

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**AUDIT REPORT**

**JUNE 30, 2009**





**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**Of YUBA COUNTY**

**WHEATLAND, CALIFORNIA**

**JUNE 30, 2009**

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**GOVERNING BOARD**

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

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**ADMINISTRATION**

Paul Carras	Interim Superintendent
Tamara Johnson	Business Manager

**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, 2009, 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 the *Standards and Procedures for Audits of California K - 12 Local Education Agencies 2008-09*, issued by the 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 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, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 45 for the year ended June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2009 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The required supplementary information, such as management's discussion and analysis on page 3 through 10 and budgetary data on pages 45 and 46 are not a required part of the basic financial statements, but are supplementary information required by the 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.

A handwritten signature in cursive script that reads 'Dennis &amp; Hart Accountancy'. The signature is written in black ink and is positioned above a horizontal line.

November 25, 2009

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





## MANAGEMENT'S DISCUSSION AND ANALYSIS

### INTRODUCTION

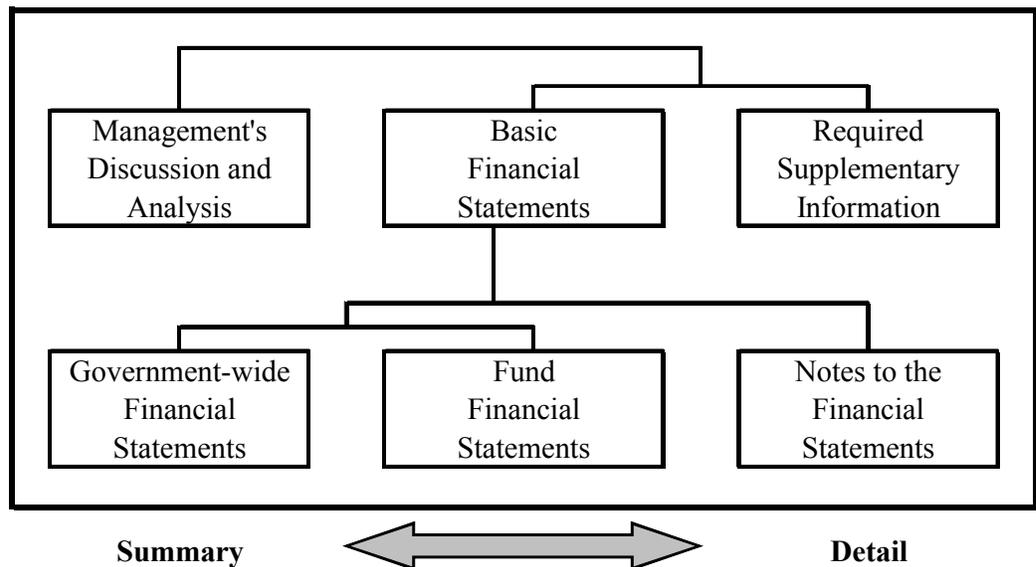
Our discussion and analysis of Wheatland Elementary School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2009. It should be read in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- Total net assets were \$39,703,992 at June 30, 2009. This was an increase of \$733,512 over the prior year.
- Overall revenues were \$16,775,858 which exceeded expenses of \$16,042,346.

### OVERVIEW OF FINANCIAL STATEMENTS

#### Components of the Financials Section



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**KIDS:** Key Instruction for the Development of Student learning and growth.

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS, continued JUNE 30, 2009

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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 fund** statements tell how general government services were financed in the short term as well as what remains for future spending.

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. The privatization of base housing on Beale Air Force Base has continued to cause declining enrollment for the District.

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, 2009

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FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Assets

The District's net assets were \$39,703,992 at June 30, 2009.

Net Assets

	Governmental Activities		
	2009	2008	Net Change
<i>(amounts in thousands)</i>			
<b>ASSETS</b>			
Current assets	\$ 17,848	\$ 17,187	\$ 661
Non-current assets	23,880	24,190	(310)
<b>Total Assets</b>	<u>\$ 41,728</u>	<u>\$ 41,377</u>	<u>\$ 351</u>
<b>LIABILITIES</b>			
Current liabilities	\$ 875	\$ 1,268	\$ (393)
Non-current liabilities	1,149	1,043	106
<b>Total Liabilities</b>	<u>2,024</u>	<u>2,311</u>	<u>(287)</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	23,880	24,190	(310)
Restricted	4,132	6,032	(1,900)
Unrestricted	11,692	8,844	2,848
<b>Total Net Assets</b>	<u>39,704</u>	<u>39,066</u>	<u>638</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 41,728</u>	<u>\$ 41,377</u>	<u>\$ 351</u>

Changes in Net Assets

The District's total revenues were \$16,775,858. The majority of the revenue comes from Revenue Limit and property taxes (44%). Impact Aid accounted for 14% of revenues. Other federal and state aid for specific programs accounted for another 30% of total revenues. Miscellaneous local sources accounted for the remaining 12%.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
 JUNE 30, 2009

The total cost of all programs and services was \$16,042,346. The District's expenses are predominately related to educating and caring for students (63%). Pupil Services (including transportation and food) account for 13% of expenses. Administrative activities accounted for just 8% of total costs. Plant services, which represent the facilities maintenance and operations costs, account for 10% of all costs. The remaining expenses were for ancillary services, community services, and other outgo (6%).

Changes in Net Assets

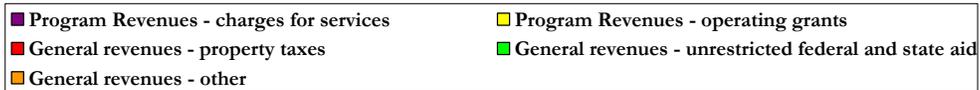
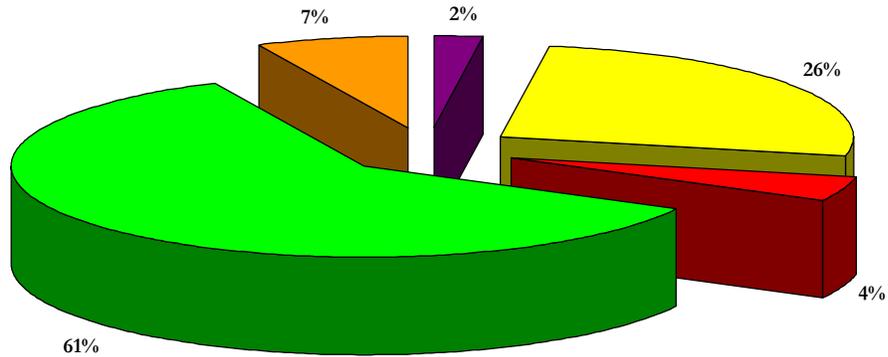
	<b>Governmental Activities</b>			
	<i>(amounts in thousands)</i>	<b>2009</b>	<b>2008</b>	<b>Net Change</b>
<b>Revenues</b>				
Program Revenues - charges for services	\$	396	\$ 357	\$ (39)
Program Revenues - operating grants		4,201	4,185	(16)
General revenues - property taxes		763	880	117
General revenues - unrestricted federal and state		10,223	11,342	1,119
General revenues - other		1,193	1,059	(134)
<b>Total Revenue</b>		<b>16,776</b>	<b>17,823</b>	<b>1,047</b>
<b>Expenses</b>				
Instruction related		10,121	12,599	(2,478)
Student support services		2,053	2,105	(52)
Administration		1,252	1,154	98
Maintenance and operations		1,664	1,667	(3)
Other		952	502	450
<b>Total Expenses</b>		<b>16,042</b>	<b>18,027</b>	<b>(1,985)</b>
<b>Excess (deficiency)</b>		<b>734</b>	<b>(204)</b>	<b>(938)</b>
<b>Net Assets - Beginning (Restated)</b>		<b>38,970</b>	<b>39,270</b>	<b>300</b>
<b>Net Assets - Ending</b>	<b>\$</b>	<b>39,704</b>	<b>\$ 39,066</b>	<b>\$ (638)</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

