

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

Franklin Pierce School District No. 402
Pierce County

Audit Period
September 1, 2012 through August 31, 2013

Report No. 1011922

Issue Date
May 22, 2014



Washington State Auditor
Troy Kelley

Independence • Respect • Integrity



Washington State Auditor Troy Kelley

May 22, 2014

Board of Directors
Franklin Pierce School District No. 402
Tacoma, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Franklin Pierce School District No. 402's financial statements and compliance with federal laws and regulations.

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

Sincerely,

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large "X" for the middle initial.

TROY KELLEY
STATE AUDITOR

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Pierce County
September 1, 2012 through August 31, 2013

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Federal Summary

Franklin Pierce School District No. 402 Pierce County September 1, 2012 through August 31, 2013

The results of our audit of Franklin Pierce School District No. 402 are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

FINANCIAL STATEMENTS

An unmodified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

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

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

FEDERAL AWARDS

Internal Control Over Major Programs:

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

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

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

Identification of Major Programs:

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
10.553	Child Nutrition Cluster - School Breakfast Program
10.555	Child Nutrition Cluster - National School Lunch Program

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

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

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**Franklin Pierce School District No. 402
Pierce County
September 1, 2012 through August 31, 2013**

Board of Directors
Franklin Pierce School District No. 402
Tacoma, Washington

We have audited, 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, the financial statements of Franklin Pierce School District No. 402, Pierce County, Washington, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated May 9, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

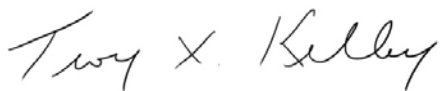
COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



TROY KELLEY
STATE AUDITOR

May 9, 2014

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

**Franklin Pierce School District No. 402
Pierce County
September 1, 2012 through August 31, 2013**

Board of Directors
Franklin Pierce School District No. 402
Tacoma, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Franklin Pierce School District No. 402, Pierce County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013. The District's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2013.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

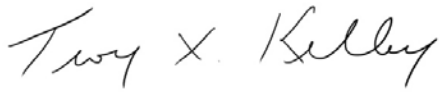
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. 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 cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

May 9, 2014

Independent Auditor's Report on Financial Statements

Franklin Pierce School District No. 402 Pierce County September 1, 2012 through August 31, 2013

Board of Directors
Franklin Pierce School District No. 402
Tacoma, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Franklin Pierce School District No. 402, Pierce County, Washington, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 11.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Accounting Manual for Public School Districts in the State of Washington* (Accounting Manual) described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (Accounting Manual)

As described in Note 1, the District has prepared these financial statements using accounting practices prescribed or permitted by Washington State statutes and the Accounting Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The difference in these accounting practices is also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Franklin Pierce School District No. 402, as of August 31, 2013, and the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinions on the Governmental and Fiduciary Funds Based on U.S. GAAP

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General, ASB, Debt Service, Capital Project, Transportation Vehicle and Fiduciary funds as of August 31, 2013, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

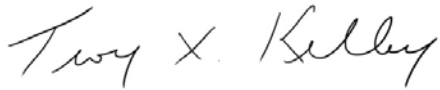
Other Matters

Supplementary and Other Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2014 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* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Troy X. Kelley".

TROY KELLEY
STATE AUDITOR

May 9, 2014

Financial Section

Franklin Pierce School District No. 402
Pierce County
September 1, 2012 through August 31, 2013

FINANCIAL STATEMENTS

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Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
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Schedule of Expenditures of Federal Awards – 2013
Notes to the Schedule of Expenditures of Federal Awards – 2013

