

ROBERT V. GRAHAM
STATE AUDITOR



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Notice of Filing and Transmittal
September 6, 1985

Notice is hereby given that the attached document is the official post audit examination report of Everett School District No. 2, Snohomish County, Washington, for the period September 1, 1983 through August 31, 1984.

The report was prepared and transmitted for filing by the State Auditor's Division of Municipal Corporations pursuant to RCW 43.09.260.

A handwritten signature in cursive script, reading "Robert V. Graham".

ROBERT V. GRAHAM
STATE AUDITOR

Copies transmitted to:

Dr. Rudy P. Johnson, Superintendent
Don Rider, President of the Board
Thomas W. Staudacher, Auditing Officer
Educational Service District No. 189
Seth Dawson, County Prosecuting Attorney
Dale Rogers, Supervisor-Internal Audit Section
Superintendent of Public Instruction
Sefton Boyars, Regional Inspector General for Audit
U.S. Department of Education
Washington State Department of Labor and Industries
Honorable Kenneth O. Eikenberry, Attorney General
Office of State Auditor

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EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington
Thirty-second Examination
September 1, 1983 Thru August 31, 1984

REPORT ON COMPLIANCE

We have examined the financial statements of Everett School District No. 2, Snohomish County, Washington, for the period September 1, 1983 through August 31, 1984. Our opinion on those financial statements is set forth in the financial section of this report. Except as set forth in the following paragraphs, our examination was made in accordance with generally accepted auditing standards, with generally accepted government auditing standards for financial and compliance audits, and with the guidelines for a single audit listed on the following page. In addition to our evaluation of the district's compliance with legal requirements that could affect its financial condition, we reviewed its compliance with other applicable laws and regulations as specified in RCW 43.09.260, including compliance with the requirements of the State Superintendent of Public Instruction. Our examination included such tests of the accounting records and of the claims and reports to federal and other grantors and such other auditing procedures as we considered necessary in the circumstances.

The SPI has assumed monitoring responsibility for certain compliance requirements of federal and state funded programs. To avoid duplication of audit effort, we have not reviewed the particular requirements monitored by the SPI.

The SPI did not establish rules applicable to fiscal 1983-84 for salary lid compliance for any district employees. Accordingly, in the absence of such rules, we could not evaluate the district's compliance with salary limitations for fiscal 1983-84.

In our opinion, except for matters that might have come to our attention had the scope of our audit included the grant requirements and salary limitations referred to above, the district has complied with the material requirements, and with other laws and regulations we tested. Further, based on our examination, nothing came to our attention to indicate that the district has not complied with the provisions referred to above and with other applicable laws and regulations, or that the claims and reports to the federal and other grantors are not accurate and complete.

Guidelines For A Single Audit

By referencing these guidelines, we mean that our examination was made in accordance with the provisions of the U.S. Office of Management and Budget's (OMB) Compliance Supplement for Single Audits of State and Local Governments, with the "Audit Requirements," Attachment P, of OMB's Circular A-102, Uniform Administrative Requirements for Grants-in-Aid to State and Local Governments, and with the Guidelines for Financial and Compliance Audits of Federally Assisted Programs.

EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington
Thirty-second Examination
September 1, 1983 Thru August 31, 1984

REPORT ON INTERNAL CONTROL

We have examined the financial statements of Everett School District No. 2, Snohomish County, Washington, for the period September 1, 1983 through August 31, 1984. Our opinion on those financial statements is set forth in the financial section of this report. As part of our examination, we made a study and evaluation of the district's system of internal control in accordance with standards established by the American Institute of Certified Public Accountants. Our study included all of the following categories, which comprise the significant internal accounting controls established and maintained by district administrators: cash receipts, billings and receivables, cash disbursements, accounts payable, purchasing and receiving, payroll, inventory control, property and equipment, and general ledger accounting.

No system of internal control can guarantee that all errors or irregularities will be detected. However, in our opinion, the conditions described in the following paragraphs concerning the system of internal control in effect during the year ended August 31, 1984, result in a significant risk that material errors or irregularities may occur and not be detected within a timely period. These conditions were considered in determining the audit tests applied in our examination of the financial statements, and this report does not alter our report on these financial statements.

The auditee was given the opportunity to respond to the internal control weaknesses in this report. Their response is included as Addendum B. The auditor's note to the auditee's response is included as Addendum C.

Cash Receipts

1. The district used "Rediform" receipts when receipting cash. These receipts were prenumbered, but did not have the district's name imprinted on them. This type of receipt is readily available in most stationery stores, and can be purchased with the same set of numbers.

We recommend that prenumbered district receipts be used for all payments received.

2. Receipts for day care revenue were written only when requested by the payor. We were unable to reconcile day care revenues to district records.

We recommend that receipts be written for all payments received. We also recommend that day care revenues be reconciled to the district records.

3. No documentation for the community education program were retained for periods prior to September 1984. No records were maintained for charges and supplies payments received. In addition, we observed that receipts were written for student charges only if requested.

We recommend that all documentation for the community education program be maintained and stored according to the records retention schedule. We also recommend that receipts be written for all revenues received.

4. Imprest checking accounts are not reconciled on a timely basis. At least 8 of the accounts maintained by the district were not reconciled for a substantial period prior to our audit. For example, 1 account was not reconciled for 7 months and another for 6 months. This condition has resulted in banks assessing overdraft charges against some of the accounts, and failure to follow up on deficiencies between the bank's and district's records.

We recommend that all checking accounts be reconciled promptly.

EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington
Thirty-second Examination
September 1, 1983 Thru August 31, 1984

REPORT ON FINANCIAL STATEMENTS

We have examined the combined financial statements of Everett School District No. 2, Snohomish County, Washington, for the period September 1, 1983 through August 31, 1984. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the combined financial statements referred to above present fairly the financial position of Everett School District No. 2 at August 31, 1984, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying financial information listed as a supporting schedule has been subjected to the auditing procedures applied in the examination of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.



