

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

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**Anacortes School District No. 103**  
**Skagit County**

Audit Period  
**September 1, 2008 through August 31, 2009**

**Report No. 1003273**

Issue Date  
**April 5, 2010**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

April 5, 2010

Board of Directors  
Anacortes School District No. 103  
Anacortes, Washington

***Report on Financial Statements and Federal Single Audit***

Please find attached our report on Anacortes School District No. 103's financial statements and compliance with federal laws and regulations.

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

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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Skagit County  
September 1, 2008 through August 31, 2009**

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# Federal Summary

**Anacortes School District No. 103  
Skagit County  
September 1, 2008 through August 31, 2009**

The results of our audit of Anacortes School District No. 103 are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

## ***FINANCIAL STATEMENTS***

An unqualified opinion was issued on the financial statements.

### **Internal Control Over Financial Reporting:**

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

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

## ***FEDERAL AWARDS***

### **Internal Control Over Major Programs:**

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

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

We reported no findings that are required to be disclosed under OMB Circular A-133.

**Identification of Major Programs:**

The following were major programs during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
10.553/555	Child Nutrition Cluster
84.010	Title I Part A
84.027/173	Special Education Cluster
84.394	ARRA State Fiscal Stabilization Fund - Education State Grants (Recovery Act)

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

The District did not qualify as a low-risk auditee under OMB Circular A-133.

# Schedule of Prior Federal Audit Findings

**Anacortes School District No. 103  
Skagit County  
September 1, 2008 through August 31, 2009**

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of Anacortes School District No. 103. The State Auditor's Office has reviewed the status as presented by the District.

<b>Audit Period:</b> 09/01/07-08/31/08	<b>Report Reference</b> <b>No:</b> 1001431	<b>Finding Reference</b> <b>No:</b> 1	<b>CFDA Number(s):</b> 84.027/84.173
<b>Federal Program Name and Granting Agency:</b> Special Education Grants to States and Special Education Preschool Grants; U.S. Department of Education		<b>Pass-Through Agency Name:</b> Office of the Superintendent of Public Instruction (OSPI)	
<b>Finding Caption:</b> Anacortes School District lacked adequate internal controls and did not comply with federal requirements over its Safety Net funds.			
<b>Background:</b> During our audit, we found four special education students had withdrawn from the District during the 2007-2008 school year. However, the District received its Safety Net funding based on its application showing these students receiving services during the year. Instead of repaying the state, the District retained the money.  The Safety Net application process relies on the District to notify OSPI and return money when special education students withdraw from the District. Since the District did not properly notify OSPI, we questioned costs totaling \$39,197 for four students including \$37,420 of federal funds and \$1,777 of state funds.			
<b>Status of Corrective Action: (check one)</b> <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> No Corrective Action Taken <input type="checkbox"/> Finding is considered no longer valid			
<b>Corrective Action Taken:</b> OSPI recovered the questioned costs from the District in the September 2009 apportionment payment to the District. The District has changed the process of communication between the Special Services department and the Business Office to ensure notification is given to OSPI for any students that withdraw from the District if they had related safety net awards.			

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

Anacortes School District No. 103  
Skagit County  
September 1, 2008 through August 31, 2009

Board of Directors  
Anacortes School District No. 103  
Anacortes, Washington

We have audited the financial statements of Anacortes School District No. 103, Skagit County, Washington, as of and for the year ended August 31, 2009, and have issued our report thereon dated February 23, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***INTERNAL CONTROL OVER FINANCIAL REPORTING***

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with a large initial "B" and "S".

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

February 23, 2010

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

**Anacortes School District No. 103  
Skagit County  
September 1, 2008 through August 31, 2009**

Board of Directors  
Anacortes School District No. 103  
Anacortes, Washington

## **COMPLIANCE**

We have audited the compliance of Anacortes School District No. 103, Skagit County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended August 31, 2009. The District's major federal programs are identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended August 31, 2009.