Franklin Pierce School District No. 402

Balance Sheet

Governmental Funds

August 31, 2013

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
ASSETS:							
Cash and Cash Equivalents	2,185,773.50	53,814.43	18,509.66	125,547.45	47.77	0.00	2,383,692.81
Minus Warrants Outstanding	-1,807,524.78	-1,751.98	0.00	-109,013.85	0.00	0.00	-1,918,290.61
Taxes Receivable	7,685,747.93		1,780,800.52	3,381,640.24	0.00		12,848,188.69
Due From Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Governmental Units	1,762,381.23	0.00	0.00	576,974.15	0.00	0.00	2,339,355.38
Accounts Receivable	20,704.77	0.00	0.00	2,612.00	0.00	0.00	23,316.77
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	31,106.95	0.00					31,106.95
Prepaid Items	51,300.51	0.00		0.00	0.00	0.00	51,300.51
Investments	8,461,690.00	225,520.00	2,207,427.00	2,814,354.00	930,282.00	0.00	14,639,273.00
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	18,391,180.11	277,582.45	4,006,737.18	6,792,113.99	930,329.77	0.00	30,397,943.50
LIABILITIES:							
Accounts Payable	628,866.38	2,830.06	0.00	876,674.87	0.00	0.00	1,508,371.31
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	138,863.40	0.00		0.00			138,863.40
Revenue Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
Payroll Deductions and Taxes Payable	29,572.03	0.00		0.00			29,572.03
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	0.00	0.00	0.00	0.00	0.00	0.00

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

Franklin Pierce School District No. 402

Balance Sheet

Governmental Funds

August 31, 2013

	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
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	7,890,744.43	0.00	1,780,800.52	3,384,252.24	0.00	0.00	13,055,797.19
TOTAL LIABILITIES	8,688,046.24	2,830.06	1,780,800.52	4,260,927.11	0.00	0.00	14,732,603.93
FUND BALANCE:							
Nonspendable Fund Balance	100,000.00	0.00	0.00	0.00	0.00	0.00	100,000.00
Restricted Fund Balance	1,005,065.67	274,752.39	2,225,936.66	2,282,332.29	0.00	0.00	5,788,087.01
Committed Fund Balance	3,552,135.46	0.00	0.00	0.00	0.00	0.00	3,552,135.46
Assigned Fund Balance	5,045,932.74	0.00	0.00	248,854.59	930,329.77	0.00	6,225,117.10
Unassigned Fund Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FUND BALANCE	9,703,133.87	274,752.39	2,225,936.66	2,531,186.88	930,329.77	0.00	15,665,339.57
TOTAL LIABILITIES AND FUND BALANCE	18,391,180.11	277,582.45	4,006,737.18	6,792,113.99	930,329.77	0.00	30,397,943.50

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

Franklin Pierce School District No. 402
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds

For the Year Ended August 31, 2013

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	15,695,468.85	504,225.60	3,495,179.49	4,414,779.39	1,238.99		24,110,892.32
State	49,475,114.51		0.00	1,000,000.00	429,106.04		50,904,220.55
Federal	10,085,912.02		0.00	0.00	0.00		10,085,912.02
Federal Stimulus	0.00						0.00
Other	148,820.49			0.00	0.00	0.00	148,820.49
TOTAL REVENUES	75,405,315.87	504,225.60	3,495,179.49	5,414,779.39	430,345.03	0.00	85,249,845.38
EXPENDITURES:							
CURRENT:							
Regular Instruction	37,386,245.97						37,386,245.97
Federal Stimulus	8,841.37						8,841.37
Special Education	11,096,075.99						11,096,075.99
Vocational Education	3,064,098.37						3,064,098.37
Skills Center	0.00						0.00
Compensatory Programs	6,072,453.15						6,072,453.15
Other Instructional Programs	336,206.45						336,206.45
Community Services	151,798.65						151,798.65
Support Services	16,351,959.99						16,351,959.99
Student Activities/Other		525,076.35				0.00	525,076.35
CAPITAL OUTLAY:							
Sites				0.00			0.00
Building				574,993.24			574,993.24
Equipment				2,166,606.59			2,166,606.59
Instructional Technology				0.00			0.00
Energy				1,103,775.86			1,103,775.86
Transportation Equipment					452,932.33		452,932.33
Sales and Lease				0.00			0.00
Other	331,302.11						331,302.11
DEBT SERVICE:							
Principal	0.00		2,390,000.00	0.00	0.00		2,390,000.00
Interest and Other Charges	0.00		798,096.87	0.00	0.00		798,096.87
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	74,798,982.05	525,076.35	3,188,096.87	3,845,375.69	452,932.33	0.00	82,810,463.29

