



AUDIT REPORT

JUNE 30, 2012

**WHEATLAND ELEMENTARY SCHOOL DISTRICT
OF YUBA COUNTY**

WHEATLAND, CALIFORNIA

JUNE 30, 2012

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Wayne Bishop	President	December 2014
Dennis O'Connor	Clerk	December 2014
Nicole Crabb	Member	December 2012
Ish Medina	Member	December 2012
Barbara Warren	Member	December 2014
Col. Jay Green	Beale AFB Liaison	

ADMINISTRATION

Craig Guensler	Superintendent
Tamara Johnson	Chief Business Official

ORGANIZATION

The Wheatland Elementary School District was established in 1871 and is located in Yuba County. The District was established when the former Bear River School District was divided into Virginia and Wheatland School Districts. As of June 30th the District operated one elementary school, one K-8 school, and a charter school, Wheatland Charter Academy. However, since the new school year started the K-8 school split into two campuses: a K-3 and a 4-8. The District is now operating one K-3, one K-5, one 4-8 and a charter school.

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WHEATLAND ELEMENTARY SCHOOL DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Wheatland Elementary School District
Wheatland, California

I have audited the accompanying 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, 2012, which collectively comprise Wheatland Elementary School 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. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 2011-12*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinions.

In 2012 the District decided to "self-insure" for Other Postemployment Benefits, and in doing so has incorporated the use of a Self-Insurance Fund (Fund 67 in SACS). Due to the nature of a proprietary fund a statement of cash flow is generally required. However, no cash has been used or received in the fund as of June 30, thus no statement of cash flows will be presented with the financial statements. Additionally, the beginning fund balance (actually a net deficit) for the Self-Insurance Fund is the prior year ending balance of net OPEB liability. This is not a restatement of the Self-Insurance fund balance, but rather incorporating full accrual accounting in the Self-Insurance Fund.

In my 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 Wheatland Elementary School District, as of June 30, 2012, 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.

In accordance with *Government Auditing Standards*, I have also issued my report dated October, 22 2012 on my consideration of Wheatland Elementary School District's internal control over financial reporting and on my 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 my 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 my audit.

The accompanying required supplementary information, such as management's discussion and analysis, budgetary comparison information, and other information on pages 3 through 11 and 47 through 49 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I 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, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wheatland Elementary School District's financial statements. The supplementary information listed on the table of contents, including the Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information listed on the table of contents, including the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplementary information listed on the table of contents, including the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Robert T. Dennis, C.P.A.

October, 22 2012

TEL. 909.689.8219
12223 Highland Avenue, Suite #106-625
Rancho Cucamonga, CA 91739

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MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

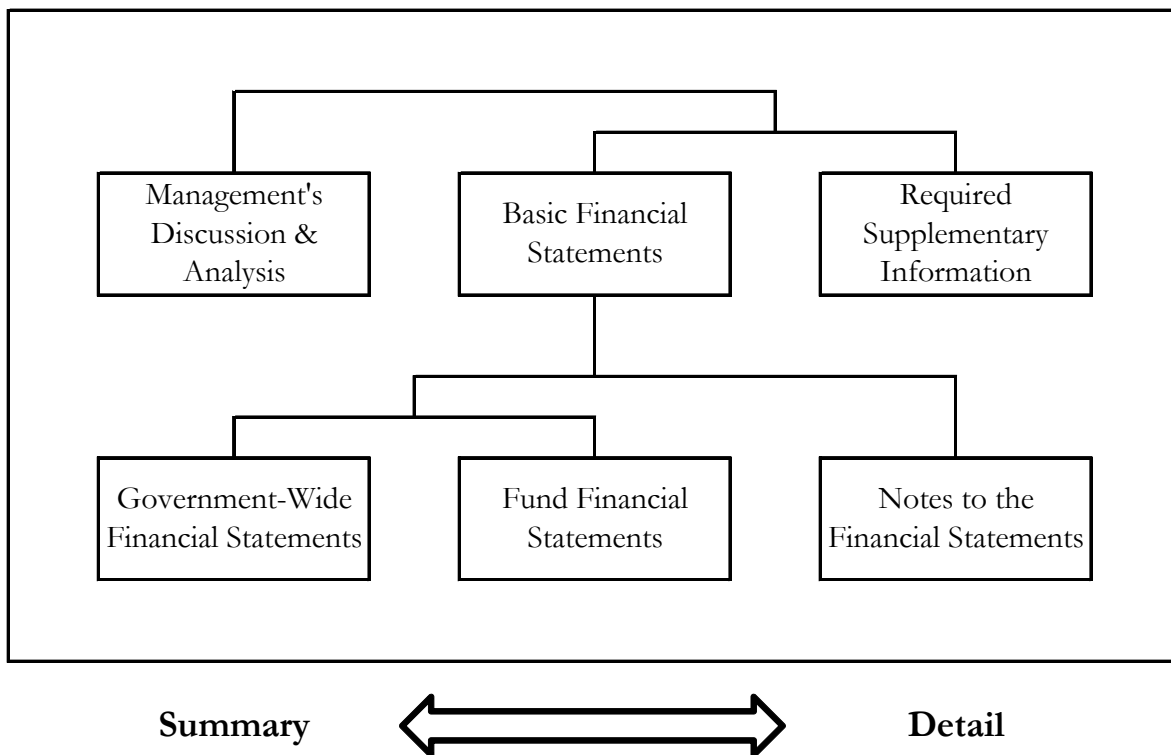
Our discussion and analysis of Wheatland Elementary School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2012. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ Total net assets were \$44.07 million at June 30, 2012. This was an increase of \$0.1 million over the prior year.
- ▶ Overall revenues were \$15.0 million, which exceeded expenses of \$14.9 million.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2012

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

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

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

Government-Wide Statements

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

The two 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. 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 demolition of base housing on Beale Air Force Base has continued to cause declining enrollment for the District. However, the ADA has somewhat stabilized over the last 2 years. Increased site budget carryovers also had an impact on the ending net assets.

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, 2012

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Assets

The District's combined net assets were \$44,072,917 at June 30, 2012.

TABLE 1 - NET ASSETS

	<i>(amounts in thousands)</i>	Governmental Activities		
		2012	2011	\$ Change
ASSETS				
Current assets	\$	19,431	\$ 19,609	\$ (178)
Non-current assets, net		25,632	25,724	(92)
Total Assets	\$	45,063	\$ 45,333	\$ (270)
LIABILITIES				
Current liabilities	\$	181	\$ 346	(165)
Non-current liabilities		809	1,051	(242)
Total Liabilities		990	1,397	(407)
NET ASSETS				
Invested in capital assets, net of related debt		25,632	25,724	(92)
Restricted		5,027	5,826	(799)
Unrestricted		13,414	12,386	1,028
Total Net Assets		44,073	43,936	137
Total Liabilities and Net Assets	\$	45,063	\$ 45,333	\$ (270)

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2012

Changes in Net Assets

Overall changes in net assets at June 30, 2012 was \$137,330.

