

**WHEATLAND ELEMENTARY  
SCHOOL DISTRICT**

**AUDIT REPORT**

**JUNE 30, 2010**





**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**OF YUBA COUNTY**

**WHEATLAND, CALIFORNIA**

**JUNE 30, 2010**

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**GOVERNING BOARD**

<b>MEMBER</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Sue Abe	President	December 2010
Nicole Crabb	Clerk	December 2012
Wayne Bishop	Member	December 2010
Denis O'Connor	Member	December 2010
Ish Medina	Member	December 2012

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**ADMINISTRATION**

Craig Guensler	Superintendent
Tamara Johnson	Chief Business Official

**ORGANIZATION**

The Wheatland Elementary School District was established in 1871 and is located in Yuba County. The District was established when the former Bear River School District was divided into Virginia and Wheatland School Districts. As of June 30<sup>th</sup> the District operated two elementary schools, an intermediate school, and a charter school, Wheatland Charter Academy. However, since the new school year started, one elementary school merged into the intermediate school expanding it to K – 8.



WHEATLAND ELEMENTARY SCHOOL DISTRICT

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*FINANCIAL SECTION*

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**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheatland Elementary School District, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Wheatland Elementary School District's management. Our responsibility is to express opinions 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; and *Standards and Procedures for Audits of California K – 12 Local Educational Agencies 2009 – 10*. 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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheatland Elementary School District, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2010 on our consideration of the Wheatland Elementary School 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 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.

The required supplementary information, such as management's discussion and analysis and budgetary comparison information on pages 3 through 10 and 49 through 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wheatland Elementary School District's basic financial statements. The supplementary information listed on the table of contents, including the schedule of expenditures of Federal awards which is required by the U. S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, the Combining Statements – Non-Major Governmental Funds, and Selective Statements of Revenues, Expenditures and Changes in Fund Balance is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole

November 10, 2010

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## MANAGEMENT’S DISCUSSION AND ANALYSIS

### INTRODUCTION

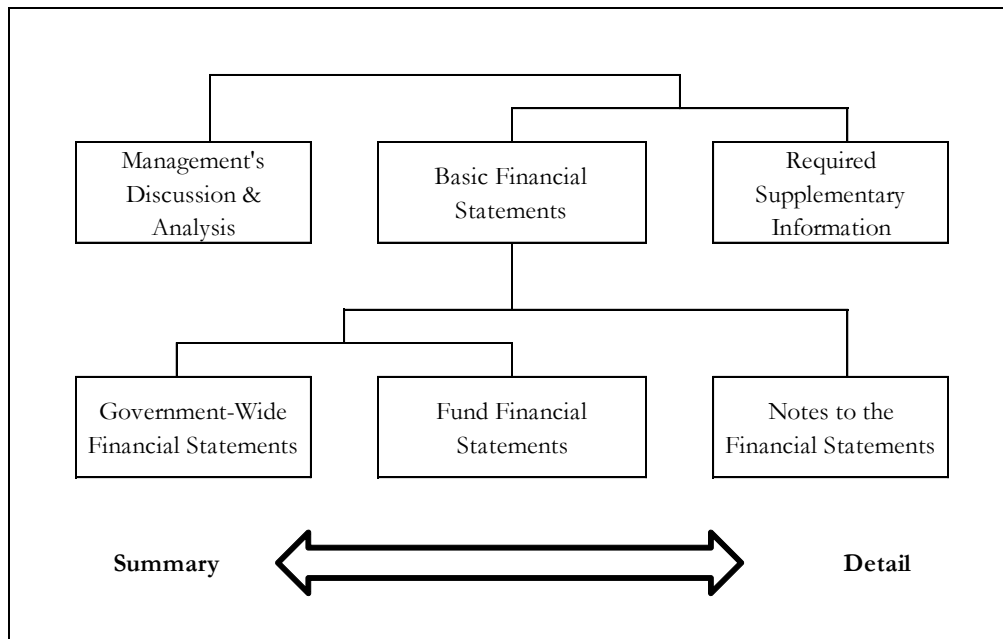
Our discussion and analysis of Wheatland Elementary School District’s (District) financial performance provides an overview of the District’s financial activities for the fiscal year ended June 30, 2010. It should be read in conjunction with the District’s financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- ▶ Total net assets were \$43,495,405 at June 30, 2010. This was an increase of \$3,791,413 over the prior year.
- ▶ Overall revenues were \$18,478,925, which exceeded expenses of \$14,687,512.

### OVERVIEW OF FINANCIAL STATEMENTS

#### Components of the Financials Section



## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS, continued

JUNE 30, 2010

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This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
  - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

#### Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The government-wide statements report the District's net assets and how they have changed. Net assets, the difference between assets and liabilities, are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. Wheatland School District experienced an increase in net assets. To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities. A decline of 113 students during 09-10 was attributed mainly to housing demolition/renovation on Beale Air Force Base. Federal Impact Aid Table 9 payments totaling \$2,939,586 were received during 2009-10 representing four past years of payments generated by revised applications. These dollars substantially increased the fund balance but are one-time in nature.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
JUNE 30, 2010

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FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Assets

The District's combined net assets were \$43,428,356 at June 30, 2010.

	Governmental Activities			
	(amounts in thousands)	2010	2009	Net Change
<b>ASSETS</b>				
Current assets	\$	21,426	\$ 17,848	\$ 3,578
Non-current assets		23,661	23,880	(219)
<b>Total Assets</b>	\$	<u>45,087</u>	<u>\$ 41,728</u>	<u>\$ 3,359</u>
<b>LIABILITIES</b>				
Current liabilities	\$	582	\$ 875	\$ (293)
Non-current liabilities		1,010	1,149	(139)
<b>Total Liabilities</b>		<u>1,592</u>	<u>2,024</u>	<u>(432)</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt		23,661	23,880	(219)
Restricted		7,071	4,132	2,939
Unrestricted		12,763	11,692	1,071
<b>Total Net Assets</b>		<u>43,495</u>	<u>39,704</u>	<u>3,791</u>
<b>Total Liabilities and Net Assets</b>	\$	<u>45,087</u>	<u>\$ 41,728</u>	<u>\$ 3,359</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
 JUNE 30, 2010

Changes in Net Assets

The District's total changes in net assets are as follows:

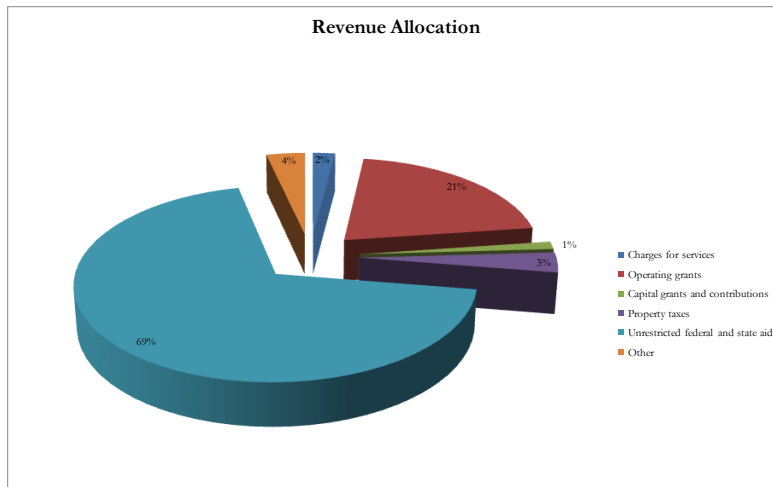
	<u>Governmental Activities</u>			
	<i>(amounts in thousands)</i>	<u>2010</u>	<u>2009</u>	<u>Net Change</u>
<b>REVENUES</b>				
Program revenues				
Charges for services	\$	379	\$ 396	\$ (17)
Operating grants		3,835	4,201	(366)
Capital grants and contributions		239	-	239
General revenues				
Property taxes		629	763	(134)
Unrestricted federal and state aid		12,739	10,223	2,516
Other		658	1,193	(535)
		<u>18,479</u>	<u>16,776</u>	<u>1,703</u>
<b>EXPENSES</b>				
Instructional and instruction related		9,147	10,121	(974)
Pupil services		2,024	2,053	(29)
General administration		1,313	1,252	61
Maintenance and operations		1,319	1,664	(345)
Other		885	952	(67)
		<u>14,688</u>	<u>16,042</u>	<u>(1,354)</u>
<b>Excess</b>		<u>3,791</u>	<u>734</u>	<u>3,057</u>
<b>Net Assets - Beginning</b>		39,704	38,970	734
<b>Net Assets - Ending</b>	\$	<u>43,495</u>	\$ <u>39,704</u>	\$ <u>3,791</u>

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

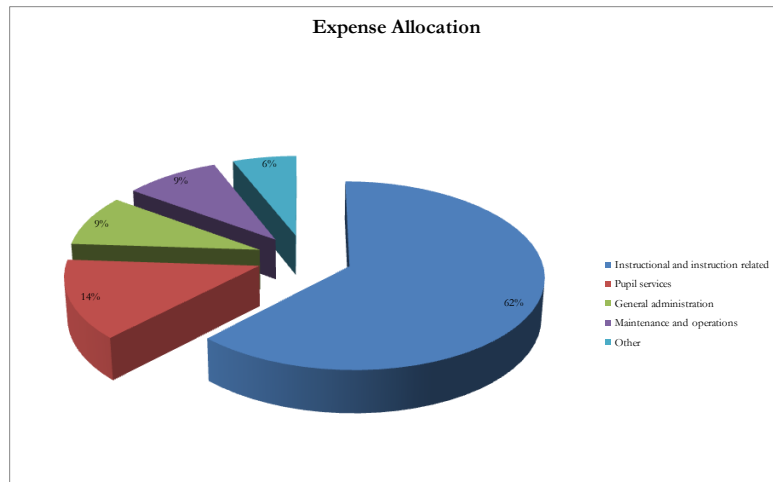
## MANAGEMENT'S DISCUSSION AND ANALYSIS, continued JUNE 30, 2010

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The District's total revenues were \$18,478,925. The majority of the revenue comes from Revenue Limit (state aid and property taxes) and Impact Aid, which each accounted for 30% of revenues. Other federal and state aid for specific programs accounted for another 31% of total revenues. Miscellaneous local sources accounted for the remaining 9%.