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

Franklin Pierce School District No. 402

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2013

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
DEBT SERVICE:							
REVENUES OVER (UNDER) EXPENDITURES	606,333.82	-20,850.75	307,082.62	1,569,403.70	-22,587.30	0.00	2,439,382.09
OTHER FINANCING SOURCES (USES):							
Bond Sales & Refunding Bond Sales	0.00		9,495,000.00	0.00	0.00		9,495,000.00
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	0.00		0.00	0.00	0.00		0.00
Transfers Out (GL 536)	0.00		0.00	0.00	0.00	0.00	0.00
Other Financing Uses (GL 535)	0.00		-9,419,658.09	0.00	0.00		-9,419,658.09
Other	0.00		0.00	0.00	15,978.98		15,978.98
TOTAL OTHER FINANCING SOURCES (USES)	0.00		75,341.91	0.00	15,978.98	0.00	91,320.89
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	606,333.82	-20,850.75	382,424.53	1,569,403.70	-6,608.32	0.00	2,530,702.98
BEGINNING TOTAL FUND BALANCE	9,096,800.05	295,603.14	1,843,512.13	961,783.18	936,938.09	0.00	13,134,636.59
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	9,703,133.87	274,752.39	2,225,936.66	2,531,186.88	930,329.77	0.00	15,665,339.57

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

Franklin Pierce School District No. 402

Statement Of Fiduciary Net Position

Fiduciary Funds

August 31, 2013

	Private Purpose Trust	Other Trust
ASSETS:		
Imprest Cash	0.00	0.00
Cash On Hand	-38.50	0.00
Cash On Deposit with Cty Treas	1.51	0.00
Minus Warrants Outstanding	0.00	0.00
Due From Other Funds	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	0.00
Investments	7,197.00	0.00
Investments/Cash With Trustee	0.00	0.00
Other Assets	0.00	
Capital Assets, Land	0.00	
Capital Assets, Buildings	0.00	
Capital Assets, Equipment	0.00	0.00
Accum Depreciation, Buildings	0.00	
Accum Depreciation, Equipment	0.00	0.00
TOTAL ASSETS	7,160.01	0.00
LIABILITIES:		
Accounts Payable	0.00	0.00
Due To Other Funds	0.00	0.00
TOTAL LIABILITIES	0.00	0.00
NET POSITION:		
Restricted for Other Items	0.00	0.00
Restricted for Self Insurance		0.00
Restricted for Uninsured Risks		0.00
Nonspendable -- Trust Principal	0.00	0.00
Held in trust for Private Purposes	7,160.01	0.00
TOTAL NET POSITION	7,160.01	

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

Franklin Pierce School District No. 402

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended August 31, 2013

	Private Purpose Trust	Other Trust
ADDITIONS:		
Contributions:		
Private Donations	5,378.05	0.00
Employer		0.00
Members		0.00
Other	0.00	0.00
TOTAL CONTRIBUTIONS	5,378.05	0.00
Investment Income:		
Net Appreciation (Depreciation) in Fair Value	0.00	0.00
Interest and Dividends	9.75	0.00
Less Investment Expenses	0.00	0.00
Net Investment Income	9.75	0.00
Other Additions:		
Rent or Lease Revenue	0.00	0.00
Total Other Additions	0.00	0.00
TOTAL ADDITIONS	5,387.80	0.00
DEDUCTIONS:		
Benefits		0.00
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	0.00
Scholarships	0.00	
Other	4,038.50	0.00
TOTAL DEDUCTIONS	4,038.50	0.00
Net Increase (Decrease)	1,349.30	0.00
Net Position--Beginning	5,810.71	0.00
Prior Year(s) Corrections or Restatements	0.00	0.00
NET POSITION--ENDING	7,160.01	0.00