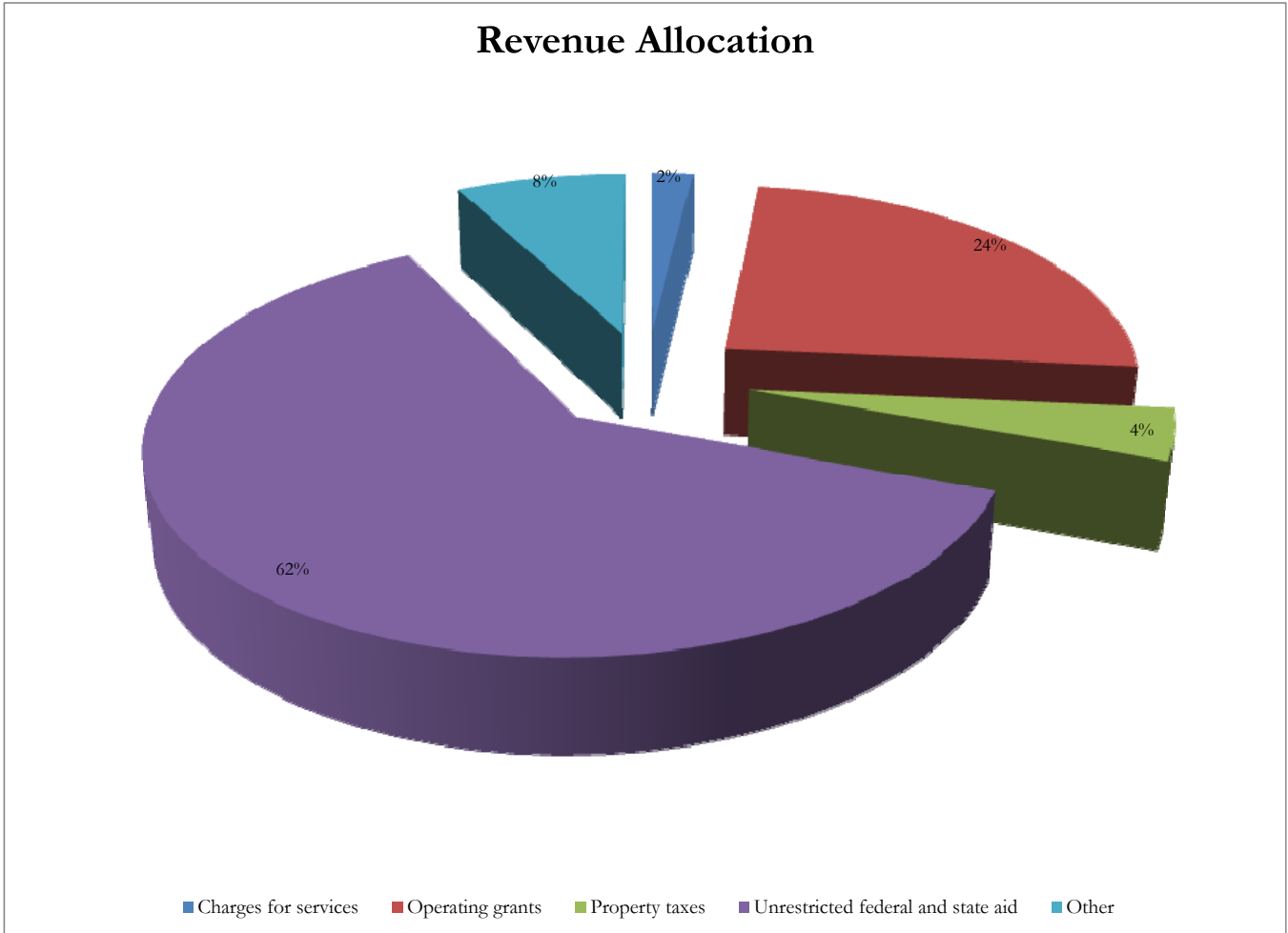
TABLE 2 - CHANGES IN NET ASSETS

	Governmental Activities		
	2012	2011	\$ Change
<i>(amounts in thousands)</i>			
REVENUES			
Program revenues			
Charges for services	\$ 282	\$ 282	\$ -
Operating grants	3,694	3,439	255
General revenues			
Property taxes	612	681	(69)
Unrestricted federal and state aid	9,293	10,243	(950)
Other	1,153	1,099	54
Total Revenues	15,034	15,744	(710)
EXPENSES			
Instructional and instruction related	9,294	9,572	(278)
Pupil services	1,974	2,122	(148)
General administration	1,087	961	126
Plant services	1,423	1,519	(96)
Transfers to other agencies	283	259	24
Depreciation	836	870	(34)
Total Expenses	14,897	15,303	(406)
Excess (deficiency)	137	441	(1,116)
Net Assets - Beginning	43,936	43,495	441
Net Assets - Ending	\$ 44,073	\$ 43,936	\$ (675)

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
JUNE 30, 2012

The District's total revenues were over \$15 million. The majority of the revenue comes from Revenue Limit and property taxes (36%). Impact Aid accounted for 16% of revenues. Other federal and state aid for specific programs accounted for another 35% of total revenues. Miscellaneous local sources accounted for the remaining 13%.



WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2012

The total cost of all programs and services was over \$14 million. The District’s expenses are predominately related to educating and caring for students (62%). Pupil Services (including transportation and food) account for 13% of expenses. Administrative activities accounted for just 7% 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 (8%).