The total cost of all programs and services was \$14,687,512. The break out of by percentage is as follows:



# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS, continued JUNE 30, 2010

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### Governmental Activities

Net cost is total cost less fees generated by the related activity. The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

#### Fund Financial Statements

The fund financial statements provide more detailed information about the District's governmental funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by State law and by bond covenants. The governing board establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has one type of fund:

- Governmental funds – All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information following the governmental funds statements that explains the relationship (or differences) between them.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$20,897,385 above last year's ending fund balance of \$16,987,468.



WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
JUNE 30, 2010

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2010, the District had invested \$23,660,541, net of accumulated depreciation in a broad range of capital assets, including land, construction in progress, buildings and improvements, equipment and vehicles. The capital assets increased due to Work in Progress at Lone Tree for the Critical Hardship Electrical and Paving Projects, Lone Tree and Bear River's Apparatus Yard improvements, Bear River's Relocatable Project, and the completion of smaller projects at some of the sites.

*(amounts in thousands)*

	<b>Governmental Activities</b>		
	<b>2010</b>	<b>2009</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land and construction in progress	\$ 766	\$ 1,177	\$ (411)
Buildings and equipment	29,509	28,702	807
Accumulated depreciation	(6,614)	(5,999)	(615)
<b>Total Capital Assets</b>	<b>\$ 23,661</b>	<b>\$ 23,880</b>	<b>\$ (219)</b>

**Long-Term Liabilities**

At year end, the District had \$1,062,521 in long-term debt, consisting mainly of other postemployment benefits.

*(amounts in thousands)*

	<b>Governmental Activities</b>		
	<b>2010</b>	<b>2009</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Compensated absences	\$ 41	\$ 70	\$ (29)
Other postemployment benefits	977	1,093	(116)
Other long-term liabilities	44	-	44
Less amount due in one year	(52)	(14)	(38)
<b>Total Long-term Liabilities</b>	<b>\$ 1,010</b>	<b>\$ 1,149</b>	<b>\$ (139)</b>

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS, continued JUNE 30, 2010

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#### GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved September 9, 2010. A schedule of the District's General Fund original and final budget amounts compared with actual revenues and expenditures is provided with the basic financial statements in the audited financial report.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

- ❑ The State's economic/budget crisis has caused major concerns to the District. With more possible reductions of State revenues, the District continues to review the expenditure budget for additional cuts. Over \$3 Million in expenditure cuts were incorporated into the original 2009-10 budget along with an additional \$445,000 in cuts for the 2010-11 budget.
- ❑ The District successfully passed Measure R General Obligation bond in November 2008. No bonds have been issued on this \$5.7 Million measure.
- ❑ The uncertainty of federal and state funding can have a profound impact on the financial health of the District. The federal budget is operating on a continuing resolution which affects the District's Impact Aid funding.
- ❑ The budget assumptions used to prepare the budget for 2010-11 did not include a cost of living allowance (COLA) in the State revenue limit. Therefore, no COLA amounts have been proposed to pass through to classified, secretarial, confidential, administrative, and management employees. Estimated step and column increases were budgeted for all employees. The Certificated contract includes a salary schedule increase of 1% for 2010-11 as per previously negotiated contract.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for money it receives. If you have any questions about this report, or need additional financial information, contact Chief Business Official at 111 Main Street, Wheatland, CA 95692 (530) 633-3130.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 20,155,748
Accounts receivable	1,167,972
Inventory	102,732
Capital assets, net	<u>23,660,541</u>
<b>Total Assets</b>	<u><u>\$ 45,086,993</u></u>
<b>LIABILITIES</b>	
Accrued liabilities	\$ 428,300
Deferred revenue	100,767
Long-term liabilities, current portion	52,273
Long-term liabilities, non-current portion	<u>1,010,248</u>
<b>Total Liabilities</b>	<u>1,591,588</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	23,660,541
Restricted for:	
Capital projects	5,830,416
Educational programs	1,240,886
Unrestricted	<u>12,763,562</u>
<b>Total Net Assets</b>	<u>43,495,405</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 45,086,993</u></u>

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Function/Programs	Expenses	Program Revenues			Governmental Activities	Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants		
<b>GOVERNMENTAL ACTIVITIES</b>						
Instruction	\$ 7,836,089	\$ 26,584	\$ 1,877,616	\$ -		\$ (5,931,889)
Instruction-related services:						
Instructional supervision and administration	155,141	-	94,228	-		(60,913)
Instructional library, media, and technology	348,207	-	17,032	-		(331,175)
School site administration	807,856	97	45,970	-		(761,789)
Pupil services:						
Home-to-school transportation	322,489	-	315,855	-		(6,634)
Food services	644,180	186,074	333,543	-		(124,563)
All other pupil services	1,057,714	153,402	784,811	-		(119,501)
General administration	1,312,719	201	135,487	-		(1,177,031)
Plant services	1,318,921	11,909	59,255	238,945		(1,008,812)
Transfer to other agencies	259,206	1,159	171,590	-		(86,457)
Depreciation (unallocated)	624,990	-	-	-		(624,990)
<b>Total Governmental Activities</b>	<b>\$ 14,687,512</b>	<b>\$ 379,426</b>	<b>\$ 3,835,387</b>	<b>\$ 238,945</b>		<b>(10,233,754)</b>
General Revenue and Subventions:						
Property taxes, levied for general purposes						628,862
Federal and state aid not restricted for specific purposes						12,739,352
Interest and investment earnings						323,209
Interagency revenues						271,969
Miscellaneous						61,775
<b>Subtotal, General Revenue</b>						<b>14,025,167</b>
<b>CHANGE IN NET ASSETS</b>						<b>3,791,413</b>
<b>Net Assets - Beginning</b>						<b>39,703,992</b>
<b>Net Assets - Ending</b>						<b>\$ 43,495,405</b>

The accompanying notes are an integral part of these financial statements

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2010

	General Fund	Charter School Fund	Special Reserve Other Than Capital Outlay Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,908,954	\$ 820,785	\$ 2,490,667
Accounts receivable	934,539	118,839	10,124
Due from other funds	89,796	15,315	-
Stores inventory	95,691	-	-
<b>Total Assets</b>	<u>\$ 8,028,980</u>	<u>\$ 954,939</u>	<u>\$ 2,500,791</u>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 333,964	\$ 12,709	\$ -
Due to other funds	15,315	36,909	-
Deferred revenue	100,358	409	-
<b>Total Liabilities</b>	<u>449,637</u>	<u>50,027</u>	<u>-</u>
<b>FUND BALANCES</b>			
Reserved	309,204	-	-
Designated, reported in:			
General fund	<u>7,270,139</u>		
Special revenue funds		348,061	2,500,791
Capital projects funds			
Undesignated, reported in:			
Special revenue funds		<u>556,851</u>	<u>-</u>
<b>Total Fund Balances</b>	<u>7,579,343</u>	<u>904,912</u>	<u>2,500,791</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 8,028,980</u>	<u>\$ 954,939</u>	<u>\$ 2,500,791</u>

The accompanying notes are an integral part of these financial statements

<b>Capital Facilities Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 4,488,814	\$ 5,446,528	\$ 20,155,748
19,671	84,799	1,167,972
-	-	105,111
-	7,041	102,732
<u>\$ 4,508,485</u>	<u>\$ 5,538,368</u>	<u>\$ 21,531,563</u>
\$ 9,597	\$ 72,030	\$ 428,300
2,900	49,987	105,111
-	-	100,767
<u>12,497</u>	<u>122,017</u>	<u>634,178</u>
-	7,541	316,745
		7,270,139
	3,452,990	6,301,842
<u>4,495,988</u>	<u>1,809,786</u>	<u>6,305,774</u>
	146,034	702,885
<u>4,495,988</u>	<u>5,416,351</u>	<u>20,897,385</u>
<u>\$ 4,508,485</u>	<u>\$ 5,538,368</u>	<u>\$ 21,531,563</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

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**Total Fund Balance - Governmental Funds** \$ 20,897,385

Amounts reported for assets and liabilities for governmental activities in the statement of net assets are different from amounts reported in governmental funds because:

Capital assets:

In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets and accumulated depreciation:

Capital assets	\$ 30,274,470	
Accumulated depreciation	<u>(6,613,929)</u>	23,660,541

Long-term liabilities:

In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable		
Net OPEB obligation	977,158	
Compensated absences	41,363	
Supplemental retirement incentive	<u>44,000</u>	<u>(1,062,521)</u>

