

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

Toppenish School District No. 202
Yakima County

Audit Period
September 1, 2003 through August 31, 2004

Report No. 68621

Issue Date
May 13, 2005



Washington _____
State Auditor

Brian Sonntag



**Washington State Auditor
Brian Sonntag**

May 13, 2005

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 the District's financial condition.

In addition to this work, we look at other areas of our audit clients' operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Yakima County
September 1, 2003 through August 31, 2004**

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Federal Summary

Toppenish School District No. 202 Yakima County September 1, 2003 through August 31, 2004

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.

- An unqualified opinion was issued on the District's financial statements.
- We noted no instances of noncompliance that were material to the financial statements of the District.
- We noted significant deficiencies in the design or operation of internal control over major federal programs that we consider to be reportable conditions.
- We issued an unqualified opinion on the District's compliance with requirements applicable to its major federal programs.
- We reported findings, which are required to be disclosed under OMB Circular A-133.
- We noted in our Independent Auditor's Report on Financial Statements that the Schedule of Expenditures of Federal Awards was fairly presented.
- 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 did not qualify as a low-risk auditee under OMB Circular A-133.
- The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
10.553/555/559	Child Nutrition Cluster
84.027/173	Special Education Cluster
84.287	21st Century Community Learning
84.357	Reading First
84.367	Improving Teacher Quality
93.778	Title XIX Medical Assistance Program (Medicaid)

Schedule of Federal Audit Findings and Questioned Costs

Toppenish School District No. 202 Yakima County September 1, 2003 through August 31, 2004

1. **Toppenish School District No. 202 does not have adequate internal controls over its federal Medicaid Match grant.**

Description of Condition

The Medicaid Administrative Match program (CFDA 93.778) reimburses school districts for a portion of the costs they incur in identifying and providing outreach to needy children. The Department of Social and Health Services (DSHS) administers the program. As the state's Medicaid agency, DSHS is required to ensure that low-income families have access to Medicaid coverage and services. The District received \$212,266 in reimbursements under the program during fiscal year 2004.

We reviewed the adequacy of internal controls over the grant and compliance with grant requirements. The District contracted with a consultant to administer the grant. Federal regulations require grant recipients to maintain internal controls sufficient to ensure they comply with all provisions of the grant. For its Medicaid Match grant, we found the District did not adequately monitor or review the quarterly reimbursement claims prepared by the consultant before they were submitted to the state.

As a part of the costs the District charged to DSHS under this grant, the District included the costs from teaching contracts, supplemental contracts, such as coaching duties and teaching stipends and benefits. Costs are allocated to this contract based on time studies showing time spent in allowable activities by District employees. We noted in our audit that the District had included the costs of these supplemental contracts when calculating the total salary expense to allocate, however, the time spent working under these contracts was not included in the time study. This resulted in the District overcharging DSHS under this contract.

When we informed the District of the error, the District prepared a corrected billing with the costs of these supplemental contracts removed from the calculation. This corrected billing, which we determined was calculated correctly, showed a previous over billing of \$9,992.

We also noted the following concerns:

- The time documentation for one of the 20 employees' time was misreported on the reimbursement request, resulting in an under-billing of \$223.04.
- Amounts paid for coaching contracts for four of the 20 employees were included on the reimbursement request, resulting in an over-billing of \$621.89.
- Benefit charges were billed based on budgeted figures. We attempted to compare the benefits charged to the grant to actual expenditures. We found actual amounts were not readily determinable. As a result, we cannot determine any questioned costs associated with benefits charged to the grant.

We determined the total amount of questioned costs is \$10,390.46.

Cause of Condition

The District relied on the consultant and did not properly monitor the grant.

Effect of Condition and Questioned Costs

Without adequate internal controls, significant errors can go undetected and result in questioned costs to the District, or in the District being under-reimbursed.

Recommendation

We recommend the District:

- Improve internal controls over the grant in order to ensure instances of significant noncompliance will be detected in a timely manner.
- Work with the granting agency to determine the resolution of questioned costs.