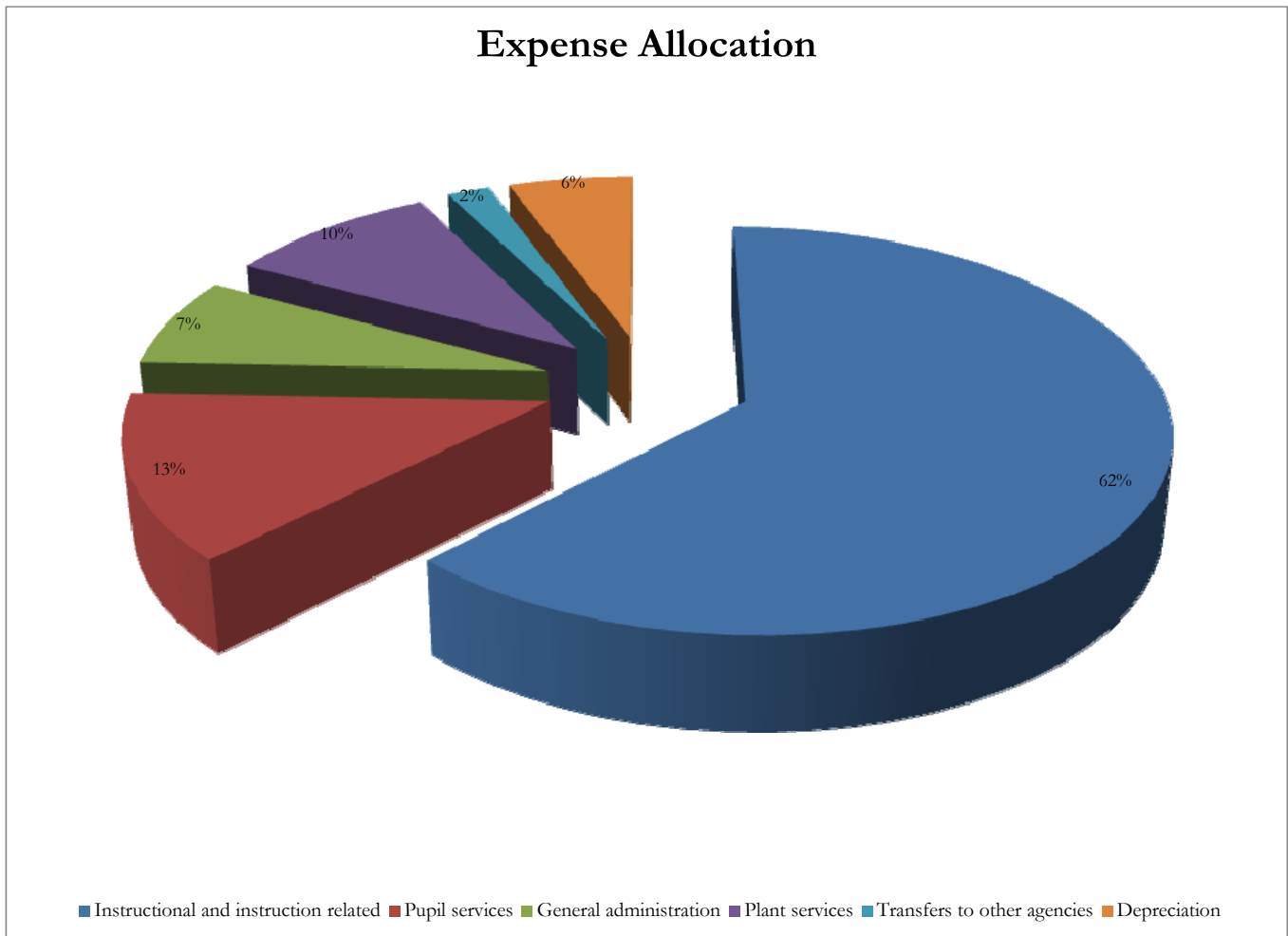


TABLE 3 - NET COST OF GOVERNMENTAL ACTIVITIES

	Total Cost of Services			Net Cost of Services		
	2012	2011	% Change	2012	2011	% Change
Student related	\$ 11,268	\$ 11,694	-4%	\$ 7,473	\$ 8,378	-11%
Administrative and facilities related	2,510	2,480	1%	2,331	2,215	5%
Other	1,119	1,129	-1%	1,115	989	13%
Total	\$ 14,897	\$ 15,303	-3%	\$ 10,919	\$ 11,582	7%

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2012

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

TABLE 4 - GENERAL FUND PERFORMANCE

	General Fund Activity			General Fund Budget			
	(amounts in thousands)	2012	2011	% Change	Original Budget	Final Budget	% Change
REVENUES							
Revenue limit	\$	4,849	\$ 5,507	-12%	\$ 5,327	\$ 5,034	6%
Categorical		6,402	6,487	-1%	4,959	5,593	-11%
Local		1,365	1,128	21%	1,336	1,327	1%
Total Revenues		12,616	13,122	-4%	11,622	11,954	-3%
EXPENSES							
Certificated		5,049	5,021	1%	4,936	4,882	1%
Classified		2,655	2,368	12%	2,521	2,605	-3%
Benefits		2,328	2,362	-1%	2,129	2,167	-2%
Other		2,622	2,006	31%	2,721	3,511	-23%
Total Expenditures		12,654	11,757	8%	12,307	13,165	-7%
Net financing activities		(1,681)	(122)	1278%	(28)	(28)	0%
NET CHANGE IN FUND BALANCE		(1,719)	1,243	(2,962)	(713)	(1,239)	-42%

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 \$1,516,853 below last year's ending fund balance of \$19,262,901.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
 JUNE 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$25,631,602, 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 from the prior year at Lone Tree for the Critical Hardship Electrical and Paving Projects, Lone Tree and Bear River's Apparatus Yard improvements, Bear River's Relocatable Project, being completed. There were some of smaller projects at some of the sites still in progress.

TABLE 5 - CAPITAL ASSETS

	<i>(amounts in thousands)</i>		
	Governmental Activities		
	2012	2011	\$ Change
CAPITAL ASSETS			
Land and construction in progress	\$ 474	\$ 624	\$ (150)
Buildings and equipment	33,389	32,564	825
Accumulated depreciation	(8,231)	(7,464)	(767)
Total Capital Assets	\$ 25,632	\$ 25,724	\$ (92)

Long-Term Liabilities

At year end, the District had \$808,745 in long-term debt, consisting mainly of other postemployment benefits.

TABLE 6 - LONG-TERM DEBT

	<i>(amounts in thousands)</i>		
	Governmental Activities		
	2012	2011	\$ Change
LONG-TERM LIABILITIES			
Net OPEB	\$ 742	\$ 991	\$ (249)
Compensated absences	67	60	7
Total Long-term Liabilities	\$ 809	\$ 1,051	\$ (242)

WHEATLAND ELEMENTARY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued JUNE 30, 2012

CURRENT YEAR BUDGET 2011-12

The District revises its annual budget over the course of the year. This is done to reflect any changes in expected revenues and expenditures. The final amendment to the budget was approved on June 21, 2012. A schedule of the District's General Fund original and final budget amounts compared with actual revenues and expenditures is provided with the basic financial statements in the audited financial report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

- The State's economic/budget crisis has caused major concerns to the District. With more possible reductions of state revenues, the District continues to review the expenditure budget for additional cuts. \$493,281 in additional revenue limit cuts are anticipated in the 2012-13 budget.
- The Federal economic/budget crisis has caused major concerns to the District. With looming Sequestration and a Continuing Resolution, the District is facing Impact Aid reductions and cash flow delays. Initial payments for the 2012-13 year will be released at a low 45% LOT with an estimated total payout of only 85% LOT.
- The District successfully passed Measure R General Obligation bond in November 2008. No bonds have been issued on this \$5.7 Million measure.
- The uncertainty of federal and state funding can have a profound impact on the financial health of the District. The federal budget is operating on a continuing resolution which affects the District's Impact Aid funding.
- The budget assumptions used to prepare the budget for 2012-13 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.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 17,651,275
Accounts receivable	1,774,220
Inventory	5,832
Capital assets, non-depreciable	473,915
Capital assets, depreciable, net	25,157,687
Total Assets	\$ 45,062,929
LIABILITIES	
Accrued liabilities	\$ 114,728
Deferred revenue	66,539
Long-term liabilities	808,745
Total Liabilities	990,012
NET ASSETS	
Invested in capital assets, net of related debt	25,631,602
Restricted for	
Capital projects	3,923,682
Educational programs	1,102,876
Unrestricted	13,414,757
Total Net Assets	44,072,917
Total Liabilities and Net Assets	\$ 45,062,929

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 8,039,548	\$ 9,953	\$ 1,584,010	\$ (6,445,585)
Instruction-related services				
Instructional supervision and administration	136,057	-	54,193	(81,864)
Instructional library, media, and technology	305,146	-	-	(305,146)
School site administration	813,196	205	6,611	(806,380)
Pupil services				
Home-to-school transportation	465,800	74,004	770,829	379,033
Food services	475,834	178,783	402,651	105,600
All other pupil services	1,032,127	7,640	706,009	(318,478)
General administration				
All other general administration	1,087,039	297	56,701	(1,030,041)
Plant services	1,422,818	8,004	113,463	(1,301,351)
Transfer to other agencies	283,213	3,540	-	(279,673)
Depreciation (unallocated)	835,520	-	-	(835,520)
Total Governmental Activities	\$ 14,896,298	\$ 282,426	\$ 3,694,467	(10,919,405)
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				612,175
Federal and state aid not restricted for specific purposes				9,293,008
Interest and investment earnings				267,394
Interagency revenues				303,282
Miscellaneous				580,876
Subtotal, General Revenue				11,056,735
CHANGE IN NET ASSETS				137,330
Net Assets - Beginning				43,935,587
Net Assets - Ending				\$ 44,072,917