**Total Net Assets - Governmental Activities** \$ 43,495,405



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WHEATLAND ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Charter School Fund	Special Reserve Other Than Capital Outlay Fund
<b>REVENUES</b>			
Revenue limit sources			
State aid	\$ 4,391,025	\$ 452,988	\$ -
Local sources	574,746	49,840	-
Federal sources	6,508,700	49,049	-
Other State sources	3,128,667	153,084	-
Other local sources	1,265,324	16,908	42,001
<b>Total Revenues</b>	<b>15,868,462</b>	<b>721,869</b>	<b>42,001</b>
<b>EXPENDITURES</b>			
Current:			
Instruction	6,697,042	499,047	-
Instruction-related services:			
Instructional supervision and administration	57,431	-	-
Instructional library, media, and technology	344,594	-	-
School site administration	705,658	123,971	-
Pupil services:			
Home-to-school transportation	407,639	-	-
Food services	-	-	-
All other pupil services	1,059,128	145	-
General administration:			
All other general administration	1,301,393	-	-
Plant services	883,352	86,163	-
Facilities acquisition and maintenance	-	-	-
Transfers to other agencies	254,601	4,605	-
<b>Total Expenditures</b>	<b>11,710,838</b>	<b>713,931</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>4,157,624</b>	<b>7,938</b>	<b>42,001</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In	100,175	-	-
Transfers Out	(163,409)	-	-
<b>Net Financing Sources (Uses)</b>	<b>(63,234)</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>4,094,390</b>	<b>7,938</b>	<b>42,001</b>
<b>Fund Balance - Beginning</b>	<b>3,484,953</b>	<b>896,974</b>	<b>2,458,790</b>
<b>Fund Balance - Ending</b>	<b>\$ 7,579,343</b>	<b>\$ 904,912</b>	<b>\$ 2,500,791</b>

The accompanying notes are an integral part of these financial statements

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<b>Capital Facilities Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ -	\$ 4,844,013
-	-	624,586
-	318,538	6,876,287
750	1,058,583	4,341,084
<u>96,565</u>	<u>387,515</u>	<u>1,808,313</u>
<u>97,315</u>	<u>1,764,636</u>	<u>18,494,283</u>
-	677,327	7,873,416
-	98,917	156,348
-	-	344,594
-	-	829,629
-	-	407,639
-	646,261	646,261
-	-	1,059,273
-	36,062	1,337,455
269,712	84,029	1,323,256
75,840	271,449	347,289
<u>-</u>	<u>-</u>	<u>259,206</u>
<u>345,552</u>	<u>1,814,045</u>	<u>14,584,366</u>
<u>(248,237)</u>	<u>(49,409)</u>	<u>3,909,917</u>
-	163,409	263,584
<u>-</u>	<u>(100,175)</u>	<u>(263,584)</u>
<u>-</u>	<u>63,234</u>	<u>-</u>
(248,237)	13,825	3,909,917
<u>4,744,225</u>	<u>5,402,526</u>	<u>16,987,468</u>
<u>\$ 4,495,988</u>	<u>\$ 5,416,351</u>	<u>\$ 20,897,385</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF  
ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

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Net Change in Fund Balances - Governmental Funds \$ 3,909,917

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay:	421,147	
Depreciation expense:	<u>(624,990)</u>	(203,843)

Gain or loss from the disposal of capital assets:

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting loss is:

(15,358)

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF  
ACTIVITIES, continued  
FOR THE YEAR ENDED JUNE 30, 2010

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Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: 29,160

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was: 115,537

Other liabilities not normally liquidated with current financial resources:

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. The District offered retirement incentives financed over time. This year, expenses incurred for such obligations were: (44,000)

**Change in net assets of Governmental Activities** \$ 3,791,413

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FIDUCIARY FUNDS  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

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	<b>ASB</b>
	<b><u>Agency Funds</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$    100,700</u>
<b>LIABILITIES</b>	
Due to Student Groups	
Bear River	\$    35,871
Wheatland Elementary	34,572
Lone Tree	29,467
Wheatland Charter	<u>790</u>
<b>Total Liabilities</b>	<u>\$    100,700</u>

The accompanying notes are an integral part of these financial statements

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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### *NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

#### **A. Financial Reporting Entity**

The Wheatland Elementary School District (the “District”) is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Trustees (Board) elected by registered voters of the District, which comprises an area in Yuba County. The District was established in 1871, when the former Bear River School District was divided into Virginia and Wheatland School Districts, and serves students in grades K-8.

The Wheatland Charter Academy (the “Charter”) was approved on March 7, 2001 and began operations in August of 2001. The Charter is not a separate legal entity; however, it does have a governance council consisting of the District Superintendent, a Charter teacher, a Charter parent, a local community representative, a Beale Air Force Base representative and a member of the District. The activity for the Charter is in the Charter School Fund.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Wheatland Elementary School District, this includes general operations, food service, and student related activities of the District.

#### **B. Component Unit**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District. The District has no component units.

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2010

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### C. Other Related Entities

**Joint Powers Authority (JPA).** The District is associated with four joint powers agencies'. These organizations do not meet the criteria for inclusion as component units of the District. Summarized financial statements are presented in Note 14 to the financial statements. These organizations are:

- North Valley Schools Insurance Group
- Tri-County Schools Insurance Group
- Central Valley Trust
- School Project for Utility Rate Reduction

### D. Basis of Presentation

**Government-Wide Statements.** The statement of net assets and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

**Fund Financial Statements.** The fund financial statements provide information about the District's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

*Governmental funds* are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

*Fiduciary funds* are used to account for assets held by the LEA in a trustee or agency capacity for others that cannot be used to support the LEA's own programs.



# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2010

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### Major Governmental Funds

**General Fund.** The general fund is the main operating fund of the LEA. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of an LEA's activities are reported in the general fund unless there is a compelling reason to account for an activity in another fund. An LEA may have only one general fund.

**Charter Schools Special Revenue Fund.** This fund may be used by authorizing LEAs to account separately for the activities of LEA-operated charter schools that would otherwise be reported in the authorizing LEA's general fund. If an LEA uses this fund for any of a charter school's operating activities, it should use this fund for all of the charter school's operating activities.

**Special Reserve Fund for Other Than Capital Outlay Projects.** This fund is used primarily to provide for the accumulation of general fund moneys for general operating purposes other than for capital outlay (*Education Code* Section 42840).

**Capital Facilities Fund.** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* sections 17620–17626). The authority for these levies may be county/city ordinances (*Government Code* sections 65970–65981) or private agreements between the LEA and the developer. Interest earned in the Capital Facilities Fund (Fund 25) is restricted to that fund (*Government Code* Section 66006).

### Non-Major Governmental Funds

**Special revenue funds** are used to account for specific revenue sources, other than for major capital projects, that are legally restricted to expenditures for specified purposes. The District maintains the following special revenue funds:

**Child Development Fund.** This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by an LEA for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code* Section 8200 et seq.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code* Section 8328).

**Cafeteria Special Revenue Fund.** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090–38093). The Cafeteria Special Revenue Fund (Fund 13) shall be used only for those expenditures authorized by the governing board as necessary for the operation of the LEA's food service program (*Education Code* sections 38091 and 38100).

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2010

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**Deferred Maintenance Fund.** This fund is used to account separately for state apportionments and the LEA's contributions for deferred maintenance purposes (Education Code sections 17582–17587). In addition, whenever the state funds provided pursuant to Education Code sections 17584 and 17585 (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the district (Education Code sections 17582 and 17583).

**Special Reserve Fund for Postemployment Benefits.** This fund may be used pursuant to *Education Code* Section 42840 to account for amounts the LEA has earmarked for the future cost of postemployment benefits but has not contributed irrevocably to a separate trust for the postemployment benefit plan. Amounts accumulated in this fund must be transferred back to the general fund for expenditure (*Education Code* Section 42842).

**Capital Project Funds.** Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**County School Facilities Fund.** This fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq.).

**Special Reserve Fund for Capital Outlay Projects.** This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840).

#### **Fiduciary Funds**

**Trust and Agency Funds.** Trust and Agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the LEA's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

**Student Body Fund.** The Student Body Fund is an agency fund and, therefore, consists only of accounts such as Cash and balancing liability accounts, such as Due to Student Groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (Education Code sections 48930–48938).

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2010

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### **E. Basis of Accounting – Measurement Focus**

#### **Government-Wide and Fiduciary Financial Statements**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other activities result from special revenue funds and the restrictions on their net asset use.

All governmental activities of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

#### **Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after year-end. All other revenue items are considered to be measurable and available only when the District receives cash. Revenue limits, property taxes, and grant awards are recorded the same as what is described for Government-Wide Statements. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and postemployment healthcare benefits and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

#### **Revenues – Exchange and Non-Exchange Transactions**

Revenue limits and other state apportionments are government mandated non-exchange transactions and are recognized when all eligibility requirements have been met. When the annual calculation of the revenue limit (Form K-12 Annual) is made, and the District's actual tax receipts as reported by the county auditor is subtracted, the result determines the annual state aid to which the LEA is entitled. If the difference between the calculated annual state aid and the state aid received on the second principal apportionment is positive a receivable is recorded, and if it is negative a payable is recorded. The District recognizes property tax revenues actually received as reported on CDE's Principal Apportionment Tax Software, used by county offices of education and county auditors to report school district and county taxes. The District makes no accrual for property taxes receivable as of June 30.

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2010

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The District receives grant awards that are "reimbursement type" or "expenditure driven." The eligibility requirements of these awards have not been met until the LEA has made the required expenditures of the grant within the time period specified by the grantor. Revenue is recognized in the period in which the qualifying expenditures are made. Cash received but unspent at the end of the fiscal period is booked as a liability, and revenue is reduced to the amount that has been expended.

The District also receives funds for which they have fulfilled specific eligibility requirements or have provided a particular service. Once the LEAs have provided these services, they have earned the revenue provided. Any unspent money may be carried to the next year to be expended for the same restricted purposes. Revenue is recognized in the period that the service is provided, and any carryover becomes a part of the LEA's ending fund balance.

#### **Deferred Revenue**

Deferred revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as deferred revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as deferred revenue.