District's Response

Toppenish School District as well as over 70 other school district in Washington State contract with Educational Consultant Services (ECS) to administer and process the Administrative Match program. The Department of Social and Health Services (DSHS) requires all school districts in the Administrative Match program to use their on line processing system for billing Administrative Match. During two time studies in 2004 the S-275 salary information downloaded by ECS (as required by DSHS) included supplement contract amounts which should have been excluded causing over billing to DSHS.

The above problem is a system wide problem which not only affected Toppenish School District but virtually every other district contracting with ECS and using the DSHS system. Toppenish School District is working with its consultants to correct this problem and has prepared a revised billing to reimburse DSHS the over paid funds.

The purpose of internal control is to have reasonable but not absolute assurance that the transactions processed were accurate. We believe the internal controls implemented by the district were reasonable and would have detected any material misstatements. We will make adjustments to ensure this error is corrected.

Auditor Remarks

We acknowledge the District's commitment to resolve the issues identified and we will review the adequacy of the District's monitoring of consultant activities during our next audit.

Applicable laws and Regulations

Office of Management and Budget Circular A133, Section 300, Subpart C 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.

State of Washington Department of Social and Health Services, Medical Assistance Administration, *Administrative Match Training Manual*, Section 3, states in part:

. . . The coordinator must ensure all time study data is input into the automated system . . . A staff person may be designated to perform data entry of time study forms . . . After all data is entered, the coordinator must review and approve the time study submissions . . .

Time Study Program Coordinator Responsibilities . . . 6. Maintain current employee salary, benefit and school calendar information in the system . . .

Schedule of Prior Federal Audit Findings

Toppenish School District No. 202 Yakima County September 1, 2003 through August 31, 2004

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of Toppenish School District No. 202. The State Auditor's Office has reviewed the status as presented by the District.

Audit Period: 2002-2003	Report Reference Number: 66633	Finding Reference Number: 1	CFDA Number(s): 84.357
Federal Program Name and Granting Agency: U.S. Department of Education – Reading First		Pass-Through Agency Name: Office of Superintendent of Public Instruction	
Finding Caption: Toppenish School District did not have adequate internal controls to ensure compliance with period of availability requirements for its Reading First grant.			
Background: On April 29, 2003, each elementary school in the District was awarded a Reading First grant (CFDA 84.357). The purpose of the Reading First grant is to ensure that all children can read at grade level or above by the end of third grade. The grant award states that grant expenditures could not be made or grant services performed prior to May 1, 2003. During our audit, we noted 22 expenditures totaling \$39,799.04 charged to the grant that were spent between May 13, 2002, and April 28, 2003.			
Status of Corrective Action: (check one) 1 <input checked="" type="checkbox"/> Fully corrected. 2 <input type="checkbox"/> Partially Corrected. 3 <input type="checkbox"/> No corrective action taken. 4 <input type="checkbox"/> Finding is considered no longer valid.			
Corrective Action Taken: The District notified all applicable staff that obligation could not be made for the reading first until the first day of the grant period. Our grant accountant and our purchasing department monitor purchases to ensure compliance with this requirement.			

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

Toppenish School District No. 202 Yakima County September 1, 2003 through August 31, 2004

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, 2004, and have issued our report thereon dated March 18, 2005.

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.

COMPLIANCE

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

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

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Directors, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is

not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 18, 2005

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, 2003 through August 31, 2004

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, 2004. 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, 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that 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.

In addition, we noted certain matters involving immaterial noncompliance that we have reported to the management of the District in a separate letter dated April 25, 2005.

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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Federal Audit Findings and Questioned Costs as Finding 1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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

A handwritten signature in black ink, appearing to read "Brian Sonntag", is positioned above the printed name.

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 18, 2005

Independent Auditor's Report on Financial Statements

Toppenish School District No. 202 Yakima County September 1, 2003 through August 31, 2004

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, 2004. 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 1c 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 1c

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, 2004, and the changes in financial position for the year then ended on the basis of accounting described in Note 1b.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering 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.