## **INTERNAL CONTROL OVER COMPLIANCE**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable

to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. *A significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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 stylized and cursive.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

February 23, 2010

# **Independent Auditor's Report on Financial Statements**

## **Anacortes School District No. 103 Skagit County September 1, 2008 through August 31, 2009**

Board of Directors  
Anacortes School District No. 103  
Anacortes, Washington

We have audited the accompanying financial statements of Anacortes School District No. 103, Skagit County, Washington, as of and for the year ended August 31, 2009, as listed on page 10. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the District prepares its financial statements using accounting practices prescribed by Washington State statutes and the *Accounting Manual for Public Schools in the State of Washington*, which demonstrates compliance with the regulatory basis of accounting which differs from accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and the accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Anacortes School District No. 103, as of August 31, 2009, and the changes in financial position thereof for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedule of Long-Term Debt is also presented for purposes of additional analysis as required by the prescribed accounting manual. These schedules are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information and use of the governing body and management of the District. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

February 23, 2010

# **Financial Section**

**Anacortes School District No. 103  
Skagit County  
September 1, 2008 through August 31, 2009**

## ***FINANCIAL STATEMENTS***

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

## ***SUPPLEMENTAL INFORMATION***

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

Anacortes School District No. 103

Balance Sheet

Governmental Funds

August 31, 2009

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>ASSETS:</b>							
Cash and Cash Equivalents	1,016,340.36	11,480.19	11,928.00	0.00	0.00	0.00	1,039,748.55
Minus Warrants Outstanding	-892,480.34	-3,913.47	0.00	0.00	0.00	0.00	-896,393.81
Taxes Receivable	3,316,619.12		1,316,982.88	0.00	0.00	0.00	4,633,602.00
Due From Other Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Due From Other Governmental Units	195,635.27	0.00	0.00	0.00	0.00	0.00	195,635.27
Accounts Receivable	34,969.94	0.00	0.00	0.00	0.00	0.00	34,969.94
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	60,074.55	14,135.57					74,210.12
Prepaid Items	1,349.57	0.00		0.00	0.00	0.00	1,349.57
Investments	2,744,572.09	287,483.24	1,070,505.69	579,536.34	132,284.96	328,440.44	5,142,822.76
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
<b>TOTAL ASSETS</b>	<b>6,477,080.56</b>	<b>309,185.53</b>	<b>2,399,416.57</b>	<b>579,536.34</b>	<b>132,284.96</b>	<b>328,440.44</b>	<b>10,225,944.40</b>
<b>LIABILITIES:</b>							
Accounts Payable	282,375.01	19,050.35	0.00	0.00	0.00	0.00	301,425.36
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00
Accrued Salaries	14,297.59	0.00		0.00			14,297.59
Revenue Anticipation Notes Payable	0.00		0.00	0.00	0.00	0.00	0.00
Payroll Deductions and Taxes Payable	-3,147.02	0.00		0.00			-3,147.02
Due To Other Governmental Units	39,197.00	0.00		0.00	0.00	0.00	39,197.00
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

Anacortes School District No. 103

Balance Sheet

Governmental Funds

August 31, 2009

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>LIABILITIES:</b>							
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	2,192.04	0.00		0.00			2,192.04
Matured Bonds Payable			0.00				0.00
Matured Bond Interest Payable			0.08				0.08
Arbitrage Rebate Payable	0.00		0.00	0.00	0.00		0.00
Deferred Revenue	3,358,363.93	50,607.00	1,316,982.88	0.00	0.00	0.00	4,725,953.81
<b>TOTAL LIABILITIES</b>	<b>3,693,278.55</b>	<b>69,657.35</b>	<b>1,316,982.96</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5,079,918.86</b>
<b>FUND BALANCE:</b>							
Reservation Of Fund Balance	400,488.59	0.00	0.00	579,536.34	0.00	300,000.00	1,280,024.93
Unreserved, Designated Fund Balance	724,424.19	0.00		0.00		28,440.44	752,864.63
Unreserved, Undesignated Fund Balance	1,658,889.23	239,528.18	1,082,433.61	0.00	132,284.96	0.00	3,113,135.98
<b>TOTAL FUND BALANCE</b>	<b>2,783,802.01</b>	<b>239,528.18</b>	<b>1,082,433.61</b>	<b>579,536.34</b>	<b>132,284.96</b>	<b>328,440.44</b>	<b>5,146,025.54</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>6,477,080.56</b>	<b>309,185.53</b>	<b>2,399,416.57</b>	<b>579,536.34</b>	<b>132,284.96</b>	<b>328,440.44</b>	<b>10,225,944.40</b>