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2012

	General Fund	Charter School Fund
ASSETS		
Cash and cash equivalents	\$ 11,548,187	\$ 635,706
Accounts receivable	1,362,807	236,650
Due from other funds	278,077	16,069
Stores inventory	-	-
Total Assets	\$ 13,189,071	\$ 888,425
LIABILITIES		
Accrued liabilities	\$ 101,370	\$ 1,079
Due to other funds	1,714,294	120,591
Deferred revenue	66,539	-
Total Liabilities	1,882,203	121,670
FUND BALANCES		
Non-spendable	6,500	-
Spendable		
Restricted	716,215	308
Assigned	7,407,492	766,447
Unassigned	3,176,661	-
Total Fund Balances	11,306,868	766,755
Total Liabilities and Fund Balances	\$ 13,189,071	\$ 888,425

The accompanying notes are an integral part of these financial statements

Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 3,750,625	\$ 1,716,757	\$ 17,651,275
14,226	160,537	1,774,220
45,253	4,150	343,549
-	5,832	5,832
\$ 3,810,104	\$ 1,887,276	\$ 19,774,876
\$ 12,024	\$ 255	\$ 114,728
893	11,783	1,847,561
-	-	66,539
12,917	12,038	2,028,828
-	5,832	12,332
3,797,187	512,848	5,026,558
-	1,356,558	9,530,497
-	-	3,176,661
3,797,187	1,875,238	17,746,048
\$ 3,810,104	\$ 1,887,276	\$ 19,774,876

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2012

Total Fund Balance - Governmental Funds \$ 17,746,048

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

Capital assets:

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

Capital assets	\$ 33,862,572	
Accumulated depreciation	(8,230,970)	25,631,602

Long-term liabilities:

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

Compensated absences	(66,424)
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Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net assets. Net assets for internal service funds are:

	761,691
Total Net Assets - Governmental Activities	\$ 44,072,917

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

WHEATLAND ELEMENTARY SCHOOL DISTRICT

GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Charter School Fund
REVENUES		
Revenue limit sources		
State aid	\$ 4,262,928	\$ 473,508
Local sources	612,175	-
Transfers	(26,319)	55,397
Federal sources	3,187,498	2,615
Other State sources	3,214,611	166,315
Other local sources	1,365,390	11,751
Total Revenues	12,616,283	709,586
EXPENDITURES		
Current		
Instruction	7,214,649	516,634
Instruction-related services		
Instructional supervision and administration	79,131	-
Instructional library, media, and technology	308,943	-
School site administration	667,634	156,922
Pupil services		
Home-to-school transportation	937,147	20,000
Food services	-	-
All other pupil services	1,049,046	-
General administration		
All other general administration	1,086,629	-
Plant services	1,035,013	69,896
Facilities acquisition and maintenance	-	-
Transfers to other agencies	275,778	7,435
Total Expenditures	12,653,970	770,887
Excess (Deficiency) of Revenues		
Over Expenditures	(37,687)	(61,301)
Other Financing Sources (Uses)		
Transfers In	-	-
Transfers Out	(1,681,342)	-
Net Financing Sources (Uses)	(1,681,342)	-
NET CHANGE IN FUND BALANCE	(1,719,029)	(61,301)
Fund Balance - Beginning	13,025,897	828,056
Fund Balance - Ending	\$ 11,306,868	\$ 766,755

The accompanying notes are an integral part of these financial statements

Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 4,736,436
-	-	612,175
-	-	29,078
-	473,711	3,663,824
-	662,764	4,043,690
180,676	256,699	1,814,516
<u>180,676</u>	<u>1,393,174</u>	<u>14,899,719</u>
-	429,286	8,160,569
-	59,293	138,424
-	-	308,943
-	-	824,556
-	-	957,147
-	479,647	479,647
-	-	1,049,046
-	11,503	1,098,132
269,466	72,429	1,446,804
125,929	-	125,929
-	-	283,213
<u>395,395</u>	<u>1,052,158</u>	<u>14,872,410</u>
<u>(214,719)</u>	<u>341,016</u>	<u>27,309</u>
45,072	92,108	137,180
-	-	(1,681,342)
<u>45,072</u>	<u>92,108</u>	<u>(1,544,162)</u>
(169,647)	433,124	(1,516,853)
3,966,834	1,442,114	19,262,901
<u>\$ 3,797,187</u>	<u>\$ 1,875,238</u>	<u>\$ 17,746,048</u>

WHEATLAND ELEMENTARY SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Net Change in Fund Balances - Governmental Funds \$ (1,516,853)

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

Capital outlay:

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

	Expenditures for capital outlay:	626,021	
	Depreciation expense:	(835,520)	(209,499)

Donated/adjustments to capital assets:

In governmental funds, donated/adjusted capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated/adjusted capital assets are reported as revenue and as increases to capital assets, at their fair market value on the date of donation. The fair market value of capital assets donated/adjusted was: 123,014

Gain or loss from the disposal of capital assets:

In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is: (5,415)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (7,011)

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: 1,753,094

Change in net assets of Governmental Activities **\$ 137,330**

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
	<u>Self-Insurance</u>
ASSETS	
Due from other funds	\$ 1,652,324
LIABILITIES	
Due to other funds	\$ 148,312
Non-current liabilities	742,321
Total Liabilities	890,633
NET ASSETS	
Unrestricted	761,691
Total Liabilities and Net Assets	\$ 1,652,324

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
	<u>Self-Insurance</u>
OPERATING REVENUE	
Charges to other funds	\$ 39,890
OPERATING EXPENSE	
Professional services	39,890
OPERATING GAIN/(LOSS)	-
NON-OPERATING REVENUES	
Interest income	16,310
Other non-operating revenues	192,622
Transfers in	1,544,162
Total non-operating revenues	1,753,094
CHANGE IN NET ASSETS	1,753,094
Net Assets - Beginning	(991,403)
Net Assets - Ending	\$ 761,691

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>ASB Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 123,403
LIABILITIES	
Due to student groups	
Bear River	\$ 57,801
Wheatland Elementary	33,393
Lone Tree Elementary	28,649
Wheatland Charter Academy	1,785
Pre-School ASB	1,775
Total Due to Student Groups	123,403

The accompanying notes are an integral part of these financial statements

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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

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

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2012

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). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

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

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category – *governmental*, *proprietary*, 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.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the LEA, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

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.

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).

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2012

Non-Major Governmental Funds

Special Revenue Funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund:

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).

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

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

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2012

Proprietary Funds

Internal Service Funds. Internal service funds are created principally to render services to other organizational units of the LEA on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund. Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of an LEA. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code* Section 17566), and in the District's case other postemployment benefits.

Fiduciary Funds

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

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

Government-Wide, Proprietary, and Fiduciary Financial Statements

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

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

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

Governmental Funds

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2012

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 deferred, and revenue is reduced to the amount that has been expended.

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

Deferred Revenue

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

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

Expenses/Expenditures

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

E. 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, 2012, 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.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2012

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 average cost based on ending inventory balance. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets

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

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

Interfund Balances

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

Compensated Absences

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

Accrued Liabilities and Long-Term Obligations

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

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

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. Only four of the classifications are used by the Districts and are listed as follows:

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2012

Nonspendable - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net assets as reported in the government-wide, proprietary fund, and fiduciary trust fund statements.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the general fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the general fund, that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 district-wide financial statements report \$1,229,371 of restricted net assets.