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BRIAN SONNTAG, CGFM
STATE AUDITOR

March 18, 2005

Financial Section

**Toppenish School District No. 202
Yakima County
September 1, 2003 through August 31, 2004**

FINANCIAL STATEMENTS

Balance Sheet – 2004
Statement of Revenues, Expenditures and Changes in Fund Balance – 2004
Notes to the Financial Statements – 2004

SUPPLEMENTAL INFORMATION

Schedule of Long-Term Debt – 2004
Schedule of Expenditures of Federal Awards – 2004
Notes to Schedule of Expenditures of Federal Awards – 2004

REPORT F196

E.S.D. 105

COUNTY: 39 YAKIMA

TOPPENISH SCHOOL DISTRICT NO. 202
Balance Sheet as of August 31, 2004
ANNUAL FINANCIAL STATEMENTS

PAGE: 2
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	General Fund	ASB Fund	Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund

ASSETS:						
Cash & Cash Equivalents	1,044,246.42	20,594.62	480.38	443,787.52	82.11	
Minus Outstanding Warrants	1,013,687.28	5,139.02		443,784.98		
Taxes Receivable	416,396.64		4,826.53			
Due From Other Funds						
Due From Other Gov. Units	778,023.76			374,034.13		
Accounts Receivable	93,657.05					
Interfund Loans Receivable						
Accrued Interest Receivable						
Inventory	52,223.08					
Prepaid Items						
Investments	1,962,060.00	129,876.00	683,330.00	384,128.00	15,537.00	
Investments/Cash W/Trustees						
Investments-Deferred Comp						
Self-Insur Security Dep						
TOTAL ASSETS	3,332,919.67	145,331.60	688,636.91	758,164.67	15,619.11	
LIABILITIES:						
Accounts Payable	555,345.82	5,537.67		263,185.03		
Contracts Payable Current						
Accrued Interest Payable						
Accrued Salaries	43,452.15					
Rev Anticipation Notes Pay						
Vacation Leave Payable-Current						
Sick Leave Payable-Current						
Payroll Ded & Taxes Pay						
Due to Other Govt. Units						
Deferred Compensation Pay						
Est Employee Benefits Pay						
Due to Other Funds						
Interfund Loans Payable						
Deposits						
Matured Bonds Payable						
Matured Bond Interest Pay						
Arbitrage Rebate Payable						
Deferred Revenue	417,009.23	8,791.39	4,826.53			
TOTAL LIABILITIES	1,015,807.20	14,329.06	4,826.53	263,185.03		
FUND BALANCE:						
Reservation of Fund Balance						
Unreserve Desig. Fund Balance	550,000.00					
Unreserve Undesig. Fund Balanc	1,767,112.47	131,002.54	683,810.38	494,979.64	15,619.11	
TOTAL FUND BALANCE	2,317,112.47	131,002.54	683,810.38	494,979.64	15,619.11	
TOTAL LIAB & FUND BALANCE	3,332,919.67	145,331.60	688,636.91	758,164.67	15,619.11	