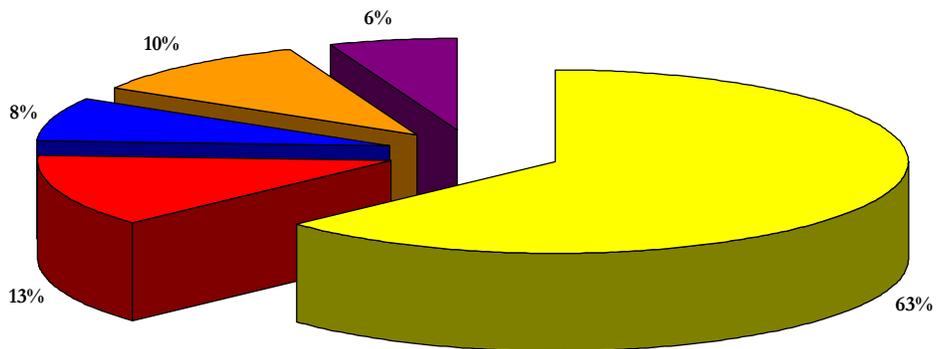
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
 JUNE 30, 2009

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Summary of Revenues for Governmental Activities



Summary of Expenses for Governmental Activities



## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS, continued JUNE 30, 2009

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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 \$16,987,468 above last year's ending fund balance of \$15,903,614.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

At June 30, 2009, the District had invested \$23,879,742, 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 Project and the completion of smaller projects at some of the sites. The Lone Tree project has required trenching throughout the parking lot and the district has recently received approval to redo the parking lot as part of this ongoing project.

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS, continued JUNE 30, 2009

*(amounts in thousands)*

	<b>Governmental Activities</b>		
	<b>2009</b>	<b>Restated 2008</b>	<b>Net Change</b>
Land and construction in progress	\$ 1,177	\$ 876	\$ (301)
Buildings and equipment	28,702	28,737	35
Accumulated depreciation	(5,999)	(5,431)	568
<b>Total Capital Assets</b>	<b>\$ 23,880</b>	<b>\$ 24,182</b>	<b>\$ 302</b>

### Long-Term Debt

At year end, the District had \$1,163,218 in debt, consisting mainly of other postemployment benefits.

*(amounts in thousands)*

	<b>Governmental Activities</b>		
	<b>2009</b>	<b>2008</b>	<b>Net Change</b>
Compensated absences	\$ 70	\$ 59	\$ (11)
Other postemployment benefits	1,093	1,056	(37)
Less amount due in one year	(14)	(72)	(58)
<b>Total Long-term Liabilities</b>	<b>\$ 1,149</b>	<b>\$ 1,043</b>	<b>\$ (106)</b>

### 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, 2009. 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 BUDGETS 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.
- ❑ The District successfully passed Measure R General Obligation bond in November 2008. No bonds have been issued on this \$5.7 Million measure.
- ❑ \$606,979.00 in American Recovery and Reinvestment Act federal stimulus funds were restricted in the 2008-09 ending fund balance.

## **WHEATLAND ELEMENTARY SCHOOL DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS, continued JUNE 30, 2009**

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- ❑ Through the privatization process Beale Air Force Base continues to close houses, which fuels our declining enrollment. Currently, the base has 541 homes on the vacancy list for demolition or remodeling. This continued decline of enrollment at the base is having an overall affect on the district's financials.
- ❑ 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 Lone Tree critical hardship electrical project has required trenching throughout the parking lot and the district has received approval to redo the parking lot as part of this ongoing project. This project is currently planned for the summer of 2010.
- ❑ The budget assumptions used to prepare the budget for 2009-10 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 2009-10 and 1% for 2010-11.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This 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 the money it receives. If you have questions about this report, or need additional financial information, contact the Business Manager at 111 Main Street, Wheatland, CA 95692 (530) 633-3130.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET ASSETS  
JUNE 30, 2009

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 15,952,774
Accounts receivable	1,784,390
Inventory	111,525
Capital assets, net	<u>23,879,742</u>
<b>Total Assets</b>	<b><u>\$ 41,728,431</u></b>
<b>LIABILITIES</b>	
Accrued liabilities	\$ 666,450
Deferred revenue	194,771
Long-term liabilities, current portion	14,105
Long-term liabilities, non-current portion	<u>1,149,113</u>
<b>Total Liabilities</b>	<b><u>2,024,439</u></b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	23,879,742
Restricted for:	
Capital projects	3,089,296
Educational programs	1,043,093
Unrestricted	<u>11,691,861</u>
<b>Total Net Assets</b>	<b><u>39,703,992</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 41,728,431</u></b>

The accompanying notes are an integral part of these financial statements.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Function/Programs	Expenses	Program Revenues		Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Assets
				Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 8,697,362	\$ 19,075	\$ 1,913,489	\$ (6,764,798)
Instruction-related services:				
Instructional supervision and administration	145,624	-	69,386	(76,238)
Instructional library, media, and technology	199,401	-	191,224	(8,177)
School site administration	1,078,476	931	24,544	(1,053,001)
Pupil services:				
Home-to-school transportation	303,727	-	245,270	(58,457)
Food services	558,836	230,869	369,607	41,640
All other pupil services	1,191,023	54,342	1,081,916	(54,765)
General administration:				
All other general administration	1,251,952	1,274	137,823	(1,112,855)
Plant services	1,663,981	2,602	18,989	(1,642,390)
Other outgo	348,269	86,711	149,228	(112,330)
Depreciation (unallocated)	603,695	-	-	(603,695)
<b>Total Governmental Activities</b>	<b>\$ 16,042,346</b>	<b>\$ 395,804</b>	<b>\$ 4,201,476</b>	<b>(11,445,066)</b>
General Revenue and Subventions:				
				763,043
Property taxes, levied for general purposes				10,222,798
Federal and state aid not restricted for specific purposes				491,502
Interest and investment earnings				259,268
Interagency revenues				441,967
Miscellaneous				
				<b>Subtotal, General Revenue</b>
				<b>12,178,578</b>
				<b>CHANGE IN NET ASSETS</b>
				733,512
				<b>Net Assets - Beginning (Restated)</b>
				<b>38,970,480</b>
				<b>Net Assets - Ending</b>
				<b>\$ 39,703,992</b>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

