

**MOUNTAIN VIEW WHISMAN
SCHOOL DISTRICT
COUNTY OF SANTA CLARA
MOUNTAIN VIEW, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2012



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**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SANTA CLARA COUNTY**

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SANTA CLARA COUNTY**

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FINANCIAL
SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Mountain View Whisman School District
Mountain View, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mountain View Whisman School District (the "District"), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-12 (K-12 Audit Guide)*, prescribed by the California State Controller's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District at June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 22, 2012 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with



management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise District's basic financial statements. The combining and individual fund financial statements and other schedules listed in the supplementary section of the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. These statements 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 accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the District. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

C & A LLP

September 22, 2012
San Jose, California

Management's Discussion and Analysis

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The Management's Discussion and Analysis ("MDA") of Mountain View Whisman School District's (The District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of the MDA is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended June 30, 2012 were as follows:

- Total net assets increased by \$4,315,734 or 18.5% from June 30, 2011 to June 30, 2012.
- General revenues accounted for \$42,589,403, which is 77% of all revenues. Program specific revenues in the form of operating grants and contributions, and charges for services accounted for \$12,843,891 or 23% of total revenues of \$55,433,294.
- The District had \$51,117,560 in expenses, which was directly supported by program specific revenues as noted in the second bullet.
- Total fund balances of governmental funds (i.e. General Fund, Building Fund, and Bond Fund) increased by \$5,490,192, or 28% from June 30, 2011 to June 30, 2012.
- Among major funds, the General Fund had \$46,495,973 in revenues and \$41,285,317 in expenditures. The General Fund's fund balance increased by \$5,210,656 from June 30, 2011 to June 30, 2012.

Using the Annual Report

This annual report consists of a series of basic financial statements and notes to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities comprise the government-wide financial statements and provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Overview of the Financial Statements

The full annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, the Management's Discussion and Analysis. The three sections together provide a comprehensive financial overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, government-wide and fund statements.

- Government-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
- Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information section provides further explanations and provides additional support for the financial statements.

Government-Wide Financial Statements - Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during the fiscal year 2011 - 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting practices used by most private-sector companies. This basis of accounting takes into account all of the current year revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the District's property tax base, current property tax laws in California restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the District reports governmental activities. Governmental activities are the activities where most of the District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business like activities.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. These fund financial statements focus on each of the District's most significant funds. The District's major governmental funds are the General Fund, Building Fund, and Bond Interest and Redemption Fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary funds

The district is the trustee, or fiduciary, for student body funds and a foundation trust fund. All of the district's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the district's fund and government-wide financial statements because the district cannot use these assets to finance its operations.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net assets as of June 2012 as compared to June 2011:

Table 1 - Summary of Net Assets				
	2012	2011	Increase (Decrease)	Percent
Assets				
Current and Other Assets	\$ 26,632,282	\$ 22,978,611	\$ 3,653,671	15.9%
Capital Assets	49,934,422	52,740,209	(2,805,787)	-5.3%
Total Assets	\$ 76,566,704	\$ 75,718,820	\$ 847,884	1.1%
Liabilities				
Other Liabilities	\$ 2,663,743	\$ 4,393,881	\$(1,730,138)	-39.4%
Long-Term Liabilities	46,266,896	48,004,608	(1,737,712)	-3.6%
Total Liabilities	\$ 48,930,639	\$ 52,398,489	\$(3,467,850)	-6.6%
Net Assets				
Invested in Capital Assets, Net of Debt	\$ 7,511,402	\$ 7,760,923	\$ (249,521)	-3.2%
Restricted	12,584,150	9,928,081	2,656,069	26.8%
Unrestricted	7,540,513	5,631,327	1,909,186	33.9%
Total Net Assets	\$ 27,636,065	\$ 23,320,331	\$ 4,315,734	18.5%

Total assets of governmental activities increased by \$847,884, and net capital assets decreased by \$2,805,787 because of current year depreciation. Unrestricted net assets of the District; which do not have constraints from grantors, legal requirements, or legislation, increased by \$1,909,186.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Table 2 shows the changes in net assets from fiscal year 2010-11 to 2011-12.