ROBERT V. GRAHAM
STATE AUDITOR

September 6, 1985

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
August 31, 1984

Exhibit A

		Governmental Fund Types				(ASB)
ASSETS		Note	General	Capital Projects	Debt Service	Special Revenue
200	Imprest Funds	(1)	30,200.00	XXXX	XXXX	14,900.00
230	Cash on Hand				XXXX	
240	Cash on Deposit w/ Co. Treas.		2,288,343.28	1,794.24	14,646.47	967.73
241	Less Warrants Outstanding		2,284,348.84	-0-	XXXX	(149.31)
	Net Cash on Dep. w/ Co. Treas.		3,994.44	1,794.24	14,646.47	818.42
250	Cash with Fiscal Agent		XXXX	XXXX	646,258.75	XXXX
310	Taxes Receivable		2,336,765.28		1,012,483.82	XXXX
320	Due from Other Funds		5,470.80		XXXX	
330	Due from Other Gov. Units		218,148.24		XXXX	
340	Other Receivables		38,489.28	188,930.83		
410	Inventory-Supplies & Materials		454,642.38	XXXX	XXXX	
420	Inventory-Lunchrooms		82,305.08	XXXX	XXXX	XXXX
425	Inventory-USDA Commodities		76,207.60	XXXX	XXXX	XXXX
430	Prepaid Expenditures		100,522.00	XXXX	XXXX	
450	Investments		4,134,812.50	2,130,000.00	1,432,000.00	251,000.00
455	Investments-Deferred Comp.			XXXX	XXXX	XXXX
459	Self-Insurance-Security Dep.			XXXX	XXXX	XXXX
470	Amount Avail. in Debt Sv. Funds		XXXX	XXXX	XXXX	XXXX
475	Amount Avail. in Other Funds		XXXX	XXXX	XXXX	XXXX
480	Amt. to be Prvd. Debt Redemp.		XXXX	XXXX	XXXX	XXXX
490	Land		XXXX	XXXX	XXXX	XXXX
491	Buildings		XXXX	XXXX	XXXX	XXXX
492	Transportation Equipment		XXXX	XXXX	XXXX	XXXX
493	Equipment & Machinery		XXXX	XXXX	XXXX	XXXX
494	Construction in Progress		XXXX	XXXX	XXXX	XXXX
	Total Assets		7,481,557.60	2,320,725.07	3,105,389.04	266,718.42
LIABILITIES AND FUND EQUITY						
Liabilities:						
601	Accounts Payable		895,338.25	118,693.13	XXXX	11,542.97
602	Contracts Payable-Current				XXXX	
603	Contracts Payable-Long-Term		XXXX	XXXX	XXXX	XXXX
604	Rev. Ant. Notes Pay.-Long-Term		XXXX	XXXX	XXXX	XXXX
605	Accrued Salaries		137,382.58		XXXX	XXXX
606	Rev. Ant. Notes Pay. - Current					
607	Estimated Vacation Leave Pay.		XXXX	XXXX	XXXX	XXXX
608	Estimated Sick Leave Payable		XXXX	XXXX	XXXX	XXXX
610	Payrol Deduct. & Taxes Payable		9,776.99		XXXX	XXXX
635	Deferred Compensation Payable			XXXX	XXXX	XXXX
637	Est. Unempl. Benefits Payable			XXXX	XXXX	XXXX
638	Est. Other Emp. Ins. Claims-Pay			XXXX	XXXX	XXXX
639	Est. Ind. Ins. Benefits Pay.			XXXX	XXXX	XXXX
640	Due to Other Funds			5,069.98		400.82
650	Unearned Revenues & Deposits				XXXX	XXXX
675	Matured Bonds Payable		XXXX	XXXX	471,000.00	XXXX
680	Bond Transfer Fees Payable		XXXX	XXXX		XXXX
685	Matured Bond Interest Payable		XXXX	XXXX	181,923.50	XXXX
690	Bonds Payable - Long Term		XXXX	XXXX	XXXX	XXXX
750	Deferred Revenue - Receivables		24,706.21			
760	Deferred Revenue-Taxes Receiv.		2,336,765.28		1,012,483.82	XXXX
	Total Liabilities		3,403,969.31	123,763.11	1,665,407.32	11,943.79
Fund Equity:						
805	Investment in Gen. Fixed Assets		XXXX	XXXX	XXXX	XXXX
830	Reserve for Debt Service				XXXX	
840	Reserve for Inventory		613,155.06	XXXX	XXXX	XXXX
850	Reserve for Self-Insurance		778,544.77		XXXX	
860	Reserve for Other Items				XXXX	
890	Unreserved Fund Balance		2,685,888.46	2,196,961.96	1,439,981.72	254,774.63
	Total Fund Equity		4,077,588.29	2,196,961.96	1,439,981.72	254,774.63
Total Liabilities & Fund Equity			7,481,557.60	2,320,725.07	3,105,389.04	266,718.42

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
August 31, 1984

Exhibit A

Fiduciary Fund Types

Account Groups

Totals (Memorandum Only)

ASSETS

200 Imprest Funds
230 Cash on Hand
240 Cash on Deposit w/ Co. Treas.
241 Less Warrants Outstanding
 Net Cash on Dep. w/ Co. Treas.
250 Cash with Fiscal Agent
310 Taxes Receivable
320 Due from Other Funds
330 Due from Other Gov. Units
340 Other Receivables
410 Inventory-Supplies & Materials
420 Inventory-Lunchrooms
425 Inventory-USDA Commodities
430 Prepaid Expenditures
450 Investments
455 Investments-Deferred Comp.
459 Self-Insurance-Security Dep.
470 Amount Avail. in Debt Sv. Funds
475 Amount Avail. in Other Funds
480 Amt. to be Prvd. Debt Redemp.
490 Land
491 Buildings
492 Transportation Equipment
493 Equipment & Machinery
494 Construction in Progress
 Total Assets

LIABILITIES AND FUND EQUITY

Liabilities:

601 Accounts Payable
602 Contracts Payable-Current
603 Contracts Payable-Long-Term
604 Rev. Ant. Notes Pay.-Long-Term
605 Accrued Salaries
606 Rev. Ant. Notes Pay. - Current
607 Estimated Vacation Leave Pay.
608 Estimated Sick Leave Payable
610 Payrol Deduct. & Taxes Payable
635 Deferred Compensation Payable
637 Est. Unempl. Benefits Payable
638 Est. Other Emp. Ins. Claims-Pay
639 Est. Ind. Ins. Benefits Pay.
640 Due to Other Funds
650 Unearned Revenues & Deposits
675 Matured Bonds Payable
680 Bond Transfer Fees Payable
685 Matured Bond Interest Payable
690 Bonds Payable - Long Term
750 Deferred Revenue - Receivables
760 Deferred Revenue-Taxes Receiv.
 Total Liabilities

Fund Equity:

805 Investment in Gen. Fixed Assets
830 Reserve for Debt Service
840 Reserve for Inventory
850 Reserve for Self-Insurance
860 Reserve for Other Items
890 Unreserved Fund Balance
 Total Fund Equity