WHEATLAND ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2009

	General Fund	Charter School Fund	Special Reserve Other Than Capital Outlay Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,771,137	\$ 977,449	\$ 2,446,107
Accounts receivable	1,515,343	143,002	12,683
Due from other funds	381,654	-	-
Stores inventory	96,162	-	-
<b>Total Assets</b>	<b>\$ 4,764,296</b>	<b>\$ 1,120,451</b>	<b>\$ 2,458,790</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 565,928	\$ 27,821	\$ -
Due to other funds	518,644	195,656	-
Deferred revenue	194,771	-	-
<b>Total Liabilities</b>	<b>1,279,343</b>	<b>223,477</b>	<b>-</b>
<b>FUND BALANCES</b>			
Reserved	866,632	-	-
Designated	2,618,321	325,190	2,458,790
Undesignated, reported in:			
Special revenue funds		571,784	-
<b>Total Fund Balances</b>	<b>3,484,953</b>	<b>896,974</b>	<b>2,458,790</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 4,764,296</b>	<b>\$ 1,120,451</b>	<b>\$ 2,458,790</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>
\$ 4,703,811	\$ 5,054,270	\$ 15,952,774
24,383	88,979	1,784,390
16,031	502,613	900,298
-	15,363	111,525
<u>\$ 4,744,225</u>	<u>\$ 5,661,225</u>	<u>\$ 18,748,987</u>
\$ -	\$ 72,701	\$ 666,450
-	185,998	900,298
-	-	194,771
<u>-</u>	<u>258,699</u>	<u>1,761,519</u>
-	15,363	881,995
<u>4,744,225</u>	5,195,912	15,342,438
	<u>191,251</u>	<u>763,035</u>
<u>4,744,225</u>	<u>5,402,526</u>	<u>16,987,468</u>
<u>\$ 4,744,225</u>	<u>\$ 5,661,225</u>	<u>\$ 18,748,987</u>

The accompanying notes are an integral part of these financial statements.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

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<b>Total Fund Balance - Governmental Funds</b>		\$ 16,987,468
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds		
The cost of capital assets is	\$ 29,878,919	
Accumulated depreciation is	<u>(5,999,177)</u>	23,879,742
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 at year end consist of:		
Compensated absences	70,523	
Other postemployment benefits	<u>1,092,695</u>	<u>(1,163,218)</u>
<b>Total Net Assets - Governmental Activities</b>		<u>\$ 39,703,992</u>

The accompanying notes are an integral part of these financial statements.

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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, 2009

	General Fund	Charter School Fund	Special Reserve Other Than Capital Outlay Fund
<b>REVENUES</b>			
Revenue limit sources			
State aid	\$ 5,999,735	\$ 662,047	\$ -
Local sources	676,997	78,871	-
Total revenue limit sources	<u>6,676,732</u>	<u>740,918</u>	<u>-</u>
Federal sources	3,696,000	-	-
Other State sources	2,358,474	159,804	-
Other local sources	1,395,373	29,459	70,789
<b>Total Revenues</b>	<u>14,126,579</u>	<u>930,181</u>	<u>70,789</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	7,688,461	616,839	-
Instruction-related services:			
Instructional supervision and administration	62,962	-	-
Instructional library, media, and technology	199,401	-	-
School site administration	930,921	147,555	-
Pupil services:			
Home-to-school transportation	303,727	-	-
Food services	1	-	-
All other pupil services	1,190,849	174	-
General administration:			
All other general administration	1,170,885	-	-
Plant services	1,550,364	90,016	-
Facilities acquisition and maintenance	-	-	-
Other outgo	323,269	25,000	-
<b>Total Expenditures</b>	<u>13,420,840</u>	<u>879,584</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	705,739	50,597	70,789
<b>Other Financing Sources (Uses):</b>			
Transfers In	70,494	-	6,589
Transfers Out	(525,815)	-	(68,425)
<b>Net Financing Sources (Uses)</b>	<u>(455,321)</u>	<u>-</u>	<u>(61,836)</u>
<b>NET CHANGE IN FUND BALANCE</b>	250,418	50,597	8,953
<b>Fund Balance - Beginning</b>	<u>3,234,535</u>	<u>846,377</u>	<u>2,449,837</u>
<b>Fund Balance - Ending</b>	<u>\$ 3,484,953</u>	<u>\$ 896,974</u>	<u>\$ 2,458,790</u>

The accompanying notes are an integral part of these financial statements.

<u>Capital Facilities Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 6,661,782
-	-	755,868
-	-	7,417,650
-	347,457	4,043,457
-	734,973	3,253,251
143,579	422,300	2,061,500
143,579	1,504,730	16,775,858
-	392,062	8,697,362
-	82,662	145,624
-	-	199,401
-	-	1,078,476
-	-	303,727
-	558,835	558,836
-	-	1,191,023
-	33,108	1,203,993
-	23,600	1,663,980
-	301,313	301,313
-	-	348,269
-	1,391,580	15,692,004
143,579	113,150	1,083,854
16,031	578,209	671,323
-	(77,083)	(671,323)
16,031	501,126	-
159,610	614,276	1,083,854
4,584,615	4,788,250	15,903,614
<u>\$ 4,744,225</u>	<u>\$ 5,402,526</u>	<u>\$ 16,987,468</u>

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF  
ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009**

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**Net Change in Fund Balances - Governmental Funds** **\$ 1,083,854**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities those costs are shown in the statement of net assets and allocated over their useful lives as annual depreciation expenses in the statement of activities.

This is the amount by which depreciation exceeds capital outlay in the period

Capital outlays	\$ 301,312	
Depreciation	<u>(603,695)</u>	<u>(302,383)</u>

Postemployment benefits other and 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: (36,971)

In the statement of activities, compensated absences (vacations) and early retirement are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (amounts actually paid). (10,988)

**Change in Net Assets of Governmental Activities** **\$ 733,512**

The accompanying notes are an integral part of these financial statements.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FIDUCIARY FUNDS  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

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	<b>ASB Agency Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 103,370
<b>LIABILITIES</b>	
Due to Student Groups	
Bear River Middle School	\$ 40,961
Wheatland Elementary	35,300
Wheatland Child Development	182
Wheatland Charter Academy	439
Lone Tree Elementary	26,488
	<hr/>
<b>Total</b>	<b>\$ 103,370</b>

The accompanying notes are an integral part of these financial statements.