Table 2 - Change in Net Assets				
	2012	2011	Increase (Decrease)	Percent
Revenues				
Program Revenues:				
Charges for Services	\$ 447,335	\$ 376,625	\$ 70,710	18.8%
Operating Grants and Contributions	12,396,556	11,566,367	830,189	7.2%
General Revenues:				
Property Taxes	34,701,533	33,405,628	1,295,905	3.9%
Grants and Entitlements - Unrestricted	4,174,711	3,525,705	649,006	18.4%
Other	3,713,159	3,750,358	(37,199)	-1.0%
Total Revenues	55,433,294	52,624,683	2,808,611	5.3%
Program Expenses				
Instruction	31,491,961	30,931,396	560,565	1.8%
Instruction-Related Services	5,702,094	5,631,635	70,459	1.3%
Pupil Services	3,602,628	3,709,031	(106,403)	-2.9%
General Administration	2,929,146	2,568,811	360,335	14.0%
Plant Services	4,465,786	4,665,945	(200,159)	-4.3%
Ancillary Services	22,860	79,509	(56,649)	-71.2%
Interest and Fiscal Charges	2,903,085	2,379,223	523,862	22.0%
Total Expenses	51,117,560	49,965,550	1,152,010	2.3%
Change in Net Assets	\$ 4,315,734	\$ 2,659,133	\$ 1,656,601	62.3%

Property taxes comprised 63% of District revenues for fiscal year 2011-12. Direct Instruction Costs comprised 62% of District expenses for fiscal year 2011-12.

Total revenues increased by 5.3% and total expenses increased by 2.3% for fiscal year 2011-12.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the net cost of services as compared to the prior fiscal year. That is, it identifies the cost of these services supported by general revenues for the government-wide statements (not the General Fund).

Table 3 - Net Cost of Services				
Function	2012	2011	Increase (Decrease)	Percent
Instruction	\$ 22,641,460	\$ 25,037,761	\$ (2,396,301)	-9.57%
Instruction-Related Services	4,625,743	3,282,574	1,343,169	40.92%
Pupil Services	1,000,000	514,386	485,614	94.41%
General Administration	2,697,999	2,331,161	366,838	15.74%
Plant Services	4,382,739	4,535,427	(152,688)	-3.37%
Ancillary Services	22,643	(57,974)	80,617	-139.06%
Interest and Fiscal Charges	2,903,085	2,379,223	523,862	22.02%
Total Expenses	\$ 38,273,669	\$ 38,022,558	\$ 251,111	0.66%

Direct Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupil Services and Instruction-related Services include the activities involved with assisting staff with the content and process of teaching to pupils.

General Administration includes the costs for the Board of Trustees, administration, fiscal and business services and other expenses associated with administrative and financial supervision of the District.

Plant Services includes the operation and maintenance of plant activities, which involve keeping the school grounds, buildings, and equipment in an effective working condition.

Facilities Acquisition and Construction includes activities concerned with capital projects, such as acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, initially installing or extending service systems and other built-in equipment, and improving sites.

Ancillary Services includes the operation of non-instructional services including the preparation, delivery, and servicing of lunches, snacks and other incidental meals.

Interest and Fiscal Charges involve the transactions associated with the payment of interest and other related charges to debt of the District.

The dependence upon tax revenues is apparent, 77% of the District's activities are supported through taxes and other general revenues. The community, as a whole, is the primary support for the District.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The District's Funds

The District's governmental funds report a combined fund balance of \$25,021,105, which is an increase of \$5,490,192 from last year's total. Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Change in Fund Balances			
Funds	2012	2011	Increase (Decrease)
General Fund	\$ 18,257,670	\$ 13,047,014	\$ 5,210,656
Child Development Fund	68,562	54,604	13,958
Cafeteria Fund	244,015	388,399	(144,384)
Deferred Maintenance Fund	692,138	575,426	116,712
Building Fund	667,731	952,149	(284,418)
Capital Facilities Fund	1,086,378	606,344	480,034
Bond Interest & Redemption Fund	4,004,611	3,906,977	97,634
Total Governmental Fund Balances	\$ 25,021,105	\$ 19,530,913	\$ 5,490,192

General Fund Budgeting Highlights

The District's budget is prepared according to California law and in the modified accrual basis of accounting.

