

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

Snohomish School District No. 201
Snohomish County

Audit Period
September 1, 2010 through August 31, 2011

Report No. 1007703

Issue Date
May 21, 2012



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

May 21, 2012

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

Report on Financial Statements and Federal Single Audit

Please find attached our report on Snohomish School District No. 201's financial statements and compliance with federal laws and regulations.

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

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Snohomish County
September 1, 2010 through August 31, 2011**

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Federal Summary

Snohomish School District No. 201 Snohomish County September 1, 2010 through August 31, 2011

The results of our audit of Snohomish School District No. 201 are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

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

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

FEDERAL AWARDS

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
84.010	Title I Cluster, Part A
84.027	Special Education Cluster - Grants to States (IDEA, Part B)
84.173	Special Education Cluster - Preschool Grants (IDEA Preschool)
84.389	ARRA - Title I Cluster, Part A (Recovery Act)
84.391	ARRA - Special Education Cluster, IDEA Part B (Recovery Act)
84.392	ARRA - Special Education Cluster, Preschool Grants (Recovery Act)
84.410	Education Jobs Fund

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*

Snohomish School District No. 201
Snohomish County
September 1, 2010 through August 31, 2011

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

We have audited the financial statements of Snohomish School District No. 201, Snohomish County, Washington, as of and for the year ended August 31, 2011, and have issued our report thereon dated March 20, 2012.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

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

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

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

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 20, 2012

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

**Snohomish School District No. 201
Snohomish County
September 1, 2010 through August 31, 2011**

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

COMPLIANCE

We have audited the compliance of Snohomish School District No. 201, Snohomish County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2011. The District's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

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

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 20, 2012

Independent Auditor's Report on Financial Statements

Snohomish School District No. 201 Snohomish County September 1, 2010 through August 31, 2011

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

We have audited the accompanying financial statements of Snohomish School District No. 201, Snohomish County, Washington, as of and for the year ended August 31, 2011, as listed on page 9. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Snohomish School District No. 201, as of August 31, 2011, and the changes in financial position thereof for the year then ended on the basis of accounting described in Note 1.

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

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

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

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

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 20, 2012

Financial Section

**Snohomish School District No. 201
Snohomish County
September 1, 2010 through August 31, 2011**

FINANCIAL STATEMENTS

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

SUPPLEMENTARY INFORMATION

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

Balance Sheet

Governmental Funds

August 31, 2011

ASSETS:							Total
	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	
Cash and Cash Equivalents	1,730,437.91	96,124.96	36,267.25	5,942,627.76	339.44	0.00	7,805,797.32
Minus Warrants Outstanding	-1,648,799.69	-78,325.09	0.00	-5,924,444.57	0.00	0.00	-7,651,569.35
Taxes Receivable	9,618,052.47		9,188,501.37	0.00	2,743.69	0.00	18,809,297.53
Due From Other Funds	92,041.97	610.00	0.00	0.00	0.00	0.00	92,651.97
Due From Other Governmental Units	786,544.41	0.00	0.00	63,377.66	0.00	0.00	849,922.07
Accounts Receivable	120,400.27	11,180.78	0.00	0.00	0.00	0.00	131,581.05
Interfund Loans Receivable	0.00			0.00			0.00
Accrued Interest Receivable	0.00	0.00	0.00	81,452.08	0.00	0.00	81,452.08
Inventory	172,718.98	0.00					172,718.98
Prepaid Items	34,283.31	1,775.66		0.00	0.00	0.00	36,058.97
Investments	3,489,464.97	1,104,064.81	8,590,036.05	109,337,122.53	1,164,919.63	0.00	123,685,607.99
Investments/Cash With Trustee	0.00		0.00	0.00	0.00	0.00	0.00
Investments-Deferred	0.00			0.00			0.00
Compensation							
Self-Insurance Security	0.00						0.00
Deposit							
TOTAL ASSETS	14,395,144.60	1,135,431.12	17,814,804.67	109,500,135.46	1,168,002.76	0.00	144,013,518.61
LIABILITIES:							
Accounts Payable	504,461.95	104,919.82	0.00	1,132,609.27	0.00	0.00	1,741,991.04
Contracts Payable Current	84,771.73	0.00		9,390,250.36	0.00	0.00	9,475,022.09
Accrued Interest Payable			0.00				0.00
Accrued Salaries	195,231.28	0.00		0.00			195,231.28
Revenue Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
Payroll Deductions and Taxes Payable	27,069.89	0.00		0.00			27,069.89
Due To Other Governmental Units	0.00	0.00		0.00	0.00	0.00	0.00
Deferred Compensation Payable	0.00			0.00			0.00
Estimated Employee Benefits Payable	0.00						0.00
Due To Other Funds	610.00	51,689.66	0.00	40,352.31	0.00	0.00	92,651.97