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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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.

#### **C. Other Related Entities**

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

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2009

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### 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 allocation 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.

### 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.

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2009

---

**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).

**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).

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2009

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**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/Agency Funds.** Trust/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).

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

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

The government-wide and fiduciary financial statements are reported using the economic resources measurement focus. The government-wide 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.

##### **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.

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2009

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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.

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.

#### **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.

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.

#### **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, 2009, 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.

##### **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.

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2009

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### 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>
Site improvements	20
Buildings and improvements	50
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.

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.

### Deferred Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2009

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### **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. 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 government-wide financial statements reports \$4,132,389 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.

### **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

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2009

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purposes of the budget, on-behalf payments have been included as revenue and expenditures as required under generally accepted accounting principles.

### **Changes in Accounting Principle**

*Postemployment Benefits Other Than Pensions.* This Statement requires local governmental employers who provide other postemployment benefits (OPEB) as part of the total compensation offered to employees to recognize the expense and related liabilities (assets) in the government-wide financial statements of net assets and activities. This Statement established standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of State and local governmental employers.

This Statement provided for prospective implementation - that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. The District has implemented the provisions of this Statement for the fiscal year ended June 30, 2009. The District had an annual required contribution of \$106,913 for the year ended June 30, 2009, and made a contribution of \$69,942 resulting in an OPEB obligation increase of \$36,971.

### **New Accounting Pronouncements**

In May 2007, GASB issued Statement No. 50, *Pension Disclosures — an amendment of GASB Statements No. 25 and No. 27*. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement is effective for periods beginning after June 15, 2007, except for requirements related to the use of the entry age actuarial cost method for the purpose of reporting a surrogate funded status and funding progress of plans that use the aggregate actuarial cost method, which are effective for periods for which the financial statements and RSI contain information resulting from actuarial valuations as of June 15, 2007, or later. Early implementation is encouraged.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2009

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*NOTE 2 - DEPOSITS AND INVESTMENTS*

**A. Summary of Deposits and Investments**

**Statement of Net Assets:**

Deposits in financial institutions	\$ 16,321
Cash in County	<u>15,936,453</u>
Subtotal	<u>15,952,774</u>

**Fiduciary Funds:**

Deposits in financial institutions	<u>103,370</u>
Total cash & cash equivalents	<u><u>\$ 16,056,144</u></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, 2009

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### **C. General Authorizations**

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

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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.

### **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, 2009, the District's bank balance of \$151,007 was insured by FDIC.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2009

**NOTE 3 - ACCOUNTS RECEIVABLE**

Receivables at June 30, 2009, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Charter School Fund	Special Reserve Other Than Capital Outlay Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government						
Categorical aid	\$ 434,353	\$ -	\$ -	\$ -	\$ 55,606	\$ 489,959
State Government						
Apportionment	333,603	79,790	-	-	-	413,393
Categorical aid	677,584	41,898	-	-	4,392	723,874
SBx3 4 deferral	(197,230)	-	-	-	-	(197,230)
Local Government						
Interest	22,870	5,409	12,683	24,383	26,332	91,677
California Montessori Project	215,306	-	-	-	-	215,306
Other Local Sources	28,857	15,905	-	-	2,649	47,411
	<u>\$ 1,515,343</u>	<u>\$ 143,002</u>	<u>\$ 12,683</u>	<u>\$ 24,383</u>	<u>\$ 88,979</u>	<u>\$ 1,784,390</u>

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Restated Balance July 01, 2008	Additions	Deductions	Balance June 30, 2009
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 362,000	\$ -	\$ -	\$ 362,000
Construction in progress	513,755	301,312	-	815,067
Total Capital Assets not Being Depreciated	875,755	301,312	-	1,177,067
Capital assets being depreciated				
Buildings & improvements	27,728,537	-	-	27,728,537
Furniture & equipment	1,008,508	-	35,193	973,315
Total Capital Assets Being Depreciated	28,737,045	-	35,193	28,701,852
Less Accumulated Depreciation				
Buildings & improvements	4,996,422	550,500	-	5,546,922
Furniture & equipment	434,253	53,195	35,193	452,255
Total Accumulated Depreciation	5,430,675	603,695	35,193	5,999,177
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<u>\$ 24,182,125</u>	<u>\$ (302,383)</u>	<u>\$ -</u>	<u>\$ 23,879,742</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2009

NOTE 5 - INTERFUND TRANSACTIONS

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

Due To	Due From			Total
	General Fund	Capital Facilities Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 16,031	\$ 502,613	\$ 518,644
Charter School Fund	195,656	-	-	195,656
Non-Major Governmental Funds	185,998	-	-	185,998
	<u>\$ 381,654</u>	<u>\$ 16,031</u>	<u>\$ 502,613</u>	<u>\$ 900,298</u>

B. Operating Transfers

Transfers Out	Transfers In				Total
	General Fund	Special Reserve Other Than Capital Outlay Fund	Capital Facilities Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ -	\$ 16,031	\$ 509,784	525,815
Special Reserve Other Than Capital Outlay	-	-	-	68,425	68,425
Non-Major Governmental Funds	70,494	6,589	-	-	77,083
	<u>\$ 70,494</u>	<u>\$ 6,589</u>	<u>\$ 16,031</u>	<u>\$ 578,209</u>	<u>\$ 671,323</u>

The Special Reserve for Postemployment Benefits Fund transferred health and welfare benefits paid out of the General Fund. \$ 70,494  
 The Special Reserve Other Than Capital Outlay Fund transferred to the Child Development Fund for program improvements. 68,425  
 The General Fund transferred to the Child Development Fund for reimbursement for Early Intervention aides. 23,892  
 The General Fund transferred to the Deferred Maintenance Fund for the required state match. 72,340  
 The Child Development Fund transferred to the Special Reserve for Other Than Capital Outlay Fund for their required 07-08 amount. 6,589  
 The General Fund transferred to the Special Reserve for Post Employment Benefits Fund OPEB contribution. 413,552  
 The General Fund transferred Impact Aid to the Capital Facilities Fund construction funds. 16,031

\$ 671,323

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2009

**NOTE 6 - ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2009, consisted of the following:

	General Fund	Charter School Fund	Non-Major Governmental Funds	Total Governmental Activities
Apportionment	\$ 47,723	\$ 2,803	\$ -	\$ 50,526
Special education	70,141	25,000	-	95,141
Vendor payables	448,064	18	72,701	520,783
	<u>\$ 565,928</u>	<u>\$ 27,821</u>	<u>\$ 72,701</u>	<u>\$ 666,450</u>

**NOTE 7 - DEFERRED REVENUE**

Deferred revenue at June 30, 2009, consists of the following:

	General Fund
Federal sources	96,754
State sources	98,017
	<u>\$ 194,771</u>

**NOTE 8 - LONG-TERM DEBT SUMMARY**

**A. Long-Term Debt Summary**

	Balance July 01, 2008	Additions	Deductions	Due in One Year	Long-term Balance
<b>Governmental Activities</b>					
Accumulated vacation	\$ 59,535	\$ 10,988	\$ -	\$ 14,105	\$ 56,418
Other postemployment benefits	1,055,724	106,913	69,942	-	1,092,695
	<u>\$ 1,115,259</u>	<u>\$ 117,901</u>	<u>\$ 69,942</u>	<u>\$ 14,105</u>	<u>\$ 1,149,113</u>

**B. Accumulated Unpaid Employee Vacation**

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2009, amounted to \$70,523.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2009**

**C. Other Post Employment Benefits**

The District implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009. The District's annual required contribution for the year ended June 30, 2009, was \$106,913 and contributions made by the District during the year were \$69,942, which resulted in a net OPEB obligation of \$1,092,695. See Note 11 for additional information regarding the OPEB Obligation and the postemployment benefit plan.

**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	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Stores inventory	96,162	-	-	-	15,363	111,525
Restricted programs	766,470	-	-	-	-	766,470
Total Reserved	<u>866,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,363</u>	<u>881,995</u>
Unreserved						
Designated						
Economic uncertainties	696,674	43,979	-	-	28,170	768,823
Other designations						
General Fund	<u>1,921,647</u>					1,921,647
Special Revenue Funds		<u>281,211</u>	<u>2,458,790</u>		<u>3,299,383</u>	<u>6,039,384</u>
Capital Projects Funds				<u>4,744,225</u>	<u>1,868,359</u>	<u>6,612,584</u>
Total Designated	<u>2,618,321</u>	<u>325,190</u>	<u>2,458,790</u>	<u>4,744,225</u>	<u>5,195,912</u>	<u>15,342,438</u>
Undesignated, Special Revenue Funds		<u>571,784</u>	<u>-</u>		<u>191,251</u>	<u>763,035</u>
TOTAL FUND BALANCE	<u>\$ 3,484,953</u>	<u>\$ 896,974</u>	<u>\$ 2,458,790</u>	<u>\$ 4,744,225</u>	<u>\$ 5,402,526</u>	<u>\$ 16,987,468</u>

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

At June 30, 2009, the following fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
<b>Deferred Maintenance Fund</b>	<u>\$ 150,000</u>	<u>\$ 191,880</u>	<u>\$ 41,880</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2009

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

**A. Plan Description**

	<b><u>Certificated</u></b>	<b><u>Classified</u></b>	<b><u>Management</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. Contribution Information**

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 2009, the District contributed \$69,942 to the Plan, all of which was used for current premiums.

**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 required contribution	\$ 106,913
Contributions made	<u>(69,942)</u>
Increase in net OPEB	36,971
Net OPEB obligation, beginning of year	<u>1,055,724</u>
Net OPEB obligation, end of year	<u>\$ 1,092,695</u>

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2009

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The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 is as follows:

<u>Year ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ 106,913	67.23%	\$ 1,055,724
2009	106,913	65.42%	1,092,695

### **D. Funded Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the plan was not funded. This results in an unfunded actuarial accrued liability (UAAL) of \$1,092,695. The covered payroll (annual payroll of active employees covered by the plan) was \$9,513,166, and the ratio of UAAL to the covered payroll was 11.49 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 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 September 17, 2007, 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.

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS, continued JUNE 30, 2009

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#### *NOTE 12 – EMPLOYMEE 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.

###### **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 2009 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, 2009, 2008, and 2007, were \$501,461, \$493,738, and \$532,680, 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 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 2009 was 9.482 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

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2009**

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ending June 30, 2009, 2008, and 2007, were \$254,854, \$244,661, and \$250,345, 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.

**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, 2009.

**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, 2009.

**C. Operating Leases**

The District has two operating leases for equipment. Their remaining commitment is as follows:

	<u>Lease Payment</u>
Year Ending June 30, 2010	<u>\$ 3,651</u>

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2009**

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

The District is a member of four joint powers authorities (JPAs). The first is the North Valley Schools Insurance Group (NVSIG) to provide workers' comp. coverage; Tri-County Schools Insurance Group (TCSIG) to provide property and liability coverage; Central Valley Trust (CVT) to provides health, dental, vision, and life insurance; and School Project for Utility Rate Reduction (SPURR) allows the District to purchase natural gas at more stable rates for the district office, Wheatland Elementary, and Bear River schools. The relationship is such that the JPAs are not component units of the District for financial reporting purposes.

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 include din these financial statements. Audited financial statements are available from the respective entities.

<b>A. <u>Entity</u></b>	NVSIG	TCSIG	CVT	SPURR
<b>B. <u>Purpose</u></b>	Workers' Compensation Insurance	Property and liability	Health, dental, vision, and life insurance	Rate stabalization for natural gas
<b>C. <u>Participants</u></b>	Member agencies	Member agencies	Member agencies	Member agencies
<b>D. <u>Governing Board</u></b>	Representative from each member district	Representative from each member district	Representative from each member district	Representative from each member district
<b>E. <u>Condensed Audited Financial Information</u></b>	<u>June 30, 2009<sup>1</sup></u>	<u>June 30, 2008<sup>2</sup></u>	<u>June 30, 2008<sup>2</sup></u>	<u>June 30, 2008<sup>2</sup></u>
Assets	\$ 3,696,070	\$ 28,953,582	\$ 126,173,041	\$ 19,037,656
Liabilities	<u>2,495,443</u>	<u>9,415,811</u>	<u>7,735,195</u>	<u>14,324,674</u>
Fund Equity	<u>\$ 1,200,627</u>	<u>\$ 19,537,771</u>	<u>\$ 118,437,846</u>	<u>\$ 4,712,982</u>
Revenues	\$ 11,888,580	\$ 53,704,413	\$ 430,128,411	\$ 49,991,732
Expenses	<u>11,768,950</u>	<u>50,950,758</u>	<u>437,101,283</u>	<u>48,360,774</u>
Net Increase in Fund Equity	<u>\$ 119,630</u>	<u>\$ 2,753,655</u>	<u>\$ (6,972,872)</u>	<u>\$ 1,630,958</u>

<sup>1</sup> - Unaudited

<sup>2</sup> -Most Recent Available

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2009

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*NOTE 15 - PRIOR PERIOD RESTATEMENTS*

The prior period adjustments of fund balances and net assets consist of the following:

Ending Governmental Activities Net Assets per 2008 Audit Report	\$ 38,218,573
Reclassified Discreetly Presented Component Unit to Charter School Special Revenue Fund	846,377
Reclassified Student Body Special Revenue Fund to Agency Fund	(86,578)
Restatement of fixed assets	<u>(7,892)</u>
2009 Beginning Governmental Activities Net Assets	<u><u>\$ 38,970,480</u></u>

*NOTE 16 - SUBSEQUENT EVENTS*

The District recorded the revenue and related receivable associated with its portion of the unallocated, unexpended or unliquidated categorical program balances identified in the July 2009 State Budget package prior to notification of by the State that the 2009-10 re-appropriation should not be accrued. In accordance with Governmental Accounting Standards Board Statement No .33, an adjustment to reduce revenue and the related receivable have been included in these financial statements.