#### **Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

### **F. Assets, Liabilities, and Net Assets**

#### **Deposits and Investments**

The cash balances of substantially all funds are pooled and invested by the county treasurer for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2010, based on market process. The individual funds' portions of the pool's fair value are presented as "Cash in County." Earnings on the pooled funds are apportioned and paid or credited to the funds quarterly based on the average daily balance of each participating fund.

#### **Cash and Cash Equivalents**

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Cash in County is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2010

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### **Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

### **Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The District maintains a capitalization threshold of \$20,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise fund is also capitalized. Depreciation of capital assets is computed and recorded by the straight-line method over the following estimated useful life:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and improvements	50
Site Improvements	20
Equipment	25
Vehicles	8

### **Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net assets.

### **Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the accounts payable in the fund from which the employees who have accumulated leave are paid. The non-current portion of the liability is not reported.

### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2010

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However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

#### **Fund Balance Reserves and Designations**

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for revolving cash accounts, stores inventories, and legally restricted grants and entitlements.

Designations of fund balances consist of that portion of the fund balance that has been designated (set aside) by the governing board to provide for specific purposes or uses. Fund balance designations have been established for economic uncertainties, and other specified purposes.

#### **Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The District has related debt outstanding as of June 30, 2010. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The district-wide financial statements reports \$7,071,302 of restricted net assets.

#### **Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

#### **Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2010

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### **Budgetary Data**

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have been included as revenue and expenditures as required under generally accepted accounting principles.

### **G. New Accounting Pronouncements**

In March of 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2010

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**NOTE 2 – DEPOSITS AND INVESTMENTS**

**A. Summary of Deposits and Investments**

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Deposits in financial institutions	\$ 5,000	\$ 100,700	\$ 105,700
Cash in County	20,150,748	-	20,150,748
<b>Total</b>	<u>\$ 20,155,748</u>	<u>\$ 100,700</u>	<u>\$ 20,256,448</u>

**B. Policies and Practices**

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations; the Yuba County Investment Pool.

**Investment in County Treasury** – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.



WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2010

**C. General Authorizations**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U. S. Treasury Obligations	5 years	None	None
U. S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the county pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**Specific Identification**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type:	Fair Value	Maturity
Cash in county	\$ 20,150,748	< 12 months

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2010**

**E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the county pool are not required to be rated.

**F. Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2010, the District's bank balance of \$100,700 was insured.

***NOTE 3 – ACCOUNTS RECEIVABLE***

Receivables at June 30, 2010, consisted of intergovernmental grants, entitlements, interest, and other local sources. There is also an accrual for special education, which is the District's estimate of what is owed from the other districts in the SELPA. All receivables are considered collectible in full.

	<u>General Fund</u>	<u>Charter School Fund</u>	<u>Special Reserve Other Than Capital Outlay Fund</u>	<u>Capital Facilities Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>
Federal Government						
Categorical aid	\$ 374,406	\$ -	\$ -	\$ -	\$ 45,261	\$ 419,667
State Government						
Apportionment	-	86,851	-	-	-	86,851
Categorical aid	186,273	22,145	-	18,921	16,581	243,920
Local Government						
Interest	33,226	4,002	10,124	750	22,957	71,059
California Montessori Project	234,059	-	-	-	-	234,059
Other Local Sources	106,575	5,841	-	-	-	112,416
<b>Total</b>	<u>\$ 934,539</u>	<u>\$ 118,839</u>	<u>\$ 10,124</u>	<u>\$ 19,671</u>	<u>\$ 84,799</u>	<u>\$ 1,167,972</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2010

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>July 01, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 362,000	\$ -	\$ -	\$ 362,000
Construction in progress	815,067	287,678	699,119	403,626
Total Capital Assets not Being Depreciated	<u>1,177,067</u>	<u>287,678</u>	<u>699,119</u>	<u>765,626</u>
Capital assets being depreciated				
Buildings & improvements	27,728,537	729,527	-	28,458,064
Furniture & equipment	973,315	103,061	25,596	1,050,780
Total Capital Assets Being Depreciated	<u>28,701,852</u>	<u>832,588</u>	<u>25,596</u>	<u>29,508,844</u>
Less Accumulated Depreciation				
Buildings & improvements	5,546,922	574,954	-	6,121,876
Furniture & equipment	452,255	50,036	10,238	492,053
Total Accumulated Depreciation	<u>5,999,177</u>	<u>624,990</u>	<u>10,238</u>	<u>6,613,929</u>
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<u>\$ 23,879,742</u>	<u>\$ 495,276</u>	<u>\$ 714,477</u>	<u>\$ 23,660,541</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2010

**NOTE 5 – INTERFUND TRANSACTIONS**

**A. Interfund Receivables/Payables (Due From/Due To)**

<u>Due To</u>	<u>Due From</u>		
	<u>General Fund</u>	<u>Charter School Fund</u>	<u>Total Governmental Activities</u>
General Fund	\$ -	\$ 15,315	\$ 15,315
Charter Schools Special Revenue Fund	36,909	-	36,909
Capital Facilities Fund	2,900	-	2,900
Non-Major Funds	49,987	-	49,987
	<u>\$ 89,796</u>	<u>\$ 15,315</u>	<u>\$ 105,111</u>

The Charter School Fund is due Title I funds collected by the General Fund in the amount of:	\$ 15,315
The General Fund is due payroll adjustments (OPEB, workers' comp., TSA cancel) from the Capital Facilities Fund:	2,900
The General Fund is due indirect costs, stores, and payroll adjustments (OPEB, workers' comp.) from the Child Development Fund in the amount of:	48,734
The General Fund is due payroll adjustments and stores from the Cafeteria Fund in the amount of:	1,253
The General Fund is due oversight fees from the Charter School Fund in the amount of:	36,909
<b>Total</b>	<u>\$ 105,111</u>

**B. Operating Transfers**

<u>Transfer Out</u>	<u>Transfer In</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>
General Fund	\$ -	\$ 163,409	\$ 163,409
Non-Major Funds	100,175	-	100,175
	<u>\$ 100,175</u>	<u>\$ 163,409</u>	<u>\$ 263,584</u>

The Special Reserve Fund for Postemployment Benefits transferred to the General Fund for operational support in the amount of:	\$ 100,175
The General Fund transferred to the Child Development Fund for operating support in the amount of:	38,087
The General Fund transferred to the Deferred Maintenance Fund required local match in the amount of:	65,170
The General Fund transferred to the Special Reserve Fund for Postemployment Benefits money to be set aside to fund the OPEB liability in the amount of:	60,152
<b>Total</b>	<u>\$ 263,584</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2010

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2010, consisted of the following:

	General Fund	Charter School Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Payroll	\$ 1,065	\$ -	\$ 112	\$ 528	\$ 1,705
Apportionment	51,293	-	-	-	51,293
Construction	-	-	9,485	67,671	77,156
Vendor payables	90,263	8,104	-	3,831	102,198
Superintendent contract buyout	130,279	-	-	-	130,279
Special Education excess costs	61,064	4,605	-	-	65,669
<b>Total</b>	<u>\$ 333,964</u>	<u>\$ 12,709</u>	<u>\$ 9,597</u>	<u>\$ 72,030</u>	<u>\$ 428,300</u>

**NOTE 7 – DEFERRED REVENUE**

The District periodically will receive grant money prior to making expenditures for that grant. The source of that grant money is listed below by fund. The Deferred revenue totals at June 30, 2010, consist of the following:

	General Fund	Charter School Fund	Total Governmental Activities
Federal sources	\$ 25,034	\$ 409	\$ 25,443
State sources	75,324	-	75,324
<b>Total</b>	<u>\$ 100,358</u>	<u>\$ 409</u>	<u>\$ 100,767</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2010

**NOTE 8 – LONG-TERM DEBT**

**A. Long-Term Debt Summary**

	Balance July 01, 2009	Additions	Deductions	Balance June 30, 2010	Due in One Year	Long-term Balance
<b>Governmental Activities</b>						
Compensated absences	\$ 70,523	\$ -	\$ 29,160	\$ 41,363	\$ 8,273	\$ 33,090
Net OPEB obligation	1,092,695	-	115,537	977,158	-	977,158
Supplemental early retirement incentive	-	44,000	-	44,000	44,000	-
<b>Total</b>	<b>\$ 1,163,218</b>	<b>\$ 44,000</b>	<b>\$ 144,697</b>	<b>\$ 1,062,521</b>	<b>\$ 52,273</b>	<b>\$ 1,010,248</b>

**B. Compensated Absences**

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2010, amounted to \$33,090.

**C. Other Post Employment Benefits**

The District's annual required contribution for the year ended June 30, 2010, was \$106,871 and contributions made by the District during the year were \$155,401, which resulted in a net OPEB obligation of \$977,158. See Note 11 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

**D. Supplemental Early Retirement Incentive**

The District offered two retirement incentives, one to classified and the other to certificated.

The classified options were as follows:

- 1.) \$5,000 in a cash payout combined with health benefits as provided for in Appendix D of the Collectively Bargained Agreement (CBA), or
- 2.) \$5,000 in a cash payout combined with a cash payout of the health benefit dollars as provided for in Appendix D of the Collectively Bargained Agreement (CBA), this option is for individuals that do not need health insurance but qualify for the benefit.

The certificated options were as follows:

- 1.) \$20,000 in a cash payout combined with health benefits as provided for in Article 16 of the Collectively Bargained Agreement (CBA), or

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2010**

2.) \$40,000 in a cash payout. Employees selecting this option will not receive health benefits as provided for in Article 16 of the CBA.

The last of the payouts occur in the 2010-11 year.