Franklin Pierce School District
Notes to Financial Statements
September 1, 2012 Through August 31, 2013

Note 1 Summary of Significant Accounting Policies

a. Reporting Entity

The Franklin Pierce 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 Franklin Pierce 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 Franklin Pierce 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 liabilities 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 and fiduciary funds as follows:

GOVERNMENTAL FUNDS

General Fund

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

Capital Projects Funds

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

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

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

Debt Service Fund

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

Special Revenue Funds

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

FIDUCIARY FUNDS

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

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

c. Basis of Accounting

The district's accounting policies, as reflected in the accompanying financial statements, conform to the *Accounting Manual for Public School Districts in the State of Washington*, issued jointly by the State Auditor and the Superintendent of Public Instruction by the authority of RCW 43.09.200, RCW 28A.505.140, RCW 28A 505.010(1), and RCW 28A.505.020. This manual allows for a practice that differs from generally accepted accounting principles in the following manner:

- (1) 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 Liabilities. The Schedule of Long-Term Liabilities 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 therefore are not accrued as revenue. However, categorical program claims and inter-district billings are measurable and available and therefore are accrued.

Expenditures are recognized under the modified basis of accounting when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which are recorded when due. The fund liability is incurred when the goods or services have been received. For federal grants, the recognition of expenditures is dependent on the obligation date, (obligations means purchased order issued, contracts awarded, or goods and services received).

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

d. Budgetary Data

General Budgetary Policies

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

Budgetary Basis of Accounting

For budget and accounting purposes, revenues and expenditures are accounted for on the modified accrual basis as prescribed in law for all governmental funds. Fund balance is budgeted as available resources and, under statute, may not be negative, unless the district enters into binding conditions with state oversight pursuant to RCW 28A.505.110.

e. Assets, Liabilities, and Fund Equity

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, 2013, are as follows:

	Number of Securities	Carrying Amount	Market Value
Certificates of Deposit or Other Time Deposits	1	14,646,470	14,646,470
Total Investments	1	14,646,470	14,646,470

Inventory

Inventory is valued at cost using the first-in, first-out (FIFO) method. The consumption method of inventory is used, which charges inventory as an expenditure when it is consumed. Management may reserve a portion of fund balance in any amount as a budgetary technique to ensure the availability of resources at the appropriate time. Such reserves for inventory indicate that a portion of net current assets is set aside to replace or increase the inventory. USDA commodity inventory consists of food donated by the United States Department of Agriculture. It is valued at the prices paid by the USDA for the commodities.

f. Revenue and Expenditure Recognition

Debt Service

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

Property Taxes

Property tax revenues are collected as the result of special levies passed by the voters in the district. Taxes are levied on January 1. The taxpayer has the option of paying all taxes on April 30 or one-half then and one-half on October 31. Typically, slightly more than half of the collections are made on the April 30 date. The October 31 collection is not available in time to cover liabilities for the fiscal period ended August 31. Therefore, the fall portion of property taxes is not accrued as revenue. Instead, the taxes due on October 31 are recorded as deferred revenue.

Compensated Absences

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

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

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

Vacation pay, including benefits, that is expected to be liquidated with expendable available financial resources is reported as expenditures and a fund liability of the governmental fund that will pay it.

The total compensated absences for the time period ending August 31st, 2013 is \$2,985,875.39

No unrecorded liability exists for other employee benefits.