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

Snohomish School District No. 201

Balance Sheet

Governmental Funds

August 31, 2011

LIABILITIES:	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	29,350.59	0.00		0.00			29,350.59
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	9,778,074.86	309,894.55	9,188,501.37	0.00	2,743.69	0.00	19,279,214.47
TOTAL LIABILITIES	10,619,570.30	466,504.03	9,188,501.37	10,563,211.94	2,743.69	0.00	30,840,531.33
FUND BALANCE:							
Nonspendable Fund Balance	207,002.29	1,775.66	0.00	0.00	0.00	0.00	208,777.95
Restricted Fund Balance	6,632.62	0.00	0.00	79,177,937.76	0.00	0.00	79,184,570.38
Committed Fund Balance	3,237,247.39	0.00	0.00	0.00	0.00	0.00	3,237,247.39
Assigned Fund Balance	324,692.00	667,151.43	8,626,303.30	19,758,985.76	1,165,259.07	0.00	30,542,391.56
Unassigned Fund Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FUND BALANCE	3,775,574.30	668,927.09	8,626,303.30	98,936,923.52	1,165,259.07	0.00	113,172,987.28
TOTAL LIABILITIES AND FUND BALANCE	14,395,144.60	1,135,431.12	17,814,804.67	109,500,135.46	1,168,002.76	0.00	144,013,518.61

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

Snohomish School District No. 201

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2011

REVENUES:	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Local	21,688,836.43	1,634,426.84	17,937,362.85	1,279,513.95	45,510.39		42,585,650.46
State	58,045,398.46		277,891.91	9,875,930.99	590,925.09		68,790,146.45
Federal	4,313,288.62		522,569.43	0.00	0.00		4,835,858.05
Federal Stimulus	3,135,168.52						3,135,168.52
Other	1,083,425.86			0.00	0.00	0.00	1,083,425.86
TOTAL REVENUES	88,266,117.89	1,634,426.84	18,737,824.19	11,155,444.94	636,435.48	0.00	120,430,249.34
EXPENDITURES:							
CURRENT:							
Regular Instruction	48,295,030.25						48,295,030.25
Federal Stimulus	3,093,883.60						3,093,883.60
Special Education	13,089,461.12						13,089,461.12
Vocational Education	3,459,480.58						3,459,480.58
Skills Center	0.00						0.00
Compensatory Programs	1,855,944.92						1,855,944.92
Other Instructional Programs	1,309,668.47						1,309,668.47
Community Services	289,272.67						289,272.67
Support Services	18,215,529.02						18,215,529.02
Student Activities/Other		1,630,517.78				0.00	1,630,517.78
CAPITAL OUTLAY:							
Sites				322,931.18			322,931.18
Building				72,792,519.22			72,792,519.22
Equipment				6,584,564.91			6,584,564.91
Energy				1,503,166.20			1,503,166.20
Transportation Equipment					509,193.82		509,193.82
Other	43,360.00						43,360.00
DEBT SERVICE:							
Principal	0.00		6,755,000.00	0.00	0.00		6,755,000.00
Interest and Other Charges	0.00		13,733,468.81	1,070,145.00	0.00		14,803,613.81
TOTAL EXPENDITURES	89,651,630.63	1,630,517.78	20,488,468.81	82,273,326.51	509,193.82	0.00	194,553,137.55
REVENUES OVER (UNDER) EXPENDITURES	-1,385,512.74	3,909.06	-1,750,644.62	-71,117,881.57	127,241.66	0.00	-74,122,888.21

