

# Information from Recent Audit

Timeline

Audit Finding

Bond Project Information

District Improvements

# Info from Audit *Timeline*

## August/September 2022

- New administration and finance team begin reviewing financial condition and status of major capital projects.

## Fall 2022

- Preliminary internal work indicates some 2016 bond funds were used on projects outside of the scope of the bond resolution.
- District commissions financial consultant to conduct full review of use of 2016 bond funds.

## January 2023

- Consultant review indicates noncompliance with 2016 bond funds and the district extends review into 2012 bond funds.
- District proactively notifies WA State Auditor's Office of probable noncompliance issue and discloses to the community via a news release.

## February 2024

- WA State Auditor's Office concludes work and issues audit report with finding.

# Info from Audit

## *Findings from WA State Auditor's Office*

“Our audit found the following:

- The District used \$4,872,908 of the 2012 bond proceeds for three capital projects that were outside the scope of the bond resolution.
- The 2012 bond proceeds were \$1,309,740 more than the total capital project payments tracked by the District.
- The District used \$46,258,909 of the 2016 bond proceeds for 22 capital projects that were outside the scope of the bond resolution.

Source: [WA State Auditor's Office Accountability Report](#)

# Info from Audit

## Resolution 997 – Prj. Scope 2012 Bond

Section 2. Capital Improvements. The District shall make the following capital improvements (the “Improvements”):

- Rebuild aging facilities at Clark Elementary, Issaquah Middle School, and Sunny Hills Elementary;
- Make needed facility improvements, modernizations, and/or renovations to the following elementary schools: Apollo, Challenger, Cougar Ridge, Discovery, Endeavour, Grand Ridge, Issaquah Valley, Maple Hills, and Sunset;
- Make needed facility improvements, modernizations, and/or renovations to the following middle schools: Beaver Lake, Maywood, and Pine Lake;
- Make needed facility improvements, modernizations, and/or renovations to all District high schools;

- Increase usability and efficiency by modernization of curricular and athletic fields at the following schools: Apollo Elementary School, Beaver Lake Middle School, Issaquah High School, Issaquah Middle School, Liberty High School, Maywood Middle School, Pacific Cascade Middle School, and Pine Lake Middle School;
- Increase usability and efficiency by modernization of high-school stadium facilities at Issaquah, Liberty, and Skyline High Schools;
- Improve efficiency and usability of the district transportation center by constructing an access that aligns with the traffic signal located on Second Avenue enabling better traffic management;
- Acquire and install security system upgrades at all buildings; and
- Construct space renovation and project management capital improvements and modernizations to District facilities.

# Projects Out of Scope

*2012 Bond*

Project Code	Project Name	Total Expenditures
0601	Briarwood Rebuild	3,006,038
0602	Creekside Elementary	101,338
1205	Gibson Ek High School	1,765,532
<b>Total</b>		<b><u>4,872,908</u></b>

- Older Approved Bond Projects From Prior Resolutions
- Other Project Beyond Scope

## \$1.3M Variance Explained *2012 Bond*

- During the audit of the 2012 bond funds, the district provided the auditors a point in time detailed listing of projects totaling \$218,541,029 per their request.
  - Auditors then compared the total amount tested of \$218,541,029 to the amount of funds received from the sale of the 2012 bonds in the amount of \$219,850,769.
- ➔ The difference between these two amounts is \$1,309,704 and the basis of their statement in the audit finding report.
- The district has detailed records of projects paid from 2012 bond funds totaling \$221,107,695. This amount includes the original bond funds plus interest earned over time. These project records were provided to the auditors.

# Info from Audit

## *Resolution 1063 – Prj. Scope 2016 Bond*

Section 2. Capital Improvements. The District shall make the following capital improvements (the “Improvements”):

- Acquire, construct and equip a 4th Comprehensive High School;
- Acquire, construct and equip a 6th Middle School;
- Acquire, construct and equip a 16th and 17th Elementary Schools;
- Rebuild and equip aging facilities at Pine Lake Middle School;
- Make needed expansions, facility improvements, modernizations, and/or renovations to the following elementary schools: Cougar Ridge, Discovery, Endeavour, Maple Hills, and Sunset;
- Upgrades and updates to Beaver Lake Middle School;
- Expand Clark Elementary to accommodate 32 classrooms;
- Make needed expansions, facility improvements, modernizations, and/or renovations to Central Administration;
- Acquire land for use of transportation facilities and property for high school, middle school and two elementary schools;
- Acquire and install portable classrooms; and
- Provide for project management.

# Info from Audit

## Res. 1093 (Repurpose)

### Rev. Scope 2016 Bond

Section 2. Capital Improvements. The District shall make the following capital improvements (the “Improvements”):

- Acquire, construct and equip a 4th Comprehensive High School;
- Demolish and remove current Central Administration Building;
- Acquire, construct and equip a 6th Middle School;
- Acquire, construct and equip a school on the existing site of the District’s Central Administration building;
- Acquire, construct and equip a 16th and 17th Elementary Schools;
- Rebuild and equip aging facilities at Pine Lake Middle School;
- Make needed expansions, facility improvements, modernizations, and/or renovations to the following elementary schools: Cougar Ridge, Discovery, Endeavour, Maple Hills, and Sunset;
- Upgrades and updates to Beaver Lake Middle School;
- Expand Clark Elementary to accommodate 32 classrooms;
- Acquire property to be used as the District’s Central Administration facility; Make needed expansions, facility improvements, modernizations, and/or renovations to Central Administration;
- Acquire land for use of transportation facilities and property for high school, middle school and two elementary schools;
- Acquire and install portable classrooms; and
- Provide for project management.