**NOTE 9 – FUND BALANCES**

Fund balances are composed of the following elements:

	General Fund	Charter School Fund	Special Reserve Other Than Capital Outlay Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Reserved						
Revolving cash	\$ 4,000	\$ -	\$ -	\$ -	\$ 500	\$ 4,500
Stores	95,691	-	-	-	7,041	102,732
Restricted programs	209,513	-	-	-	-	209,513
Total reserved	<u>309,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,541</u>	<u>316,745</u>
Unreserved						
Designated						
Economic uncertainties	593,712	35,697	-	-	32,548	661,957
Other designations	6,676,427	312,364	2,500,791	4,495,988	5,230,228	19,215,798
Total designated	<u>7,270,139</u>	<u>348,061</u>	<u>2,500,791</u>	<u>4,495,988</u>	<u>5,262,776</u>	<u>19,877,755</u>
Undesignated	<u>-</u>	<u>556,851</u>	<u>-</u>	<u>-</u>	<u>146,034</u>	<u>702,885</u>
<b>Total</b>	<u><u>\$ 7,579,343</u></u>	<u><u>\$ 904,912</u></u>	<u><u>\$ 2,500,791</u></u>	<u><u>\$ 4,495,988</u></u>	<u><u>\$ 5,416,351</u></u>	<u><u>\$ 20,897,385</u></u>

**NOTE 10 – EXPENDITURES (BUDGET VERSUS ACTUAL)**

At June 30, 2010, the following District major fund exceeded the budgeted amount in total as follows:

Funds	Expenditures and Other Uses		
	Budget	Actual	Excess
Cafeteria Fund	<u>\$ 582,376</u>	<u>\$ 650,958</u>	<u>\$ 68,582</u>
Deferred Maintenance Fund	<u>\$ 50,000</u>	<u>\$ 188,443</u>	<u>\$ 138,443</u>
Capital Facilities Fund	<u>\$ 331,442</u>	<u>\$ 345,552</u>	<u>\$ 14,110</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2010

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***NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN AND OTHER POST EMPLOYMENT BENEFITS (OPEB) OBLIGATION***

**A. Plan Description**

The Postemployment Benefit Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the Lancaster School District. The Plan offers the following benefits by bargaining unit:

	<b><u>Certificated</u></b>	<b><u>Classified</u></b>	<b><u>WESS</u></b>
Benefit types provided	Medical,only	Medical,only	Medical,only
Duration of Benefits	Five years, but not beyond age 65	Five years, but not beyond Medicare age	Five years, but not beyond Medicare age
Required Service	15 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%
District Cap	\$400 per month	\$600 per month	\$833.33 per month

**B. Funding Policy**

The contribution requirements of Plan members and the District are established and may be amended by the District and District’s bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2010, the District contributed \$155,401 to the Plan, all of which was used for current premiums.



WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2010

**C. Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual OPEB cost (expense)	\$ 106,871
Contributions made	(155,401)
Actuarial adjustment	<u>(67,007)</u>
Increase in net OPEB obligation	(115,537)
Net OPEB obligation, beginning of the year	<u>1,092,695</u>
Net OPEB obligation, end of the year	<u><u>\$ 977,158</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 is as follows:

<b>Year ended June 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>	<b>Net OPEB Obligation</b>
2008	106,913	67%	\$ 1,055,724
2009	106,913	65%	1,092,695
2010	106,871	145%	977,158

**D. Funded Status and Funding Progress**

As of May 10, 2010, the most recent actuarial valuation date, the plan was not funded. This results in an unfunded actuarial accrued liability (UAAL) of \$977,158. The covered payroll (annual payroll of active employees covered by the plan) was \$8,279,689, and the ratio of UAAL to the covered payroll was twelve percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2010

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to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### **E. Actuarial Methods and Assumptions**

Projections and benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the May 10, 2010, actuarial valuation, the “entry age normal” actuarial cost method was used. The actuarial assumptions included an inflation rate of 3 percent per year; a 5 percent investment return on plan assets. For medical costs a 4 percent trend rate was used based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Finally, payroll is assumed to increase 3 percent per year. A level percentage of payroll method was used to allocate amortization cost by year. We used a 30 year amortization period. Because there has not been a previous valuation to comply with GASB 43 and/or 45, it was not necessary at this time for the District to make an election with respect to whether to use an “open” or “closed” amortization period; or whether to use different amortization periods for different sources of the UAAL.

#### ***NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS***

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

#### **A. CalSTRS**

##### **Plan Description**

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2010

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#### **Funding Policy**

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2010 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2010, 2009, and 2008, were \$422,551, \$501,461, and \$493,738, respectively, and equal 100 percent of the required contributions for each year.

#### **B. CalPERS**

##### **Plan Description**

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

##### **Funding Policy**

Active plan members are required to contribute 7.0 percent of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2010 was 9.428 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2010, 2009, and 2008, were \$224,211, \$254,854, and \$244,661, respectively, and equal 100 percent of the required contributions for each year.

#### **C. Social Security**

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2010

**NOTE 13 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

**B. Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2010.

**C. Construction Commitments**

As of June 30, 2010, the District had the following commitments with respect to the unfinished capital projects:

	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
<b>Capital Projects</b>		
Lone Tree Site Improvement, Paving, Electrical, ADA Compliance	\$ 2,034,000	December 2010
Lone Tree & Bear River, Apparatus Yards	690,000	December 2010
Bear River, Re-locatable Classrooms	<u>350,000</u>	December 2010
	<u>\$ 3,074,000</u>	

**D. Operating Lease**

In March 2010 the District entered into an agreement to lease a copier. The payments and terms are such that it is accounted for as an operating lease. The payments are as follows:

<u>Year ended June 30,</u>	<u>Lease Payment</u>
2011	\$ 27,504
2012	27,504
2013	27,504
2014	27,504
2015	<u>20,628</u>
	<u>\$ 130,644</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2010

**NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The District is a member of four joint powers authorities (JPAs); these entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these financial statements. Audited financial statements are available from the respective entities.

<b>A. <u>Entity</u></b>	<b>NVSIG</b>	<b>TCSIG</b>	<b>CVT</b>	<b>SPURR</b>
<b>B. <u>Purpose</u></b>	Workers' compensation insurance	Property and liability	Health, dental, vision, and life insurance	Rate stabilization for natural gas
<b>C. <u>Participants</u></b>	65 school districts and county offices of education in Butte, Colusa, Shasta, Sutter, Tehema, Yolo, and Yuba counties	Public agencies in the state of California	Various school districts	California public K - 12 districts, community colleges, and county offices of education
<b>D. <u>Governing Board</u></b>	Representitives from member counties and various districts	Representitive from member agency	Representitive from member school districts	Representitives from member counties and various districts
<b>E. <u>Condensed Audited Financial Information</u></b>	<u>June 30, 2009</u>	<u>June 30, 2009</u>	<u>June 30, 2009</u>	<u>June 30, 2009</u>
Assets	\$ 4,173,837	\$ 30,299,333	\$106,843,694	\$ 18,870,053
Liabilities	<u>(2,946,514)</u>	<u>(9,462,303)</u>	<u>(12,846,185)</u>	<u>(12,884,337)</u>
Fund Equity	<u>\$ 1,227,323</u>	<u>\$ 20,837,030</u>	<u>\$ 93,997,509</u>	<u>\$ 5,985,716</u>
Revenues	\$ 11,577,837	\$ 52,951,112	\$491,041,291	\$ 49,708,518
Expenses	<u>(11,431,511)</u>	<u>(51,651,853)</u>	<u>(515,481,628)</u>	<u>(48,435,785)</u>
Net Increase in Fund Equity	<u>\$ 146,326</u>	<u>\$ 1,299,259</u>	<u>\$ (24,440,337)</u>	<u>\$ 1,272,733</u>

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***REQUIRED SUPPLEMENTARY INFORMATION***

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
<b>REVENUES</b>				
Revenue limit sources				
State aid	\$ 5,229,286	\$ 4,889,766	\$ 4,391,025	\$ (498,741)
Local sources	640,624	640,624	574,746	(65,878)
Federal sources	2,332,476	3,299,480	6,508,700	3,209,220
Other State sources	1,595,774	2,099,012	3,128,667	1,029,655
Other local sources	1,033,143	981,523	1,265,324	283,801
<b>Total Revenues</b>	<b>10,831,303</b>	<b>11,910,405</b>	<b>15,868,462</b>	<b>3,958,057</b>
<b>EXPENDITURES</b>				
Certificated salaries	4,204,647	4,460,954	4,791,638	(330,684)
Classified salaries	2,030,666	2,077,779	2,182,153	(104,374)
Employee benefits	1,941,681	1,990,120	1,979,353	10,767
Books and supplies	795,512	1,147,753	1,016,659	131,094
Services and other operating expenditures	1,502,646	1,731,087	1,440,358	290,729
Capital outlay	-	82,138	82,138	-
Other outgo				
Excluding transfers of indirect costs	300,950	300,950	254,601	46,349
Transfers of indirect costs	(31,279)	(38,204)	(36,062)	(2,142)
<b>Total Expenditures</b>	<b>10,744,823</b>	<b>11,752,577</b>	<b>11,710,838</b>	<b>41,739</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>86,480</b>	<b>157,828</b>	<b>4,157,624</b>	<b>3,999,796</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	104,315	140,816	100,175	(40,641)
Transfers Out	(150,452)	(162,757)	(163,409)	(652)
<b>Net Financing Sources (Uses)</b>	<b>(46,137)</b>	<b>(21,941)</b>	<b>(63,234)</b>	<b>(41,293)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>40,343</b>	<b>135,887</b>	<b>4,094,390</b>	<b>3,958,503</b>
<b>Fund Balance - Beginning</b>	<b>3,484,953</b>	<b>3,484,953</b>	<b>3,484,953</b>	
<b>Fund Balance - Ending</b>	<b>\$ 3,525,296</b>	<b>\$ 3,620,840</b>	<b>\$ 7,579,343</b>	<b>\$ 3,958,503</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