- g. Fund Balance – May contain designation or reserves.
 Reservation is a legal restriction on spending of the fund balance of a district based upon statute, WAC or other legal requirements beyond the discretion of the board of directors of the district. Examples include anticipated carryover or recovery of revenues previously received and restricted as to usage.
 Unreserved, Designated is used to set aside financial resources for specific purposes. These accounts reflect tentative management plans for future financial resource use such as the replacement of equipment or the assignment of resources for contingencies.

Note 2 Capital Assets

The district's capital assets are insured in the amount of **\$154,578,505 for fiscal 2013**. In the opinion of the district's insurance consultant, this amount is sufficient to adequately fund replacement of the district's assets.

Note 3 Annual Pension Cost and Net Pension Obligations

A. General Information

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

Membership by retirement system program as of June 30, 2011:

<u>Program</u>	<u>Active Members</u>	<u>Inactive Vested Members</u>	<u>Retired Members</u>
TRS	66,203	9,204	41,709
PERS	152,417	29,925	79,363
SERS	52,332	10,262	6,428

Membership by retirement system program as of June 30, 2012:

<u>Program</u>	<u>Active Members</u>	<u>Inactive Vested Members</u>	<u>Retired Members</u>
TRS	65,357	9,545	42,918
PERS	150,590	30,515	82,242
SERS	51,558	10,920	7,651

Data is as of last actuarial valuation date of June 30, 2012.

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

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

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

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

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

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

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

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

B. Contributions

Employee contribution rates effective September 1, 2012 through August 31, 2013:

Plan 1 TRS	6.00%	Plan 1 PERS	6.00%
Plan 2 TRS	4.69%	Plan 2 SERS	4.09%
Plan 3 TRS and SERS	5.00% (minimum),	15.00% (maximum)	

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

Employer contribution rates effective September 1, 2012 through August 31, 2013:

	9/1/12-8/31/13		9/1/12-6/30/13	7/1/13-8/31/13
Plan 1 TRS	8.05%	Plan 1 PERS	7.21%	9.19%
Plan 2 TRS	8.05%	Plan 2 SERS	7.59%	7.59%
Plan 3 TRS	8.05%	Plan 3 SERS	7.59%	7.59%

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

Plan	2011	2012	2013
Plan 1 TRS	\$ 82,544	\$ 79,915	\$ 75,070
Plan 2 TRS	\$ 394,301	\$ 473,088	\$ 567,375
Plan 3 TRS	\$ 1,532,635	\$ 1,913,279	\$ 1,931,406
Plan 1 PERS	\$ 33,330	\$ 35,208	\$ 22,706
Plan 2 SERS	\$ 294,257	\$ 396,519	\$ 443,645
Plan 3 SERS	\$ 275,804	\$ 367,811	\$ 385,271

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, 2013, 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 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 September of 1986, the district joined together with other school districts in the state to form Washington Schools Risk Management Pool a public entity risk pool currently operating as a common risk management and insurance program. The district pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the Washington Schools Risk Management Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event.

Note 5 Annual Other Post-Employment Benefit Cost and Net OPEB Obligations

The State, through the Health Care Authority (HCA), administers an agent multi-employer Other Post-Employment Benefit plan. The Public Employees Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. Programs include (medical, dental, life insurance and long-term disability insurance)

Employers participating in the plan include the State of Washington (which includes general government agencies and higher education institutions), 57 of the state's K–12 school districts and educational service districts (ESDs), and 206 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 247 K–12 school districts and ESDs. The District's retirees are eligible to participate in the PEBB plan under this arrangement.

According to state law, the Washington State Treasurer collects a fee from all school district entities which have employees that are not current active members of the state Health Care Authority but participate in the state retirement system. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees that elect to purchase their health care benefits through the state Health Care Authority. For the fiscal year 2012-13, the District was required to pay the HCA \$65.17 per month per full-time equivalent employee to support the program, for a total payment of \$544,333.94. This assessment to the District is set forth in the State's operating budget and is subject to change on an annual basis. This amount is not actuarially determined and is not placed in a trust to pay the obligations for post-employment health care benefits.