During the course of the 2011-12 fiscal year, the District revised its General Fund budget twice - at 1st Interim and 2nd interim, which resulted in an increase in budgeted expenditures of \$4,239,465. The overall increase in expenditures is largely due to additional expenditures generated from restricted ending balance/deferred income from prior year and increased expenditures in Special Education programs.

For the General Fund, the 2nd Interim budget basis revenue and other financing sources estimate was \$44,445,519. The original budgeted estimate was \$42,972,428.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Capital Assets

At the end of the fiscal year 2012, the District had \$49,934,422 invested in land, buildings, furniture and equipment, and vehicles located at twelve sites within the city of Mountain View.

Table 5 shows June 2012 balances as compared to June 2011.

Table 5 - Summary of Capital Assets Net of Depreciation					
Capital Asset	2012		2011		Percentage Change
	Cost	Accumulated Depreciation	Net Capital Asset	Net Capital Asset	
Land	\$ 1,341,037	\$ -	\$ 1,341,037	\$ 1,341,037	0.0%
Buildings and Improvements	95,821,723	47,421,566	48,400,157	51,165,625	-5.4%
Property and Equipment	2,438,054	2,244,826	193,228	147,167	31.3%
Work-in-Progress	-	-	-	86,380	-100.0%
Totals	\$ 99,600,814	\$ 49,666,392	\$ 49,934,422	\$ 52,740,209	-5.3%

Overall capital assets decreased by 5.3% from fiscal year 2011 to fiscal year 2012 because of \$3.4 million in current depreciation net \$.6 million in capital asset additions.

Long Term Debt

Table 6 summarizes the percent changes in Long-term Debt over the past two years.

Table 6 - Long-term Debt			
Type of Debt	2012	2011	Percentage Change
General obligation bonds	\$ 49,802,572	\$ 45,359,447	9.80%
Loss on early retirement of bonds	(7,546,916)	(722,223)	944.96%
Unamortized bond premiums - net	291,798	495,966	-41.17%
Net OPEB obligation	3,693,762	2,844,038	29.88%
Compensated absences	25,680	27,380	-6.21%
Total Debt	\$ 46,266,896	\$ 48,004,608	-3.62%

Factors Bearing on the District's Future

In November 2012, California voters will determine whether additional tax funds will be available to fund public education. If this measure fails, Governor Brown has proposed automatic trigger cuts of approximately \$457 per student. While the District has set aside reserves to offset these trigger cuts, the ongoing cuts will dramatically reduce the District reserves. Additionally, in 2011-12, the District received a one-time grant from Google to support professional development. We have budgeted to spend those funds in 2012-13 and do not assume that the grant funds will continue. To offset these reductions in revenue the District is planning on using cash reserves and reducing expenses through efficiency over the next three years.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Ms. Terese McNamee, Chief Business Officer, Mountain View Whisman School District, 750-A San Pierre Way, Mountain View, CA 94043

Basic Financial Statements

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
Assets	
Current Assets:	
Cash and investments	\$ 24,267,477
Accounts receivable	2,185,277
Stores inventories	53,856
Prepaid expenses	1,238
Total Current Assets	26,507,848
Noncurrent Assets:	
Unamortized bond issuance costs - net	124,434
Land	1,341,037
Building and improvements	95,821,723
Equipment	2,438,054
Less accumulated depreciation	(49,666,392)
Total Noncurrent Assets	50,058,856
Total Assets	\$ 76,566,704
Liabilities	
Current Liabilities:	
Accounts payable	\$ 754,341
Unearned revenue	732,402
Accrued interest	1,177,000
Total Current Liabilities	2,663,743
Long-term Liabilities:	
Due within one year:	
General obligation bonds payable	2,425,859
Due after one year:	
General obligation bonds payable	47,376,713
Net OPEB obligation	3,693,762
Compensated absences payable	25,680
Deferred loss on early retirement of long-term debt	(7,546,916)
Unamortized bond premiums - net	291,798
Total due after one year	43,841,037
Total long-term Liabilities	46,266,896
Total Liabilities	\$ 48,930,639
Net Assets	
Invested in capital assets, net of related debt	\$ 7,511,402
Restricted for:	
Capital projects	1,754,109
Debt service	4,004,611
Educational programs	6,786,560
Total restricted net assets	12,545,280
Unrestricted	7,579,383
Total Net Assets	\$ 27,636,065