# Projects Out of Scope

## 2016 Bond

- **Critical Repairs Levy Projects**
- **Older Approved Unfinished Bond Projects**
- **Jointly Funded Projects for Early Learning Programs, Creek Bank Erosion Mitigation**

Project Code	Project Name	Total Expenditures
0510	Issaquah HS Reconstruction	16,657
0515	Liberty HS Additon/Modernization	(3,592)
0519	Maywood MS Modernization	87,270
0602	Creekside Elementary	27,615
1201	Liberty HS Phase 2 & 3	5,643,191
1202	Issaquah Valley Elementary Addition	187,337
1203	Issaquah MS Rebuild	18,268,040
1205	Gibson EK High School	3,400,498
1206	Sunny Hills Elementary Rebuild	5,229,524
1207	Apollo Elementary Addition & Playfield	12,000
1221	Skyline HS Stadium	6,066,977
1233	Issaquah HS Stadium	295,881
1505	Skyline HS Carpentry	108,935
1805	Maywood MS Field Lights	413,020
1812	Skyline HS Turf Replacement	723,731
1815	Liberty HS HVAC Replacement	1,527,131
1820	Skyline HS Misc Repair	228,987
1827	Liberty HS Gym Folding Wall	47,981
1830	Pacific Cascade MS regrading	40,056
1831	Pacific Cascade MS Floor & Lighting	400,709
2001	Holly Street Early Childhood Education	3,166,570
2002	Issaquah Creek Bank Erosion	370,391

**Total** 46,258,909

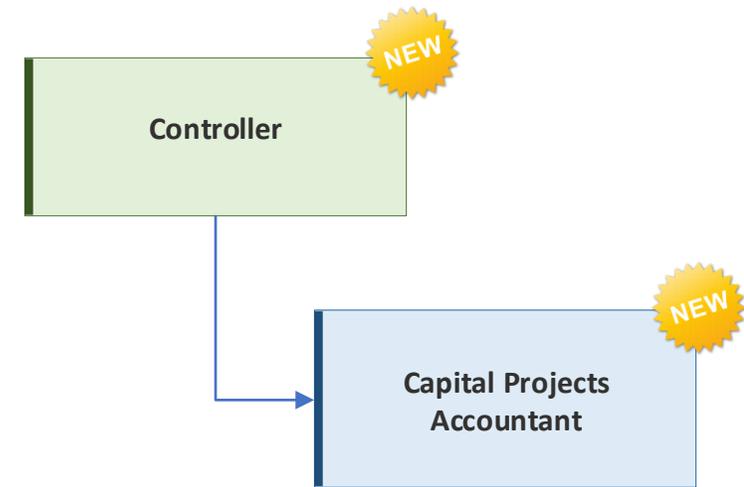
# District Improvements

## Staffing Changes

In addition to crucial role changes, we have strengthened our internal control framework by adding a Controller and Capital Projects Accountant to our team starting in July 2023.

The **Controller** position was added to strengthen overall financial internal controls and provide additional oversight for capital projects fund compliance.

The **Capital Projects Accountant** position is specifically tasked with overseeing the financial management of capital projects, ensuring that expenditures align with the approved purposes of the bond funds.



# District Improvements

## Enhanced Reporting

Beginning in July 2022, monthly financial reports were revised to offer timely and straightforward updates on our financial position and the use of bond funds. This ensures that our board of directors, superintendent, staff, and the community are well-informed about our financial management practices and the status of capital projects.

Over the last year and a half, we've also added more detailed capital project information to our website, issue a monthly project status memorandum to the superintendent, and provide Capital Projects Department updates during Board of Directors meetings and regular updates to the superintendent.