	General Fund	Assoc. Student Body	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund
REVENUES:						
Local	1,380,898.43					
State	19,822,130.99	207,008.10	16,785.03	48,741.20	704.22	
Federal	6,549,411.18		482,196.92	1,773,014.14	37,571.39	
Other	12,490.85					
TOTAL REVENUES	27,764,931.45	207,008.10	498,981.95	1,821,755.34	38,275.61	
EXPENDITURES:						
CURRENT:						
Regular Instruction	11,838,507.12					
Special Education	1,868,624.91					
Vocational Education	540,646.20					
Skills Center						
Compensatory Programs	6,705,654.74					
Other Instructional Progs	122,210.73					
Community Services	80,877.12					
Support Services	5,794,785.09					
Student Activities/Other		240,349.87				
CAPITAL OUTLAY:						
Sites						
Building				6,679,989.12		
Equipment				21,511.39		
Energy					89,915.89	
Transportation Equipment	707,673.46					
Other						
DEBT SERVICE:						
Principal			310,000.00			
Interest and Other Charges			505,576.94	601.75		
TOTAL EXPENDITURES	27,658,979.37	240,349.87	815,576.94	6,702,102.26	89,915.89	
REVENUES OVER (UNDER) EXP:	105,952.08	33,341.77-	316,594.99-	4,880,346.92-	51,640.28-	
OTHER FINANCING SOURCES(USES):						
Bond Sales & Refund Bond Sales						
Long-Term Financing						
Transfers In			200,000.00			
Transfers Out	200,000.00-					
Other Financing Uses (GL 535)						
Other						
TOTAL OTHER FINANCING SOURCES (USES)	200,000.00-		200,000.00			
EXCESS OF REVS & OTHER FIN SOURCES OVER (UNDER) EXP AND OTHER FIN USES	94,047.92-	33,341.77-	116,594.99-	4,880,346.92-	51,640.28-	
BEGINNING TOTAL FUND BALANCE	2,139,516.28	164,344.31	800,405.37	5,375,326.56	67,259.39	
Prior Year(s) Corrections or Restatements	271,644.11					
ENDING TOTAL FUND BALANCE	2,317,112.47	131,002.54	683,810.38	494,979.64	15,619.11	

TOPPENISH SCHOOL DISTRICT #202

Notes to Financial Statements September 1, 2003 through August 31, 2004

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 district wide financial statements, and management's discussion and analysis, which are departures from GAAP. Long-term debt is reported on a required supplementary schedule. The accounts of the district are organized on the basis of funds, each of which is considered a separate accounting entity. The regulatory agencies require all funds be presented as major funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, 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) District wide statements are not presented.
- (2) The financial statements do not report capital assets.
- (3) Debt is not reported on the face of the financial statements. It is reported in the notes to the financial statements and on the Schedules of Long-Term and Short-Term Debt, which are required parts of the financial statements.
- (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 focus primarily on the sources, uses, and balances of current financial resources and often have 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 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, 2004 are as follows:

	Number of Securities	Carrying Amount	Market Value
Certificates of Deposit or Other Time Deposits			
Repurchase Agreements			
Bankers' Acceptance			
Obligations of the U.S. Government or Its Subsidiary Corporations			
Investments Held by Broker-Dealers Under Reverse Repurchase Agreements: U.S. Government Securities U.S. Instrumentality Securities			
State Treasurer's Investment Pool			
County Treasurer's Investment Pool		3,174,931	3,174,931
Total Investments		3,174,931	3,174,931

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. Reservation of fund balance is not necessary. 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. 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 vesting method.

Note 2 Capital Assets

The district's capital assets are insured in the amount of \$75,000,000 for fiscal 2003-04. In the opinion of the district's insurance consultant, this amount is sufficient to adequately fund replacement of the district's assets.

Note 3 Pensions

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, 2003:

<u>Program</u>	<u>Active Members</u>	<u>Inactive Vested Members</u>	<u>Retired Members</u>
TRS	66,075	6,560	35,197
PERS	154,550	20,001	65,362
SERS	49,214	3,550	1,042

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 SERS and TRS, 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, 2004:

Plan 1 TRS	6%	Plan 1 PERS	6%
Plan 2 TRS	0.87%	Plan 2 SERS	0.85%
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, 2004:

Plan 1 TRS	1.39%	Plan 1 PERS	1.4%
Plan 2 TRS	1.39%	Plan 2 SERS	1.07%
Plan 3 TRS	1.39%	Plan 3 SERS	1.07%

Under current law the employer must contribute 100 percent of the employer-required contribution. Employer required contributions in dollars (TRS/PERS/SERS are as of September 30):

<u>Plan</u>	<u>FY 03-04</u>	<u>FY 02-03</u>	<u>FY 01-02</u>
Plan 1 TRS	\$ 25,865.24	\$27,517.28	\$ 84,406.19
Plan 2 TRS	\$ 22,040.90	\$21,361.56	\$ 57,634.19
Plan 3 TRS	\$106,850.39	\$95,122.72	\$255,597.37
Plan 1 PERS	\$ 8,608.23	\$ 9,088.56	\$ 23,444.51
Plan 2 SERS	\$ 15,516.35	\$18,179.41	\$ 49,985.33
Plan 3 SERS	\$ 24,556.27	\$26,874.37	\$59,017.01

Historical trend information showing TRS and PERS progress in accumulating sufficient assets to pay benefits when due is presented in the state of Washington's June 30, 2003, 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

Valley View Elementary School construction is about 99 percent complete.