Total Liabilities & Fund Equity

Expendable Trust*	Non-expendable Trust	General Fixed Assets	General Long-Term Debt	August 31, 1983	August 31, 1984
XXXX	XXXX	XXXX	XXXX	30,500.00	45,100.00
21,384.16		XXXX	XXXX	29,590.35	21,384.16
		XXXX	XXXX	2,248,519.10	2,305,751.72
		XXXX	XXXX	(2,189,022.60)	(2,284,498.15)
		XXXX	XXXX	59,496.50	21,253.57
XXXX	XXXX	XXXX	XXXX	464,438.75	646,258.75
XXXX	XXXX	XXXX	XXXX	3,325,913.19	3,349,249.10
		XXXX	XXXX	17,500.51	5,470.80
XXXX	XXXX	XXXX	XXXX	20,358.41	218,148.24
		XXXX	XXXX	86,280.55	227,420.11
XXXX	XXXX	XXXX	XXXX	501,392.64	454,642.38
XXXX	XXXX	XXXX	XXXX	91,683.29	82,305.08
XXXX	XXXX	XXXX	XXXX	59,845.58	76,207.60
		XXXX	XXXX	1,100.00	100,522.00
		XXXX	XXXX	6,870,529.21	7,947,812.50
XXXX	XXXX	XXXX	XXXX		
		XXXX	XXXX	399,783.29	
XXXX	XXXX	XXXX	XXXX		
XXXX	XXXX	XXXX	17,900,000.00	19,070,000.00	17,900,000.00
XXXX	XXXX	XXXX	4,493.49	9,537.20	4,493.49
XXXX	XXXX	XXXX	177,636.83	213,605.21	177,636.83
XXXX	XXXX	1,498,960.62	XXXX	1,499,015.62	1,498,960.62
XXXX	XXXX	49,530,083.47	XXXX	49,891,455.97	49,630,083.47
XXXX	XXXX		XXXX		
XXXX	XXXX	5,247,120.24	XXXX	4,594,097.32	5,247,120.24
XXXX	XXXX		XXXX		
21,384.16		56,376,164.33	18,082,130.32	87,236,123.59	87,654,068.94
		XXXX	XXXX	982,833.00	1,025,574.35
		XXXX	XXXX		
XXXX	XXXX	XXXX	4,493.49	9,537.20	4,493.49
XXXX	XXXX	XXXX			
XXXX	XXXX	XXXX		55,176.89	137,382.58
			XXXX		
XXXX	XXXX	XXXX	98,633.10	97,434.93	98,633.10
XXXX	XXXX	XXXX	79,003.73	116,170.28	79,003.73
XXXX	XXXX	XXXX	XXXX	3,698.41	9,776.99
XXXX	XXXX	XXXX	XXXX		
XXXX	XXXX	XXXX	XXXX		
XXXX	XXXX	XXXX	XXXX		
XXXX	XXXX	XXXX	XXXX	17,500.51	5,470.80
		XXXX	XXXX		
XXXX	XXXX	XXXX	XXXX		
XXXX	XXXX	XXXX	XXXX	351,000.00	471,000.00
XXXX	XXXX	XXXX	XXXX		
XXXX	XXXX	XXXX	XXXX	120,089.75	181,923.50
XXXX	XXXX	XXXX	XXXX	17,900,000.00	17,900,000.00
		XXXX	XXXX		24,706.21
XXXX	XXXX	XXXX	XXXX	3,325,913.19	3,349,249.10
			18,082,130.32	24,149,354.16	23,287,213.85
XXXX	XXXX	56,376,164.33	XXXX	55,984,568.91	56,376,164.33
XXXX	XXXX	XXXX	XXXX		
XXXX	XXXX	XXXX	XXXX	421,407.82	613,155.06
		XXXX	XXXX		778,544.77
XXXX	XXXX	XXXX	XXXX		
		XXXX	XXXX	6,680,792.70	6,598,992.91
21,384.16		56,376,164.33		63,086,769.43	64,366,855.09
21,384.16					
21,384.16		56,376,164.33	18,082,130.32	87,236,123.59	87,654,068.94

	Governmental Type Funds				Fiduciary Funds	Totals (Memo Only) for the Year Ended	
	General	Capital Projects	Debt Service	Special Revenue	Expendable Trust	August 31, 1983	Aug. 31 1984
Revenues:							
1000 Local Taxes	4,312,846.94		2,021,706.54	XXXX	XXXX	5,505,739.20	6,334,553.48
2000 Co. Administered	21,101.22			XXXX	XXXX	20,976.29	21,101.22
3000 State Revenue	29,326,332.88	34,050.07	64.00	XXXX	XXXX	3,190,964.44	29,360,446.95
4000-7000 Fed. Rev.	1,485,337.90			XXXX	XXXX	1,200,575.54	1,485,337.90
5000-6000 Local Rev.	1,437,144.55	199,443.71	178,100.15		12,034.49	1,781,872.78	1,826,722.90
8000 Pmt fr Oth Dists	21,776.86		XXXX	XXXX	XXXX	45,814.57	21,776.86
ASB Revenue	XXXX	XXXX	XXXX	403,048.76	XXXX	309,042.84	403,048.76
Other Revenues	XXXX	XXXX	XXXX	XXXX			
Total Revenues	36,604,540.35	233,493.78	2,199,870.69	403,048.76	12,034.49	3,054,985.66	39,452,988.07
Expenditures:							
Current:							
00 Basic Education	16,026,541.35	XXXX	XXXX	XXXX	XXXX	15,195,883.08	16,026,541.35
20 Handicapped	2,231,875.96	XXXX	XXXX	XXXX	XXXX	2,018,547.86	2,231,875.96
30 Vocational Ed.	942,900.73	XXXX	XXXX	XXXX	XXXX	928,321.10	942,900.73
40 State Prog. Misc.	750,399.96	XXXX	XXXX	XXXX	XXXX	581,046.94	750,399.96
50-79 Federal Prog.	780,932.41	XXXX	XXXX	XXXX	XXXX	669,339.44	780,932.41
80 Other Ed. Prog.	469,435.66	XXXX	XXXX	XXXX	XXXX	415,028.66	469,435.66
94 Instruc. Support	4,700,546.91	XXXX	XXXX	XXXX	XXXX	4,401,321.85	4,700,546.91
97 General Support	6,667,673.54	XXXX	XXXX	XXXX	XXXX	5,480,229.26	6,667,673.54
98 Food Services	1,091,797.41	XXXX	XXXX	XXXX	XXXX	955,174.81	1,091,797.41
99 Pupil Transp.	1,743,746.00	XXXX	XXXX	XXXX	XXXX	1,664,216.96	1,743,746.00
ASB Expenditures	XXXX	XXXX	XXXX	350,929.26	XXXX	281,356.82	350,929.26
8 Sales Lease Exp.	XXXX		XXXX	XXXX	XXXX		
Capital Outlay:							
1 Sites	XXXX		XXXX	XXXX	XXXX	2,573.58	-0-
2 Site Improvements	XXXX	89,153.91	XXXX	XXXX	XXXX	940,460.52	89,153.91
3 Building - New	XXXX	13,249.80	XXXX	XXXX	XXXX	282,303.42	13,249.80
4 Building - Remodel	XXXX	236,102.22	XXXX	XXXX	XXXX	509,388.49	236,102.22
5 Bldg - Equipment	XXXX	96.57	XXXX	XXXX	XXXX	48,375.25	96.57
6 Energy Audits	XXXX		XXXX	XXXX	XXXX		
7 Energy Cap. Imprv.	XXXX		XXXX	XXXX	XXXX		
9 Capital Outlay-Oth	754,332.66		XXXX	XXXX	XXXX	522,089.10	754,332.66
Debt Service:							
Principal			1,170,000.00			1,236,863.03	1,170,000.00
Interest & Fisc. Chgs			1,129,972.50			1,199,915.95	1,129,972.50
Other Expenditures:							
Explain: <u>NEEDY STUDENTS</u>					10,240.68	16,361.76	10,240.68
<u>IND. INS. EXPENDITURES</u>						142,077.76	-0-
Total Expenditures	36,160,182.59	338,602.50	2,299,972.50	350,929.26	10,240.68	37,490,875.64	39,159,927.53
Revs Over (Under) Exp	444,357.76	(105,108.72)	(100,101.81)	52,119.50	1,793.81	(435,889.98)	293,060.54
Oth Fin Sources(Uses)							
Oper. Transfers In						198,650.00	-0-
Oper. Transfers Out						(198,650.00)	
Other: SALE OF PROPERTY		596,253.11					596,253.11
SALE OF EQUIPMENT	1,726.01						1,726.01
Total Other Finan. Sources (Uses)	1,726.01	596,253.11					597,979.12
Rev. Over (Under) Exp. & Other Sources (Uses)	446,083.77	491,144.39	(100,101.81)	52,119.50	1,793.81	(435,889.98)	891,039.66
Fund Bal-Beginning (Inc.) Dec. in Res.	2,485,556.29	1,708,366.99	1,540,083.53	202,655.13	744,130.76	7,480,658.32	6,680,792.70
Other (Inc.) Dec.	970,292.01					354,328.76	970,292.01
Fund Bal-Ending	(724,540.41)	2,549.42			724,540.41	9646.88	2,549.42
	2,685,888.46	2,196,961.96	1,439,981.72	254,774.63	21,384.16	6,680,792.70	6,598,990.93

