

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

Toppenish School District No. 202
Yakima County

Audit Period
September 1, 2008 through August 31, 2009

Report No. 1003671

Issue Date
May 24, 2010



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

May 24, 2010

Board of Directors
Toppenish School District No. 202
Toppenish, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Toppenish School District No. 202's financial statements and compliance with federal laws and regulations.

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

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Table of Contents

**Toppenish School District No. 202
Yakima County
September 1, 2008 through August 31, 2009**

Federal Summary	1
Schedule of Federal Audit Findings and Questioned Costs.....	3
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with <i>Government Auditing Standards</i>	7
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	9
Independent Auditor's Report on Financial Statements.....	11
Financial Section.....	13

Federal Summary

Toppenish School District No. 202 Yakima County September 1, 2008 through August 31, 2009

The results of our audit of Toppenish School District No. 202 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 significant 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 significant deficiencies that we consider to be material weaknesses.

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

We reported findings that are required to be disclosed under 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 Part A
84.334	Gaining Early Awareness/Readiness
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants (Recovery Act)

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

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

Schedule of Federal Audit Findings and Questioned Costs

Toppenish School District No. 202 Yakima County September 1, 2008 through August 31, 2009

1. **Toppenish School District did not comply with federal cash management requirements for its American Recovery and Reinvestment Act (ARRA) grant.**

CFDA Number and Title:	84.394 ARRA State Fiscal Stabilization Funds
Federal Grantor Name:	U.S. Department of Education
Federal Award/Contract Number:	995288
Pass-through Entity Name:	Office of Superintendent of Public Instruction
Pass-through Award/Contract Number:	NA
Questioned Cost Amount:	\$0

Description of Condition

During fiscal year 2009, the District spent \$1,179,833 in federal fiscal stabilization money. The money was a one-time appropriation from the U.S. Department of Education awarded to states to help them minimize or avoid reductions in education and other essential services.

The Office of Superintendent of Public Instruction (OSPI) gave the District \$540,121 in grant money on May 29, 2009. We found the District put the fiscal stabilization money in its bank account but spent only \$377,647 of it through June and \$535,841 of it through July.

Federal requirements state cash advances must be limited to immediate program needs and that time elapsing between the receipt of funds and their expenditure must be minimized. The excess cash retained through June of 2009 was above the 7.5 percent advance permitted by OSPI for its pass-through grants.

Cause of Condition

On June 3, OSPI provided guidance to all school districts that cash management requirements applied to the State Fiscal Stabilization Funds it had previously paid to them. OSPI recommended districts charge the grant for non-payroll expenses first and then apply payroll costs to what remained. The District followed the guidance for non-payroll costs such as equipment, supplies, and training but it did not claim any payroll costs. This caused the District to have an excess cash balance. The District stated its reason for not claiming any payroll costs was due to a conflict with its Medicaid

Administrative Match program. Specifically, the District stated it had to choose to claim employee payroll costs under the fiscal stabilization grant or Medicaid and it chose Medicaid as the most beneficial alternative.

Effect of Condition and Questioned Costs

The District maintained an excess cash balance of \$162,474 through June 2009 and \$4,280 through July 2009. As a result, the District may have earned interest in excess of the \$100 allowed by the Office of Management and Budget due to the cash balance it kept on hand.

Recommendation

We recommend the District ensure grant funds received are not in excess of actual expenses and return excess funds if expenses cannot be made in a timely manner. We also recommend that the District follow guidance provided by OSPI.

District's Response

Although we concur that we did not comply with the federal cash management act, this was caused by the actions of the Office of Superintendent of Public Instruction (OSPI) and the State of Washington and not Toppenish School District. For the following reasons we feel this finding should be assessed against OSPI and the State of Washington:

- Toppenish School District has always received federal grant money on a reimbursement basis. The payment in question was made directly to the Yakima County Treasurer for the District with regular state general apportionment on May 29, 2009. The District did not request this payment from the Office of Superintendent of Public Instruction (OSPI). The OSPI replaced state revenue for General Apportionment with ARRA resources without consulting the receiving districts because the state could not meet their obligation for paying apportionment money with state funds.*
- The OSPI was responsible for this non-compliance and it should be the recipient of any audit finding issued because it did not check with its subgrantee school districts as to their need or want before sending them the ARRA funds in question. Further, OSPI did not send out any information or inform districts that they could have returned the money.*
- We cannot follow the Auditor's recommendation because under normal conditions grant funds are never received in excess of actual expenses. The District has internal controls in place to claim Federal grant expenditures on a reimbursement basis only. The District did and always has followed guidance provided by OSPI except when the guidance has adverse consequences for the district as in this case. If the district followed OSPI advise and charged basic education salaries to the ARRA funds the district would have lost approximately \$100,000 in federal administrative match money and been out of compliance with basic education staffing requirements.*

- *In OSPI bulletin No. 031-09, OSPI provided guidance on the ARRA funds and their allowed uses, but OSPI did not include any mention of returning unexpended funds. Further, the bulletin was dated June 3, 2009, three working days after the May 29 payment, therefore compliance with the requirements to expend ARRA funds within three days or return unexpended money was impossible to meet.*

Toppenish School district requested relief and assistance from OSPI several times after learning of the funded substitution but did not receive any relief.

In summary, this finding was caused by the State of Washington substituting federal funding for state funding and OSPI not allowing districts to reject receiving these funds. Further, OSPI did not properly informing districts timely or accurately as to their options with this funding.

Any finding related to the ARRA funds at issue should be assessed against OSPI, not local districts.

Auditor's Remarks

We appreciate the steps the District is taking to resolve this issue. We will review the condition during our next audit.

We thank District officials for the assistance we received during the audit.

Applicable laws and Regulations

Office of Management and Budget Circular A-102 Common Rule – *Uniform Administrative Requirements for Grant to State and Local Governments*, Section 21.

(a) Scope. This section prescribes the basic standard and the methods under which a Federal agency will make payments to grantees, and grantees will make payments to subgrantees and contractors.

(b) Basic standard. Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR part 205 . . .

(i) Interest earned on advances . . . grantees and subgrantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal agency. The grantee or subgrantee may keep interest amounts up to \$100 per year for administrative expenses.

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

The auditee shall:

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal

awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

(c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.

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

Toppenish School District No. 202
Yakima County
September 1, 2008 through August 31, 2009

Board of Directors
Toppenish School District No. 202
Toppenish, Washington

We have audited the financial statements of Toppenish School District No. 202, Yakima County, Washington, as of and for the year ended August 31, 2009, and have issued our report thereon dated May 5, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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", with a stylized, flowing script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

May 5, 2010

Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133

**Toppenish School District No. 202
Yakima County
September 1, 2008 through August 31, 2009**

Board of Directors
Toppenish School District No. 202
Toppenish, Washington

COMPLIANCE

We have audited the compliance of Toppenish School District No. 202, Yakima 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 are applicable to its major federal programs for the year ended August 31, 2009. The District's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to 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 the 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 requirements referred to above that are applicable to its major federal programs for the year ended August 31, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Finding 1.

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, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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 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.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Federal Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, we express no opinion on it.

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.



BRIAN SONNTAG, CGFM
STATE AUDITOR

May 5, 2010

Independent Auditor's Report on Financial Statements

Toppenish School District No. 202 Yakima County September 1, 2008 through August 31, 2009

Board of Directors
Toppenish School District No. 202
Toppenish, Washington

We have audited the accompanying financial statements of Toppenish School District No. 202, Yakima County, Washington, as of and for the year ended August 31, 2009, as listed on page 13. 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 Toppenish School District No. 202, as of August 31, 2009, 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 has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, 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", written in a cursive style.