Construction in progress is composed of:

Project	Project Authorization Amount	Expended as of 8/31/2004	Additional Local Funds Committed	Additional State Funds Committed
Valley View	6,300,000	6,121,796	0.00	0.00
Total	6,300,000	6,121,796	0.00	0.00

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.

The 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 43 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 coverage are on an occurrence basis. The pool provides the following forms of group purchased insurance coverage for its members: property, liability, vehicle liability, other mobile equipment, boiler and machinery, bonds of various types, excess liability and public officials 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 \$3,506,000 to eliminate any risk to members and, in addition, funds the Stop Loss in the budget.

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 & Associated, 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, 2004 were \$1,412,047. For fiscal year 2004-05, the pool has contracted with the third party administrator to perform administration, claims management and loss prevention services for \$1,822,024.

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, 2004, are comprised of the following individual issues:

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
General Obligation Bonds					
04/01/99	10,000,000	235-1,000,000	12/1/18	4.25-5.25%	9,505,000
5/15/03	1,400,000	75-120,000	12/1/18	2.0 – 3.8%	1,400,000
Total General Obligation Bonds					10,905,000

The following is a summary of general obligation long-term debt transactions of the district for the fiscal year ended August 31, 2004.

Long-Term Debt Payable at 9/1/03	\$11,215,000
Debt Retired	310,000
Long-Term Debt Payable at 8/31/04	\$10,905,000

The following is a schedule of annual requirements to amortize long-term debt at August 31, 2004:

Years Ending August 31,	Principal	Interest	Total
2005	415,000	485,712.50	900,712.50
2006	455,000	465,393.75	920,393.75
2007	490,000	443,187.50	933,187.50
2008	530,000	418,912.50	948,912.50
2009	575,000	392,275.00	967,275.00
2010 - 2014	3,530,000	1,543,078.75	5,073,078.75
2015 - 2019	4,910,000	602,843.75	5,512,843.75
Total	10,905,000	4,351,403.75	15,256,403.75

At August 31, 2004, the district had \$ 683,810.38 available in the Debt Service Fund to service the general obligation bonds.

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 by passing Resolution dated prior than 1986, and has remained in the joint venture ever since. The district's current equity of \$35,160.75 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 9 Subsequent Events

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

Note 10 Prior Year Corrections

Prior year corrections include \$271,644.11 in revenue received October 14, 2004 as reimbursement from the Medicaid Administrative Match Program. Since reimbursement was received within 60 days after year end, the revenue should have been reported in the 2002-03 financial statements.

TOPPENISH SCHOOL DISTRICT NO. 202
Schedule of Long-Term Debt
For The Year Ended August 31, 2004

Description	(1) Beginning Outstanding Debt 9/1/2003	(2) Amount Issued/ Increased	(3) Amount Redeemed/ Decreased	(4) Ending Outstanding Debt 8/31/2004 (1)+(2)-(3)
Total Voted Bonds	9,815,000.00		310,000.00	9,505,000.00
Total Non-Voted Notes/Bonds	1,400,000.00			1,400,000.00
Other Long-Term Debt:				
Capital Leases				
Contracts Payable (GL 603)				
NonCancellable Operating Leases				
Claims & Judgements				
Compensated Absences	665,865.55	124,175.30		790,040.85
OZAB				
Other Long-Term Debt				
Total Other Long-Term Debt	665,865.55	124,175.30		790,040.85
Total Long-Term Debt	11,880,865.55	124,175.30	310,000.00	11,695,040.85