Interfund Activity

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

Estimates

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2012

Budgetary Data

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

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

F. New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government’s management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the “substantively the same governing body” criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2012

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

Hereinafter, these pronouncements collectively are referred to as the "FASB and AICPA pronouncements." This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Summary of Deposits and Investments

	Governmental Activities	Fiduciary Funds	Total
Cash on hand	\$ 1,000	\$ 892	\$ 1,892
Deposits in financial institutions	5,500	122,511	128,011
Cash in County	17,644,775	-	17,644,775
Total	\$ 17,651,275	\$ 123,403	\$ 17,774,678

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2012

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.

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies examples of the investment types permitted in the investment policy:

<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. See "Specific Identification" for various maturities of the District's investments.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2012

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 underlying investments owned by the district are listed in "Specific Identification."

F. Specific Identification

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

<u>Investment Type:</u>	<u>S & P Rating</u>	<u>Maturity (Days)</u>	<u>Reported Value</u>	<u>Fair Market Value</u>
Cash in county:				
Mutual funds	NR	1	\$ 218,795	\$ 218,255
Negotiable CDs	AA	919	1,249,250	1,246,165
Federal Agency Issues	AAA	1,707	10,551,576	10,525,519
Medium Term Notes	A - AA	474	4,382,962	4,372,139
Local Agency Issue Coupon	NR	31	7,058	7,040
Local Agency Investment Fund (LAIF)	NR	N/A	1,235,134	1,232,084
Total			\$ 17,644,775	\$ 17,601,202

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, 2012, the District's bank balance of \$142,367 was insured.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2012

NOTE 3 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2012, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Charter School Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government					
Categorical aid	\$ 490,373	\$ -	\$ -	\$ 80,472	\$ 570,845
State Government					
Apportionment					
Deferrals	-	171,931	-	-	171,931
Categorical aid	449,351	-	-	6,400	455,751
Local Government					
Interest	35,803	2,853	14,226	6,286	59,168
California Montessori Project	291,824	-	-	-	291,824
Other Local Sources	102,891	61,866	-	67,379	232,136
Total	\$ 1,370,242	\$ 236,650	\$ 14,226	\$ 160,537	\$ 1,781,655

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance July 01, 2011	Additions	Deductions	Balance June 30, 2012
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 362,000	\$ -	\$ -	\$ 362,000
Construction in progress	261,578	111,915	261,578	111,915
Total Capital Assets not Being Depreciated	623,578	111,915	261,578	473,915
Capital assets being depreciated				
Buildings & improvements	31,390,897	384,592	-	31,775,489
Furniture & equipment	1,172,606	514,106	73,544	1,613,168
Total Capital Assets Being Depreciated	32,563,503	898,698	73,544	33,388,657
Less Accumulated Depreciation				
Buildings & improvements	6,932,441	732,123	-	7,664,564
Furniture & equipment	531,138	103,397	68,129	566,406
Total Accumulated Depreciation	7,463,579	835,520	68,129	8,230,970
Governmental Activities				
Capital Assets, net	\$ 25,723,502	\$ 175,093	\$ 266,993	\$ 25,631,602

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2012

NOTE 5 – INTERFUND TRANSACTIONS

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

Due To Other Funds	Due From Other Funds					Total
	General Fund	Charter School Fund	Capital Facilities Fund	Non-Major Governmental Funds	Self-Insurance	
General Fund	\$ -	\$ 16,069	\$ 45,253	\$ 4,150	\$ 1,648,822	\$ 1,714,294
Charter Schools Special Revenue Fund	120,591	-	-	-	-	120,591
Capital Facilities Fund	-	-	-	-	893	893
Non-Major Funds	9,174	-	-	-	2,609	11,783
Self-Insurance Fund	148,312	-	-	-	-	148,312
Total Due From Other Funds	\$ 278,077	\$ 16,069	\$ 45,253	\$ 4,150	\$ 1,652,324	\$ 1,995,873

The General Fund owes the Charter School SR Fund for in-lieu of property taxes	\$	16,069
The General Fund owes the Capital Facilities Fund Impact Aid construction money in the amount of		45,072
The General Fund owes the Capital Facilities Fund for workers' compensation expenditures in the amount of		181
The General Fund owes the Child Development Fund for workers' compensation expenditures in the amount of		365
The General Fund owes the Cafeteria SR Fund workers' compensation expenditures in the amount of		170
The General Fund owes the Cafeteria Fund for summer employee salary in the amount of		3,615
The General Fund (former Fund 20) owes the Self-Insurance Fund for the equity transfer to create Fund 67 in the amount of		1,504,272
The General Fund (former Fund 20) owes the Self-Insurance Fund for the OPEB assessments in the amount of		91,852
The General Fund (former Fund 20) owes the Self-Insurance Fund for the interest earned in the amount of		16,310
The General Fund (former Fund 20) owes the Self-Insurance Fund for the OPEB ARC in the amount of		36,388
The Charter School SR Fund owes the General Fund for services provided in the amount of		120,591
The Child Development Fund owes the General Fund for indirect costs in the amount of		1,648
The Child Development Fund owes the General Fund for deficit cash in county in the amount of		6,908
The Child Development Fund owes the General Fund for prior year workers' comp in the amount of		618
The Child Development Fund owes the Self-Insurance Fund for OPEB expenditures in the amount of		1,767
The Cafeteria SR Fund owes the Self-Insurance Fund for OPEB expenditures in the amount of		842
The Capital Facilities Fund owes the Self-Insurance Fund for OPEB expenditures in the amount of		893
The Self-Insurance Fund owes the General Fund (former Fund 20)		96,350
The Self-Insurance Fund owes the General Fund (former Fund 20) premium payment		51,962
Total	\$	1,995,873

B. Operating Transfers

Interfund Transfers Out	Interfund Transfers In				Total
	Capital Facilities Fund	Non-Major Governmental Funds	Self-Insurance		
General Fund	\$ 45,072	\$ 92,108	\$ 1,544,162	\$	1,681,342
The General Fund transferred Section 8007 money to the Capital Facilities Fund				\$	45,072
The General Fund transferred to the Child Development Fund for support in the amount of					26,938
The General Fund transferred maintenance money to the Deferred Maintenance Fund in the amount of					65,170
The General Fund transferred to former Fund 20 cash to the Self-Insurance Fund in the amount of					1,544,162
Total				\$	1,681,342

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2012

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2012, consisted of the following:

	General Fund	Charter School Fund	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Activities
Special education excess costs	\$ 70,682	\$ -		\$ -	\$ 70,682
Vendors payable	30,688	1,079	12,024	255	44,046
Total	\$ 101,370	\$ 1,079	\$ 12,024	\$ 255	\$ 114,728

NOTE 7 – DEFERRED REVENUE

The District periodically will receive grant money prior to making expenditures for that grant. The source of that grant money is listed below by fund. The deferred revenue totals at June 30, 2012, consist of the following:

	General Fund
Federal sources	\$ 22,955
State categorical sources	13,996
Local deferrals	29,588
Total	\$ 66,539