BRIAN SONNTAG, CGFM
STATE AUDITOR

May 5, 2010

Financial Section

**Toppenish School District No. 202
Yakima County
September 1, 2008 through August 31, 2009**

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds – 2009
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2009
Notes to Financial Statements – 2009

SUPPLEMENTAL INFORMATION

Schedule of Long-Term Debt – 2009
Schedule of Expenditures of Federal Awards – 2009
Notes to the Schedule of Expenditures of Federal Awards – 2009

Toppenish School District No. 202

Balance Sheet

Governmental Funds

August 31, 2009

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
ASSETS:							
Cash and Cash Equivalents	1,443,441.94	16,928.03	15,810.84	1,518,510.80	65.52	0.00	2,994,757.13
Minus Warrants Outstanding	-1,404,157.42	-4,879.15	0.00	-563,142.61	0.00	0.00	-1,972,179.18
Taxes Receivable	449,222.79		306,029.18	0.00	0.00		755,251.97
Due From Other Funds	56,096.62	0.00	0.00	0.00	0.00	0.00	56,096.62
Due From Other Governmental Units	1,291,171.27	0.00	0.00	592,486.17	0.00	0.00	1,883,657.44
Accounts Receivable	240,816.90	0.00	0.00	0.00	0.00	0.00	240,816.90
Interfund Loans Receivable	0.00			0.00			0.00
Accrued Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	0.00					0.00
Prepaid Items	0.00	0.00		0.00	0.00	0.00	0.00
Investments	2,196,806.00	123,430.00	707,403.00	1,123,405.00	156,465.00	0.00	4,307,509.00
Investments/Cash With Trustee	0.00		0.00	0.00	0.00	0.00	0.00
Investments-Deferred Compensation	0.00			0.00			0.00
Self-Insurance Security Deposit	0.00						0.00
TOTAL ASSETS	4,273,398.10	135,478.88	1,029,243.02	2,671,259.36	156,530.52	0.00	8,265,909.88
LIABILITIES:							
Accounts Payable	622,754.23	10,654.25	0.00	1,824,027.08	0.00	0.00	2,457,435.56
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	118,086.03	0.00		0.00			118,086.03
Revenue Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
Payroll Deductions and Taxes Payable	0.00	0.00		0.00			0.00
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	0.00	1,520.09	0.00	54,576.53	0.00	0.00	56,096.62

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

Toppenish School District No. 202

Balance Sheet

Governmental Funds

August 31, 2009

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
LIABILITIES:							
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	0.00	0.00		0.00			0.00
Matured Bonds Payable			0.00				0.00
Matured Bond Interest Payable			0.00				0.00
Arbitrage Rebate Payable	0.00		0.00	0.00	0.00		0.00
Deferred Revenue	449,222.79	4,800.47	306,029.18	0.00	0.00	0.00	760,052.44
TOTAL LIABILITIES	1,190,063.05	16,974.81	306,029.18	1,878,603.61	0.00	0.00	3,391,670.65
FUND BALANCE:							
Reservation Of Fund Balance	1,100,000.00	0.00	0.00	0.00	0.00	0.00	1,100,000.00
Unreserved, Designated Fund Balance	150,000.00	0.00		0.00		0.00	150,000.00
Unreserved, Undesignated Fund Balance	1,833,335.05	118,504.07	723,213.84	792,655.75	156,530.52	0.00	3,624,239.23
TOTAL FUND BALANCE	3,083,335.05	118,504.07	723,213.84	792,655.75	156,530.52	0.00	4,874,239.23
TOTAL LIABILITIES AND FUND BALANCE	4,273,398.10	135,478.88	1,029,243.02	2,671,259.36	156,530.52	0.00	8,265,909.88

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

Toppenish School District No. 202

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2009

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	2,240,491.95	188,063.28	613,210.09	46,181.77	3,199.64		3,091,146.73
State	25,397,079.10		0.00	7,880,698.42	89,092.91		33,366,870.43
Federal	6,431,396.49		608,728.99	0.00	0.00		7,040,125.48
Federal Stimulus	1,179,832.96						1,179,832.96
Other	0.00			0.00	0.00	0.00	0.00
TOTAL REVENUES	35,248,800.50	188,063.28	1,221,939.08	7,926,880.19	92,292.55	0.00	44,677,975.60
EXPENDITURES:							
CURRENT:							
Regular Instruction	13,490,381.07						13,490,381.07
Federal Stimulus	807,739.12						807,739.12
Special Education	2,699,823.90						2,699,823.90
Vocational Education	657,534.18						657,534.18
Skills Center	0.00						0.00
Compensatory Programs	7,170,607.66						7,170,607.66
Other Instructional Programs	621,119.90						621,119.90
Community Services	0.00						0.00
Support Services	8,520,753.59						8,520,753.59
Student Activities/Other		189,577.40				0.00	189,577.40

