00%	11,105,000
2012 UTGO & Ref. Bonds	96,370,000	120,000 - 23,615,000	12/1/2027	2.00% - 4.50%	96,370,000

Total General Obligation Bonds	\$338,085,000
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The following is a summary of general obligation long-term debt transactions of the district for the fiscal year(s) ended August 31, 2012.

Long-Term Debt Payable at 9/1/2011	\$ 313,850,000
New Issues	\$ 56,370,000
Debt Retired	\$ 32,135,000
Long-Term Debt Payable at 8/31/12	\$ 338,085,000

The following is a schedule of annual requirements to amortize long-term debt at August 31, 2012:

Years Ending August 31,	Principal	Interest	Total
2013	25,665,000	14,339,737	40,004,737
2014	15,950,000	14,014,412	29,964,412
2015	20,340,000	13,376,024	33,716,024
2016	8,040,000	12,595,696	20,635,696
2017	15,770,000	12,062,828	27,832,828
2018-2022	88,495,000	48,633,625	137,128,625
2023-2027	132,135,000	24,842,950	156,977,950
2028-2032	31,690,000	2,168,791	33,858,791
Total	338,085,000	142,034,063	480,119,063

At August 31, 2012, the district had \$28,319,512 available in the Debt Service Fund to service the general obligation bonds.

Prior-Year Defeasance of Debt

In prior years, the district defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the district's financial statements. At August 31, 2012, \$54,050,000 of bonds outstanding are considered defeased.

Note 9 Summaries of Significant Contingencies

Litigation

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

Arbitrage Rebate

The Tax Reform Act of 1986 requires the district to rebate the earnings on the investment of bond and revenue anticipation note proceeds, in excess of their yield, to the federal government. Of the rebate, 90 percent is due and payable five years from the date bonds were issued and at five-year intervals thereafter. The remaining 10 percent is payable 60 days after they are retired. Because positive arbitrage can be offset against negative arbitrage, the rebated amount fluctuates each year and may or may not be owing at the payment intervals. The district has no arbitrage liability at this time.

Note 10 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 district's current equity of \$160,833 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.

Description	Beginning		Amount Redeemed/Decreased	Amount Issued/Increased	Ending Outstanding Debt August 31, 2012
	Outstanding Debt September 1, 2011	Outstanding Debt September 1, 2011			
Total Voted Bonds	313,850,000.00	313,850,000.00	72,135,000.00	96,370,000.00	338,085,000.00
Total Non-Voted Notes/Bonds	0.00	0.00	0.00	0.00	0.00
Qualified Zone Academy Bonds (QZAB)	0.00	0.00	0.00	0.00	0.00
Qualified School Construction Bonds (QSCB)	0.00	0.00	0.00	0.00	0.00
Other Long-Term Debt					
Capital Leases	0.00	0.00	0.00	0.00	0.00
Contracts Payable (GL 603)	0.00	0.00	0.00	0.00	0.00
NonCanceliable Operating Leases	0.00	0.00	0.00	0.00	0.00
Claims & Judgments	0.00	0.00	0.00	0.00	0.00
Compensated Absences	4,173,495.28	4,173,495.28	112,272.08	112,272.08	4,061,223.20
Other Long-Term Liabilities	0.00	0.00	0.00	0.00	0.00
Total Other Long-Term Liabilities	4,173,495.28	4,173,495.28	112,272.08	112,272.08	4,061,223.20
TOTAL LONG-TERM LIABILITIES	318,023,495.28	318,023,495.28	72,247,272.08	96,370,000.00	342,146,223.20

Issaquah School District
King County
EIN: 91-6001643
Schedule of Expenditure of Federal Awards
For Fiscal Year Ending August 31, 2012

Federal CFDA Number	Other ID Number	Federal Agency Name	Federal Program Title	Expenditures				Total Funds Expended	Footnote
				Pass Thru Agency	Pass Thru Awards	Direct Fund Amount	Total Funds Expended		
10.555	N/A	<u>Dept of Agriculture</u>	USDA National School Lunch Program (NSLP) Cash Assistance Non-Cash Assistance (Commodities) Total	\$	619,424 134,732 754,156	\$	\$ 619,424 \$ 134,732 \$ 754,156	3	
10.665	N/A		Schools & Roads - Grants to States	\$	10,282	\$	\$ 10,282		
12.999	N/A	<u>Dept of Defense</u>	Dept of Agriculture Subtotal JROTC	\$	764,439	\$	\$ 764,439 \$ 141,402	2	
84.010	0200963	<u>Dept of Education</u>	Dept of Defense Subtotal	\$	-	\$	\$ 141,402		
84.013	0223285		Title 1 Grants to LEAs	\$	375,718	\$	\$ 375,718	4	
84.027	0337437/0304056		Neglected & Delinquent Child	\$	125,527	\$	\$ 125,527	2,4	
84.048	0172430		Special Ed - Grants to States	\$	3,146,744	\$	\$ 3,146,744	2,4	
84.173	0364054		CTE - Basic Grants to States	\$	53,099	\$	\$ 53,099	4	
84.330	0887327		Special Ed - Preschool Grants	\$	90,270	\$	\$ 90,270	4	
84.367	0522150		Advanced Placement Test Fee Program	\$	1,863	\$	\$ 1,863	2	
84.365	0401403		Improving Teacher Quality State Grants	\$	208,789	\$	\$ 208,789	2,4	
84.410	0960014		English Language Acquisition Grants ARRA - Education Jobs (Ed Jobs)	\$	125,084 53,377	\$	\$ 125,084 \$ 53,377	2,4 2,5	
93.600	N/A	<u>Dept. Health/Human Svcs.</u>	Dept of Education Subtotal Headstart	\$	4,180,471	\$	\$ 4,180,471 \$ 140,625		
			Health/Human Services Dept Subtotal	\$	140,625	\$	\$ 140,625		
Grand Totals				\$	5,085,535	\$	\$ 141,402 \$ 5,226,937		

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

Issaquah School District
King County
Notes to the Schedule of Expenditure of Federal Awards

NOTE 1 – BASIS OF ACCOUNTING

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

NOTE 2 – PROGRAM COSTS

The amounts shown as current year expenses represent only the federal grant portion of the program costs. The entire program costs are more than shown.

NOTE 3 – NON CASH AWARDS – FOOD COMMODITIES

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

NOTE 4 – FEDERAL INDIRECT RATE

The Issaquah School District claimed indirect costs under this grant using the allowable federal rate specific to the grant.

NOTE 5 – AMERICAN RECOVERY AND REINVESTMENT ACT

The funding for this program was provided by the American Recovery and Reinvestment Act (ARRA) of 2009.



ABOUT THE STATE AUDITOR'S OFFICE

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

Our mission is to work 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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Deputy Director of State and Local Audit
Deputy Director of State and Local Audit
Deputy Director of State and Local Audit
Deputy Director of Quality Assurance
Local Government Liaison
Public Records Officer
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Toll-free Citizen Hotline

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Doug Cochran
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