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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, 2009

	Budgeted Amounts		Actual Amounts	Variances - Positive (Negative)
	Original	Final		Final to Actual
<b>REVENUES</b>				
Revenue limit sources				
State aid	\$ 6,273,534	\$ 5,979,594	\$ 5,999,735	\$ 20,141
Local sources	733,778	702,661	676,997	(25,664)
Total revenue limit sources	7,007,312	6,682,255	6,676,732	(5,523)
Federal sources	3,250,848	3,313,548	3,696,000	382,452
Other State sources	2,164,754	2,656,325	2,358,474	(297,851)
Other local sources	1,165,441	1,318,791	1,395,373	76,582
<b>Total Revenues</b>	<b>13,588,355</b>	<b>13,970,919</b>	<b>14,126,579</b>	<b>155,660</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	7,595,207	7,980,381	7,688,461	291,920
Instruction-related services:				
Instructional supervision and administration	74,201	70,725	62,962	7,763
Instructional library, media, and technology	234,994	314,331	199,401	114,930
School site administration	1,097,089	981,089	930,921	50,168
Pupil services:				
Home-to-school transportation	304,762	540,181	303,727	236,454
Food services	-	-	1	(1)
All other pupil services	1,194,908	1,495,449	1,190,849	304,600
General administration:				
All other general administration	1,222,593	1,212,325	1,170,885	41,440
Plant services	1,727,757	1,834,560	1,550,364	284,196
Other outgo	300,950	300,950	323,269	(22,319)
<b>Total Expenditures</b>	<b>13,752,461</b>	<b>14,729,991</b>	<b>13,420,840</b>	<b>1,309,151</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(164,106)</b>	<b>(759,072)</b>	<b>705,739</b>	<b>1,464,811</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	75,435	75,435	70,494	(4,941)
Transfers Out	(168,809)	(168,809)	(525,815)	(357,006)
Net Financing Sources (Uses)	(93,374)	(93,374)	(455,321)	(361,947)
<b>NET CHANGE IN FUND BALANCE</b>	<b>(257,480)</b>	<b>(852,446)</b>	<b>250,418</b>	<b>1,102,864</b>
<b>Fund Balance - Beginning</b>	<b>3,234,535</b>	<b>3,234,535</b>	<b>3,234,535</b>	
<b>Fund Balance - Ending</b>	<b>\$ 2,977,055</b>	<b>\$ 2,382,089</b>	<b>\$ 3,484,953</b>	<b>\$ 1,102,864</b>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

CHARTER SCHOOL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual Amounts	Variances - Positive (Negative)
	Original	Final		Final to Actual
<b>REVENUES</b>				
Revenue limit sources				
State aid	\$ 725,617	\$ 607,342	\$ 662,047	\$ 54,705
Local sources	73,764	69,949	78,871	8,922
Total revenue limit sources	799,381	677,291	740,918	63,627
Other State sources	163,788	151,965	159,804	7,839
Other local sources	40,750	32,091	29,459	(2,632)
<b>Total Revenues</b>	<b>1,003,919</b>	<b>861,347</b>	<b>930,181</b>	<b>68,834</b>
<b>EXPENDITURES</b>				
Current:				
Instruction	683,173	769,340	616,839	152,501
Instruction-related services:				
School site administration	147,038	147,726	147,555	171
Pupil services:				
All other pupil services	250	250	174	76
General administration:				
Plant services	144,000	144,000	90,016	53,984
Other outgo	25,000	25,000	25,000	-
<b>Total Expenditures</b>	<b>999,461</b>	<b>1,086,316</b>	<b>879,584</b>	<b>206,732</b>
<b>NET CHANGE IN FUND BALANCE</b>	4,458	(224,969)	50,597	275,566
<b>Fund Balance - Beginning</b>	<b>846,377</b>	<b>846,377</b>	<b>846,377</b>	
<b>Fund Balance - Ending</b>	<b>\$ 850,835</b>	<b>\$ 621,408</b>	<b>\$ 896,974</b>	<b>\$ 275,566</b>

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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, 2009**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
No Child Left Behind (NCLB):			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 204,586
Title II, Part A, Improving Teacher Quality Local Grants	84.367	14341	47,727
Title III, Limited English Proficient (LEP) Student Program	84.365	10084	8,940
Title IV, Part A, Safe & Drug Free Schools and Communities, Formula Grants	84.186	14347	2,470
Title V Part A, Innovative Education Strategies	84.298A	14354	2,303
Title IV, 21st Century Community Learning Centers (CCLC) Technical Assistance	84.287	14350	17,269
Impact Aid [1]	84.041	*	2,354,309
Grant to Improve the Mental Health of Children	84.215M	*	164,312
Mentoring Program Grants	84.184B	*	142,357
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Section 611 (Formerly PL 94-142)	84.027	13379	93,147
Total U. S. Department of Education			3,037,420
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Child Development: Quality Improvement Activities	93.575	13979	1,330
Medi-Cal Administrative Activities	93.778	10060	22,262
Total U. S. Department of Health and Human Services			23,592
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES:			
CalServe Initiative: Learn & Serve America District Partnerships and Regional Networks	94.004	13161	29,714
U. S. DEPARTMENT OF AGRICULTURE			
Child Nutrition Cluster			
National School Lunch Program [1]	10.555	13396	246,900
Especially Needy Breakfast [1]	10.553	13526	58,576
Meal Supplements [1]	10.555	*	11,236
Total U. S. Department of Agriculture			316,712
<b>Total Federal Expenditures</b>			<b>\$ 3,407,438</b>

[1] - Major Program

\* - PCS Number Not Available

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2009**

**District:**

	<b>Second Period Report</b>	<b>Annual Report</b>
ELEMENTARY		
Kindergarten	144	143
First through third	394	389
Fourth through sixth	361	358
Seventh through eighth	258	254
Special day class	18	20
	<u>1,175</u>	<u>1,164</u>
Total Elementary		<u>1,164</u>
		Hours of Attendance
SUPPLEMENTAL INSTRUCTIONAL HOURS		
Elementary		<u>8,867</u>

**Wheatland Charter Academy:**

	<b>Second Period Report</b>	<b>Annual Report</b>
ELEMENTARY		
Kindergarten	19	19
First through third	58	57
Fourth through sixth	23	23
Seventh through eighth	5	5
	<u>105</u>	<u>104</u>
Total Elementary		<u>104</u>
SECONDARY		
Regular classes	<u>23</u>	<u>22</u>
	<u>128</u>	<u>126</u>
Average Daily Attendance Total		<u>126</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2009