EVERETT SCHOOL DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For Fiscal Year Ended August 31, 1984

Exhibit B

	<u>Budget</u>	<u>Actual</u>
GENERAL FUND		
REVENUES		
1000 LOCAL TAXES	4,336,101.00	4,312,846.94
2000 COUNTY ADM FUNDS	5,000.00	21,101.22
3000 STATE FUNDS	29,035,994.00	29,326,332.88
4000 FEDERAL FUNDS	1,259,243.00	992,465.02
5000 LOCAL NON-TAX REVENUE	511,500.00	538,773.84
6000 LOCAL REIMBURSEMENTS	902,000.00	890,978.08
7000 FEDERAL REIMBURSEMENTS	456,000.00	545,372.38
8000 PMTS FROM OTHER DISTRICTS	25,000.00	21,776.86
9000 PERMANENT TRANSFERS IN		
**** TOTAL REVENUES	36,530,838.00	36,649,647.22
EXPENDITURES		
00 BASIC EDUCATION	16,801,975.00	16,298,101.11
21 HANDICAPPED	2,527,647.00	2,269,592.59
30 VOCATIONAL EDUCATION	1,197,307.00	988,160.69
40 STATE PROGRAMS MISC	736,228.00	765,486.61
50-79 FEDERAL PROGRAMS	1,296,075.00	871,452.33
80 OTHER EDUCATIONAL PROGRAMS	470,783.00	476,978.99
94 GENERAL INSTRUCTIONAL SUPPORT	4,565,402.00	4,843,870.11
97 GENERAL SUPPORT	7,086,505.00	6,803,453.42
98 FOOD SERVICE	1,116,563.00	1,099,340.74
99 PUPIL TRANSPORTATION	1,777,261.00	1,895,625.25
**** TOTAL EXPENDITURES	37,575,746.00	36,312,061.84
EXCESS (DEF) OF REVENUES OVER EXPEND	1,044,908.00-	337,585.38
PERMANENT TRANSFERS TO TRANS VEH FUND		
FUND BALANCE AT SEPTEMBER 1, 1983	2,829,216.00	2,813,280.13
ADJUSTMENTS		724,540.41
SUBTOTAL	1,784,308.00	3,875,405.92
Adjustment to Ending Accrual - Revenues		50,303.12
Adjustment to Ending Accrual - Expenditures		(151,879.25)
FUND BALANCE AT AUGUST 31, 1984	1,784,308.00	4,077,588.29

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

EVERETT SCHOOL DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For Fiscal Year Ended August 31, 1984

Exhibit B

	<u>Budget</u>	<u>Actual</u>
 TRANSPORTATION VEHICLE FUND		
REVENUES		
1000 LOCAL TAXES		
2000 COUNTY ADM FUNDS		
3000 STATE FUNDS	1,800.00	
4000 FEDERAL FUNDS		
5000 LOCAL NON-TAX REVENUE	19,000.00	22,229.00
6000 LOCAL REIMBURSEMENTS		
9000 PERMANENT TRANSFERS IN		
**** TOTAL REVENUES	20,800.00	22,229.00
EXPENDITURES		
57 CASH PURCHASE AND REBUILD BUS		
58 CONTRACT PURCH + REBUILD BUS		
82 WARRANT INTEREST		
83 OTHER INTEREST		
**** TOTAL EXPENDITURES		
EXCESS (DEF) OF REVENUES OVER EXPEND	20,800.00	22,229.00
FUND BALANCE AT SEPTEMBER 1, 1983	210,600.00	210,071.93
ADJUSTMENTS		
SUBTOTAL	231,400.00	232,300.93
Reduction of Fund Balance - Prior Yr. Accounts Payable		(2,549.42)
FUND BALANCE AT AUGUST 31, 1984	231,400.00	229,751.51

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

EVERETT SCHOOL DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For Fiscal Year Ended August 31, 1984 Exhibit B

	<u>Budget</u>	<u>Actual</u>
 CAPITAL PROJECT FUND		
REVENUES		
1000 LOCAL TAXES		
2000 COUNTY ADM FUNDS		
3000 STATE FUNDS		34,050.07
4000 FEDERAL FUNDS		
5000 LOCAL NON-TAX REVENUE	71,500.00	148,547.22
6000 LOCAL REIMBURSEMENTS	533,000.00	624,920.60
8000 PMTS FROM OTHER DISTRICTS		
9000 PERMANENT TRANSFERS IN		
**** TOTAL REVENUES	604,500.00	807,517.89
EXPENDITURES		
1 SITES		
2 SITE IMPROVEMENTS	235,000.00	89,153.91
3 BUILDING - NEW	300,000.00	13,249.80
4 BUILDING - REMODELING	950,000.00	236,102.22
5 EQUIPPING - BUILDINGS		96.57
6 ENERGY AUDITS		
7 ENERGY CAPITAL IMPROVEMENTS	300,000.00	
8 SALES AND LEASE EXPENDITURES		
9 INTEREST EXPENDITURES		
**** TOTAL EXPENDITURES	1,785,000.00	338,602.50
EXCESS (DEF) OF REVENUES OVER EXPEND	1,180,500.00-	468,915.39
PERMANENT TRNSFER TO DEBT SERVICE FUND		
PERMANENT TRANSFER TO GENERAL FUND		
FUND BALANCE AT SEPTEMBER 1, 1983	1,477,055.00	1,498,295.06
ADJUSTMENTS		
FUND BALANCE AT AUGUST 31, 1984	296,555.00	1,967,210.45