NOTE 8 – LONG-TERM DEBT

A. Long-Term Debt Summary

	Balance July 01, 2011	Additions	Deductions	Balance June 30, 2012
Governmental Activities				
Compensated absences	\$ 59,413	\$ 7,011	\$ -	\$ 66,424
Net OPEB obligations	991,403	-	249,082	742,321
Total	\$ 1,050,816	\$ 7,011	\$ 249,082	\$ 808,745

B. Compensated Absences

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2012, amounted to \$66,424.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2012

C. Other Post Employment Benefits

The District's annual required contribution for the year ended June 30, 2012, was \$39,890, contributions made by the District during the year were \$96,350, and District received a new actuary study that adjusted the liability, all of which resulted in a net OPEB obligation of \$742,321. 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	Capital Facilities Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Reserve for revolving cash	\$ 6,500	\$ -	\$ -	\$ -	\$ 6,500
Reserve for stores inventory	-	-	-	5,832	5,832
Total Nonspendable	6,500	-	-	5,832	12,332
Spendable					
Restricted					
Educational programs					
Federal	13,219	-	-	112,785	126,004
State	141,951	308	-	238,677	380,936
Local	561,045	-	-	34,891	595,936
County school facilities	-	-	-	126,495	126,495
Total Restricted	716,215	308	-	512,848	1,229,371
Assigned					
Various educational programs	7,407,492	-	-	-	7,407,492
Charter school	-	766,447	-	-	766,447
Child development	-	-	-	21,777	21,777
Cafeteria	-	-	-	62,641	62,641
Deferred maintenance	-	-	-	243,972	243,972
Capital facilities	-	-	3,797,187	-	3,797,187
County school facilities	-	-	-	649,706	649,706
Capital outlay funds	-	-	-	378,462	378,462
Total Assigned	7,407,492	766,447	3,797,187	1,356,558	13,327,684
Unassigned					
Reserve for economic uncertainties	628,315	-	-	-	628,315
Unassigned	2,548,346	-	-	-	2,548,346
Total Unassigned	3,176,661	-	-	-	3,176,661
Total	\$ 11,306,868	\$ 766,755	\$ 3,797,187	\$ 1,875,238	\$ 17,746,048

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than the CDE required minimum fund balance requirement.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
 JUNE 30, 2012

NOTE 10 – EXPENDITURES (BUDGET VERSUS ACTUAL)

At June 30, 2012, the following District major fund exceeded the budgeted amount in total as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	13,531,337	14,312,965	(781,628)
Child Development Fund	513,858	546,549	(32,691)
Self-Insurance Fund	-	39,890	(39,890)

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

A. Plan Description

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

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

B. Funding Policy

The contribution requirements of Plan members and the District are established and may be amended by the District and District’s bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2012, the District contributed \$96,350 to the Plan, all of which was used for current premiums.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2012

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. 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	\$	39,890
Actuarial adjustment to liability		(192,622)
Annual OPEB cost (expense)		(152,732)
Contributions made		(96,350)
Increase in net OPEB obligation		(249,082)
Net OPEB obligation, beginning of the year		991,403
Net OPEB obligation, end of the year	\$	742,321

D. Trend Information

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 is as follows:

Fiscal Year	Annual Required Contribution	Percentage Contributed	Net OPEB Obligation
2008-09	\$ 106,913	65%	\$ 1,092,695
2009-10	106,871	390%	977,158
2010-11	106,871	85%	991,403
2011-12	39,890	100%	742,321

E. Funded Status and Funding Progress

As of September 10, 2011, the most recent actuarial valuation date, the plan was not funded. This resulted in an unfunded actuarial accrued liability (UAAL) of \$798,781. The covered payroll (annual payroll of active employees covered by the plan) was \$8,458,445, and the ratio of UAAL to the covered payroll was nine 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.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2012

F. 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 10, 2011, 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. However, the District elected to accrue the entire liability in the Self-Insurance Fund.

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS

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

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.

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% 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 2012 was 8.25% 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, 2012, 2011, and 2010, were \$433,906, \$453,847, and \$422,551, respectively, and equal 100 percent of the required contributions for each year.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued JUNE 30, 2012

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% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012 was 10.923% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2012, 2011, and 2010, were \$315,670, \$264,513, and \$224,211, 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.

D. On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. The standard state contribution to the Defined Benefit (DB) Program in 2011–12 is 2.017 percent of creditable compensation earned for 2009–10, paid in four quarterly payments. There is, however, an additional contribution required under current law if certain criteria in the funding of the DB Program are met. Since these criteria were met, the total state contribution rate for 2011-12 is 2.541 percent, beginning in October 2011. The state also contributes an amount equal to about 2.5 percent of annual member earnings into the CalSTRS Supplemental Benefit Maintenance Account. The SBMA account is used to maintain the purchasing power of benefits. These payments consist of State General Fund contributions to CalSTRS of approximately \$258,191. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures; however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report. These amounts have been recorded in these financial statements.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2012

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, 2012.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management, 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, 2012.

C. Construction Commitments

As of June 30, 2012, the District had no commitments with respect to the unfinished capital projects:

NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District is a member of four joint powers authorities (JPAs). The first is the NVSIG to provide workers' compensation insurance, another is the TCSIG to provide liability and property insurance, the third is CVT for health, dental, vision and life insurance and the fourth is SPURR to help with rate stabilization for natural gas. 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 included in these financial statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2012, the District made the following payments to each JPA:

<u>Joint Powers Authority</u>	<u>2012 Payments</u>
NVSIG	\$ 168,311
TCSIG	103,127
CVT	1,638,443
SPURR	21,204

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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, 2012

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive / (Negative) Final to Actual
REVENUES				
Revenue limit sources				
State aid	\$ 4,749,400	\$ 4,430,509	\$ 4,262,928	\$ (167,581)
Local sources	603,360	628,381	612,175	(16,206)
Transfers	(25,296)	(24,558)	(26,319)	(1,761)
Federal sources	2,577,652	3,193,336	3,187,498	(5,838)
Other State sources	2,381,714	2,399,779	3,214,611	814,832
Other local sources	1,400,257	1,391,128	1,365,390	(25,738)
Total Revenues	11,687,087	12,018,575	12,616,283	597,708
EXPENDITURES				
Certificated salaries	4,936,025	4,882,328	5,048,937	(166,609)
Classified salaries	2,521,388	2,604,778	2,654,625	(49,847)
Employee benefits	2,129,425	2,167,361	2,328,279	(160,918)
Books and supplies	1,076,364	1,548,146	876,380	671,766
Services and other operating expenditures	1,115,126	1,344,214	967,368	376,846
Capital outlay	246,761	334,092	514,106	(180,014)
Other outgo				
Excluding transfers of indirect costs	300,000	300,000	275,778	24,222
Transfers of indirect costs	(17,488)	(15,905)	(11,503)	(4,402)
Total Expenditures	12,307,601	13,165,014	12,653,970	511,044
Excess (Deficiency) of Revenues				
Over Expenditures	(620,514)	(1,146,439)	(37,687)	1,108,752
Other Financing Sources (Uses):				
Transfers In	276,153	276,153	-	(276,153)
Transfers Out	(381,323)	(366,323)	(1,681,342)	(1,315,019)
Net Financing Sources (Uses)	(105,170)	(90,170)	(1,681,342)	(1,591,172)
NET CHANGE IN FUND BALANCE	(725,684)	(1,236,609)	(1,719,029)	(482,420)
Fund Balance - Beginning	13,025,897	13,025,897	13,025,897	
Fund Balance - Ending	\$ 12,300,213	\$ 11,789,288	\$ 11,306,868	\$ (482,420)