CAPITAL OUTLAY:

Sites				0.00			0.00
Building				7,958,605.92			7,958,605.92
Equipment				283,675.02			283,675.02
Energy				0.00			0.00
Transportation Equipment					0.00		0.00
Other	394,007.84						394,007.84

DEBT SERVICE:

Principal	0.00		780,000.00	0.00			780,000.00
Interest and Other Charges	0.00		825,398.75	1,815.75	0.00		827,214.50
TOTAL EXPENDITURES	34,361,967.26	189,577.40	1,605,398.75	8,244,096.69	0.00	0.00	44,401,040.10
REVENUES OVER (UNDER) EXPENDITURES	886,833.24	-1,514.12	-383,459.67	-317,216.50	92,292.55	0.00	276,935.50

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

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2009

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
OTHER FINANCING SOURCES (USES):							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	150,000.00		575,000.00	0.00	0.00		725,000.00
Transfers Out (GL 536)	-575,000.00		0.00	-150,000.00	0.00	0.00	-725,000.00
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	0.00		0.00	0.00	0.00		0.00
TOTAL OTHER FINANCING SOURCES (USES)	-425,000.00		575,000.00	-150,000.00	0.00	0.00	0.00
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	461,833.24	-1,514.12	191,540.33	-467,216.50	92,292.55	0.00	276,935.50
BEGINNING TOTAL FUND BALANCE	2,621,501.81	120,018.19	531,673.51	1,259,872.25	64,237.97	0.00	4,597,303.73
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	3,083,335.05	118,504.07	723,213.84	792,655.75	156,530.52	0.00	4,874,239.23

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

Toppenish School District # 202
Notes to Financial Statements
September 1, 2008 Through August 31, 2009

Note 1 Summary of Significant Accounting Policies

a. Reporting Entity

The Toppenish 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 Toppenish 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 Toppenish 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 districtwide financial statements, and management's discussion and analysis, which are departures from GAAP. Long-term debt is reported on a required supplementary schedule. The accounts of the district are organized on the basis of funds, each of which is considered a separate accounting entity. The regulatory agencies require all funds be presented as major funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, as appropriate. The various funds in the report are grouped into governmental funds as follows:

GOVERNMENTAL FUNDS

General Fund

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

Capital Projects Funds

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

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

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

Debt Service Fund

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

Special Revenue Funds

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

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) Districtwide 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.

The modified accrual basis of accounting is used for all governmental funds. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and the district considers all revenues available if they are collected within 60 days after year end to pay liabilities of the current period. Property taxes receivable are measurable but not available and are, therefore, not accrued. However, categorical program claims and inter-district billings are measurable and available and are, therefore, accrued.

Expenditures are recognized under the modified basis of accounting when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which are recorded when due. The fund liability is incurred when the goods or services have been

received. For federal grants, the recognition of expenditures is dependent on the obligation date, (obligations means purchased order issued, contracts awarded, or goods and services received).

All governmental funds' reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. This means that only current assets and current liabilities are included on their balance sheets.

d. Budgetary Data

General Budgetary Policies

Chapter 28A.505 RCW and Chapter 392-123 *Washington Administrative Code* (WAC) mandate school district budget policies and procedures. The board adopts the budget after a public hearing. An appropriation is a prerequisite to expenditure. Appropriations lapse at the end of the fiscal period.

Budgetary Basis of Accounting

For budget and accounting purposes, revenues and expenditures are accounted for on the modified accrual basis as prescribed in law for all governmental funds. Fund balance is budgeted as available resources and, pursuant to law; the budgeted ending fund balance cannot be negative.