Monthly Financial Report  
November 2023

ISSAQUAH SCHOOL DISTRICT 411		CAPITAL PROJECTS DEPARTMENT PROJECT UPDATE		
<b>PROJECT BUDGET NO:</b>	1837	<b>BSR REPORT DATE:</b>	11/23/23	
<b>PROJECT NAME:</b>	Beaver Lake Middle School - Fire Alarm Replacement	<b>REPORT BY:</b>	Traci Mullins	
<b>SCHOOL/SITE LOCATION:</b>	Beaver Lake Middle School	<b>FUNDING SOURCE:</b>	Levy 2018	
<b>PROJECT SCORE DESCRIPTION:</b> Fire alarm system replacement				
<b>START/END:</b> 11/23/2023 - 11/23/2023		<b>PROJECT TEAM:</b> SISD CIP Projects: Jenelle Walker Architect/Designer: Cornerstone Architectural Group Civil Engineer: N/A Structural Engineer: N/A Mechanical Engineer: N/A Electrical Engineer: TWB Engineers Inc. Other Consultants: N/A		
<b>BUDGET:</b> Original Estimated Project Budget: \$0 Expended Cost to Completion: \$475,000 Expended To Date: \$0 Estimated Budget Remaining: \$475,000 Project Budget Remaining: \$0 Revised Approved Change Order: \$0 Land Acquisition Cost: \$0		<b>CONTRACTOR:</b> TBD		
SCHEDULE		CURRENT SCHEDULE - AS OF		DDMM
ACTIVITY	ACTIVITY	ACTIVITY	ACTIVITY	CAUTION
START	FINISH	START	FINISH	STATUS
1. PREDESIGN/PLANNING	08/01/24 - 08/01/24	08/01/24	08/01/24	0
2. DESIGN	08/01/24 - 08/01/24	08/01/24	08/01/24	0
3. PERMITTING	08/01/24 - 08/01/24	08/01/24	08/01/24	0
4. BIDDING	08/01/24 - 08/01/24	08/01/24	08/01/24	0
5. NOTICE TO PROCEED	08/01/24 - 08/01/24	08/01/24	08/01/24	0
6. CONSTRUCTION	08/01/24 - 08/01/24	08/01/24	08/01/24	0
7. SUBSTANTIAL COMPLETION	08/01/24 - 08/01/24	08/01/24	08/01/24	0
8. PUNCHLIST	08/01/24 - 08/01/24	08/01/24	08/01/24	0
9. WARRANTY PERIOD	08/01/24 - 08/01/24	08/01/24	08/01/24	0

## Website Capital Projects



Holly Street Playground-2022 Levy

2023 CRITICAL REPAIRS LEVY - STATUS									
As of November 30, 2023									
Project No.	Project	Status	Original Project Estimate	Expended to Date	Estimated Remaining	% Complete	Projected Total		
1000	BSR - Roofing of Gymnasium	Complete	200,000	200,000	-	100	200,000	-	200,000
1001	BSR - Replace all hand-pump fire extinguishers in required capacity	Complete	100,000	100,000	-	100	100,000	-	100,000
1002	Fire Alarm - install lighting in Fire Alarm	Complete	200,000	200,000	-	100	200,000	-	200,000
1003	Beaver Lake MS - Replace All Report	Complete	100,000	100,000	-	100	100,000	-	100,000
1004	Charger Ridge - Heating System - replace boiler & heat pumps, new report	Complete	475,000	475,000	-	100	475,000	-	475,000
1005	Beaver Lake MS - Replace All Report	Complete	100,000	100,000	-	100	100,000	-	100,000
1006	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1007	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1008	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1009	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1010	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1011	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1012	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1013	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1014	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1015	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1016	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1017	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1018	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1019	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1020	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1021	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1022	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1023	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1024	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1025	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1026	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1027	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1028	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1029	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1030	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1031	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1032	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1033	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1034	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1035	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1036	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1037	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1038	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1039	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1040	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1041	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1042	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1043	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1044	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1045	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1046	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1047	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1048	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1049	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1050	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1051	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1052	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1053	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1054	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1055	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1056	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1057	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1058	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1059	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1060	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1061	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1062	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1063	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1064	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1065	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1066	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1067	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1068	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1069	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1070	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1071	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1072	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1073	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1074	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1075	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1076	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1077	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1078	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1079	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1080	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1081	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1082	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1083	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1084	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1085	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1086	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1087	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1088	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1089	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1090	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1091	Beaver Lake MS - Replace All Report	Complete	400,000	400,000	-	100	400,000	-	400,000
1092	Beaver Lake MS - Replace All Report	Complete	400,000</						

# District Improvements

## Checks and Balances

To prevent the concentration of financial management responsibilities and provide for internal checks and balances, we have assigned duties and reconciliation tasks related to the Capital Projects Fund among several staff members.

Recognizing the risk associated with having all responsibility for the Capital Projects Fund concentrated in one position, we have made organizational changes to decentralize this responsibility.

This ensures that the management of bond funds involves multiple layers of oversight, further safeguarding against any potential misuse.



# District Improvements

## Ongoing Training

Understanding the importance of continuous improvement, the district has committed to ongoing professional development and training for staff involved in the management and oversight of capital projects, including offerings from the Washington Association of School Business Officials, individual instruction from expert consultants, in-house developed trainings, and peer district shared learning.

Our goal is to ensure that staff remain well-equipped with the knowledge and skills necessary to manage public funds effectively and efficiently and in compliance with applicable laws.

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WASHINGTON ASSOCIATION OF SCHOOL BUSINESS OFFICIALS



# District Improvements

## Future Bond Oversight Committee

For future bonds, the district intends to establish a Bond Oversight Committee of community members, financial experts, and other stakeholders, tasked with the oversight of bond funds and ensuring that all expenditures are in accordance with voter-approved projects.

The committee will regularly review project progress, financial reports, and compliance with bond covenants, providing an additional layer of assurance to the community that bond funds are being managed responsibly.

Meetings of the Bond Oversight Committee will be open to the public, and its findings and recommendations will be reported to the Board of Directors and shared with the community.