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

EVERETT SCHOOL DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For Fiscal Year Ended August 31, 1984

Exhibit B

	<u>Budget</u>	<u>Actual</u>
DEBT SERVICE FUND		
REVENUES		
1000 LOCAL TAXES	2,027,022.00	2,021,706.54
2000 COUNTY ADM FUNDS		
3000 STATE FUNDS		64.00
4000 FEDERAL FUNDS		
5000 LOCAL NON-TAX REVENUE	128,000.00	178,100.15
6000 LOCAL REIMBURSEMENTS		
9000 PERMANENT TRANSFERS IN		
**** TOTAL REVENUES	2,155,022.00	2,199,870.69
EXPENDITURES		
MATURED BOND EXPENDITURES	1,170,000.00	1,170,000.00
INTEREST ON BONDS	1,129,973.00	1,129,972.50
INTERFUND LOAN INTEREST		
BOND TRANSFER FEES		
**** TOTAL EXPENDITURES	2,299,973.00	2,299,972.50
EXCESS (DEF) OF REVENUES OVER EXPEND	144,951.00-	100,101.81-
FUND BALANCE AT SEPTEMBER 1, 1983	1,528,541.00	1,540,083.53
ADJUSTMENTS		
FUND BALANCE AT AUGUST 31, 1984	1,383,590.00	1,439,981.72

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

EVERETT SCHOOL DISTRICT NO. 2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For Fiscal Year Ended August 31, 1984 Exhibit B

	<u>Budget</u>	<u>Actual</u>
 ASSOCIATED STUDENT BODY FUND		
REVENUES		
100 GENERAL STUDENT BODY	275,850.00	246,241.21
200 ATHLETICS	76,225.00	59,323.24
300 CLASSES	23,750.00	15,208.85
400 CLUBS	286,160.00	82,275.46
500 PAYMENTS FROM OTHER DISTRICTS		
**** TOTAL REVENUES	661,985.00	403,048.76
EXPENDITURES		
100 GENERAL STUDENT BODY	248,250.00	175,325.41
200 ATHLETICS	94,050.00	71,506.49
300 CLASSES	23,217.00	15,766.25
400 CLUBS	291,340.00	88,331.11
**** TOTAL EXPENDITURES	656,857.00	350,929.26
EXCESS (DEF) OF REVENUES OVER EXPEND	5,128.00	52,119.50
FUND BALANCE AT SEPTEMBER 1, 1983	172,066.00	202,655.13
ADJUSTMENTS		
FUND BALANCE AT AUGUST 31, 1984	177,194.00	254,774.63

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

EVERETT SCHOOL DISTRICT NO. 2
SCHEDULE OF GRANT ACTIVITY
Fiscal Year Ended August 31, 1984

Schedule 1

EVERETT SCHOOL DISTRICT NO. 2

		FEDERAL/STATE/OTHER									
PROGRAM NAME	PROG. YR	AGENCY	GRANT NO.	PROG. NO.	EXPENDITURES	RECEIPTS	ACCRUED BEGINNING	ACCRUED END	REVENUES	REV. NO.	LOCAL MATCH
GENERAL FUND											
FEDERAL GRANTS											
VOC. ED.	9/82-8/83	DEPT. ED.	14207	66		25,400.00	25,400.00		25,400.00	4010	
VOC. ED.	9/82-8/83	DEPT. ED.	14034	66		5,671.48	6,904.56		5,671.48	4010	
VOC. ED.	9/82-8/83	DEPT. ED.	14165	66		14,398.77	14,590.06		14,398.77	4010	
VOC. ED.	9/82-8/83	DEPT. ED.	14283	66		936.70	936.70		936.70	4010	
VOC. ED.	9/82-8/83	DEPT. ED.	14466	66		1,505.04	1,985.33		1,505.04	4010	
VOC. ED.	9/83-8/84	DEPT. ED.	14265	66		745.67	745.67		745.67	4010	
VOC. ED.	9/83-8/84	DEPT. ED.	14704	66	12,485.08	9,781.47		2,703.61	12,485.08	4010	
VOC. ED.	9/83-8/84	DEPT. ED.	14897	66	16,351.04	7,064.44		9,286.60	16,351.04	4010	25.68
VOC. ED.	9/83-8/84	DEPT. ED.	14924	66	19,897.90	15,108.89		4,789.01	19,897.90	4010	24.39
CHAPTER I	7/82-8/83	DEPT. ED.	20195	51		47,717.11	21,450.00		47,717.11	4050	
CHAPTER I	9/83-8/84	DEPT. ED.	20490	51	* 41,231.65						
					541,097.72	451,570.50		130,758.87	582,329.37	4050	
PL 89-313	6/84-8/84	DEPT. ED.	22180	79	13,915.01			4,203.71	4,203.71	4058	
PL 89-313	7/84-8/84	DEPT. ED.	22049	79		2,387.90	2,107.90		2,387.90	4058	
E.I.C.A.	7/82-8/83	DEPT. ED.	55		10,408.31	10,008.97		-0-	10,008.97	4072	
CHAPTER II	7/82-8/83	DEPT. ED.	50209	64		31,873.88	28,772.00	-0-	31,873.88	4080	
CHAPTER II	9/83-8/84	DEPT. ED.	50509	64	* 247.00						
					84,407.30	63,716.25		20,938.05	84,654.30	4080	
PL 94-142	9/83-8/84	DEPT. ED.	30202	71	* 4,563.03						
					167,144.03	128,487.65		43,219.41	171,707.06	4210	
TITLE VI PART B	9/83-8/84	DEPT. ED.	33459	71	-0-	-0-	-0-	-0-	-0-	4210	
PRESCH. INCENTIVE	8/83-6/84	DEPT. ED.	34201	79	* 155.57						
					5,698.56	3,955.04		1,899.09	5,854.13	4900	
PL B74	7/83-8/84	DEPT. ED.				4,640.03			4,640.03	4160	
FEDERAL LUNCH	9/83-8/84			98	1,099,340.74	407,617.29			407,617.29	7010	
USDA COMMODITIES	9/83-8/84			PR 98 ABOVE	137,755.09				137,755.09	7060	
SUB-TOTAL					2,016,942.94	1,370,342.17	102,802.60	217,798.35	1,588,140.52		
* Indicates amount of indirect costs charged.											
STATE ENTITLEMENT											
STATE APPROPRIATION	9/83-8/84	SPI		**		25,430,534.95			25,430,534.95	3010	
TRANS. REIMB-OPER.	9/83-8/84	SPI		99	1,895,625.25	991,186.24			991,186.24	3020	
EDUC. OF H.C. CHILD.	9/83-8/84	SPI		21	2,269,592.59	2,440,149.66			2,440,149.66	3030	
STATE INSTITUTIONS	9/83-8/84	SPI		46	267,468.48	150,689.25			150,689.25	3050	
TRAFFIC SAFETY	9/83-8/84	SPI		41	147,355.82	87,750.00			87,750.00	3080	
SCH. LUNCH REIMB.	9/83-8/84	SPI		98	PRG 98 ABOVE	37,056.81			37,056.81	3160	
TIMBER EX. TAX-A	9/83-8/84	SPI		**		3.21			3.21	3170	
TIMBER TAX RES. ACCT.	9/83-8/84	SPI		**		137.15			137.15	3171	
SPEC. NEEDS PROG.S	9/83-8/84	SPI		42	350,662.31	186,720.07			186,720.07	3300	
OTHER STATE FUNDS	9/83-8/84	SPI		**		2,105.54			2,105.54	3900	
SUB-TOTAL					4,930,704.45	29,326,332.88			29,326,332.88		
**Detail not listed because revenue not restricted to any one program.											
TRANSPORTATION VEHICLE FUND											
STATE ENTITLEMENT											
TRANS. REIMB.-DEPR.	9/83-8/84	SPI				-0-			-0-	3021	
SUB-TOTAL						-0-			-0-		
CAPITAL PROJECTS FUND											
STATE MATCHING (CASH RC.)		SPI				327.77			327.77	3100	
STATE MATCHING PD BY SPI CONTR.		SPI				16,241.63			16,241.63	3110	
OTHER STATE FUNDS		SPI				18,136.21			18,136.21	3900	
SUB-TOTAL						34,050.07			34,050.07		
DEBT SERVICE FUND											
TIMBER EX. TAX-A		SPI				1.39			1.39	3170	
TIMBER EX. TAX-R		SPI				62.61			62.61	3171	
SUB-TOTAL						64.00			64.00		
GRAND TOTAL											
					6,947,647.39	30,730,789.12	102,802.62	217,798.35	30,948,587.47		