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, 2009, are as follows:

	Number of Securities	Carrying Amount	Market Value
State Treasurer's Investment Pool	N/A	\$4,307,509	\$4,307,509
Total Investments		\$4,307,509	\$4,307,509

f. Revenue and Expenditure Recognition

Debt Service

Principal and interest on general long-term debt is recognized only when due.

Property Taxes

Property tax revenues are collected as the result of special levies passed by the voters in the district. Taxes are levied on January 1. The taxpayer has the option of paying all taxes on April 30 or one-half then and one-half on October 31. Typically, slightly more than half of the collections are made on the April 30 date. The October 31 collection is not available in

time to cover liabilities for the fiscal period ended August 31. Therefore, the fall portion of property taxes is not accrued as revenue. Instead, the taxes due on October 31 are recorded as deferred revenue.

Compensated Absences

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

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

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

Note 2 Capital Assets

The district's property is insured in the following amounts for fiscal 2010:

Property-	\$ 150,000,000
Flood-	50,000,000
General liability-	31,000,000
Auto-	25,000,000
Crime-	1,000,000

In the opinion of the district's insurance consultant, these amounts are sufficient to adequately insure the district's assets.

Note 3 Pensions

A. General Information

Substantially all Toppenish 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 September 30, 2008:

<u>Program</u>	<u>Active Members</u>	<u>Inactive Vested Members</u>	<u>Retired Members</u>
TRS	66,524	8,699	39,150
PERS	161,668	27,267	73,122
SERS	51,774	8,600	3,873

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

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

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

Plan 3 under the TRS and SERS programs are defined benefit, defined contribution pension plans whose members joined on or after July 1, 1996, or September 1, 2000, for TRS and SERS, respectively. Members are eligible to retire with full benefits after five years of credited service and attainment of age 60 or after ten years of credited service and attainment of age 55 with the benefit actuarially reduced from age 65.

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 advice from the Office of the State Actuary. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at 6 percent and does not vary from year to year. The employer rate is the same for all plans in a system. The methods used to determine the contribution requirements are established under chapters 41.40, 41.32, and 41.35 RCW for PERS, TRS and SERS respectively.

The district 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 as of August 31, 2009:

Plan 1 TRS	6 %	Plan 1 PERS	6 %
Plan 2 TRS	4.26 %	Plan 2 PERS	3.89 %
Plan 2 SERS	4.68%		
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 as of August 31, 2009:

Plan 1 TRS	8.46 %	Plans 1,2,3 PERS	5.29 %
Plan 2 TRS	8.46 %	Plan 2 SERS	7.54 %
Plan 3 TRS	8.46 %	Plan 3 SERS	7.54 %

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 September 30):

<u>Plan</u>	<u>FY 08-09</u>	<u>FY 07-08</u>	<u>FY 06-07</u>
Plan 1 TRS	\$ 77,542	\$ 58,639	\$64,561
Plan 2 TRS	159,271	116,859	65,872
Plan 3 TRS	859,096	573,574	426,737
Plan 1 PERS	44,096	35,720	25,593
Plan 2 SERS	123,700	100,729	75,497
Plan 3 SERS	234,298	172,711	146,587

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, 2008, 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 8/31/2009	Additional Local Funds Committed	Additional State Funds Committed
High School Remodel	\$24,017,422	\$ 22,690,086	\$853,227	\$ 474,109

Note 5 Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In July 1984, the district joined together with other school districts in the state to form the E.S.D. 105 Workers' Compensation Pool, a public entity risk pool currently operating as a common risk management and insurance program for Workman's Compensation Claims. The district pays an annual premium to the pool for its general insurance coverage. The

agreement for formation of the E.S.D. 105 Workers' Compensation Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$350,000 for each insured event.

Toppenish School District is a member of the Schools Insurance Association of Washington. 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 or 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 45 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 Public Officials 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, boiler and machinery, crime, excess liability and educator's legal 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 \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. 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 \$99,000 portion of the deductible. The pool, however, purchases a Stop Loss Policy in the amount of \$5,529,000 to reduce risk to its members.

Property insurance is subject to a per-occurrence deductible of \$10,000. Members are responsible for the first \$5,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$5,000.