The District has no control over the benefits offered to retirees, the rates charged to retirees, nor the fee paid to the Health Care Authority. The District does not determine its Annual Required Contribution nor the Net Other Post-Employment Benefit obligation associated with this plan. Accordingly, these amounts are not shown on the financial statements. This is a departure from GAAP.

Note 6: Entity Risk Management Activities

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.

Worker's Compensation: The district contracts with the Puget Sound Worker's Compensation Trust which is a self-insured pool providing insurance for on-the-job injuries for school districts. The Trust helps injured workers return to the workplace and assists the district in assessing workplace safety and implementation of loss control programs. Participating school districts own the Trust with all premiums building equity to help offset the ultimate costs. Franklin Pierce School District's total 2012-13 contributions to the Trust were \$604,634.96. A copy of the Puget Sound Worker's Compensation Trust report can be obtained by writing:

Puget Sound Workers' Compensation Trust
800 Oakesdale Avenue SW
Renton WA 98057

Unemployment Compensation: The district is self-insured for unemployment benefits and contracts with a third party to administer its unemployment claims. Actual employee claims are paid by the State of Washington, Department of Employment Security and the district's claims were managed by Puget Sound ESD from our reserve account for benefits paid on behalf of the district.

At August 31, 2013, the amount of liabilities was \$741,442. This liability is the district's best estimate based on available information. Changes in the reported liability since September 1, 2010 resulted in the following:

School Year	September 1 Liability	Current Year Claims and Changes in Estimates	Claim Payments	August 31 Balance
2010-11	624,034	159,460	73,444	710,050
2011-12	710,050	150,896	161,908	698,733
2012-13	698,733	153,603	110,894	741,442

Note 7 Liabilities

Long-Term Liabilities

Bonds payable at August 31, 2013, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
UTGO Refunded Bonds 2013 Taxable	9,495,000	175,000 – 3,035,000	12/1/17	0.30 – 1.08%	9,495,000.00
Non Callable UTGO Refunding 2005	19,865,000	2,480,000 - 2,615,000	12/1/14	3.00 – 5.25%	5,095,000.00
Total General Obligation Bonds					14,590,000.00

The following is a summary of general obligation long-term debt transactions of the district for the fiscal year(s) ended August 31, 2013:

Long-Term Debt Payable at 9/1/2012	16,085,000.00
New Issues	14,590,000.00
Debt Retired	16,085,000.00
Long-Term Debt Payable at 8/31/2013	14,590,000.00

The following is a schedule of annual requirements to amortize long-term debt at August 31, 2013:

Years Ending August 31,	Principal	Interest	Total
2014	2,655,000.00	256,798.00	2,911,798.00
2015	2,880,000.00	137,763.00	3,017,763.00
2016	3,000,000.00	64,507.00	3,064,507.00
2017	3,020,000.00	44,375.00	3,064,375.00
2018	3,035,000.00	16,389.00	3,051,389.00
Total	14,590,000.00	519,832.00	15,109,832.00

At August 31, 2013 the district had \$2,225,936.66 available in the Debt Service Fund to service the general obligation bonds.

Note 8 Summaries of Significant Contingencies

Litigation

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

Note 9 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 on May 29, 1974 and has remained in the joint venture ever since. The district's current equity of \$64,193.75 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 10 Subsequent Events

February 2012, the district passed a 5 year Capital Levy for School Improvements for the 2013 – 2017 tax collections years. We will be collecting \$5,500,000 for each of the 5 years.

Refunded Debt

On June 13, 2013, the District issued \$9,495,000 in general obligation bonds with an average interest rate of 0.97% to refund \$8,600,000 of outstanding bonds dated May 15, 2005, with an average interest rate of 5.05%. The net proceeds of \$9,422,350.00 (after the payment of \$72,650.00 in underwriting discount and other issuance expenses) were used to purchase U.S. Government securities and provide a beginning cash balance that were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds, and to provide a deposit of \$2,691.91 to the District's Debt Service Fund. As a result, the refunded bonds are considered to be defeased.