		Toppenish School District					
		Yakima County					
		EIN: 91-6001615					
		Schedule of Expenditure of Federal Awards					
		For Fiscal Year Ending August 31, 2004					
Federal Catalog Number	Federal Agency Name	Federal Program Title	Pass Thru Agency	Pass Thru Amount	Direct Fund Amount	Total Funds Expended	Foot Note
10.064	Dept of Agriculture	Forestry Incentives Program				0	
10.550		Food Distribution	SPI	83,093		83,093	3
10.553		School Breakfast Program (A)	SPI	304,225		304,225	2
10.555		Nat'l School Lunch Program (A)	SPI	917,527		917,527	2
10.556		Spec Milk Prg for Children				0	
10.558		Child Care Food Program (A, H)				0	
10.559		Summer Food Service Program	SPI	66,642		66,642	2
10.560		State Admin - Child Nutrition				0	
10.564		Nutrition Ed & Training Program				0	
10.664		NOPSC - Pilot Project				0	
10.665		School & Roads Grnts - Fed Forest	SPI	101,484		101,484	2
10.914		Fish & Wildlife Habitat Incentive Prg				0	
10.999		PNW Research Station				0	
10.999		USDA - ECEAP Prg				0	
10.999		Audit Recovery				0	
10.999		Food Stamp Outreach				0	
						0	
						0	
						0	
						0	
		Dept of Agriculture Subtotal		1,472,971	0	1,472,971	
12.112	Dept of Defense	Payment in Lieu of Real Estate Taxes				0	
12.999		Dept. of Defense				0	
12.999		JROTC				0	
12.999		Military Forest Yield				0	
12.999		Troops to Teachers				0	
						0	
						0	
		Dept of Defense Subtotal		0	0	0	
14.218	Dept of Housing/Urban Dev	Community Dev Block Grant				0	
14.225		Community Dev Block Grant				0	
14.854		Homework Factory				0	
						0	
						0	
		Dept of Housing/Urban Dev Subtotal		0	0	0	
15.130	Dept of Interior	Indian Ed - Assistance to Schools			34,918	34,918	
15.226		Payment in Lieu of Taxes				0	
15.999		Early Childhood				0	
15.999		Taylor Grazing				0	
15.042		Indian School Equalization Program				0	
						0	
		Dept of Interior Subtotal		0	34,918	34,918	
16.540	Dept of Justice	Target Site				0	
16.548		Title V Delinquency Prevention Program				0	
16.580		Edward Byrne Memorial	City of Toppenish	4,545		4,545	
16.585		Drug Court Discret Grnt Prog				0	
16.592		Block Grant - Local Law Enforcement				0	
16.710		Public Safety Part & Comm Policy Grants				0	
16.726		Juvenile Mentor Program				0	
16.729		Greater Spokane Substance Abuse Control				0	
16.999		Juvenile Justive and Drug Prevention				0	
16.999		Opportunities for Useful Transition				0	
16.999		Tacoma Truancy Center				0	
						0	
						0	
		Dept of Justice Subtotal		4,545	0	4,545	