Boiler and machinery insurance is subject to a per-occurrence deductible of \$2,500. 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, 2009 were \$2,226,920. For fiscal year 2009-10, the pool has contracted with the third party administrator to perform administration, claims management and loss prevention services for the same amount as the prior year.

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 6 Debt

Long-Term Debt

Bonds payable at August 31, 2009, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
G.O. Bonds					
UTGOR	6,485,000	\$50-960,000	12/1/18	2.6 - 4.0%	6,375,000
UTGO	1,590,000	530-570,000	12/1/10	4.25 - 5.25%	1,100,000
LGO	1,400,000	85-120,000	12/1/18	2.5 - 4.5%	1,000,000
UTGO	9,800,000	90,000 - 1.630 million	12/1/25	4.1 - 4.5%	9,705,000
UTGO	1,000,000	1 @ \$1 million	12/1/19	5.95 %	1,000,000
Total G.O. Bonds					\$19,180,000

The following is a summary of general obligation long-term debt transactions of the district for the fiscal year(s) ended August 31, 2009:

Long-Term Debt Payable at 9/1/2008	\$19,960,000
New Issues	0
Debt Retired	780,000
Long-Term Debt Payable at 8/31/2009	\$19,180,000

The following is a schedule of annual requirements to amortize long-term debt at August 31, 2009:

Years Ending August 31,	Principal	Interest	Total
2010	\$765,000	\$792,819	\$1,557,819
2011	805,000	761,308	1,566,308
2012	820,000	731,203	1,551,203
2013	860,000	702,930	1,562,930
2014	910,000	669,882	1,579,882
2015-19	5,290,000	2,755,903	8,045,903
2020-24	6,555,000	1,472,066	8,027,066
2025-26	3,175,000	144,787	3,319,787
Total	\$19,180,000	\$ 8,030,898	\$27,210,898

At August 31, 2009 the district had \$ 723,214 available in the Debt Service Fund to service the general obligation bonds.

Debt

On March 13, 2008, the district issued \$6.485 million in general obligation bonds with an average interest rate of 3.49 percent to advance refund \$6.340 million of outstanding 1999 series bonds with an average interest rate of 4.65 percent. The net proceeds of \$6.613 million

after payment of \$33,446 in underwriting fees, insurance, and other issuance costs were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1999 series bonds. As a result, the 1999 series bonds are considered defeased.

The district advance refunded the 1999 series bonds to reduce its total debt service payments over the next 11 years by \$352,431.

Note 7 Summaries of Significant Contingencies

Litigation

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

Note 8 Other Disclosures

The district is a member of the King County Directors' Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The board authorized joining the association in 1986, and has remained in the joint venture ever since. The district's current equity of \$32,971 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 9 Subsequent Events

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

Toppenish School District No. 202

Schedule of Long-Term Debt

For the Year Ended August 31, 2009

Description	Beginning Outstanding Debt September 1, 2008	Amount Issued/Increased	Amount Redeemed/Decreased	Ending Outstanding Debt August 31, 2009
Total Voted Bonds	18,875,000.00	0.00	695,000.00	18,180,000.00
Total Non-Voted Notes/Bonds	1,085,000.00	0.00	85,000.00	1,000,000.00
Qualified Zone Academy Bonds (QZAB)	0.00	0.00	0.00	0.00
Other Long-Term Debt:				
Capital Leases	0.00	0.00	0.00	0.00
Contracts Payable (GL 603)	0.00	0.00	0.00	0.00
NonCancellable Operating Leases	0.00	0.00	0.00	0.00
Claims & Judgements	0.00	0.00	0.00	0.00
Compensated Absences	981,489.39	31,493.20	0.00	1,012,982.59
Other Long-Term Debt	0.00	0.00	0.00	0.00
Total Other Long-Term Debt	981,489.39	31,493.20	0.00	1,012,982.59
TOTAL LONG-TERM DEBT	20,941,489.39	31,493.20	780,000.00	20,192,982.59

Toppenish School District No. 202
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2009