CHARTER SCHOOL SPECIAL REVENUE FUND – BUDGETARY COMPARISON  
 SCHEDULE  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual	Variances - Positive (Negative) Final to Actual
	Original	Final		
<b>REVENUES</b>				
Revenue limit sources				
State aid	\$ 471,201	\$ 404,436	\$ 452,988	\$ 48,552
Local sources	69,949	69,949	49,840	(20,109)
Federal sources	-	34,143	49,049	14,906
Other State sources	139,704	134,579	153,084	18,505
Other local sources	30,000	30,000	16,908	(13,092)
<b>Total Revenues</b>	<u>710,854</u>	<u>673,107</u>	<u>721,869</u>	<u>48,762</u>
<b>EXPENDITURES</b>				
Certificated salaries	292,806	305,091	299,348	5,743
Classified salaries	102,122	101,318	94,681	6,637
Employee benefits	156,818	149,731	137,398	12,333
Books and supplies	118,922	133,185	55,738	77,447
Services and other operating expenditures	217,088	173,971	122,161	51,810
Other outgo				
Excluding transfers of indirect costs	25,000	25,000	4,605	20,395
<b>Total Expenditures</b>	<u>912,756</u>	<u>888,296</u>	<u>713,931</u>	<u>174,365</u>
<b>NET CHANGE IN FUND BALANCE</b>	(201,902)	(215,189)	7,938	223,127
<b>Fund Balance - Beginning</b>	<u>896,974</u>	<u>896,974</u>	<u>896,974</u>	
<b>Fund Balance - Ending</b>	<u>\$ 695,072</u>	<u>\$ 681,785</u>	<u>\$ 904,912</u>	<u>\$ 223,127</u>

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*SUPPLEMENTARY INFORMATION*

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**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2010**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster</b>	<b>CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education (CDE):			
No Child Left Behind (NCLB):			
Title I, Part A, Basic Grants Low-Income and Neglected [1]	84.010	14329	\$ 246,278
ARRA Title I, Part A, Basic Grants Low Income and Neglected [1]	84.389	15005	113,168
Title II, Part A, Teacher Quality	84.367	14341	72,950
Title II, Part A, Principal Training	84.367	14344	1,050
Title II, Part D, Enhancing Education Through Technology	84.318	14334	3,451
Title III, Limited English Proficient (LEP) Student Program	84.365	10084	8,286
Title IV, Part A, Safe & Drug Free Schools and Communities	84.186	14347	3,944
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14350	34,961
Special Education:			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	87,150
ARRA IDEA Part B, Sec 611, Basic Local Assistance	84.391	15003	151,751
ARRA: State Fiscal Stabilization Fund [1]	84.394	25008	515,768
Federal Impact Aid (ESEA, TITLE VIII) [1]	84.041	10015	5,011,291
We Care Mental Health Grant	84.215M	*	3,596
Mentoring Program Grant	84.184B	*	209,369
<b>Total U. S. Department of Education</b>			<b>6,463,013</b>

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL, continued  
FOR THE YEAR ENDED JUNE 30, 2010**

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U. S. DEPARTMENT OF AGRICULTURE:

Passed through CDE:

Child Nutrition: School Programs (e.g., School Lunch) [1]	10.555	**	310,474
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U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:

Passed through CDE:

Child Development: Quality Improvement Activities	93.575	13979	1,398
Unrestricted: Medi-Cal Administrative Activities (MAA)	93778	10060	21,423

<b>Total U. S. Department of Health &amp; Human Services</b>			<b>22,821</b>
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Corporation for National and Community Service:

Passed through CDE:

CalServe: Learn & Serve America (LSA) - Initiative Partnership and Reg	94.004	14939	3,551
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U. S. DEPARTMENT OF DEFENSE

Department of Defense Impact Aid [1]	12.556,	*	
	12.557, &		
	12.558		539,612

<b>Total Federal Expenditures</b>			<b>\$ 7,339,471</b>
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[1] - Major Program

\* - Direct funded through federal government

\*\* PCS Number Not Available

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2010**

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**School District:**

	<b>Second Period Report</b>	<b>Annual Report</b>
	<hr/>	<hr/>
ELEMENTARY		
Kindergarten	129	29
First through third	383	384
Fourth through sixth	323	321
Seventh through eighth	221	221
Special day class	19	19
Special ed - Nonpublic, Nonsectarian Schools [E.C. 56366(a)(7)]	1	1
	<hr/>	<hr/>
Total Elementary	<u>1,076</u>	<u>975</u>

**Wheatland Charter Academy:**

	<b>Second Period Report</b>	<b>Annual Report</b>
	<hr/>	<hr/>
ELEMENTARY		
Total kindergarten	18	18
Total first through third	58	59
Total fourth through sixth	20	21
Total seventh through eighth	4	4
	<hr/>	<hr/>
Total Elementary	<u>100</u>	<u>102</u>
Classroom-based kindergarten	18	18
Classroom-based first through third	56	56
Classroom-based fourth through sixth	19	19
Classroom-based seventh through eighth	-	-
	<hr/>	<hr/>
Total Classroom-Based Elementary	<u>93</u>	<u>93</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grade Level</u>	<u>1982 - 83 Actual Minutes</u>	<u>1982 - 83 Actual Minutes Reduced</u>	<u>1986 - 87 Minutes Requirement</u>	<u>1986 - 87 Minutes Requirement Reduced</u>	<u>2009 - 10 Actual Minutes</u>	<u>Number of Days</u>	<u>Status</u>
<b><u>District:</u></b>							
Kindergarten	31,938	31,051	36,000	35,000	54,660	180	Complied
Grade 1	45,063	43,811	50,400	49,000	51,480	180	Complied
Grade 2	45,063	43,811	50,400	49,000	51,480	180	Complied
Grade 3	45,063	43,811	50,400	49,000	51,480	180	Complied
Grade 4	52,500	51,042	54,000	52,500	55,080	180	Complied
Grade 5	52,500	51,042	54,000	52,500	55,080	180	Complied
Grade 6	52,500	51,042	54,000	52,500	62,364	180	Complied
Grade 7	52,500	51,042	54,000	52,500	62,364	180	Complied
Grade 8	54,000	52,500	54,000	52,500	62,364	180	Complied
<b><u>Charter School:</u></b>							
Kindergarten	*	*	36,000	35,000	61,380	180	Complied
Grade 1	*	*	50,400	49,000	51,480	180	Complied
Grade 2	*	*	50,400	49,000	51,480	180	Complied
Grade 3	*	*	50,400	49,000	51,480	180	Complied
Grade 4	*	*	54,000	52,500	55,080	180	Complied
Grade 5	*	*	54,000	52,500	55,080	180	Complied

\* - Did not exist in 1982/83



**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011 (Budget)</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
GENERAL FUND:				
Revenues	\$ 10,127,347	\$ 15,868,462	\$ 14,126,579	\$ 14,402,153
Transfers in	158,712	100,175	70,494	-
Total	<u>10,286,059</u>	<u>15,968,637</u>	<u>14,197,073</u>	<u>14,402,153</u>
Expenditures	11,316,934	11,710,838	13,420,840	14,851,499
Other uses and transfers out	223,483	163,409	525,815	596,226
Total	<u>11,540,417</u>	<u>11,874,247</u>	<u>13,946,655</u>	<u>15,447,725</u>
INCREASE/(DECREASE) IN FUND BALANCE	<u>\$ (1,254,358)</u>	<u>\$ 4,094,390</u>	<u>\$ 250,418</u>	<u>\$ (1,045,572)</u>
ENDING FUND BALANCE	<u>\$ 6,324,985</u>	<u>\$ 7,579,343</u>	<u>\$ 3,484,953</u>	<u>\$ 3,234,535</u>
AVAILABLE RESERVES <sup>1</sup>	<u>\$ 577,021</u>	<u>\$ 593,712</u>	<u>\$ 696,674</u>	<u>\$ 772,386</u>
AVAILABLE RESERVES AS A PERCENTAGE OF OUTGO	<u>5.0%</u>	<u>5.0%</u>	<u>5.0%</u>	<u>5.0%</u>
LONG-TERM DEBT AVERAGE DAILY ATTENDANCE AT P-2	<u>1,075</u>	<u>1,076</u>	<u>1,175</u>	<u>1,235</u>

The General Fund balance has increased by \$4,344,808 over the past two years. The fiscal year 2010-2011 budget projects a decrease of \$1,254,358 (31 percent). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in one of the past three years, and anticipates incurring an operating deficit during the 2010-2011 fiscal year. Total long-term obligations have decreased by \$52,738 over the past two years.

Average daily attendance has decreased by 159 ADA over the past two years. A further decrease of 1 ADA is anticipated during fiscal year 2010-2011.