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

Anacortes School District No. 103

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2009

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>REVENUES:</b>							
Local	7,814,844.98	370,733.66	2,826,968.33	8,247.99	2,658.45		11,023,453.41
State	16,713,172.93		0.00	0.00	144,911.42		16,858,084.35
Federal	1,548,041.53		0.00	0.00	0.00		1,548,041.53
Federal Stimulus	1,243,133.00						1,243,133.00
Other	117,453.94			0.00	0.00	6,116.23	123,570.17
<b>TOTAL REVENUES</b>	<b>27,436,646.38</b>	<b>370,733.66</b>	<b>2,826,968.33</b>	<b>8,247.99</b>	<b>147,569.87</b>	<b>6,116.23</b>	<b>30,796,282.46</b>
<b>EXPENDITURES:</b>							
<b>CURRENT:</b>							
Regular Instruction	14,269,680.13						14,269,680.13
Federal Stimulus	1,221,093.15						1,221,093.15
Special Education	2,843,124.45						2,843,124.45
Vocational Education	889,673.44						889,673.44
Skills Center	0.00						0.00
Compensatory Programs	1,972,890.88						1,972,890.88
Other Instructional Programs	180,221.37						180,221.37
Community Services	169,567.75						169,567.75
Support Services	5,258,373.10						5,258,373.10
Student Activities/Other		385,331.98				14,688.30	400,020.28
<b>CAPITAL OUTLAY:</b>							
Sites				0.00			0.00
Building				11,400.85			11,400.85
Equipment				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					110,373.71		110,373.71
Other	56,254.40						56,254.40
<b>DEBT SERVICE:</b>							
Principal	0.00		1,982,602.01	0.00	0.00		1,982,602.01
Interest and Other Charges	0.00		809,306.52	0.00	0.00		809,306.52
<b>TOTAL EXPENDITURES</b>	<b>26,860,878.67</b>	<b>385,331.98</b>	<b>2,791,908.53</b>	<b>11,400.85</b>	<b>110,373.71</b>	<b>14,688.30</b>	<b>30,174,582.04</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>575,767.71</b>	<b>-14,598.32</b>	<b>35,059.80</b>	<b>-3,152.86</b>	<b>37,196.16</b>	<b>-8,572.07</b>	<b>621,700.42</b>

Anacortes School District No. 103

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended August 31, 2009

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>OTHER FINANCING SOURCES (USES) :</b>							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	0.00		58,518.53	10,676.00	0.00		69,194.53
Transfers Out (GL 536)	-10,676.00		0.00	0.00	-58,518.53	0.00	-69,194.53
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	0.00		0.00	0.00	1,438.00		1,438.00
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-10,676.00</b>		<b>58,518.53</b>	<b>10,676.00</b>	<b>-57,080.53</b>	<b>0.00</b>	<b>1,438.00</b>
<b>EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	565,091.71	-14,598.32	93,578.33	7,523.14	-19,884.37	-8,572.07	623,138.42
<b>BEGINNING TOTAL FUND BALANCE</b>	<b>2,218,710.30</b>	<b>254,126.50</b>	<b>988,855.28</b>	<b>572,013.20</b>	<b>152,169.33</b>	<b>337,012.51</b>	<b>4,522,887.12</b>
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>ENDING TOTAL FUND BALANCE</b>	<b>2,783,802.01</b>	<b>239,528.18</b>	<b>1,082,433.61</b>	<b>579,536.34</b>	<b>132,284.96</b>	<b>328,440.44</b>	<b>5,146,025.54</b>

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

Anacortes School District No. 103  
Statement Of Fiduciary Net Assets  
Fiduciary Funds  
August 31, 2009