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

Snohomish School District No. 201

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2011

OTHER FINANCING SOURCES (USES) :

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Bond Sales & Refunding Bond Sales	0.00		1,992,995.25	132,966,165.00	0.00		134,959,160.25
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	0.00		0.00	576,068.00	0.00		576,068.00
Transfers Out (GL 536)	-576,068.00		0.00	0.00	0.00	0.00	-576,068.00
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	0.00		0.00	12,000.00	0.00		12,000.00
TOTAL OTHER FINANCING SOURCES (USES)	-576,068.00		1,992,995.25	133,554,233.00	0.00	0.00	134,971,160.25
EXCESS OF REVENUES/OTHER FINANCING SOURCES	-1,961,580.74	3,909.06	242,350.63	62,436,351.43	127,241.66	0.00	60,848,272.04

OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES

BEGINNING TOTAL FUND BALANCE	5,737,155.04	665,018.03	8,383,952.67	36,500,572.09	1,038,017.41	0.00	52,324,715.24
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	3,775,574.30	668,927.09	8,626,303.30	98,936,923.52	1,165,259.07	0.00	113,172,987.28

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

Snohomish School District No. 201
Statement Of Fiduciary Net Assets
Fiduciary Funds

August 31, 2011

	Private	
	Purpose Trust	Other Trust
ASSETS:		
Imprest Cash	5,500.00	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	0.24	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	77,691.65	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	83,191.89	0.00
LIABILITIES:		
Accounts Payable	12,000.00	0.00
Due To Other Funds	0.00	0.00
TOTAL LIABILITIES	12,000.00	0.00
NET ASSETS:		
Net assets held in trust for:		
Restricted for Other Items	0.00	0.00
Restricted for Self Insurance		0.00
Restricted for Uninsured Risks		0.00
Nonspendable -- Trust Principal	5,867.84	0.00
Committed to Other Purposes	0.00	0.00
Assigned to Fund Purposes	65,324.05	0.00
Unassigned Fund Balance	0.00	0.00
TOTAL NET ASSETS	71,191.89	0.00

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

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year Ended August 31, 2011

ADDITIONS:			
Contributions:			
Private Donations	Private Purpose Trust	Other Trust	
	3,825.04		0.00
		Employer	0.00
		Members	0.00
Other	5.22		0.00
TOTAL CONTRIBUTIONS	3,830.26		0.00
Investment Income:			
Net Appreciation (Depreciation) in Fair Value	0.00		0.00
Interest and Dividends	167.27		0.00
Less Investment Expenses	0.00		0.00
Net Investment Income	167.27		0.00
Other Additions:			
Rent or Lease Revenue	0.00		0.00
Total Other Additions	0.00		0.00
TOTAL ADDITIONS	3,997.53		0.00
DEDUCTIONS:			
Benefits			0.00
Refund of Contributions	220.95		0.00
Administrative Expenses	0.00		0.00
Scholarships	0.00		
Other	21,103.12		0.00
TOTAL DEDUCTIONS	21,324.07		0.00
Net Increase (Decrease)	-17,326.54		0.00
Net Assets--Beginning	88,518.43		0.00
Prior Year(s) Corrections or Restatements	0.00		0.00
NET ASSETS--ENDING	71,191.89		0.00

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

SNOHOMISH SCHOOL DISTRICT NO. 201

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 1, 2010 THROUGH AUGUST 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Snohomish 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 Snohomish 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 Snohomish 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 (or expenses), 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 those required to be accounted for in another fund. In keeping with the principle of as few funds as necessary, food services, maintenance, data processing, printing, and transportation activities are included in the fund.