<u>Grade Level</u>	<u>1986 - 87 Minutes Requirement</u>	<u>1982 - 83 Actual Minutes</u>	<u>2008 - 09 Actual Minutes</u>	<u>Number of Days</u>	<u>Status</u>
<b><u>District:</u></b>					
Kindergarten	36,000	31,938	53,300	180	Complied
Grade 1	50,400	45,063	50,640	180	Complied
Grade 2	50,400	45,063	50,640	180	Complied
Grade 3	50,400	45,063	50,640	180	Complied
Grade 4	54,000	52,500	54,240	180	Complied
Grade 5	54,000	52,500	54,240	180	Complied
Grade 6	54,000	52,500	62,069	180	Complied
Grade 7	54,000	52,500	62,069	180	Complied
Grade 8	54,000	54,000	62,069	180	Complied
<b><u>Charter School:</u></b>					
Kindergarten	36,000	*	53,340	180	Complied
Grade 1	50,400	*	50,640	180	Complied
Grade 2	50,400	*	50,640	180	Complied
Grade 3	50,400	*	50,640	180	Complied
Grade 4	54,000	*	54,240	180	Complied
Grade 5	54,000	*	54,240	180	Complied

\* - Charter not in existance in 1982/83

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>2010 (Budget)</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>GENERAL FUND:</b>				
Revenues	\$ 10,831,303	\$ 14,126,579	\$ 14,402,153	\$ 14,773,060
Transfers in	104,315	70,494	-	-
Total	<u>10,935,618</u>	<u>14,197,073</u>	<u>14,402,153</u>	<u>14,773,060</u>
Expenditures	10,744,822	13,420,840	14,851,499	14,280,830
Other uses and transfers out	150,452	525,815	596,226	628,882
Total	<u>10,895,274</u>	<u>13,946,655</u>	<u>15,447,725</u>	<u>14,909,712</u>
INCREASE/(DECREASE) IN FUND BALANCE	<u>\$ 40,344</u>	<u>\$ 250,418</u>	<u>\$ (1,045,572)</u>	<u>\$ (136,652)</u>
ENDING FUND BALANCE	<u>\$ 3,525,297</u>	<u>\$ 3,484,953</u>	<u>\$ 3,234,535</u>	<u>\$ 4,280,107</u>
AVAILABLE RESERVES <sup>1</sup>	<u>\$ 544,764</u>	<u>\$ 696,674</u>	<u>\$ 772,386</u>	<u>\$ 747,104</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		<u>1,163,218</u>	<u>1,115,259</u>	<u>317,892</u>
AVERAGE DAILY ATTENDANCE AT P-2	<u>1,116</u>	<u>1,175</u>	<u>1,235</u>	<u>1,304</u>

The General Fund balance has decreased by \$795,154 over the past two years. The fiscal year 2009-2010 budget projects an increase of \$40,344 (1 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 two of the past three years, but anticipates incurring an operating surplus during the 2009-2010 fiscal year. Total long-term obligations have increased by \$845,326 over the past two years.

Average daily attendance has decreased by 129 ADA over the past two years. A further decrease of 59 ADA is anticipated during fiscal year 2009-2010.

<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, 2009

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	<u>General Fund</u>	<u>Child Development Fund</u>
<b>FUND BALANCE</b>		
Balance June 30, 2008, Unaudited Actuals	\$ 3,695,362	\$ 42,824
Increase in:		
Due From Other Funds	33,108	-
Accounts Payable	(46,287)	-
Due To Other Funds	-	(33,108)
Decrease in:		
Accounts Receivable, SBx3 4 deferral	(197,230)	-
Audited financial statement	<u>\$ 3,484,953</u>	<u>\$ 9,716</u>

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS  
FOR THE YEAR ENDED JUNE 30, 2009**

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

See accompanying note to supplementary information

NON-MAJOR COMBINING FINANCIAL STATEMENTS

WHEATLAND ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET  
 JUNE 30, 2009

	<b>Child Development Fund</b>	<b>Cafeteria Fund</b>	<b>Deferred Maintenance Fund</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 88,105	\$ 271,714	\$ 1,637,949
Accounts receivable	6,782	58,847	8,015
Due from other funds	23,891	-	65,170
Stores inventory	-	15,363	-
<b>Total Assets</b>	<b>\$ 118,778</b>	<b>\$ 345,924</b>	<b>\$ 1,711,134</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 67,832	\$ 4,743	\$ 126
Due to other funds	41,230	74,274	-
<b>Total Liabilities</b>	<b>109,062</b>	<b>79,017</b>	<b>126</b>
<b>FUND BALANCES</b>			
Reserved	-	15,363	-
Designated	-	70,009	1,711,008
Undesignated, reported in:			
Special revenue funds	9,716	181,535	-
<b>Total Fund Balances</b>	<b>9,716</b>	<b>266,907</b>	<b>1,711,008</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 118,778</b>	<b>\$ 345,924</b>	<b>\$ 1,711,134</b>

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>
\$ 1,197,780	\$ 1,371,179	\$ 487,543	\$ 5,054,270
5,698	7,109	2,528	88,979
413,552	-	-	502,613
-	-	-	15,363
<u>\$ 1,617,030</u>	<u>\$ 1,378,288</u>	<u>\$ 490,071</u>	<u>\$ 5,661,225</u>
\$ -	\$ -	\$ -	\$ 72,701
70,494	-	-	185,998
<u>70,494</u>	<u>-</u>	<u>-</u>	<u>258,699</u>
-	-	-	15,363
1,546,536	<u>1,378,288</u>	<u>490,071</u>	5,195,912
-	-	-	191,251
<u>1,546,536</u>	<u>1,378,288</u>	<u>490,071</u>	<u>5,402,526</u>
<u>\$ 1,617,030</u>	<u>\$ 1,378,288</u>	<u>\$ 490,071</u>	<u>\$ 5,661,225</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
<b>REVENUES</b>			
Federal sources	\$ 1,330	\$ 346,127	\$ -
Other State sources	483,517	26,331	225,125
Other local sources	54,774	242,375	43,141
<b>Total Revenues</b>	<b>539,621</b>	<b>614,833</b>	<b>268,266</b>
<b>EXPENDITURES</b>			
Current:			
Instruction	392,062	-	-
Instruction-related services:			
Instructional supervision and administration	82,662	-	-
Pupil services:			
Food services	-	558,835	-
General administration:			
All other general administration	33,108	-	-
Plant services	19,038	4,562	-
Facilities acquisition and maintenance	109,433	-	191,880
<b>Total Expenditures</b>	<b>636,303</b>	<b>563,397</b>	<b>191,880</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(96,682)</b>	<b>51,436</b>	<b>76,386</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In	92,317	-	72,340
Transfers Out	(6,589)	-	-
<b>Net Financing Sources (Uses)</b>	<b>85,728</b>	<b>-</b>	<b>72,340</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(10,954)</b>	<b>51,436</b>	<b>148,726</b>
<b>Fund Balance - Beginning</b>	<b>20,670</b>	<b>215,471</b>	<b>1,562,282</b>
<b>Fund Balance - Ending</b>	<b>\$ 9,716</b>	<b>\$ 266,907</b>	<b>\$ 1,711,008</b>