	Private Purpose Trust	Other Trust
<b>ASSETS:</b>		
Imprest Cash	0.00	0.00
Cash On Hand	2,829.72	0.00
Cash On Deposit with Cty Treas	500.00	0.00
Minus Warrants Outstanding	-500.00	0.00
Due From Other Funds	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	0.00
Investments	9,718.06	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
<b>TOTAL ASSETS</b>	<b>12,547.78</b>	<b>0.00</b>
<b>LIABILITIES:</b>		
Accounts Payable	0.00	0.00
Due To Other Funds	0.00	0.00
<b>TOTAL LIABILITIES</b>	<b>0.00</b>	<b>0.00</b>
<b>NET ASSETS:</b>		
<b>Net assets held in trust for:</b>		
Reserved for Other Items	0.00	0.00
Reserved for Self Insured Risk		0.00
Reserved for Trust Principal	0.00	0.00
Unreserved, Designated for Other Items	12,547.78	0.00
Unreserved, Undesignated Fund Balance	0.00	0.00
<b>TOTAL NET ASSETS</b>	<b>12,547.78</b>	<b>0.00</b>

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

Anacortes School District No. 103

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year Ended August 31, 2009

<b>ADDITIONS:</b>			
<b>Contributions:</b>			
Private Donations		Private Purpose Trust	Other Trust
Employer	8,445.32		0.00
Members			0.00
Other	0.00		0.00
<b>TOTAL CONTRIBUTIONS</b>	<b>8,445.32</b>		<b>0.00</b>
<b>Investment Income:</b>			
Net Appreciation (Depreciation) in Fair Value	0.00		0.00
Interest and Dividends	119.27		0.00
Less Investment Expenses	0.00		0.00
Net Investment Income	119.27		0.00
<b>Other Additions:</b>			
Rent or Lease Revenue	0.00		0.00
Total Other Additions	0.00		0.00
<b>TOTAL ADDITIONS</b>	<b>8,564.59</b>		<b>0.00</b>
<b>DEDUCTIONS:</b>			
Benefits			0.00
Refund of Contributions	0.00		0.00
Administrative Expenses	0.00		0.00
Scholarships	500.00		
Other	2,514.60		0.00
<b>TOTAL DEDUCTIONS</b>	<b>3,014.60</b>		<b>0.00</b>
Net Increase (Decrease)	5,549.99		0.00
Net Assets--Beginning	6,997.79		0.00
Prior Year(s) Corrections or Restatements	0.00		0.00
<b>NET ASSETS--ENDING</b>	<b>12,547.78</b>		<b>0.00</b>

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

**Anacortes School District**  
**Notes to Financial Statements**  
**September 1, 2008 through August 31, 2009**

**Note 1 Summary of Significant Accounting Policies**

a. Reporting Entity

The Anacortes 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 Anacortes 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 Anacortes School District presents governmental fund financial statements and related notes on the modified accrual basis of accounting as prescribed by generally accepted accounting principles (GAAP) and required by its regulatory agencies, the Office of Superintendent of Public Instruction and the State Auditor's Office. However, the district elects to not present districtwide financial statements, and management's discussion and analysis, which are departures from GAAP. Long-term debt is reported on a required supplementary schedule. The accounts of the district are organized on the basis of funds, each of which is considered a separate accounting entity. The regulatory agencies require all funds be presented as major funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, 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.

#### Permanent Funds

These funds are used to report resources legally restricted such that only earnings, and not principal, may be used to support the district's programs.

#### FIDUCIARY FUNDS

Fiduciary funds that include private-purpose trust funds, and agency 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.

Agency Fund. This fund is used to account for assets that the district holds for other agencies in a custodial capacity.

#### c. Basis of Accounting

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

- (1) Districtwide statements are not presented.
- (2) The financial statements do not report capital assets.
- (3) Debt is not reported on the face of the financial statements. It is reported on the notes to the financial statements and on the Schedule of Long-Term Debt. The Schedule of Long-Term Debt is required supplemental information.

(4) The original budget is not presented. This information is available through the Office of Superintendent of Public Instruction.

(5) The Management Discussion and Analysis is not required.

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

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

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

d. Budgetary Data

General Budgetary Policies

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

Budgetary Basis of Accounting

For budget and accounting purposes, revenues and expenditures are accounted for on the modified accrual basis as prescribed in law for all governmental funds. Fund balance is budgeted as available resources and, 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 cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

All of the district's investments during the year and at year end were insured or registered and held by the district or its agent in the district's name.