CAPITAL PROJECTS FUNDS

These funds account for financial resources to be used for the construction or acquisition of major capital assets. The capital projects fund type consists of the Capital Projects Fund and the Transportation Vehicle Fund.

Capital Projects Fund - This fund is used to account for resources set aside for the acquisition and construction of capital assets.

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

DEBT SERVICE FUND

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

SPECIAL REVENUE FUNDS

These funds account for the proceeds of specific revenue sources that are legally restricted for specific purposes. The Associated Student Body Fund (ASB Fund) is the only fund of this type. This fund is accounted for as a special revenue fund since the financial resources legally belong to the district.

FIDUCIARY FUNDS

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

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

C. BASIS OF ACCOUNTING

The district's accounting policies, as reflected in the accompanying financial statements, conform to the *Accounting Manual for Public School Districts in the State of Washington*, issued jointly by the State Auditor and the Superintendent of Public Instruction by the authority of RCW 43.09.200, RCW 28A.505.140, RCW 28A.505.010(1), and 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 on the notes to the financial statements and on the Schedule of Long-Term Debt. The Schedule of Long-Term Debt is required supplemental information.
- (4) The original budget is not presented. This information is available through the Office of Superintendent of Public Instruction.
- (5) The Management Discussion and Analysis is not required.
- (6) The financial statements do not include GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, disclosures.

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 purchase 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 \$39,565.13 within the General Fund were re-encumbered on September 1, 2011.

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, 2011, are as follows:

	Number of Securities	Carrying Amount	Market Value
State Treasurer's Invest. Pool	1	96,763,299.64 *	96,763,299.64
Snohomish County Invest. Pool	1	27,000,000.00 *	27,232,202.28
Total Investments	2	123,763,299.64	123,995,501.92

* Aggregate

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 termination payment method.

FUND BALANCE – MAY CONTAIN NON-SPENDABLE 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.

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 states that the combined total of all fund balance accounts will be targeted at a fiscal year-end total fund balance of \$4,000,000. Exceptions below this target can be granted by the Board of Directors. For the 2010-11 fiscal year, the

amount Committed to this minimum fund balance policy is \$3,237,247.39, which is included in the amount reported as Committed Fund Balance on the financial statements.

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 \$339,168,273 for fiscal 2010-11. In the opinion of the district's insurance consultant, this amount is sufficient to adequately fund replacement of the district's assets.

NOTE 3 - PENSIONS

A. GENERAL INFORMATION

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

Membership by retirement system program as of June 30, 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

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

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

Plan 2 under the TRS or SERS programs are defined benefit pension plans whose members joined on or after October 1, 1977, but before June 30, 1996, or August 31, 2000, for TRS or SERS programs, respectively. Members of TRS and SERS are eligible to retire with full benefits after five years of credited service and attainment of age 65, or after 20 years of credited service and attainment of age 55 with the benefit actuarially reduced from age 65, 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 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, 2010 through August 31, 2011:

Plan 1 TRS	6.00%	Plan 1 PERS	6.00%
Plan 2 TRS	3.36%	Plan 2 SERS	3.15%
Plan 3 TRS and SERS	5.00% (minimum)	15.00% (maximum)	

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

Employer contribution rates effective September 1, 2010 through August 31, 2011:

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

*Rate effective July 1, 2011 through August 31, 2011. From September 1, 2010 through June 30, 2011, the rate was 5.31%

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

<u>Plan</u>	<u>FY 10-11</u>
Plan 1 TRS	225,891
Plan 2 TRS	328,595
Plan 3 TRS	1,978,052
Plan 1 PERS	16,967
Plan 2 SERS	253,988
Plan 3 SERS	422,022

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, 2011, comprehensive annual financial report. Refer to this report for detailed trend information. It is available from:

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

NOTE 4 - CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction in progress is composed of:

Project	Project Authorization Amount	Expended as of 8/31/2011	Additional Local Funds Committed	Additional State Funds Committed
NEW CONSTRUCTION				
New Elementary	25,633,000	25,656,661		949
New High School	90,732,000	91,148,365		7,028
Valley View MS Replacement	79,589,356	26,152,695	43,258,364	
Riverview Elementary Replacement	33,105,254	31,886,185	355,194	
Machias Elementary Replacement	31,146,046	29,462,508	385,296	
Centennial Middle School Expansion	23,111,279	18,093,733	4,011,734	
New Aquatic Center	30,475,695	2,865,910	1,290,733	
REMODEL CONSTRUCTION				
Snohomish High Mod Sets 3&4	65,900,800	60,394,709	5,829,758	53,309
Parkway Alternative Facility Phase 1	5,517,482	2,429,072	44,787	
OTHER				
Classroom Technology Imprv	6,982,740	6,306,977	25,610	
Misc Capital Facility Imprv	3,312,647	2,002,944	1,371,407	
Energy Cost Saving Grant 2010	758,000	692,485	63,459	

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 Department of Retirement Systems. All monies deferred by employees are held in trust by the Washington State Investment Board for the exclusive benefit of program participants and eligible beneficiaries.

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 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. 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 Snohomish School District is a member of the Schools Insurance Association of Washington (SIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually

purchase insurance, self-insure, or hire contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1995, when seven mid-sized school districts in the State of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Presently, the SIAW pool has 44 member districts.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Wrongful Act Liability and Employee Benefit Liability is on a claims-made basis. All other coverages are on an occurrence basis. The pool provides the following forms of group purchased insurance coverage for its members: property, earthquake, liability, automobile liability, equipment breakdown, crime, employee benefits, and wrongful act liability.

The pool acquires liability insurance from unrelated underwriters that are subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$2,500 of the deductible amount of each claim, while the pool is responsible for the remaining \$97,500. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$97,500 portion of the deductible. The pool also purchases a Stop Loss Policy in the amount of \$3,465,000, which it fully funds in its annual budget.

Property insurance is subject to a per-occurrence deductible of \$260,000. Members are responsible for a \$10,000 deductible amount of each claim, while the pool is responsible for the remaining \$250,000.

Equipment breakdown insurance is subject to a per-occurrence deductible of \$10,000. Members are responsible for the deductible amount of each claim. Members contract to remain in the pool for one year and must give notice before December 31 before terminating participation the following September 1. Renewal of the Interlocal Agreement occurs automatically each year. Even after termination, a member is still responsible for contributions to the pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

The pool is fully funded by its member participants. Claims are filed by members with Canfield & Associates, which has been contracted to perform pool administration, claims adjustment and administration and loss prevention for the pool. Fees paid to the third party administrator under this arrangement for the year ended August 31, 2011 were \$3,146,313.

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

NOTE 7 – LEASE AND CONDITIONAL SALES CONTRACT OBLIGATIONS

As of August 31, 2011, outstanding operating lease obligations were as follows:

Lessor	Effective Date of Lease	Original Amount of Lease	Annual Installment	Final Installment Date	Interest Rate	Balance Due
Operating Lease Commitments (before tax):						
Wells Fargo Financial Leasing	8/29/2008	681,048.60	136,209.72	8/28/2013	N/A	272,419.44
Wells Fargo Financial Leasing	11/12/2008	19,825.80	3,965.16	11/30/2013	N/A	8,921.61

Wells Fargo Financial Leasing	11/12/2008	14,774.40	2,954.88	11/30/2013	N/A	6,648.48
Wells Fargo Financial Leasing	8/31/2010	14,060.88	4,686.96	8/31/2013	N/A	9,373.92

The District has treated the Wells Fargo copier lease as a true operating lease for constitutional and statutory debt limit purposes, and as a result, the lease is not subject to long-term debt requirements and does not constitute non-voted debt. Operating leases do not generate asset or liability recognition at their inception and therefore the lease payments are recognized as expenditures as they become payable.