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

EVERETT SCHOOL DISTRICT NO. 2
Notes to Financial Statements
August 31, 1984

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Everett School District is a municipal corporation organized pursuant to Title 28A, Revised Code of Washington for the purpose of providing public school services. 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, in conformance with National Council on Governmental Accounting Statement No. 3, the Everett School District includes all funds, account groups and organizations that are controlled by or dependent on the District's board of directors or administrative staff. Control by or dependence on the district was determined on the basis of budget adoption, taxing authority, outstanding debt secured by the general obligations 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 Everett School District's financial reports conform to generally accepted accounting principles. The accounts of the school district are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate. The various funds in this report are grouped into Governmental and Fiduciary funds as follows:

1. Governmental Funds

a. 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 this fund. These activities are legally designated in the General Fund. These activities principally serve and receive their support from the General Fund.

b. Capital Projects Fund

These funds account for financial resources to be used for the acquisition of major capital facilities.

Building and Capital Projects Fund - This fund is used to account for resources set aside for the acquisition and construction of fixed 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. The major sources of revenue in this fund include the state reimbursement for pupil transportation equipment and special levies. Everett School District has contracted for pupil transportation service since 1975. This fact accounts for the relatively small balance in the fund.

c. Debt Service Fund (Bond Interest and Redemption Fund)

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

d. Special Revenue Funds

These funds account for the proceeds of specific revenue sources that are legally restricted for specific purposes.

Associated Student Body Program Fund - This fund is used to account for the extracurricular fees collected in fund raising events for students. Disbursements require the joint approval of the appropriate student body organization and the district's board of directors. This fund is accounted for as a special revenue fund since the financial resources legally belong to the school district.

2. Fiduciary Funds

- a. Expendable Trust Funds are funds used to account for assets held by the school district in a trustee capacity.

Scholarship Trust Funds - These funds are used to account for assets held by the district in a trustee capacity. The funds are accounted for as expendable trusts using the modified accrual basis of accounting.

3. Account Groups

a. General Fixed Assets

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Asset Account Group, rather than in governmental funds. Construction in progress is also recorded in the Fixed Asset Account Group.

b. General Long Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. Refunded bond issues are not included in the financial statements. Refer to Note VI for disclosure.

C. Basis of Accounting

A modified accrual basis of accounting is used for all governmental funds and expendable trust funds. Under this basis, revenues are recognized when they become measurable and available. Property taxes receivable are measurable but not available and are therefore not accrued, but categorical program claims and interdistrict billings are measurable and available, and both are accrued.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred. The fund liability is incurred when the goods or services have been received. An exception to this rule is the recognition of principal and interest on general long-term debt which is recognized when due. All governmental funds and expendable trust funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are included on their balance sheets.

D. Budgetary Data

1. General Budgetary Policies.

Chapter 28A.65 Revised Code of Washington and Chapter 392-123 of the Washington Administrative Code mandate school district budget policies and procedures. The budget is adopted by the Board after public hearing. An appropriation is a prerequisite to expenditures. Appropriations lapse at the end of the fiscal period.

2. Budgetary Basis of Accounting

For budgetary purposes, revenues are on a strict cash basis as prescribed by law. Expenditures for budgetary purposes of the General Fund, Capital Projects Fund, and Associated Student Body Fund are recognized on the modified accrual basis including long-term debt payable. Expenditures for the Debt Service Fund are recognized for both budgetary and GAAP purposes when the debt and interest have matured and are payable. Beginning cash is budgeted as available resources and, pursuant to law, the budgeted ending cash balance cannot be negative. Under the GAAP basis of budgeting, beginning fund balances are considered starting resources. Monthly budget status reports are prepared in compliance with Generally Accepted Accounting Principles (GAAP) as issued by the National Council on Governmental Accounting. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--presents actual data for the year on the budgetary basis prescribed by law.

3. Encumbrances

Encumbrance accounting is employed in governmental funds. Purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation. Encumbrances are closed at end of the fiscal year and reopened the following year. Encumbrances in the amount of \$269,365.48 were closed on August 31, 1984, and this amount will be re-established in the next year.

E. Assets, Liabilities and Fund Equity

1. Investments

Investments are stated at cost and are in the custody of the county treasurer.

2. Inventory

Inventory in the General Fund consists of expendable supplies, most of which were received in the 4th fiscal quarter for use in the ensuing year. All other inventory received during the year is expended and considered consumed at the point of acquisition. The reserve indicates the portion of the net current assets set aside to replace the inventory. Inventory is valued at cost using the last in, first out (LIFO) method.

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.

3. Fixed Assets

All fixed assets are valued at historical cost or estimated historical cost if actual cost is unknown. Donated fixed assets are valued at their estimated fair value on the date donated. Depreciation is not recognized on general fixed assets.