<sup>1</sup> Available reserves consist of all funds designated for economic uncertainties within the General Fund

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010

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	<u>General Fund</u>
<b>FUND BALANCE</b>	
Balance June 30, 2010, Unaudited Actuals	\$ 7,888,661
Increase in:	
Accrued liabilities	(51,293)
Decrease in:	
Accounts receivable	<u>(258,025)</u>
 Audited financial statement	 <u><u>\$ 7,579,343</u></u>

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2010**

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<u>Charter School</u>	<u>Status</u>	<u>Included in Audit Report</u>
Wheatland Charter Academy	Active	Yes

WHEATLAND ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
 JUNE 30, 2010

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 109,893	\$ 92,244	\$ 1,903,833
Accounts receivable	15,743	47,250	7,878
Stores inventory	-	7,041	-
<b>Total Assets</b>	<u>\$ 125,636</u>	<u>\$ 146,535</u>	<u>\$ 1,911,711</u>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 1,274	\$ 3,085	\$ 54,420
Due to other funds	48,734	1,253	-
<b>Total Liabilities</b>	<u>50,008</u>	<u>4,338</u>	<u>54,420</u>
<b>FUND BALANCES</b>			
Reserved	500	7,041	-
Designated			
Special revenue funds	-	64,250	1,857,291
Capital projects funds			
Undesignated, reported in:			
Special revenue funds	75,128	70,906	-
<b>Total Fund Balances</b>	<u>75,628</u>	<u>142,197</u>	<u>1,857,291</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 125,636</u>	<u>\$ 146,535</u>	<u>\$ 1,911,711</u>

See accompanying note to supplementary information

<b>Special Reserve for Post-Employment Benefits Fund</b>	<b>County School Facilities Fund</b>	<b>Special Reserve for Capital Outlay Fund</b>	<b>Non-Major Governmental Funds</b>
\$ 1,525,087	\$ 1,342,059	\$ 473,412	\$ 5,446,528
6,362	5,620	1,946	84,799
-	-	-	7,041
<u>\$ 1,531,449</u>	<u>\$ 1,347,679</u>	<u>\$ 475,358</u>	<u>\$ 5,538,368</u>
\$ -	\$ 13,251	\$ -	\$ 72,030
-	-	-	49,987
-	13,251	-	122,017
-	-	-	7,541
1,531,449	-	-	3,452,990
-	<u>1,334,428</u>	<u>475,358</u>	1,809,786
-	-	-	<u>146,034</u>
<u>1,531,449</u>	<u>1,334,428</u>	<u>475,358</u>	<u>5,416,351</u>
<u>\$ 1,531,449</u>	<u>\$ 1,347,679</u>	<u>\$ 475,358</u>	<u>\$ 5,538,368</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
<b>REVENUES</b>			
Federal sources	\$ 8,065	\$ 310,473	\$ -
Other State sources	794,262	25,376	238,945
Other local sources	109,929	190,399	30,611
<b>Total Revenues</b>	<u>912,256</u>	<u>526,248</u>	<u>269,556</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	677,327	-	-
Instruction-related services:			
Instructional supervision and administrator	98,917	-	-
Pupil services:			
Food services	-	646,261	-
General administration:			
All other general administration	36,062	-	-
Plant services	54,996	4,697	1,413
Facilities acquisition and maintenance	17,129	-	187,030
<b>Total Expenditures</b>	<u>884,431</u>	<u>650,958</u>	<u>188,443</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>27,825</u>	<u>(124,710)</u>	<u>81,113</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In	38,087	-	65,170
Transfers Out	-	-	-
<b>Net Financing Sources (Uses)</b>	<u>38,087</u>	<u>-</u>	<u>65,170</u>
<b>NET CHANGE IN FUND BALANCE</b>	65,912	(124,710)	146,283
<b>Net Assets - Beginning</b>	<u>9,716</u>	<u>266,907</u>	<u>1,711,008</u>
<b>Net Assets - Ending</b>	<u>\$ 75,628</u>	<u>\$ 142,197</u>	<u>\$ 1,857,291</u>

See accompanying note to supplementary information

<b>Special Reserve for Post-Employment Benefits Fund</b>	<b>County School Facilities Fund</b>	<b>Special Reserve for Capital Outlay Fund</b>	<b>Non-Major Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 318,538
-	-	-	1,058,583
<u>24,936</u>	<u>23,430</u>	<u>8,210</u>	<u>387,515</u>
<u>24,936</u>	<u>23,430</u>	<u>8,210</u>	<u>1,764,636</u>
-	-	-	677,327
-	-	-	98,917
-	-	-	646,261
-	-	-	36,062
-	-	22,923	84,029
<u>-</u>	<u>67,290</u>	<u>-</u>	<u>271,449</u>
<u>-</u>	<u>67,290</u>	<u>22,923</u>	<u>1,814,045</u>
<u>24,936</u>	<u>(43,860)</u>	<u>(14,713)</u>	<u>(49,409)</u>
60,152	-	-	163,409
<u>(100,175)</u>	<u>-</u>	<u>-</u>	<u>(100,175)</u>
<u>(40,023)</u>	<u>-</u>	<u>-</u>	<u>63,234</u>
(15,087)	(43,860)	(14,713)	13,825
<u>1,546,536</u>	<u>1,378,288</u>	<u>490,071</u>	<u>5,402,526</u>
<u>\$ 1,531,449</u>	<u>\$ 1,334,428</u>	<u>\$ 475,358</u>	<u>\$ 5,416,351</u>

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2010

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### ***NOTE 1 – PURPOSE OF SCHEDULES***

#### **A. Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

#### **B. Schedule of Average Daily Attendance (ADA)**

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

#### **C. Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Commencing with the 2009-10 school year and continuing through the 2010-13 school year, the District may reduce the equivalent of up to five days of instruction for the equivalent number of instructional minutes without incurring the penalties set forth in Sections 41420, 46200, 46200.5, 46201, 46201.5, 46202, and 47612.5. The District shall receive revenue limit funding based on the adjustments prescribed pursuant to Section 42238.146 whether or not it reduces the number of schooldays or instructional time.

#### **D. Schedule of Financial Trends and Analysis**

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

#### **E. Schedule of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

#### **F. Schedule of Charter Schools**

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the District audit.

#### **G. Combining Statements – Non-Major Governmental Funds**

These statements provide information on the District's non-major funds.

#### **H. Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration. (Located in the front of the audit report)



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*INDEPENDENT AUDITORS' REPORTS*

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

We have audited the financial statements of Wheatland Elementary School District as of and for the year ended June 30, 2010, and have issued our report thereon dated November 10, 2010. 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.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Wheatland Elementary School 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 misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying *Schedule of Findings and Questioned Costs* as items 2010-01, 2010-02, and 2010-03 that we consider to be significant deficiencies in internal control over financial reporting. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

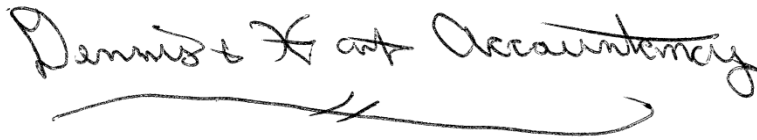
TEL. 909-720-0660  
12223 HIGHLAND AVE., # 106-625  
RANCHO CUCAMONGA, CA 91739  
WWW.DHACPA.COM

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wheatland Elementary School District's financial statements are free of material misstatement, we performed tests of its 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*.

Wheatland Elementary School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Wheatland Elementary School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the District's board, California State Controller's Office, California Department of Finance, California Department of Education, Federal Awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dennis H. K. Accountancy". The signature is written in a cursive style and is underlined with a long, sweeping horizontal line that ends in a small hook.

November 10, 2010



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

**Compliance**

We have audited Wheatland Elementary School District's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Wheatland Elementary School District's major federal programs for the year ended June 30, 2010. Wheatland Elementary School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Wheatland Elementary School District's management. Our responsibility is to express an opinion on Wheatland Elementary School 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 financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133. 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 Wheatland Elementary School 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 of Wheatland Elementary School District's compliance with those requirements.

In our opinion, Wheatland Elementary School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

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12223 HIGHLAND AVE., # 106-625  
RANCHO CUCAMONGA, CA 91739  
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**Internal Control Over Compliance**

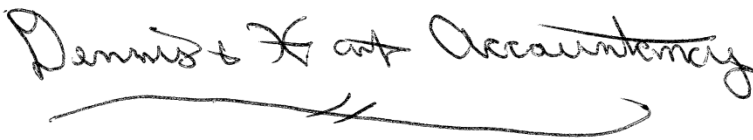
Management of Wheatland Elementary School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Wheatland Elementary School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, 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 Wheatland Elementary School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

Wheatland Elementary School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Wheatland Elementary School District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the District's board, California State Controller's Office, California Department of Finance, California Department of Education, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



November 10, 2010



**INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE**

Board of Trustees  
 Wheatland Elementary School District  
 Wheatland, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wheatland Elementary School District as of and for the year ended June 30, 2010, and have issued our report thereon dated November 10, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K – 12 Local Educational Agencies 2009-10*, issued by the California Education Audit Appeals Panel as regulations. 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 opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of Wheatland Elementary School District’s management. In connection with the audit referred to above, we selected and rested transactions and records to determine the Wheatland Elementary School District’s compliance with the State laws and regulations applicable to the following items:

<u>PROGRAM NAME</u>	<u>PROCEDURES IN AUDIT GUIDE</u>	<u>PROCEDURES PERFORMED</u>
Attendance Accounting:		
Attendance Reporting	8	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Not Applicable
Continuation Education	10	Not Applicable
Instructional Time for:		
School Districts	6	Yes
County offices of education	3	Not Applicable
Instructional Materials, general requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes

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<b>PROGRAM NAME</b>	<b>PROCEDURES IN AUDIT GUIDE</b>	<b>PROCEDURES PERFORMED</b>
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement - Receipt of Funds	1	Yes
Class Size Reduction (including in charter schools):		
General requirements	7	Yes
Option One	3	Yes
Option Two	4	Not Applicable
Districts or charter schools with only one school serving K - 3	4	Not Applicable
After School Education and Safety Program:		
General requirements	4	Yes
After school	4	Yes
Before school	5	Not Applicable
Contemporaneous Records of Attendance; for charter schools	1	Yes
Mode of Instruction; for charter schools	1	Yes
Nonclassroom-Based Instruction/Independent Study; for charter schools	15	Not Applicable <sup>1</sup>
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	3	Not Applicable <sup>2</sup>
Annual Instructional Minutes – Classroom Based; for charter schools	3	Yes

<sup>1</sup> We did not perform testing for Non classroom-Based Instruction because ADA was below the required threshold for testing.