WHEATLAND ELEMENTARY SCHOOL DISTRICT

CHARTER SCHOOL SPECIAL REVENUE FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive / (Negative) Final to Actual
REVENUES				
Revenue limit sources				
State aid	\$ 395,187	\$ 457,456	\$ 473,508	\$ 16,052
Transfers	50,873	51,069	55,397	4,328
Federal sources	2,615	2,671	2,615	(56)
Other State sources	126,890	129,706	166,315	36,609
Other local sources	14,795	14,795	11,751	(3,044)
Total Revenues	590,360	655,697	709,586	53,889
EXPENDITURES				
Certificated salaries	302,014	302,220	307,316	(5,096)
Classified salaries	118,948	113,417	124,909	(11,492)
Employee benefits	131,568	126,796	166,633	(39,837)
Books and supplies	84,086	115,992	49,750	66,242
Services and other operating expenditures	116,900	116,900	114,844	2,056
Other outgo				
Excluding transfers of indirect costs	5,395	5,395	7,435	(2,040)
Total Expenditures	758,911	780,720	770,887	9,833
NET CHANGE IN FUND BALANCE	(168,551)	(125,023)	(61,301)	63,722
Fund Balance - Beginning	828,056	828,056	828,056	
Fund Balance - Ending	\$ 659,505	\$ 703,033	\$ 766,755	\$ 63,722

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT (OPEB) FUNDING PROGRESS AND
 EMPLOYER CONTRIBUTION
 FOR THE YEAR ENDED JUNE 30, 2012

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
09/01/09	\$ -	\$ 1,025,688	\$ 1,025,688	0.0%	\$ 9,789,038	10.5%
05/10/10	-	977,158	977,158	0.0%	8,279,689	11.8%
09/10/11	-	798,781	798,781	0.0%	8,458,445	9.4%

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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, 2012

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education (CDE):			
No Child Left Behind (NCLB):			
Title I, Basic School Support	84.010	14981	\$ 191,591
Title II, Part A, Teacher Quality	84.367	14341	67,792
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	8,605
Special Ed Cluster: IDEA			
Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	95,373
ARRA Basic Local Assistance Entitlement, Part B, Sec 611	84.391	15003	93
Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	305
Total Special Ed: IDEA			95,771
Education Jobs Fund (SB 847)	84.410	25152	122,087
Federal Impact Aid [1]	84.041	*	2,146,233
Total U. S. Department of Education			2,632,079
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through CDE:			
Child Nutrition Cluster:			
National School Lunch	10.555	13524	287,844
Especially Needy Breakfast	10.553	13526	19,671
Meal Supplements	10.555	13524	26,260
Food Distribution Program	10.558	*	21,395
Total U. S. Department of Agriculture			355,170
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through CDE:			
Child Development: Federal General (CCTR)	93.575	15136	118,541
Medi-Cal Billing Option	93.778	10013	29,863
Good Behaviour Grant (GBG)	93.243	*	92,415
Total U. S. Department of Health & Human Services			240,819
U. S. DEPARTMENT OF DEFENSE:			
Impact Aid	12.558	*	210,842
GREAT Grant	12.556	*	224,914
Total U. S. Department of Defense			435,756
Total Federal Expenditures			\$ 3,663,824

[1] - Major Program

* - Direct funded

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2012

Wheatland Elementary School

	Second Period Report	Annual Report
ELEMENTARY		
Kindergarten	158	158
First through third	373	369
Fourth through sixth	376	374
Seventh through eighth	196	196
Home and hospital	0	0
Special day class	14	14
Total Elementary	1,117	1,111

Wheatland Charter Academy

	Second Period Report	Annual Report
ELEMENTARY		
Total kindergarten	19	19
Total first through third	52	52
Total fourth through sixth	27	26
Total Elementary School	98	97
Classroom-based kindergarten	19	19
Classroom-based first through third	52	52
Classroom-based fourth through sixth	27	26
Total Classroom-Based Elementary School	98	97

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2012

Grade Level	1982 - 83 Actual Minutes	1982 - 83 Actual Minutes Reduced	1986 - 87 Minutes Requirement	1986 - 87 Minutes Requirement Reduced	2011 - 12 Actual Minutes	Number of Days	Status
Wheatland Elementary:							
Kindergarten	31,938	29,809	36,000	33,600	48,505	180	Complied
Grade 1	45,063	42,059	50,400	47,040	51,345	180	Complied
Grade 2	45,063	42,059	50,400	47,040	51,345	180	Complied
Grade 3	45,063	42,059	50,400	47,040	51,345	180	Complied
Grade 4	52,500	49,000	54,000	50,400	54,565	180	Complied
Grade 5	52,500	49,000	54,000	50,400	54,565	180	Complied
Grade 6	52,500	49,000	54,000	50,400	60,155	180	Complied
Grade 7	52,500	49,000	54,000	50,400	60,155	180	Complied
Grade 8	54,000	50,400	54,000	50,400	60,155	180	Complied
Wheatland Charter Academy:							
Kindergarten	*	*	36,000	33,600	54,235	180	Complied
Grade 1	*	*	50,400	47,040	51,060	180	Complied
Grade 2	*	*	50,400	47,040	51,060	180	Complied
Grade 3	*	*	50,400	47,040	51,060	180	Complied
Grade 4	*	*	54,000	50,400	54,660	180	Complied
Grade 5	*	*	54,000	50,400	54,660	180	Complied

* -Charter did not exist in 1982/83

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

	2013 (Budget)	2012	2011	2010
GENERAL FUND:				
Revenues	\$ 11,077,838	12,616,283	13,294,103	15,868,462
Transfers in	47,583	-	17,837	100,175
Total	11,125,421	12,616,283	13,311,940	15,968,637
Expenditures	12,494,020	12,653,970	11,757,903	11,710,838
Other uses and transfers out	182,022	1,681,342	139,722	163,409
Total	12,676,042	14,335,312	11,897,625	11,874,247
INCREASE/(DECREASE)				
IN FUND BALANCE	\$ (1,550,621)	\$ (1,719,029)	\$ 1,414,315	\$ 4,094,390
ENDING FUND BALANCE ¹				
	\$ 9,756,247	\$ 11,306,868	\$ 13,025,897	\$ 7,579,343
AVAILABLE RESERVES ²				
	\$ 633,802	\$ 598,726	\$ 586,068	\$ 593,712
AVAILABLE RESERVES AS A				
PERCENTAGE OF OUTGO	5%	4%	5%	5%
LONG-TERM DEBT				
	N/A	808,745	958,997	1,062,521
AVERAGE DAILY				
ATTENDANCE AT P-2	1,110	1,117	1,106	1,076

The General Fund balance has increased by \$3,727,525 over the past two years. The fiscal year 2012-2013 budget projects a decrease of \$1,550,621 (fourteen percent). For a district this size, the State recommends available reserves of at least 5% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating deficit during the 2012-2013 fiscal year. Total long term obligations have decreased by \$253,776 over the past two years.

Average daily attendance has increased by 41 ADA over the past two years. A decrease of 7 ADA is anticipated during fiscal year 2012-2013.

¹ Since the 2011 fiscal year, the General Fund Ending Fund Balance is comprised of the Special Reserve for Other than Capital Outlay Fund and Special Reserve for Post-Employment Benefits Fund.