		Toppenish School District					
		Yakima County					
		EIN: 91-6001615					
		Schedule of Expenditure of Federal Awards					
		For Fiscal Year Ending August 31, 2004					
Federal Catalog Number	Federal Agency Name	Federal Program Title	Pass Thru Agency	Pass Thru Amount	Direct Fund Amount	Total Funds Expended	Foot Note
17.207	Dept of Labor	Employment Service				0	
17.235		Unemployment Ins				0	
17.249		Emp Srvs & Job Training				0	
17.250		Job Training Partnership Act				0	
17.255		In-School Youth Program				0	
						0	
						0	
		Dept of Labor Subtotal		0	0	0	
34.002	Fed Mediation/Conciliation	Labor Management Committee				0	
						0	
		Fed. Mediation/Conciliation Srvs. Subtotal		0	0	0	
45.025	Nat'l Fnd Arts & Humanities	Promotion of the Arts-Partnership Agmts				0	
45.162		Valley View Humanities				0	
45.310		Library Technology Grant				0	
						0	
		Nat'l Fnd Arts & Humanities Subtotal		0	0	0	
47.049		Restructuring Mathematics				0	
47.074		Biological Sciences				0	
47.076		Education and Human Resources				0	
		Nat'l Science Foundation Subtotal		0	0	0	
64.999	Dept of Veterans Affairs	Veterans Hospital				0	
		Dept of Veterans Affairs		0	0	0	
66.460	Environmental Protection	Nisqually 319 Grant				0	
66.951		Environmental Education Grants				0	
		Environmental Protection Subtotal		0	0	0	
81.999	Dept of Energy	Yakima Basin Environmental Eduction				0	
81.999		Federal in Lieu of Taxes				0	
		Dept of Energy Subtotal		0	0	0	
83.516	Fed Emergency Mgmt Agy	Disaster Assistance				0	
83.592		Emergency Mgmt. State and Local				0	
						0	
		Fed Emergency Mgmt Agy Subtotal		0	0	0	
84.010	Dept of Education	Title 1 Grants to LEAs	SPI	1,253,335		1,253,335	
84.011		Migrant Ed - Basic State	SPI	382,899		382,899	
84.013		Neglected & Delinquent Child				0	
84.023		Behavior Intervention				0	
84.025		Srvs for Children / Deaf-Blind				0	
84.027		Special Ed - State Grants	SPI	527,742		527,742	
84.029		Spec Ed - Pers Dev & Prnt Trng				0	
84.033		Federal College Work Study				0	
84.041		Impact Aid, Maintenance and Operations			482,197	482,197	2
84.048		Voc Ed Basic Grants to States	SPI	51,323		51,323	
84.060		Native American Education			76,565	76,565	
84.116		WA Virtual Classroom				0	
84.126		Voc Rehab Grants to States				0	
84.158		Secondary Educational Institutions				0	
84.162		Immigrant Education				0	
84.165		Magnet Schools Assistance				0	
84.168		Math/ESL Newcomer				0	
84.173		Special Ed - Preschool Grants	SPI	28,308		28,308	
84.181		Grants for Infants w/Disabilities				0	

		Toppenish School District					
		Yakima County					
		EIN: 91-6001615					
		Schedule of Expenditure of Federal Awards					
		For Fiscal Year Ending August 31, 2004					
Federal Catalog Number	Federal Agency Name	Federal Program Title	Pass Thru Agency	Pass Thru Amount	Direct Fund Amount	Total Funds Expended	Foot Note
84.184		Drug/Violence Prevention	ESD105	102,589		102,589	
84.185		Byrd Honors Scholarships				0	
84.186		Safe & Drug Free Schools & Comm - S	ESD 105	20,645		20,645	
84.194		Bilingual Ed Support Services				0	
84.196		Ed for Homeless Children / Youth				0	
84.203		Star Schools				0	
84.206		Javits Project				0	
84.213		Even Start - SEAs				0	
84.214		Even Start - Migrant Education				0	
84.215		Fund for Improvement of Education	SUNNYSIDE/THORP	32,955		32,955	
84.216		Capital Expenses				0	
84.218		State School Improvement Grants				0	
84.243		Tech Prep Grants				0	
84.276		Goals 2000-St/Local Ed System Improve				0	
84.281		Math No Limit	ESD 105	0		0	
84.287		21st Century Community Learning Cer			841,251	841,251	
84.288		Bilingual Ed Prg Dev & Impl Grants				0	
84.289		Program Enhancement				0	
84.290		Bilingual Ed Comp School Grants				0	
84.291		Bilingual Ed-Sytemwide Improve Grants				0	
84.293		Foreign Language Assistance				0	
84.298		Innovative Ed Program Strategies	SPI	29,593		29,593	
84.303		Technology Innovation Challenge				0	
84.305		Nat'l Inst on Student Acheiv, Curr & Assess				0	
84.318		Technology Literacy Challenge Funds	SPI	33,133		33,133	
84.310		Parent Assistance Centers	SPI	15,105		15,105	
84.324		Special Ed - Research and Innovation				0	
84.326		Spec.Ed-Tech Asst to Improv Svs/Disabled				0	
84.327		WAIS Education Beacons Project				0	
84.330		Advanced Placement Incentive Prog.				0	
84.332		Comprehensive School Reform Demo	SPI	12,820		12,820	
84.334		Early Awareness/Readiness	U.W.	76,008		76,008	
84.336		Teacher Quality Enhancement Grnts/States				0	
84.340		Class Size Reduction				0	
84.341		Community-Based Technology Centers				0	
84.342		Generation Yes				0	
84.999		Regional School to Work				0	
84.999		Other Federal Assistance - DOE				0	
84.999		Special Education Impact-Aid			50,000	50,000	
84.338		Reading Excellence	SPI	292,479		292,479	
84.348		TITLE 1- Accountability Grant	SPI	18,482		18,482	
84.352		Emergency School Repair	SPI	0		0	
84.357		Reading First	SPI	381,996		381,996	
84.363		School Leadership	WA SCH PRINCIPAL	2,057		2,057	
84.365		Title 3 Limited English Prof.	SPI	143,791		143,791	
84.367		Title 2 Teacher Quality/ School Impr.	SPI	407,177		407,177	
						0	
		Dept of Education Subtotal		3,812,437	1,450,013	5,262,450	
93.104	Health/Human Servs Dept	Comp. Community Mental Health Service				0	
93.110		Maternal and Child Health				0	
93.230		SKG				0	
93.235		Abstinence Education				0	
93.279		Drug Abuse Research				0	
93.283		Teen Against Tobacco Use				0	
93.399		Cancer Control				0	
93.556		Family Prevention & Support Service				0	
93.561		Job Opportunities & Basic Skills Training				0	
93.575		Washington Regional Action Project				0	