The district's investments as of August 31, 2009, are as follows:

	Number of Securities	Carrying Amount	Market Value
Certificates of Deposit	2	\$1,070,506	\$1,069,588
County Treasurer's Investment Pool	6	4,082,035	4,082,035
Total Investments	8	\$5,152,541	\$5,151,623

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. 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 following:

For certificated employees, the district's estimate is that a teacher belonging to TRS 1 will retire from the ASD once they have at least 15 years toward teaching. Cert experience is

based on in-state and out-of-state for eligibility purposes. The district's assumption is that a TRS 2 and TRS 3 teacher would need 20 years experience (based on the same criteria) before we feel they would retire with our district. TRS 1 – recognize only those employees with at least 15 years experience; maximum of 1,274 (tchrs) or 1,440 (admin) hours for retirement purposes.

For classified employees there is no difference between belonging to Plan 1 or Plan 2 for PERS/SERS. The benchmark for assuming an employee will retire with the ASD is based on bargaining group versus membership in either PERS 1, 2, or 3. All groups except the unrepresented have a 15 year benchmark and the unrepresented have a benchmark of 10 years. The employment date listed is the date employed with the ASD. Adjustments to that date have been made for those employees with known experience in other districts or PERS/SERS covered positions. Therefore, those employees with hire dates after 9-1-92 are discounted for all groups except unrepresented with that group discounting employment after 9-1-97. There is a maximum of 1,440 hours for retirement buyback purposes.

Benefits are FICA/Medicare only at 7.65%; assumes no retirement, unemployment, or L&I. There is a concern on the part of the district that setting the benchmarks may show an ongoing liability but the district is restricted by law from issuing a contract that exceeds the current school year (except in the case of the Superintendent).

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 \$80,190,672 for fiscal 2009. 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**

A. General Information

Substantially all Anacortes 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 June 30, 2008:

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

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

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

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

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

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

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

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

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

## B. Contributions

Employee contribution rates as of August 31, 2009:

Plan 1 TRS	6.00%	Plan 1 PERS	6.00%
Plan 2 TRS	4.26%	Plan 2 SERS	3.89%
Plan 3 TRS and SERS	5.00% (minimum),		15.00% (maximum)

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

Employer contribution rates as of August 31, 2009:

Plan 1 TRS	8.46%	Plan 1 PERS	5.29%*
Plan 2 TRS	8.46%	Plan 2 SERS	7.54%*
Plan 3 TRS	8.46%	Plan 3 SERS	7.54%*

\* Includes DRS Administrative Expense Rate of .16%.

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):

<u>Plan</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>
Plan 1 TRS	\$ 88,265	\$ 97,546	\$ 113,561
Plan 2 TRS	\$ 49,948	\$ 68,947	\$ 121,076
Plan 3 TRS	\$ 328,363	\$ 453,707	\$ 701,613
Plan 1 PERS	\$ 10,579	\$ 13,278	\$ 17,393
Plan 2 SERS	\$ 61,238	\$ 86,037	\$ 114,877
Plan 3 SERS	\$ 86,241	\$ 120,484	\$ 154,637

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, 2009, 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 Deferred Compensation Plan**

#### **457 Plan – Deferred Compensation Plan**

District employees have the option of participating in an IRC, Section 457, deferred compensation plan administered by the state retirement system.

#### **403(b) Plan – Tax Sheltered Annuity (TSA)**

The district offers a tax deferred annuity plan for its employees. The plan permits participants to defer a portion of their salary until future years through elective deferrals (employee contribution).

The district complies with IRS regulations that require school districts to have a written plan to include participating investment companies, types of investments, loans, transfers, and various requirements. The plan is administered by a third party administrator. The plan assets are assets of the school district employees, not the school district, and are therefore not reflected on these financial statements

#### **Note 5 Risk Management**

In fiscal year 2008-2009, the district made payments totaling \$95,239 to the unemployment insurance pool that is administered by Northwest Educational Service District 189 on behalf of several local school districts. These funds are operated for the districts' benefit in lieu-of the district making monthly premium payments to the state of Washington for unemployment beneficiaries as they occur and minimizes the district's cost for the program.

The district made payments totaling \$183,831 to the property/liability insurance pool administered by Puget Sound ESD 121 for fiscal year 2008-2009. The purpose of the pool is to provide members with the capability and authority to jointly purchase property/liability insurance, provide a plan of self-insurance, establish and maintain a reserve to pay for self-insurance coverage, and provide related purchased reinsurance to provide for major claims.