The District refunded the 2005 bonds to reduce its total debt service over the next four years by \$370,941.53 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt).

Calculation of Difference in Cash Flow Requirements and Economic Gain

Cash Flows Difference		
	Old Debt Service Cash Flows	\$10,134,162.50
	Less New Debt Service Cash Flows	(\$9,765,912.88)
	Plus Accrued Interest Included in 12/1/2013 Payment	\$0
	Plus Bond Proceeds deposited in Debt Service Fund	\$2,691.91
	Total Difference	\$370,941.53
Economic Gain		
	Present Value of Old Debt Service Cash Flows	\$9,856,474.85
	Less Present Value of New Debt Service Cash Flows	(\$9,495,000)
	Plus Accrued Interest Included in 12/1/2013 Payment	\$0
	Plus Bond Proceeds deposited in Debt Service Fund	\$2,691.91
	Total Gain	\$364,166.76

Franklin Pierce School District No. 402
Schedule of Long-Term Liabilities
For the Year Ended August 31, 2013

Description	Beginning Outstanding Debt September 1, 2012	Amount Issued/Increased	Amount Redeemed/Decreased	Ending Outstanding Debt August 31, 2013
Total Voted Bonds	16,085,000.00	9,495,000.00	10,990,000.00	14,590,000.00
Total Non-Voted Notes/Bonds	0.00	0.00	0.00	0.00
Qualified Zone Academy Bonds (QZAB)	0.00	0.00	0.00	0.00
Qualified School Construction Bonds(QSCB)	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 & Judgments	0.00	0.00	0.00	0.00
Compensated Absences	1,786,762.75	1,199,112.64	0.00	2,985,875.39
Other Long-Term Liabilities	0.00	0.00	0.00	0.00
Total Other Long-Term Liabilities	1,786,762.75	1,199,112.64	0.00	2,985,875.39
TOTAL LONG-TERM LIABILITIES	17,871,762.75	10,694,112.64	10,990,000.00	17,575,875.39

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

FRANKLIN PIERCE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ending August 31, 2013

1	2	3	4	5	6	7	8	9
						Expenditures		
Federal Agency Name	Pass Through Agency	Federal Program Title	CFDA Number	Other Identification Number	From Direct Awards	From Pass Through Awards	Total	Footnote
Dept of Agriculture	WA OSPI	School Breakfast Program	10.553	Participation Report		657,003.59	657,003.59	
Dept of Agriculture	WA OSPI	Nat'l School Lunch Program - Cash Assistance						
Dept of Agriculture	WA OSPI	Fresh Fruit and Vegetable Program	10.555	Participation Report, Afterschool Snack Program, Meal Pattern Certification, Revenue #9898 69 0200 400		2,279,525.57	2,279,525.57	3
Dept of Agriculture	WA OSPI	School & Roads Grants to State	10.582	Apportionment #619801 (Rev code 9898 61 0100 400)		49,190.26	49,190.26	
Dept of Agriculture	WA OSPI	USDA Subtotal	10.665	Revenue #0001 55 0000 830		6,479.57	6,479.57	
Dept of Defense	WA OSPI	Payment in Lieu of Real Estate Taxes			-	2,992,198.99	2,992,198.99	
Dept of Defense	WA OSPI	JROTC	12.112	Revenue #0001 54 0000 830		14,326.37	14,326.37	
		Dept of Defense Subtotal	12.999	Revenue #0079 52 0000 830		75,685.66	75,685.66	2
Dept of Education	WA OSPI	Title 1 Grants to Local Educational Agencies			-	90,012.03	90,012.03	
Dept of Education	WA OSPI	Special Education Grants to State	84.010	Grant #201213 - Prog 5100 - Rev 5151 61 0000 850		1,817,336.79	1,817,336.79	4
Dept of Education	WA OSPI	Impact Aid	84.027	Grant #304337 - Prog 2400 - Rev 2424 61 0000 850 Grant #337549 - Prog 2404 - Rev 2424 61 0400 850 Revenue #0001 53 0000 830		1,516,457.75	1,516,457.75	4
Dept of Education	WA OSPI	Career and Technical Education - Basic Grants to States	84.041	Revenue #0001 53 0000 830 #2929 53 0000 830	39,468.78		39,468.78	
Dept of Education	WA OSPI	Special Ed - Preschool Grants	84.048	Grant #172707 - Prog 3860 Rev 3838 61 6000 340		83,402.00	83,402.00	
Dept of Education	WA OSPI	Twenty-First Century Community Learning Centers	84.173	Grant #364338 - Prog 2401 Rev 2424 61 0100 850 Grant #385330 - Prog 2405 Rev 2424 61 0500 850		57,042.39	57,042.39	4
Dept of Education	Puget Sound ESD	Special Education - State Personnel Development	84.287	Prog 8603 - Achievers - Rev 0086 63 0300 300 Prog 8604 - Achievers II - Rev 0086 63 0400 130		18,136.38	18,136.38	
Dept of Education	WA OSPI		84.323	Grant #340449 - Prog 2406 - Rev 2424 61 0600 850		53,262.35	53,262.35	