<sup>2</sup> We did not perform testing for Determination of Funding for Nonclassroom Based Instruction because ADA for Nonclassroom-Based Instruction was less than 20% of total charter ADA.

Based on our audit, we found that for the items tested, the Wheatland Elementary School District complied with the State laws and regulations referred to above. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Wheatland Elementary School District had not complied with the laws and regulations. Our audit does not provide a legal determination on Wheatland Elementary School District's compliance with the State laws and regulations referred to above.



This report is intended solely for the information and use of the governing board, management, the California Department of Education, the State Controller's Office, the California Department of Finance, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Dennis & Hart Accountancy*

November 10, 2010

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*SCHEDULE OF FINDINGS AND QUESTIONED  
COSTS*

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**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditor's report issued:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>84.010 &amp; 84.389</u>	<u>Title I, Part A Cluster</u>
<u>84.394</u>	<u>ARRA, State Fiscal Stabilization</u>
<u>84.041 &amp; 12.556 - 12.558</u>	<u>Federal Impact Aid</u>
<u>10.555</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2010

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Five Digit Code

20000

30000

60000

AB 3627 Finding Type

Inventory of Equipment

Internal Control

Miscellaneous

**2010-01 30000**

*DISTRICT BANK ACCOUNTS*

**Condition**

Most school districts maintain the following bank accounts:

- Revolving bank account
- Clearing bank account
- Cafeteria bank account
- ASB bank accounts, one for each site/ASB

Currently the District maintains the following bank accounts:

- Revolving bank account
- Afterschool revolving bank account
- Family resource revolving bank account
- Preschool revolving account
- Cafeteria bank account
- ASB bank accounts, one for each ASB

The activity running through the revolving accounts appear to be both clearing and fundraising activities as opposed to reimbursements for emergency purchases, as is the proper function of a revolving bank account.

During our audit testing of the bank accounts, it was noted the accounts were not consistently reconciled to the imprest amount, and when the account was reduced to the proper imprest balance, the fact that the bank balance was significantly higher than the imprest amount suggests there was more activity running through the revolving accounts than reimbursements for emergency purchases.

The concern with this is that, among other things, there is a possibility revenue may not be recognized properly, though it does not appear to be material to the financial statements taken as a whole.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**FINANCIAL STATEMENT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2010**

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**Effect**

The more activity that runs through the a revolving account, the more muddled the activity becomes, therefore it makes the accounting for those funds that much more difficult and for the revenue to be recognized properly.

As far as the reconciliations are concerned, if revolving accounts are not reconciled consistently, then there is no way to determine the amount to replenish the account. In addition the account can be abused to run more purchases through the revolving account, by passing the purchasing department and creating an internal control weakness in the District's purchasing cycle.

When the revolving accounts function like a clearing account, the problem, with the lack of a reconciliation, is compounded by not knowing how much should be cleared out to the county treasury at the end of the month.

**Cause**

Unknown

**Criteria**

Through prior experience, California School Accounting Manual page 330-47, and Education Code § 41017, 42800-42806, 42810, 42820, and 42821.

**Recommendation**

The District should close all superfluous accounts and maintain one revolving account and one clearing account for a total of two bank accounts.

**District Response**

The District did close one cafeteria bank account during 2009-10 and has plans to close additional accounts during 2010-11. More planning needs to be done, as with the reduction of District Office staff, the District has concerns as to whether the remaining staff will have sufficient time to do the monthly reconciling and separation of monies once all accounts have been collapsed into two bank accounts.

**2010-02 30000**

*FUNDRAISING ACTIVITIES*

**Condition**

It appeared, during testing of internal controls, there was fund raising activities in the Family Resource account, but this account is listed as a revolving account. Also there was a lack receipting procedures or revenue potentials for the fundraising activities.

These activities appear to be more appropriate for an ASB account as opposed to a District operation.

**Effect**

There is the potential to misclassify revenue or cash based on unknown cash sources evidenced by

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2010

---

the comingling of funds as part of a revolving account and a clearing account.

**Cause**

Unknown

**Criteria**

*The Associated Student Body Accounting Manual and Desk Reference* as published by Fiscal Crisis & Management Assistance Team (FCMAT).

**Recommendation**

District should probably not be taking part in fundraising activities outside of an ASB account.

However, if the District is to continue fundraising activities, proper internal controls need to be in place. Those include receipting procedures as well as use of a revenue potential. The revenue potential is a document which has a section for what the entity anticipates making on a given fundraiser based on the number of items to be sold, their selling price, and the entities purchase price of those item. Then there is a section for the actual activity that took place, which has a place for the deposit amounts, when the deposit took place, and finally the number of items left over or unsold. This provides a clear picture as to the “profitability” of the fundraising activity and whether or not an of the funds collected went missing.

**District Response**

The District has worked with the grant department to eliminate the fundraising activities outside of an ASB account. The grant department is now confining its grant associated fundraising to ASB or Foundation whichever is appropriate for the event. In addition, the District is planning to close the Family Resource Center bank account this year.

2010-03 30000

REIMBURSEMENT APPROVAL

**Condition**

Through testing and inquiry, it was noted some reimbursement requisitions were approved by the same person requesting the reimbursement.

**Effect**

While the amounts noted were relatively immaterial, this could allow the opportunity for an individual to reimbursed for something either no one approved or reimbursement for something that is in violation of board policy.

**Cause**

Unknown

**Criteria**

Internal controls as defined in the glossary of the *2008 California School Accounting Manual (CSAM)*.



WHEATLAND ELEMENTARY SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2010

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**Recommendation**

All purchases should have more than one approval on them so the requisitioner is not the same as the person approving the purchase/reimbursement.

**District Response**

The District agrees with the auditor's recommendations and will schedule additional training for all supervisors on the appropriate approval process.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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Five Digit Code  
50000

AB 3627 Finding Type  
Federal Compliance

There were no federal findings this year.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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Five Digit Code

10000

40000

61000

70000

71000

72000

AB 3627 Finding Type

Attendance

State Compliance

Classroom Teacher Salaries

Instructional Materials

Teacher Misassignments

School Accountability Report Card

There were no state findings this year.

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2010

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2009-01 30000

### *DISTRICT BANK ACCOUNTS*

#### **Condition**

Currently the District maintains six bank accounts in addition to the five ASB bank accounts. During our interim audit work, it was noted the District's various revolving/clearing accounts were not consistently reconciled to the statement or back to the imprest amount. However, the amounts were cleared out at year end to match the ending balances to the general ledger.

Also there is additional activity in these accounts where they function like a clearing account.

#### **Effect**

If revolving accounts are not reconciled consistently, then there is no way to determine the amount to replenish the account. In addition the account can be abused to run more purchases through the revolving account, by passing the purchasing department and creating a further internal control weakness in the District's purchasing cycle.

When the revolving accounts function like a clearing account, the problem, with the lack of a reconciliation, is compounded by not knowing how much should be cleared out to the county treasury at the end of the month.

#### **Cause**

Unknown

#### **Criteria**

Through prior experience, California School Accounting Manual page 330-47, and Education Code § 41017, 42800-42806, 42810, 42820, and 42821.

#### **Recommendation**

Normally a District will maintain three bank accounts in addition to the ASB bank accounts. The three typical bank accounts at a school district are a revolving fund, a clearing account, and possibly, a cafeteria bank account (if the cafeteria fund is running cafeteria accounts payable through a bank as opposed to cash in county), and for a District this size we recommend no more than two different bank accounts

The revolving account's function, like a petty cash fund, is solely for emergency check issuances whether for a purchase or payroll. At the end of the month there is a bank reconciliation which compares the bank statement to the register balance. Then there is fund reconciliation which compares the check register balance to the imprest amount.

The clearing account is where all money collected for the District is to be deposited, regardless of its source, such as child development fees, cafeteria collections, developer fees, etc. Then once a month the account is "cleared" by writing a check to the county treasury and allocated to the proper revenue accounts and funds with a transmittal. The balance at month end should be zero.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2010

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Status

Partially Implemented

2009-02 30000

*FUNDRAISING ACTIVITIES*

Condition

It appeared, during testing of internal controls, there was fund raising activities in the Family Resource account, but this account is listed as a revolving account. Also there was a lack receipting procedures or revenue potentials for the fundraising activities.

These activities appear to be more appropriate for an ASB account as opposed to a District operation.

Effect

There is the potential to misclassify revenue or cash based on unknown cash sources evidenced by the comingling of funds as part of a revolving account and a clearing account.

Cause

Unknown

Criteria

*The Associated Student Body Accounting Manual and Desk Reference* as published by Fiscal Crisis & Management Assistance Team (FCMAT).

Recommendation

District should probably not be taking part in fundraising activities outside of an ASB account.

However, if the District is to continue fundraising activities, proper internal controls need to be in place. Those include receipting procedures as well as use of a revenue potential. The revenue potential is a document which has a section for what the entity anticipates making on a given fundraiser based on the number of items to be sold, their selling price, and the entities purchase price of those item. Then there is a section for the actual activity that took place, which has a place for the deposit amounts, when the deposit took place, and finally the number of items left over or unsold. This provides a clear picture as to the “profitability” of the fundraising activity and whether or not an of the funds collected went missing.

Status

Not Implemented