NOTE 8 - LONG-TERM DEBT

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

Issue Date	Amount Issued	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
General Obligation Bonds					
VOTED BONDS					
8/4/04	100,000,000	varies	12/1/23	3.00-5.00	85,435,000
6/28/06	41,570,000	varies	12/1/25	4.25-5.00	23,570,000
8/19/08	103,087,000	varies	12/1/27	4.00-5.25	98,495,000
12/17/09 *	17,445,000	varies	12/15/25	1.57	17,445,000
10/26/10 *	17,500,000	varies	06/01/29	5.00	17,500,000
11/10/10	114,500,000	varies	12/01/29	3.00-4.00	114,500,000
Total Voted General Obligation Bonds					356,945,000
*Qualified School Construction Bond					

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

Long-Term Debt Payable at 9/1/10	\$231,700,000
New Issues	132,000,000
Debt Retired	<u>6,755,000</u>
Long-Term Debt Payable at 8/31/11	\$356,945,000

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

Years Ending August 31,	Principal	Interest	Total
2012	4,765,000	15,835,557	20,600,557
2013	4,090,000	15,656,592	19,746,592
2014	5,896,923	15,487,135	21,384,058
2015	6,371,923	15,302,089	21,674,012
2016	7,361,923	15,056,699	22,418,622
2017-2021	71,672,949	68,773,114	140,446,063
2022-2026	124,036,282	48,359,127	172,395,409
2027-2029	132,750,000	14,077,250	146,827,250
Total	356,945,000	208,547,563	565,492,563

At August 31, 2011, the district had \$8,626,303.30 available in the Debt Service Fund to service the general obligation bonds.

The Schedule of Long-Term Debt for the Year Ended August 31, 2011, included a change in presentation from the previous fiscal year. Qualified School Construction Bonds (QSCB) dated December 17, 2009, in the amount of \$17,445,000, were previously listed with Total Voted Bonds and are now listed separately under Qualified School Construction Bonds (QSCB). Total Long-Term Debt remained the same.

Bonds Authorized but Unissued

The 2008, 2009, 2010A and 2010B bonds represent a total \$252,532,000 of unlimited tax general obligation bonds, which are part of a total \$261,587,000 authorization approved by the District's voters on May 20, 2008. The District has remaining \$9,055,000 voter-authorized but unissued bonds as of August 31, 2011.

NOTE 9 - SUMMARY OF SIGNIFICANT CONTINGENCIES

LITIGATION

The Snohomish 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. This requirement is effective for the district's general obligation bond issues after September 1, 1986, currently totaling \$356,945,000. 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 rebatable amount fluctuates each year and may or may not be owed at the payment intervals. The District currently does not have any contingently liable arbitrage rebate.

NOTE 10 - OTHER DISCLOSURES

K C D A

The district is a member of the King County Directors' Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The board authorized joining the association on July 9, 1974, and has remained in the joint venture ever since. The district's current equity of \$75,822.27 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 11 – SUBSEQUENT EVENTS

On December 8, 2011, the Board of Directors adopted Resolution 20-11 approving the issuance and sale of \$63,870,000 in refunding bonds with an interest rate ranging from 2.0% to 5.0% to refund a portion of the District's outstanding 2004 UTGO bonds. The new bonds mature from December 1, 2012 through December 1, 2023. The refunding resulted in a net present value savings of \$5,266,077.51, which represents a net present value savings of 7.86% of the refunded bonds.

Snohomish School District No. 201
Schedule of Long-Term Debt
For the Year Ended August 31, 2011

Description	Beginning Outstanding Debt September 1, 2010	Amount +/Increased 114,500,000.00 0.00 0.00	Amount Redeemed/Decreased 6,755,000.00 0.00 0.00	Ending Debt August 31, 2011
Total Voted Bonds	214,255,000.00			322,000,000.00
Total Non-Voted Notes/Bonds	0.00			0.00
Qualified Zone Academy Bonds (QZAB)	0.00			0.00
Qualified School Construction Bonds (QSCB)	17,445,000.00	17,500,000.00	0.00	34,945,000.00
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	2,455,589.00	39,906.00	0.00	2,495,495.00
Other Long-Term Debt	0.00	0.00	0.00	0.00
Total Other Long-Term Debt	2,455,589.00	39,906.00	0.00	2,495,495.00
TOTAL LONG-TERM DEBT	234,155,589.00	132,039,906.00	6,755,000.00	359,440,495.00