F. Revenue and Expenditure Recognition

1. Debt Service

Principal and interest on general long-term debt is recognized only when due. Accrued vacation and sick leave are recorded as general long term debt liabilities, not fund liabilities.

2. Property Taxes

Property tax revenues are collected as the result of special levies passed by the voters in the school 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, a little more than half of the collections are made on the April 30 date. Collections on past due taxes approximate current year uncollected taxes. 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 are not accrued as revenue. Instead, the fall anticipated collection is recorded as deferred revenue.

G. Compensated Absences

1. Sick Leave Payable

Under the provisions of Chapter 28A.58 RCW, sick leave accumulated by district employees is reimbursed at termination of employment at the rate of one day for each four days accrued. Employees earn sick leave at a rate of 12 days per year. Sick leave expenditures are recorded when paid except termination sick leave that is accrued upon death or retirement. Fiscal year 1984 expenditures were \$134,714.48. The average annual expenditure for the past three years was \$159,609.27

2. Vacation Leave Payable

Accrued vacation pay is recorded in the General Long-Term Debt Account Group.

3. No unrecorded liability exists for other employee benefits.

II CHANGES IN FIXED ASSETS

	Balance 9/1/83	Additions	Deletions	Balance 8/31/84
Land	1,499,015.62	-0-	55.00	1,498,960
Buildings	49,891,455.97	-0-	261,372.50	49,630,083
Transportation Equip.				
Other Equip. & Mach.	4,594,097.32	754,332.66	101,309.74	5,247,120.
Construction in Prog.				
Total	55,984,568.91	754,332.66	362,737.24	56,376,164.

The district's fixed assets are insured in the amount of \$104,139,964. In the opinion of the district's insurance consultant, this amount is sufficient to adequately fund replacement of the district's assets.

III PENSIONS

All full-time district employees are covered under one of the following retirement systems.

A. Public Employees' Retirement System (PERS)

PERS is a contributing retirement system managed by the State of Washington. Contributions to the system by both employee and employer are based on gross wages. The district's contribution in fiscal 1984 of \$375,822.40 represents its full liability under the system.

Contribution rates for fiscal 1984 were as follows:

	<u>Employee</u>	<u>Employer</u>
<u>Plan One</u>	6.0%	7.31%
<u>Plan Two</u> (employed after 9-30-77)	5.11%	7.31%

B. Teachers' Retirement System

This system is also managed by the State of Washington. Contributions by employees (principally teachers) are based on gross wages. The contribution rate for fiscal 1984 was 6% for Plan One employees and 6.21% for Plan Two employees. The employer does not contribute; instead, a biennial appropriation is made from the State General Fund.

C. Pension System Funding

The following information was prepared by the Washington State Actuary who by statute is required to perform actuarial services for the Washington State Department of Retirement Systems, the administrator of these retirement systems:

	<u>Public Employees Retirement System</u>	<u>Teachers Retirement System</u>
1. Latest Valuation Date	12/31/82	6/30/82
2. Funding Status (dollar amounts in millions)		
a. Present value of accrued vested benefits	\$2,836	\$2,378
b. Valuation assets	\$2,183	\$1,449
c. Unfunded present value of accrued benefits (a-b)	\$653	\$929
d. Funding ratio (b:a)	76.98%	60.92%

IV SELF-INSURED EMPLOYEE BENEFITS

A. Unemployment

Everett School District became a reimbursable employer and a member of the Educational Service District 189 Unemployment Cooperative Pool on January 1, 1978. Premium payments are made to the pool rather than to the State. Unemployment claims are paid by the State and billed to the employer. Reimbursements to the State and payment of other costs are made by the pool and charged to the employer's account. Everett School District has an account balance of \$528,240.36 as of 8/31/84. Claims cost for the 83-84 pool fiscal year ending 6/30/84 amounted to \$34,716.44.

B. Industrial Insurance

Everett School District became self-insured employer on April 1, 1978. The program was operated through the Industrial Insurance Reserve Fund through August 31, 1983. Beginning September 1, 1983 the program was transferred to the General Fund. A reserve of \$778,544.77 is maintained for the payment of claims and other costs.

V. LEASE OBLIGATIONS

The Everett School District entered into a 15 year lease with the U.S. Department of Agriculture for a 25 acre environmental training center. This lease runs from January 1, 1975 through December 31, 1989, at an annual rate of \$25.00.

VI LONG TERM DEBT

A. Description of Long-Term Debt as of August 31, 1984

1. General Obligation Bonds	17,900,000.00
2. Lease-Purchase Contracts	4,493.49
3. Accrued Vacation Pay	98,633.10
4. Accrued Sick Leave Pay	<u>79,003.73</u>
	18,082,130.32

B. Description of General Obligation Bond Issues

1. June 1, 1978 issue was in the original amount of \$16,972,000.00, issued for the purpose of school construction. The unmatured principal balance as of 8/31/84 is \$14,000,000.00. Interest is payable at rates of 5.40% to 5.80%.
2. July 1, 1978 issue was in the original amount of \$2,975,000.00, issued for the purpose of refunding issues dated 8/1/64, 9/1/67 and 12/1/68, all of which had been issued for the purpose of school construction. The unmatured principal balance as of 8/31/84 is \$1,180,000.00. Interest is payable at the rates of 5.45% to 5.50%.
3. November 1, 1980 issue was in the original amount of 2,990,000.00, issued for the purpose of school construction. The unmatured principal balance as of 8/31/84 is \$2,720,000.00. Interest is payable at the rates of 7.40% to 8.65%.

C. Following is a summary of general obligation long-term debt transactions of the district for the year ended August 31, 1984.

Long-Term Debt Balance as of 8/31/83	19,070,000.00
New Issues	-0-
Debt Retired	1,170,000.00
Long-Term Debt Balance as of 8/31/84	17,900,000.00

D. Annual requirements to amortize general obligation long-term debt is as follows:

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1985	1,180,000.00	1,058,950.00	2,238,950.00
1986	1,240,000.00	989,602.50	2,229,602.50
1987	1,310,000.00	916,845.00	2,226,845.00
1988	1,155,000.00	839,897.50	1,994,897.50
1989	1,060,000.00	772,197.50	1,832,197.50
1990	1,115,000.00	710,482.50	1,825,482.50
1991	1,185,000.00	643,977.50	1,828,977.50
1992	1,250,000.00	572,920.00	1,822,920.00
1993	1,320,000.00	497,367.50	1,817,367.50
1994	1,395,000.00	417,122.50	1,812,122.50
1995	1,470,000.00	330,697.50	1,800,697.50
1996	1,560,000.00	238,701.25	1,798,701.25
1997	1,295,000.00	153,632.50	1,448,632.50
1998	1,365,000.00	79,170.00	1,444,170.00
Total	17,900,000.00	8,221,563.75	26,121,563.75

The General Obligation Bond issues have full faith and credit of the taxpayers of the school district. Taxpayers have passed these bond issues and will be taxed without limitation to service the issues.