Federal Agency Name	Pass-Through Agency	Federal Program Title	CFDA Number	Other ID Number	Expenditures			Foot Note
					From Direct Awards	From Pass Through Awards	Total	
U.S. Dept of Agriculture								
	WA OSPI	School Breakfast Program	10.553	392021047		432,077	432,077	
	WA OSPI	National School Lunch Program - Cash	10.555	710051, 392021047		1,165,063	1,165,063	
	WA OSPI	National School Lunch Program - Commodities	10.555			116,830	116,830	3
	WA OSPI	Summer Food Service Program	10.559	39844		18,856	18,856	
	WA OSPI	Fresh Fruit & Vegetable Program	10.582			29,106	29,106	
	Office State Treasurer	School & Roads- Grants to States	10.665	N/A		94,314	94,314	
Subtotal US Department of Agriculture					0	1,856,246	1,856,246	
U.S. Dept of Interior								
	Yakama Nation	Indian Ed.- Assistance to Schools	15.130	N/A		23,391	23,391	
	Yakima County	Taylor Grazing	N/A	N/A		110	110	4
Subtotal US Dept of Interior					0	23,501	23,501	
U. S. Dept of Education								
	WA OSPI	Title 1 Grants to LEAs	84.010A	221614, 229327		1,715,105	1,715,105	2
	WA OSPI	Migrant Ed.-State Grant Program	84.011A	280655, 290245		280,780	280,780	
	WA OSPI	Special Ed - Grants to States	84.027A	303078		640,638	640,638	
		Impact Aid	84.041		\$651,091		651,091	
	WA OSPI	Voc Ed- Basic Grants to States	84.048	171493		42,927	42,927	
		Indian Ed.-Grants to LEAs	84.060	S060A080722	115,586		115,586	
	WA OSPI	Special Ed- Preschool Grants	84.173A	365786		20,332	20,332	
	ESD 105	Safe & Drug Free Schools & Comm - State	84.186	Various		11,800	11,800	
	WA OSPI	State Grants for Innovative Programs	84.298A	501412, 501211		2,595	2,595	
	WA OSPI	Education Technology - State Grants	84.318X	Various		65,504	65,504	
	Univ. of Wash	Gaining Early Awareness/Readiness	84.334A	570068, 571595		387,229	387,229	5
	WA OSPI	Reading First- State Grants	84.357A	920178		504,000	504,000	
	WA OSPI	English Language Acquisition Grants	84.365A	400740		210,262	210,262	2
	WA OSPI	Title II Improving Teacher Quality	84.367	521241		263,226	263,226	2
	WA OSPI	ARRA State Fiscal Stabilization Funds	84.394	995288		1,179,833	1,179,833	
Subtotal US Dept of Education					766,677	5,324,231	6,090,909	
U.S. Dept. of Health & Human Services								
	WA DSHS	Medical Assistance Program	93.778	0765-19261		242,842	242,842	
	WA OSPI	School Health Programs	93.938	930025		1,171	1,171	
	ESD 105	Block Grant for Prevent and Treat Substance Abuse	93.959	Various		30,116	30,116	
Subtotal US Dept of Health/Human Services					0	274,129	274,129	

Total Federal Awards Expended

\$766,677 \$7,478,107 \$8,244,785

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

Toppenish School District #202

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ending August 31, 2009

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on 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 – SCHOOLWIDE PROGRAMS

The District operates a “schoolwide program” in all buildings. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limit services to certain targeted students. The following federal program amounts were expended by the District in its schoolwide programs: Title 1 (84.010) - \$1,715,105; Title II (84.367) - \$263,226; Title III (84.365) - \$210,262.

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 the Office of Superintendent of Public Instruction.

NOTE 4- NOT AVAILABLE (N/A)

The District was unable to obtain other identification number

NOTE 5- PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the federal grant portion of the program costs. The entire program costs, including the district’s local matching share, are more than shown.

NOTE 6- FEDERAL INDIRECT RATES

The District claimed indirect costs using its federal restricted rate. For ARRA funding, the federal unrestricted rate was used.



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 in cooperation 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 our 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 continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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Deputy Chief of Staff
Chief Policy Advisor
Director of Audit
Director of Special Investigations
Director for Legal Affairs
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