		Toppenish School District					
		Yakima County					
		EIN: 91-6001615					
		Schedule of Expenditure of Federal Awards					
		For Fiscal Year Ending August 31, 2004					
Federal Catalog Number	Federal Agency Name	Federal Program Title	Pass Thru Agency	Pass Thru Amount	Direct Fund Amount	Total Funds Expended	Foot Note
93.596		Childcare Mandatory Matching Funds				0	
93.600		Headstart				0	
93.656		Temporary Childcare & Crisis Nursing				0	
93.667		Social Services Block Grant				0	
93.670		Child Abuse & Neglect, Discreet Activities				0	
93.673		Dependent Care Development Grants				0	
93.767		State Children's Insurance Program				0	
93.778		Medicaid-Medical Assist Program	DSHS	212,266		212,266	
93.938		Coop Agmts Spt Schl Health AIDS				0	
93.956		Agricultural Health & Safety Programs				0	
93.958		Blk Grnts Community Mental Health Svs				0	
93.959		Substance Abuse Block Grant	ESD 105	30,664		30,664	
93.994		Maternal & Child Hlth Block Grants				0	
93.999		Youth Employment Program				0	
93.999		Early Intervention				0	
93.999		Maternity Case Management				0	
						0	
						0	
		Health/Human Services Dept Subtotal		242,930	0	242,930	
94.004		Learn & Serve-School & Community				0	
94.005		Learn & Serve-Higher Ed				0	
94.006		Americorps				0	
94.013		Volunteers in Service of America				0	
						0	
		Corp for National Service Subtotal		0	0	0	
		Totals		5,532,883	1,484,931	7,017,814	

Toppenish School District #202

Notes to the Schedule

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 – UNIT COST CONTRACTS

Under certain programs, the district receives a fixed amount for the activity, regardless of the district's expenditures. Expenditures for these programs are listed as the amount received from the grantor

NOTE 3 - NON CASH AWARDS – FOOD COMMODITIES

The amount of food commodities reported on the schedule is the market value of commodities distributed by the School District during the current year. The value is determined by the USDA

NOTE 4 – 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) - \$1,253,334.58, Title II A- (84.367) Valley View Elementary - \$54,743.01