² Available reserves consist of Economic Uncertainties component of the General Fund Balance.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Reserve Other Than Capital Outlay Fund	Self-Insurance Fund
FUND BALANCE			
Balance June 30, 2012, Unaudited Actuals	\$ 8,787,647	\$ 2,577,935	\$ 705,231
Increase in:			
Cash in county	2,568,563	-	-
Accounts receivable	9,372	-	-
Deferred revenue	(58,714)	-	-
Decrease in:			
Cash in county	-	(2,568,563)	-
Accounts receivable	-	(9,372)	-
OPEB liability	-	-	56,460
Audited financial statement	\$ 11,306,868	\$ -	\$ 761,691

See accompanying note to supplementary information

WHEATLAND ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2012

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

See accompanying note to supplementary information

COMBINING FINANCIAL STATEMENTS

WHEATLAND ELEMENTARY SCHOOL DISTRICT

COMBINING BALANCE SHEET
 JUNE 30, 2012

	Child Development Fund	Cafeteria Fund
ASSETS		
Cash and cash equivalents	\$ -	\$ 85,235
Accounts receivable	67,379	87,369
Due from other funds	365	3,785
Stores inventory	-	5,832
Total Assets	\$ 67,744	\$ 182,221
LIABILITIES		
Accrued liabilities	\$ 134	\$ 121
Due to other funds	10,941	842
Total Liabilities	11,075	963
FUND BALANCES		
Non-spendable	-	5,832
Spendable		
Restricted	34,892	112,785
Assigned	21,777	62,641
Total Fund Balances	56,669	181,258
Total Liabilities and Fund Balances	\$ 67,744	\$ 182,221

See accompanying note to supplementary information

Deferred Maintenance Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Non-Major Governmental Funds
\$ 481,092	\$ 773,381	\$ 377,049	\$ 1,716,757
1,556	2,820	1,413	160,537
-	-	-	4,150
-	-	-	5,832
\$ 482,648	\$ 776,201	\$ 378,462	\$ 1,887,276
\$ -	\$ -	\$ -	\$ 255
-	-	-	11,783
-	-	-	12,038
-	-	-	5,832
238,676	126,495	-	512,848
243,972	649,706	378,462	1,356,558
482,648	776,201	378,462	1,875,238
\$ 482,648	\$ 776,201	\$ 378,462	\$ 1,887,276

WHEATLAND ELEMENTARY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	Child Development Fund	Cafeteria Fund
REVENUES		
Federal sources	\$ 118,541	\$ 355,170
Other State sources	398,573	25,517
Other local sources	32,733	201,921
Total Revenues	549,847	582,608
EXPENDITURES		
Current		
Instruction	429,286	-
Instruction-related services		
Instructional supervision and administration	59,293	-
Pupil services		
Food services	-	479,647
General administration		
All other general administration	11,503	-
Plant services	46,467	-
Total Expenditures	546,549	479,647
Excess (Deficiency) of Revenues Over Expenditures	3,298	102,961
Other Financing Sources (Uses)		
Transfers In	26,938	-
NET CHANGE IN FUND BALANCE	30,236	102,961
Fund Balance - Beginning	26,433	78,297
Fund Balance - Ending	\$ 56,669	\$ 181,258

See accompanying note to supplementary information

Deferred Maintenance Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 473,711
238,674	-	-	662,764
5,313	11,115	5,617	256,699
243,987	11,115	5,617	1,393,174
-	-	-	429,286
-	-	-	59,293
-	-	-	479,647
-	-	-	11,503
8,221	-	17,741	72,429
8,221	-	17,741	1,052,158
235,766	11,115	(12,124)	341,016
65,170	-	-	92,108
300,936	11,115	(12,124)	433,124
181,712	765,086	390,586	1,442,114
\$ 482,648	\$ 776,201	\$ 378,462	\$ 1,875,238

WHEATLAND ELEMENTARY SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2012

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 §§ 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 § 46201. Education Code §§ 46201.2(a) and 4201.3(a) allows for an equivalent twelve-day reduction to the required number of instructional minutes for the fiscal year 2011-12.

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

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

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)

OTHER INDEPENDENT AUDITORS' REPORTS

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

Board of Trustees
Wheatland Elementary School District
Wheatland, California

I have audited the accompanying 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, 2012, which collectively comprise Wheatland Elementary School District's basic financial statements, and have issued my report thereon dated October, 22 2012. I conducted my 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

Management of Wheatland Elementary School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered Wheatland Elementary School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wheatland Elementary School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Wheatland Elementary School District's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wheatland Elementary School District's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 the governing board, management, the California Department of Education, the California 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.

Robert T. Dennis, C.P.A.



October 22, 2012

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12223 Highland Avenue, Suite #106-625
Rancho Cucamonga, CA 91739

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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

I have audited the compliance of Wheatland Elementary School District with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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 the entity's management. My responsibility is to express an opinion on Wheatland Elementary School District's compliance based on my audit.

I conducted my 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Wheatland Elementary School District's compliance with those requirements.

In my opinion Wheatland Elementary School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control over Compliance

The management Wheatland Elementary School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Wheatland Elementary School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Wheatland Elementary School District's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.²

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the California State Controller's Office, 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.

Robert T. Dennis, C.P.A.


October, 22 2012

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
 Wheatland Elementary School District
 Wheatland, California

I have audited Wheatland Elementary School District's compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2011-12* applicable to Wheatland Elementary School District's government programs as noted below for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of Wheatland Elementary School District's management. My responsibility is to express an opinion on Wheatland Elementary School District's compliance based on my audit.

I conducted my 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 Educational Agencies 2011-12*, issued by the Education Audit Appeals Panel as regulations. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. 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 I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinions. My audit does not provide a legal determination of Wheatland Elementary School District's compliance with those requirements.

In my opinion, Wheatland Elementary School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2012.

In connection with the audit referred to above, I selected and tested transactions and records to determine the Wheatland Elementary School District's compliance with the State laws and regulations applicable to the following items:

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

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PROGRAM NAME	PROCEDURES IN AUDIT GUIDE	PROCEDURES PERFORMED
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement - Receipt of Funds	1	Yes
Juvenile Court Schools	8	Not Applicable
Exclusion of Pupils - Petrussis Immunization	2	Yes
Class Size Reduction (including in charter schools):		
General requirements	7	Yes
Option One	3	Yes
Option Two	4	Not Applicable
Districts or charter schools with only one school serving K - 3	4	Not Applicable
After School Education and Safety Program:		
General requirements	4	Yes
After school	5	Yes
Before school	6	Not Applicable
Contemporaneous Records of Attendance; for charter schools	3	Yes
Mode of Instruction; for charter schools	1	Yes
Nonclassroom-Based Instruction/Independent Study; for charter schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	3	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	4	Yes

This report is intended solely for the information and use of the governing board, management, the California Department of Education, the California 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.

Robert J. Dennis, C.P.A.



October 22, 2012

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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, 2012**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>Yes</u>

FEDERAL AWARDS

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>84.014</u>	<u>Federal Impact Aid</u>

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

STATE AWARDS

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

WHEATLAND ELEMENTARY SCHOOL DISTRICT

FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

There were no Financial Statement Findings this year.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

There were no Federal Award Findings this year.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

There were no State Award Findings this year.

WHEATLAND ELEMENTARY SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

There were no Prior Audit Findings.