See accompanying note to supplementary information

<u>Special Reserve for Post-Employment Benefits Fund</u>	<u>County School Facilities Fund</u>	<u>Special Reserve for Capital Outlay Fund</u>	<u>Non-Major Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 347,457
-	-	-	734,973
<u>29,070</u>	<u>39,054</u>	<u>13,886</u>	<u>422,300</u>
<u>29,070</u>	<u>39,054</u>	<u>13,886</u>	<u>1,504,730</u>
-	-	-	392,062
-	-	-	82,662
-	-	-	558,835
-	-	-	33,108
-	-	-	23,600
-	-	-	<u>301,313</u>
-	-	-	<u>1,391,580</u>
29,070	39,054	13,886	113,150
413,552	-	-	578,209
<u>(70,494)</u>	<u>-</u>	<u>-</u>	<u>(77,083)</u>
<u>343,058</u>	<u>-</u>	<u>-</u>	<u>501,126</u>
372,128	39,054	13,886	614,276
<u>1,174,408</u>	<u>1,339,234</u>	<u>476,185</u>	<u>4,788,250</u>
<u>\$ 1,546,536</u>	<u>\$ 1,378,288</u>	<u>\$ 490,071</u>	<u>\$ 5,402,526</u>

# WHEATLAND ELEMENTARY SCHOOL DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2009

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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.

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by Education Code Section 46201.

#### **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' REPORT*

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**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, 2009, and have issued our report thereon dated November 25, 2009. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

The control deficiencies we consider to be significant deficiencies are explicitly described in the accompanying *Schedule of Findings and Questioned Costs* as findings 2009-01 and 2009-02.

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RANCHO CUCAMONGA, CA 91739  
WWW.DHACPA.COM

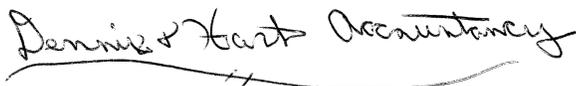
A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

### **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*.

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 cursive script that reads "Dennis Hart" followed by "Accountancy" written in a smaller, less distinct script. A horizontal line is drawn underneath the signature.

November 25, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Wheatland Elementary School District  
Wheatland, California

**Compliance**

We have audited the compliance of Wheatland Elementary School District with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

## Internal Control over Compliance

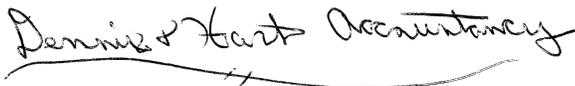
The management of Example Entity is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Wheatland Elementary School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

This report is intended 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 cursive script that reads "Dennis Hart" followed by "Accountancy" written below it. A horizontal line is drawn under the signature.

November 25, 2009



**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, 2009, and have issued our report thereon dated November 25, 2009. 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 2008-09*, 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:

<b>PROGRAM NAME</b>	<b>PROCEDURES IN AUDIT GUIDE</b>	<b>PROCEDURES PERFORMED</b>
Attendance Accounting:		
Attendance Reporting	8	Yes
Independent Study	23	Not Applicable
Continuation Education	10	Not Applicable
Adult Education	9	Not Applicable
Regional Occupational Centers and Programs	6	Not Applicable
Instructional Time for:		
School Districts	6	Yes
County offices of education	3	Not Applicable
Community Day Schools	9	Not Applicable
Morgan-Hart Class Size Reduction Program	7	Not Applicable

<b>PROGRAM NAME</b>	<b>PROCEDURES IN AUDIT GUIDE</b>	<b>PROCEDURES PERFORMED</b>
Instructional Materials:		
General requirements	12	1 <sup>2</sup>
K-8 only	1	N/A <sup>1</sup>
9-12 only	1	N/A <sup>1</sup>
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Mathematics and Reading Professional Development	4	N/A <sup>1</sup>
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	Yes
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	3	Yes
Annual Instructional Minutes – Classroom Based; for charter schools	3	Yes

<sup>1</sup> This program is not required to be audited per flexibility provisions in SBx3 4

<sup>2</sup> The number of procedures to be performed was reduced per flexibility provisions in SBx3 4. Section 19828.3 procedures (b), (c) and (e) were not performed.

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 25, 2009

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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, 2009**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.041</u>	<u>Impact Aid</u>
<u>10.553 &amp; 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 deficiencies identified not considered to be material weaknesses?	<u>No</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, 2009

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Five Digit Code

20000

30000

60000

AB 3627 Finding Type

Inventory of Equipment

Internal Control

Miscellaneous

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.

## WHEATLAND ELEMENTARY SCHOOL DISTRICT

### FINANCIAL STATEMENT FINDINGS, continued FOR THE YEAR ENDED JUNE 30, 2009

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#### **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.

#### **District Response**

The Wheatland School District will review the six bank accounts and consolidate accounts as possible. The District believes that the separate revolving accounts for the grants are necessary to aid in reconciliation. The impress balance maintained in these accounts is to provide coverage in case of NSF checks. The District has a concern that combining all accounts would require more reconciliation time than the District has staff to accommodate.

#### **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).

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2009

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**Recommendation**

District should probably not be taking part in fundraising activities out side 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 will review the fund raising activities in the Family Resource account and consider whether those activities should instead be run through the Foundation. The Family Resource account is tied to grants that serve the families as well as the students of the District and the District will review proper internal controls over these accounts with the staff.

**WHEATLAND ELEMENTARY SCHOOL DISTRICT**

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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Five Digit Code  
50000

AB 3627 Finding Type  
Federal Compliance

No findings noted.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

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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

No findings noted.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009

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2008-01 30000

*DEFICIT SPENDING*

**Condition**

The District's General Fund has incurred deficit spending in two of the last three fiscal years. The General Fund available reserves are above the State recommended reserves for a COE of this size. The District's second interim report was given a qualified certification by the County Office of Education due to insufficient available reserves.

**Effect**

Continued deficit spending, or maintaining available reserves in the General Fund that are less than the State recommended levels, could affect the COE's ability to meet its financial obligations in the future.

**Cause**

The District's actual revenue for the current fiscal year was less than budgeted due to state budget cuts.

**Criteria**

*Criteria and Standards for School Districts – Interim Reports* developed by the California Department of Education.

**Recommendation**

The District should continue to closely monitor its budget and available reserves.

**Status**

Implemented