**Snohomish School District
Snohomish County
EIN:91-6014712
Schedule of Expenditures of Federal Awards
For Fiscal year Ending August 31, 2011**

1	2	3	4	5	6	7	8	9
					Expenditures			
Federal Agency Name	Pass Through Agency	Federal Program Title	CFDA Number	Other Identification Number	From Direct Awards	From Pass Through Awards	Total	Footnote
USDA	WA OSPI	School Breakfast Program	10.553	N/A		168,147	168,147	4
	WA OSPI	National School Lunch Program-Cash Assistance	10.555	N/A		787,704	787,704	4
	WA OSPI	National School Lunch Program-Non-Cash assistance (commodities)	10.555	N/A		142,838	142,838	3 & 4
	WA OSPI	Summer Food Service Program for Children	10.559	N/A		29,435	29,435	4
						<u>1,128,124</u>	<u>1,128,124</u>	
	Office of State Treasurer	Schools and Roads Grants to States	10.665	N/A		66,474	66,474	2 & 4
		Subtotal US Dept. of Agriculture				<u>1,194,598</u>	<u>1,194,598</u>	
U.S. Dept of Defense		USMC JROTC	12.000	WA020118	68,442		68,442	
		Subtotal U.S. Dept. of Defense			<u>68,442</u>	<u>0</u>	<u>68,442</u>	
U.S. Dept of Ed	WA OSPI	Title I Grants to Local Educational Agencies	84.010	200535		588,211	588,211	5
	WA OSPI	Special Education-Grants to States	84.027	303759&337359		1,974,109	1,974,109	5
	WA OSPI	Special Education-Preschool Grants	84.173	366449		66,822	66,822	5
						<u>2,040,931</u>	<u>2,040,931</u>	
	WA OSPI	Career & Tech Ed-Basic Grants to States	84.048	172123		66,504	66,504	5
	ESD 189	Safe & Drug-Free Schools & Comm.-State Grants	84.186	8011000110		3,744	3,744	
	WA OSPI	Educational Technology State Grants	84.318	721724		6,513	6,513	5
	WA OSPI	English Language Acquisition Grants	84.365	401238		51,616	51,616	5
	WA OSPI	Improving Teacher Quality State Grants	84.367	520053		257,731	257,731	5
	WA OSPI	ARRA Education for Homeless Children & Youth, Recovery Act	84.387	457237		3,026	3,026	5
	WA OSPI	ARRA Title I Grants to Local Educational Agencies, Recovery Act	84.389	240547		282,929	282,929	5
	WA OSPI	ARRA Special Education Grants to States, Recovery Act	84.391	310440		802,019	802,019	5
	WA OSPI	ARRA Special Education-Preschool Grants, Recovery Act	84.392	370588		48,456	48,456	5
	WA OSPI	Education Jobs Fund	84.410	960077		1,998,739	1,998,739	
		Subtotal US Dept. of Education				<u>5,562,208</u>	<u>5,562,208</u>	
Total Federal Awards Expended					<u>68,442</u>	<u>7,345,017</u>	<u>7,413,459</u>	

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

NOTE 1—BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the district's financial statements. The district uses the modified accrual basis of accounting.

Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2—PROGRAM COSTS/MATCHING CONTRIBUTIONS

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

NOTE 3—NONCASH AWARDS

The amount of commodities reported on the schedule is the value of commodities distributed by the district during the current year and priced as prescribed by U.S. Department of Agriculture.

NOTE 4—NOT AVAILABLE (N/A)

The district was unable to obtain other identification number.

NOTE 5—FEDERAL INDIRECT RATE

The district used the federal restricted rate of 3.77 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.

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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