The district is exposed to various risks of loss related to its property and liability exposures. The District is one of 70 school districts and four educational service district members of the Washington Schools Risk Management Pool, which was formed August 30, 1986, pursuant to Chapter 48.62 of the Revised Code of Washington.

The Washington Schools Risk Management Pool has published its own audited financial report for the year ended August 31, 2009, which can be obtained from:

David Hayasaka  
Executive Director  
Washington Schools Risk Management Pool  
PO Box 66838  
Burien, WA 98166

**Note 6 Lease Obligations and Conditional Sales Contract Obligations**

For the fiscal year ended August 31, 2009, the district had incurred additional long-term debt as follows:

Lessor	Amount	Annual Installment	Final Installment Date	Interest Rate	Balance Due
Other Long-Term Commitments					
Copiers/Printers	\$208,979	\$ 49,250	Varies	Varies	\$ 134,369
Total Other Long-Term Commitments					\$ 134,369

**Note 7 Debt**

Long-Term Debt

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

Issue Name	Amount Authorized	Notes	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
January, 2004	\$9,155,000	Refunded May 1997 bonds	\$80,000-\$2,565,000	12/01/16	2.0%-4.05%	\$ 8,400,000
December, 2003	\$4,125,000	Refunded Jan 1996 bonds	\$35,000-\$1,085,000	12/01/14	2.0%-4.0%	\$ 3,240,000
September, 2003	\$4,250,000	Refunding 5/1/93 Issue	\$70,000-\$655,000	06/01/10	2.0%-3.5%	\$ 655,000
August, 2001	\$8,220,000	Refunded 1995 Issue	\$40,000-\$1,700,000	12/01/13	4.0%-5.0%	\$ 6,135,000
<b>Total Voted Debt</b>						<b>\$18,430,000</b>
June, 2004	\$ 102,889	LOCAL 8 yr	\$5,657-\$7,372	06/01/12	3.8199%	\$ 42,211
June, 2004	\$ 445,759	LOCAL 13yr	\$12,142-\$23,463	06/01/17	4.3423%	\$ 298,115
<b>Total Non-Voted Debt</b>						<b>\$ 340,326</b>
<b>Total General Obligation Bonds</b>						<b>\$18,770,326</b>

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

Long-Term Debt Payable at 9/1/2008	\$20,752,927
New Issues	-
Debt Retired	1,982,601
Long-Term Debt Payable at 8/31/2009	\$18,770,326

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

Years Ending August 31,	Principal	Interest	Total
2010	\$ 2,110,406	\$ 738,833	\$ 2,849,239
2011	1,569,776	659,800	2,229,576
2012	2,414,024	579,851	2,993,875
2013	2,566,120	470,499	3,036,619
2014	2,740,546	352,469	3,093,015
2015-2016	7,369,454	457,064	7,826,518
Total	\$18,770,326	\$ 3,258,516	\$22,028,842

At August 31, 2009 the district had \$1,082,433 available in the Debt Service Fund to service the general obligation bonds.

### **Note 8 Summaries of Significant Contingencies**

#### Litigation

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

#### Arbitrage Rebate

The Tax Reform Act of 1986 requires the district to rebate the earnings on the investment of bond and revenue anticipation note proceeds, in excess of their yield, to the federal government. This requirement is effective for the district's July 1995 and May 1997 bond issues totaling \$24,892,000. There is no contingent liability for arbitrage rebate for the fiscal year ending August 31, 2009.

### **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 by Board action as stated in the June 19, 1974, minutes and has remained in the joint venture ever since. The district's current equity of \$40,866.42 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**

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

Anacortes School District No. 103  
 Schedule of Long-Term Debt  
 For the Year Ended August 31, 2009