The notes to the financial statements are an integral part of this statement

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 31,491,961	\$ -	\$ 8,850,501	\$ (22,641,460)
Instruction-related services:				
Supervision of instruction	928,357	-	306,622	(621,735)
Instruction library, media and technology	940,924	-	311,616	(629,308)
School site administration	3,832,813	-	458,113	(3,374,700)
Pupil services:				
Home-to-school transportation	768,606	10,188	538,288	(220,130)
Food services	1,990,378	406,361	1,398,839	(185,178)
All other pupil services	843,644	-	248,952	(594,692)
General administration:				
Data processing	387,969	-	-	(387,969)
All other general administration	2,541,177	21,103	210,044	(2,310,030)
Plant services	4,465,786	9,683	73,364	(4,382,739)
Ancillary services	22,860	-	217	(22,643)
Interest on long-term debt	2,903,085	-	-	(2,903,085)
Total governmental activities	<u>\$ 51,117,560</u>	<u>\$ 447,335</u>	<u>\$ 12,396,556</u>	<u>(38,273,669)</u>
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				26,422,892
Taxes levied for debt service				5,469,169
Taxes levied for other specific purposes				2,809,472
Federal and state aid not restricted to specific purposes				4,174,711
Interest and investment earnings				122,469
Miscellaneous				3,590,690
Total general revenues				<u>42,589,403</u>
Change in net assets				4,315,734
Net assets beginning				<u>23,320,331</u>
Net assets ending				<u>\$ 27,636,065</u>

The notes to the financial statements are an integral part of this statement

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	General Fund	Building Fund	Bond Interest Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 17,352,794	\$ 668,394	\$ 4,001,251	\$ 2,245,038	\$ 24,267,477
Accounts receivable	2,031,663	1,044	3,360	149,210	2,185,277
Due from other funds	106,305	8	-	2,772	109,085
Stores inventories	14,986	-	-	38,870	53,856
Prepaid expenditures	1,238	-	-	-	1,238
Total Assets	\$ 19,506,986	\$ 669,446	\$ 4,004,611	\$ 2,435,890	\$ 26,616,933
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 675,505	\$ 1,715	\$ -	\$ 77,121	\$ 754,341
Due to other funds	2,610	-	-	106,475	109,085
Deferred revenue	571,201	-	-	161,201	732,402
Total Liabilities	1,249,316	1,715	-	344,797	1,595,828
Fund balances:					
Nonspendable:					
Revolving fund	8,000	-	-	-	8,000
Stores inventories	14,986	-	-	38,870	53,856
Prepaid expenditures	1,238	-	-	-	1,238
Restricted for:					
Educational programs	6,512,853	-	-	-	6,512,853
Debt service	-	-	4,004,611	-	4,004,611
Child development programs	-	-	-	68,562	68,562
Cafeteria programs	-	-	-	205,145	205,145
Capital projects	-	667,731	-	1,086,378	1,754,109
Committed for:					
Other postemployment benefits	3,104,479	-	-	-	3,104,479
Assigned for:					
Educational programs	118,022	-	-	-	118,022
Site repairs	-	-	-	692,138	692,138
Unassigned:					
Unappropriated	8,498,092	-	-	-	8,498,092
Total Fund Balances	18,257,670	667,731	4,004,611	2,091,093	25,021,105
Total Liabilities and Fund Balances	\$ 19,506,986	\$ 669,446	\$ 4,004,611	\$ 2,435,890	\$ 26,616,933