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

FRANKLIN PIERCE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ending August 31, 2013

1	2	3	4	5	6	7	8	9
					Expenditures			
Federal Agency Name	Pass Through Agency	Federal Program Title	CFDA Number	Other Identification Number	From Direct Awards	From Pass Through Awards	Total	Footnote
Dept of Education	WA OSPI	Special Education Personnel Development to Improve Services and Results for Children with Disabilities	84.325	Program 2407 Rev 2424 63 0000 850		34,199.30	34,199.30	
Dept of Education	WA OSPI	English Language Acquisition State Grants	84.365	Grant #401728 - Prog 64 - Rev 6464 61 0000 850		42,686.35	42,686.35	4
Dept of Education	WA OSPI	Improving Teacher Quality State Grants	84.367	Grant #523100 - Prog 5203 - Rev 5252 61 0300 860		318,032.09	318,032.09	4
		Dept of Education Subtotal			39,468.78	3,940,555.40	3,980,024.18	
Department of Health and Human Services	Health & Human Services	Drug Free Communities Support Program Grants	93.276	Prog 5206 - Rev 5252 61 0600 300		126,846.80	126,846.80	
Department of Health and Human Services	ESD 121	Head Start	93.600	Program 61 - Rev 6161 62 0000 850		1,087,312.50	1,087,312.50	
Department of Health and Human Services	WA St DSHS	Medical Assistance Program	93.778	Revenue #1001 63 0200 310		1,497,007.79	1,497,007.79	
Department of Health and Human Services	Pierce County Health Dept	Block Grants for Prevention and Treatment of Substance Abuse	93.959	Program 7950 Rev 0079 63 0050 300		86,914.49	86,914.49	
		Dept of Health/Human Serv Subtotal			-	2,798,081.58	2,798,081.58	
		TOTAL FEDERAL AWARDS EXPENDED			39,468.78	9,820,848.00	9,860,316.78	

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1—BASIS OF ACCOUNTING

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

NOTE 2—PROGRAM COSTS/MATCHING CONTRIBUTIONS

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

NOTE 3—NONCASH AWARDS - FOOD COMMODITIES

The \$209,522.93 of commodities reported on the schedule for CFDA #10.555 is the market value of commodities received by the District during the current year. The value is determined by the USDA.

NOTE 4—SCHOOLWIDE PROGRAMS

The district operates a "schoolwide program" in eight elementary 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.



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.

We work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

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

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