Description	Beginning	Amount	Redeemed/Decreased	Ending
	Outstanding Debt September 1, 2008			Issued/Increased
Total Voted Bonds	20,370,000.00	0.00	1,940,000.00	18,430,000.00
Total Non-Voted Notes/Bonds	382,927.00	0.00	42,601.00	340,326.00
Qualified Zone Academy Bonds (QZAB)	0.00	0.00	0.00	0.00
<b>Other Long-Term Debt:</b>				
Capital Leases	0.00	0.00	0.00	0.00
Contracts Payable (GL 603)	145,096.00	27,162.00	37,889.00	134,369.00
Noncancellable Operating Leases	0.00	0.00	0.00	0.00
Claims & Judgements	0.00	0.00	0.00	0.00
Compensated Absences	855,399.02	0.00	170,848.83	684,550.19
Other Long-Term Debt	0.00	0.00	0.00	0.00
Total Other Long-Term Debt	1,000,495.02	27,162.00	208,737.83	818,919.19
<b>TOTAL LONG-TERM DEBT</b>	<b>21,753,422.02</b>	<b>27,162.00</b>	<b>2,191,338.83</b>	<b>19,589,245.19</b>

**ANACORTES SCHOOL DISTRICT #103**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the year ending August 31, 2009

1 Federal Agency Name	2 Pass Through Agency	3 Federal Program Title	4 CFDA Number	5 Other Identification Number	6 Expenditures			8 Total	Footnote
					7 From Direct Awards	7 From Pass Through Awards	7 Awards		
US Dept of Agriculture	WA OSPI	School Breakfast Program	10.553	N/A	50,426	50,426	50,426	5	
	WA OSPI	National School Lunch Program - Cash Assistance	10.555	N/A	249,583	249,583	249,583	5	
	WA OSPI	National School Lunch Program - Non Cash Assistance (commodities)	10.555	N/A	41,077	41,077	41,077	4,5	
	Off of St Treasurer	School and Roads - Grants to States	10.665	N/A	76,485	76,485	76,485	5	
		<b>US Dept of Agriculture Subtotal</b>			-	<b>417,571</b>	<b>417,571</b>		
US Dept of Education	WA OSPI	Title I Grants to LEA's	84.010	0221843	345,797	345,797	345,797	6	
	WA OSPI	Special Education-Grants to States	84.027A	0303054	515,345	515,345	515,345	6	
	WA OSPI	Special Education-Grants to States	84.027A	0337036	78,290	78,290	78,290	6	
	WA OSPI	Career and Technical Education-Basic Grants to States	84.048	0171423	19,439	19,439	19,439	6	
	WA OSPI	Special Education-Preschool Grants	84.173A	0365756	15,690	15,690	15,690	6	
	WA OSPI	State Grants for Innovative Programs	84.298	0501448	1,000	1,000	1,000	6	
	WA OSPI	Education Technology State Grants	84.318	0721369	1,906	1,906	1,906	6	
	WA OSPI	English Language Acquisition Grants	84.365A	0410402	822	822	822	6	
	WA OSPI	Improving Teacher Quality State Grants	84.367	0521213	92,388	92,388	92,388	6	
	WA OSPI	ARRA - State Fiscal Stabilization Funds	84.394	0995196	1,243,133	1,243,133	1,243,133	2,6	
	<b>US Dept of Education Subtotal</b>			-	<b>2,313,810</b>	<b>2,313,810</b>			
US Dept of Health and Human Services	Lakewood SD	Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	7,207	7,207	7,207	3,5	
		<b>US Dept of Health and Human Services Subtotal</b>			-	<b>7,207</b>	<b>7,207</b>		
			<b>Total Awards Expended</b>		-	<b>2,738,588</b>	<b>2,738,588</b>		

# **ANACORTES SCHOOL DISTRICT #103**

## **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 Anacortes School Districts's financial statements. The Anacortes School 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—AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) of 2009**

Of the amount shown for this program, \$1,243,133 was paid from ARRA funds.

### **NOTE 3—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 Anacortes School Districts's portion, may be more than shown.

### **NOTE 4—NONCASH AWARDS**

The amount of commodities reported on the schedule is the value of commodities distributed by the Anacortes School District during the current year. No other non cash awards were received by the district.

### **NOTE 5—NOT AVAILABLE (N/A)**

The Anacortes School District was unable to obtain other identification number.

### **NOTE 6—FEDERAL INDIRECT RATE**

The Anacortes School District claimed indirect costs under this grant using its federal restricted rate of 3.84% or less



## **ABOUT THE STATE AUDITOR'S OFFICE**

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The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

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

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

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

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

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

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