The notes to the financial statements are an integral part of this statement

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Total fund balances - governmental funds	\$	25,021,105
<p>Amounts reported for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$99,600,814 and the accumulated depreciation is \$49,666,392.</p>		
		49,934,422
<p>To recognize accrued interest at year end which is not reported in the governmental funds</p>		
		(1,177,000)
<p>In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issuance costs have been included in the statement of assets as follows:</p>		
		124,434
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consists of:</p>		
General obligation bonds	\$ 49,802,572	
Deferred loss on early retirement of long-term debt	(7,546,916)	
Unamortized premiums from bond refunding	291,798	
Net OPEB obligation	3,693,762	
Compensated absences (vacation)	25,680	(46,266,896)
Total net assets - governmental activities	\$	27,636,065

The notes to the financial statements are an integral part of this statement

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	General Fund	Building Fund	Bond Interest Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Revenue limit sources	\$ 26,530,841	\$ -	\$ -	\$ -	\$ 26,530,841
Federal	2,503,557	-	-	1,613,417	4,116,974
Other state	6,165,338	-	-	571,426	6,736,764
Other local	11,296,237	5,134	5,480,073	1,267,272	18,048,716
Total revenues	46,495,973	5,134	5,480,073	3,452,115	55,433,295
Expenditures:					
Instruction	28,354,959	-	-	392,996	28,747,955
Instruction-related services:					
Supervision of instruction	926,338	-	-	-	926,338
Instruction library, media and technology	770,096	-	-	-	770,096
School site administration	3,322,384	-	-	224,237	3,546,621
Pupil services:					
Home-to-school transportation	733,116	-	-	-	733,116
Food services	-	-	-	1,939,473	1,939,473
All other pupil services	838,870	-	-	-	838,870
General administration:					
Data processing	387,969	-	-	-	387,969
All other general administration	2,334,527	-	-	119,145	2,453,672
Plant services	3,594,198	-	-	72,617	3,666,815
Ancillary services	22,860	-	-	-	22,860
Facility acquisition and construction	-	289,552	-	237,327	526,879
Debt service:					
Principal	-	-	2,732,580	-	2,732,580
Interest and other costs	-	202,668	2,649,859	-	2,852,527
Total expenditures	41,285,317	492,220	5,382,439	2,985,795	50,145,771
Excess (deficiency) of revenues over (under) expenditures	5,210,656	(487,086)	97,634	466,320	5,287,524
Other financing sources (uses):					
Defeasance of general obligation bonds	-	(10,677,332)	-	-	(10,677,332)
Proceeds from bond issuances	-	10,880,000	-	-	10,880,000
Total other financing sources (uses)	-	202,668	-	-	202,668
Net change in fund balances	5,210,656	(284,418)	97,634	466,320	5,490,192
Fund balance beginning as restated	13,047,014	952,149	3,906,977	1,624,773	19,530,913
Fund balances ending	\$ 18,257,670	\$ 667,731	\$ 4,004,611	\$ 2,091,093	\$ 25,021,105

The notes to the financial statements are an integral part of this statement

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Total net change in fund balances - governmental funds	\$	5,490,192
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$614,942 is less than depreciation expense of \$3,420,729 in the period.</p>		
		(2,805,788)
<p>The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Interest is recognized as an expenditure in the governmental funds when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:</p>		
Proceeds from bond issuance	\$ (10,880,000)	
Defeasance of general obligation bonds	10,677,332	
Repayment of bond principal	<u>2,732,580</u>	2,529,912
<p>In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an other financing source or other financing use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. The difference between premiums or discounts recognized in the current period and amortized over future periods is:</p>		
		204,168
<p>In governmental funds, debt issuance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issuance costs are amortized over the life of the debt. The difference between debt issuance costs recognized in the current period and issuance costs amortized for the period is:</p>		
		(29,470)
<p>In governmental funds, deferred loss on early retirement of long-term debt is recognized as other financing uses. In the government-wide statements, the deferred losses on early retirement of long-term debt is amortized over the life of the debt. The difference between other financing uses and amortization is:</p>		
		(148,343)
<p>In the statement of activities, compensated absences are measured by the amount earned during the year. In governmental funds, however, expenditures for those items are measured by the amount of financial resources used (essentially the amounts paid). This year vacation earned was less than the amounts used by:</p>		
		1,700
<p>In the statement of activities, the net other postemployment benefits obligation is measured by deducting the amount contributed to the plan from the annual required contribution as actuarially determined. In governmental funds, this obligation is not recorded because it is not paid with current financial resources and only current contributions are expended. The total amount reported as an expense in the statement of activities was \$1,129,351 net expenditures of \$279,627 reported in the fund statements:</p>		
		(849,724)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
		<u>(76,913)</u>
Changes in net assets of governmental activities	\$	<u><u>4,315,734</u></u>