No bonds are authorized but unissued as of 8/31/84.

E. Detail of Contracts Payable

<u>Vendor</u>	<u>Fund</u>	<u>Purpose</u>	<u>Int. Rate</u>	<u>Original Balance</u>	<u>8/31/84 Balance</u>
1. Equileas	General	Copier	11	3,412.44	1,157.00
2. Equileas	General	Copier	11	3,412.44	1,157.00
3. I.B.M.	General	Copier	11	7,080.00	812.00
4. I.B.M.	General	Copier	11	8,574.60	1,367.49
					<u>4,493.49</u>

F. Annual Requirements - Contracts Payable

<u>Year Ending August 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1985	4,220.32	273.17	<u>\$4,493.49</u>

G. Refunded Debt

The following bond issues have been refunded as of August 31, 1983.

<u>Bond Issue</u>	<u>Amount Outstanding</u>
9/1/67	830,000.00
12/1/68	<u>700,000.00</u>
Total Refunded Bonds Outstanding	1,530,000.00

Debt service on these bonds is met by cash and investments held by the refunding trustee. As of August 31, 1984, the trustee was holding cash and investments of \$1,497,141.10 which is expected to fully fund debt service. These refunded bonds constitute a contingent liability of the district, but are excluded from the financial statements.

H. Legal Debt Limit

RCW 39.36.015 and 39.36.02 provide that debt cannot be incurred in excess of the following percentages of the value of the taxable property of the district:

0.375% - without a vote of the people (non-bonded debt only per RCW 28A.51.010).

2.5% - with a vote of the people.

5.0% - with a vote of the people, provided the indebtedness in excess of 2.5 percent is for capital outlay.

Assessed valuation of taxable property for 1984 taxing purposes was \$2,357,193,979.

VII OTHER DISCLOSURES

King County Directors' Association

The Everett School District is a member of the King County Directors' Association. This association serves 206 school districts throughout the State of Washington. It is a purchasing cooperative. Annual purchases for the Everett School District amount to approximately \$361,065. The Everett School District equity in King County Directors' Association as of 12/31/82 was \$44,811.53. Because of the purchasing power of KCDA, it is the intent of the district to remain a member. One year after notice of termination has been given by the district, the following options are available in regard to withdrawing the ownership amount, if a district so chooses:

1. A district may withdraw inventory at a maximum rate of ten (10) percent per year for a ten (10) year period or;
2. A district may withdraw cash equally over a fifteen (15) year period.

EVERETT SCHOOL DISTRICT NO. 2
DIRECTORY OF OFFICIALS

Addendum A

Elective

		<u>Term</u>	<u>Expiration</u>
Director/President	Don Rider	6	January 1986
Director	Robert Daoust	6	January 1990
Director	Shirley Vandermeer	6	January 1990
Director	Earl Dutton	6	January 1986
Director	Dr. Bruce Lamus	6	January 1988
	(Resigned 4/23/84)	6	January 1988
Director	Sue Cooper	6	January 1988
	(Appointed 7/2/84)		

Appointed

Secretary to the Board	Dr. Rudy P. Johnson, Superintendent
Asst. Superintendent for Business	Dr. Paul Sjunnesen
Attorney	Lawrence B. Hannah of Perkins, Coie, Stone, Olsen & Williams

Mailing Addresses

Board President	4730 Colby Avenue Everett, Washington 98203
District Office	4730 Colby Avenue Everett, Washington 98203
Attorney	One Bellevue Center, Suite 1800 411 108th Avenue NE Bellevue, Washington 98004



EVERETT SCHOOL DISTRICT NO. 2

Educational Service Center

BOX 2098 • 4730 COLBY AVENUE • EVERETT, WASHINGTON 98203 • (206) 339-4200

August 28, 1985

AUDITEE'S RESPONSE

Addendum B

BOARD OF DIRECTORS

SHIRLEY J. VANDERMEER
President

DON A. RIDER
Vice President

ROBERT D. DAOUST

EARL E. DUTTON

SUE M. COOPER

Mr. Lee Reaves, Chief Examiner
Division of Municipal Corporations
The State of Washington
Office of State Auditor
Legislative Building AS-21
Olympia, Washington 98504

Re: Report No. 49204
Everett School District No. 2, 1983-84

Dear Mr. Reaves:

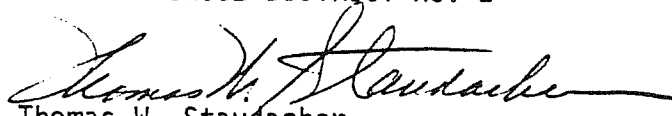
Thank you for the preliminary draft of our 1983-84 examination report.

We have reviewed the report of internal control and the report of financial statements. The report of financial statements appears to be identical to the GAAP statement prepared by our department.

Regarding the report of internal control, we have made all of the recommended changes. This involved changing both procedures and forms. Both were reviewed with your examiner, Gordon Johnson, before implementation.

Very truly yours,

EVERETT SCHOOL DISTRICT NO. 2


Thomas W. Staudacher
Fiscal Officer

TWS:nms

EVERETT SCHOOL DISTRICT NO. 2
Snohomish County, Washington
Thirty-second Examination
September 1, 1983 Thru August 31, 1984 Addendum C

AUDITOR'S NOTE TO AUDITEE'S RESPONSE

We appreciate the efforts made by district officials and personnel to correct the problems we have described in our report. We will review their corrective actions during our next audit.

FACTS ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office (SAO) is headed by an elected State Auditor. SAO is part of the executive branch of state government established by the state's Constitution which provides that the State Auditor shall be the auditor of all public accounts. The Auditor performs an extensive fiscal-legal-compliance audit applying governmental standards for audit of fraud, abuse and negligence. State laws create two audit divisions within SAO. Both divisions are headed by Chief Examiners appointed by the State Auditor.

Division of Departmental Audits

The Division of Departmental Audits (DDA) is responsible for auditing all state agencies, boards and commissions. This also includes all public colleges and universities.

DDA also conducts an annual audit of the statewide combined financial statements prepared by the Office of Financial Management. In addition to its audit responsibilities, the division administers the Employee Disclosure or "Whistleblower Act."

Division of Municipal Corporations

The Division of Municipal Corporations (DMC) is responsible for auditing local governments. There are more than 2,400 local governments in Washington State. These include cities, counties, schools, ports, and various types of special purpose districts. Depending on their size and other factors, audits are conducted on a one, two, or three year frequency.

DMC also prescribes the accounting systems used by most local governments and compiles statistical information for the State Legislature.

Directory of Key Officials

State Auditor
Assistant State Auditor
Chief Examiner - DDA
Chief Examiner - DMC
Deputy State Auditor - Administration

Robert V. Graham
Darrell K. Russell
Jack E. Heinricher
Lee Reaves
Timothy K. Schoth