The notes to the financial statements are an integral part of this statement

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Expendable Trust Fund	Student Body Agency Fund	Total
Assets			
Cash in county treasury	\$ 426,703	\$ -	\$ 426,703
Cash on hand and in banks	-	74,799	74,799
Accounts receivable	664	-	664
Total Assets	\$ 427,367	\$ 74,799	\$ 502,166
Liabilities			
Accounts payable	\$ -	\$ 74,799	\$ 74,799
Total Liabilities	\$ -	\$ 74,799	\$ 74,799
Net Assets			
Restricted	427,367	-	427,367
Total Net Assets	\$ 427,367	\$ -	\$ 427,367

The notes to the financial statements are an integral part of this statement

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Expendable Trust Fund
Additions	
Other local	\$ 16,892
Deductions	
Services & other operating expenditures	128,334
Changes in net assets	(111,442)
Net assets beginning	538,809
Net assets ending	\$ 427,367

The notes to the financial statements are an integral part of this statement

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Principles

The Mountain View Whisman School District (the “district”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education’s *California School Accounting Manual*. The accounting policies of the district conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

B. Reporting Entity

The district is the level of government primarily accountable for activities related to public education. The governing authority consists of five elected officials who, together, constitute the Board of Trustees. The district’s combined financial statements include the accounts of all its operations. The district evaluated whether any other entity should be included in these financial statements. The basic, but not the only, criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit’s reporting entity for general purpose financial reports is the ability of the governmental unit’s elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one governmental unit is dependent on another and that the dependent unit should be reported as part of the other. Oversight responsibility is derived from the governmental unit’s power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

Accordingly, for the year ended June 30, 2012, the district does not have any component units and is not a component unit of any other reporting entity.

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the district.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include the reconciliation with brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the district's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The district does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the district, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the district.

Fund Financial Statements:

Fund financial statements report detailed information about the district. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the district, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the district receives value *without* directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the district must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the district on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the district's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the district are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The district's accounts are organized into major, nonmajor, and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the district. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Building Fund* is used to account for proceeds from the sale of real property and account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The *Bond Interest and Redemption Fund* is maintained by the County Treasurer and is used to account for both the accumulation of resources from ad valorem tax levies and the interest and redemption of principal of the funding of general obligation bonds issued by the district.

Non-major Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service or capital projects. The restricted or committed resources need to comprise a substantial portion of the inflows reported in the special revenue fund. The district maintains three non-major special revenue funds:

- The Child Development Fund is used to account for resources committed to child development programs maintained by the district.
- The Cafeteria Fund is used to account for revenues received and expenditures made to operate the district's food service programs.
- The Deferred Maintenance Fund is used for the purpose of major repair or replacement of district property.

Capital Projects Funds are used to account for resources restricted, committed or assigned for capital outlays. The district maintains one non-major capital projects fund:

- The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

Fiduciary Funds:

Expendable Trust Funds are used to account for donations which have the stipulation that principal be expended for a specific purpose. The following expendable trust fund is utilized:

- The Foundation Trust Fund exists primarily to account for money received from gifts or bequests.

Agency Funds are used to account for assets of others for which the district acts as an agent. The district maintains an agency fund for the student body accounts. The student body funds are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the district.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the district's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The district's governing board satisfied these requirements.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

These budgets are revised by the district's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as Required Supplementary Information.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The district employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

G. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated on June 30.

H. Assets, Liabilities, and Equity

1. Cash and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Deposit Insurance Corporation except for non-interest bearing accounts which are completely insured.

In accordance with *Education Code* Section 41001, the district maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made.

2. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method, in that inventory acquisitions are initially recorded as expenditures. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

The district's central warehouse inventory is valued at a moving average cost and consists of expendable supplies held for consumption. The district has the option of reporting expenditure in governmental funds for prepaid items either when purchased or during the

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

benefiting period. The district has chosen to report the expenditure during the benefiting period.

3. Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of \$25,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvement of sites	20
Buildings	50
Portable buildings	20
Building improvements	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Vehicles	8
Computer system and equipment	5
Office equipment	5

4. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

5. Compensated Absences

All vacation pay plus related payroll tax is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Accumulated sick leave benefits are not recognized as liabilities of the district. The district's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as prepaid expenditures and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts are reported as other financing sources/uses.

7. Fund Balance Classifications

The District maintains a minimum unassigned fund balance of not less than 3 percent of budgeted general fund expenditures and other financing uses as a reserve for economic uncertainties. The District believes a reserve of this level is prudent to maintain a high bond rating and to protect the District from the effects of fluctuations in property tax revenues to which basic aid districts are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies governmental fund balances as follows:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Committed fund balances are imposed by the District's board of education.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Superintendent and the Assistant Superintendent of Business Services.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

- Unassigned - includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

In order to comply with the requirements of GASB 54, the District has combined transactions in the Special Reserve fund for Other than Capital Outlay (Special Reserve Fund) and the Special reserve fund for Other Postemployment Benefits (OPEB Fund) with the General Fund. The Special Reserve Fund and the OPEB Fund do not meet the definition of a special revenue fund as defined by GASB 54.

8. Net Assets

Net asset 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 limitation s imposed on their use either through the enabling legislation adopted by the district or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. The district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Capital Projects restrictions will be used for the acquisition and construction of capital facilities.

Debt Service restrictions reflect the cash balances in the debt service funds that are restricted for debt service payments by debt covenants.

Legally restricted restrictions reflect the amounts to be expended for federal and state funded educational programs.

Unrestricted net assets reflect net assets that are not subject to any donor-imposed restrictions. This class also includes restricted gifts whose donor-imposed restrictions were met during the fiscal year.

9. Revenue Limit/Basic Aide/Property Taxes

The district's revenue limit is received from a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on August 31 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll - approximately October 1 of each year.

The County Auditor reports the amount of the district's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the district.

The California Department of Education reduces the district's entitlement by the district's local property tax revenue. When the District's property taxes exceed the district's entitlement, the district becomes a basic aide school district and does not receive a state apportionment.

The District's base revenue limit is the amount of general purpose tax revenue, per average daily attendance (ADA), that the district is entitled to by law. This amount is multiplied by the second period ADA to derive the district's total entitlement.

10. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined together with other school districts in the County to form the South Bay Area Schools Insurance Authority (SBASIA) and the Santa Clara County Schools Insurance Group (SCCSIG) public entity risk pools currently operating as common risk management and insurance programs. The District pays an annual premium for its property and casualty, workers' compensation, unemployment and liability insurance coverage. The Joint Powers Agreements provide that SBASIA and SCCSIG will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of self-insured levels.

11. Accounting Estimates

The presentation of 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 reported amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

12. New Accounting Pronouncements

Summary of Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions an amendment of GASB Statement No. 5 (Issued 06/11). The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement were implemented as of June 30, 2012 and did **not** have a significant impact on the entity's financial statements.

13. Upcoming Accounting and Reporting Changes

Summary of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (Issued 12/10). 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.

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. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The implementation of this standard will **not** have a significant impact on the Entity's financial statements.

Summary of Statement No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (Issued 06/11). 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

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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. The implementation of this standard will **not** have a significant impact on the Entity's financial statements.

Summary of Statement No. 65 Items Previously Reported as Assets and Liabilities (Issued 03/12). This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The implementation of this standard will **not** have a significant impact on the Entity's financial statements.

Summary of Statement No. 67 Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25 (Issued 06/12). This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. This Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement also details the note disclosure requirements for defined contribution pension plans administered through trusts that meet the identified criteria. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged. The determination of the impact on the Entity's financial statements from the implementation of this standard is pending as of the issuance date of this report.

Summary of Statement No. 68 Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27 (Issued 06/12). The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly

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referred to as trusts) that meet certain criteria. This Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement-determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged. The determination of the impact on the Entity's financial statements from the implementation of this standard is pending as of the issuance date of this report.

NOTE 2 - CASH AND INVESTMENTS

Summary of Deposits

A summary of deposits as of June 30, 2012, is as follows:

Deposit or Investment	Carrying Amount	Fair Value	Investment Rating
<i>Government-Wide Statements:</i>			
Cash in county treasury investment pool	\$ 24,215,926	\$ 24,201,129	AA
Cash in banks	20,371	20,371	NA
Cash in revolving fund	8,000	8,000	NA
Cash with fiscal agent	23,180	23,180	NA
Total Government-Wide Cash and Investments	24,267,477	24,252,680	
<i>Fiduciary Funds:</i>			
Cash in county treasury investment pool	426,703	426,442	AA
Cash in banks	74,799	74,799	NA
Total Cash and Investments	\$ 24,768,979	\$ 24,753,921	

Cash in banks and revolving funds

Except for fully insured non-interest bearing accounts, cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). These accounts are held within various financial institutions. As of June 30, 2012, the bank balance of the District's accounts with banks was \$75,274, which was fully insured by FDIC.

Cash 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.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
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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.

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

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 the changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District keeps cash in the Santa Clara County Investment Pool which had a fair value of approximately \$3.85 billion and an amortized book value of \$3.83 billion. The average weighted maturity for this pool is 472 days.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment with the Santa Clara County Investment Pool is governed by the County's general investment policy, which is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The County's investment policy limits all investments to the top three ratings issued by at least two of the nationally recognized statistical rating organizations (NRSRO).

Custodial Credit Risk – Deposits

Custodial credit risk 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.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2012:

Receivables	General Fund	Building Fund	Bond Interest Redemption	Nonmajor Funds	Total
Federal Government:					
Special Education	\$ 225,248	\$ -	\$ -	\$ -	\$ 225,248
Title III - LEP	123,158	-	-	-	123,158
Child Nutrition	-	-	-	98,461	98,461
State Government:					
Lottery	234,936	-	-	-	234,936
Class Size Reduction	740,757	-	-	-	740,757
Lottery: Instructional Material	127,096	-	-	-	127,096
Other Resources	580,468	1,044	3,360	50,749	635,621
Total Accounts Receivable	\$ 2,031,663	\$ 1,044	\$ 3,360	\$ 149,210	\$ 2,185,277

NOTE 4 - INTERFUND TRANSACTIONS

Interfund transactions are reported as loans, services provided reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2012, interfund payables and receivables consisted of the following:

	Due From (receivable in)			
	General Fund	Building Fund	Nonmajor Funds	Total Due To
Due To (payable in)				
General Fund	\$ -	\$ -	\$ 2,610	\$ 2,610
Building Fund	-	-	-	-
Nonmajor Funds	106,305	8	162	106,475
Total Due From	\$ 106,305	\$ 8	\$ 2,772	\$ 109,085

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. There were no Interfund transfers for fiscal year 2011-2012.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2012, is shown below:

Capital Assets	Balance July 01, 2011	Additions	Deletions	Balance June 30, 2012
Land - not depreciable	\$ 1,341,037	\$ -	\$ -	\$ 1,341,037
Work-in-progress - not depreciable	86,380	-	(86,380)	-
Buildings and improvements	95,263,960	557,763	-	95,821,723
Equipment	2,294,495	143,559	-	2,438,054
Total capital assets	98,985,872	701,322	(86,380)	99,600,814
Less accumulated depreciation for:				
Buildings and improvements	44,098,335	3,323,231	-	47,421,566
Equipment	2,147,328	97,498	-	2,244,826
Total accumulated depreciation	46,245,663	3,420,729	-	49,666,392
Total capital assets - net depreciation	\$ 52,740,209	\$ (2,719,407)	\$ (86,380)	\$ 49,934,422

Depreciation expense was charged to governmental activities as follows:	
Instruction	\$ 1,895,982
Supervision of instruction	2,019
Instruction library, media and technology	170,828
School site administration	286,192
Home-to-school transportation	35,490
Food services	50,905
All other pupil services	4,774
All other general administration	87,505
Plant services	887,034
Total depreciation expense	\$ 3,420,729

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 6 - SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes in long-term debt for the year ended June 30, 2012:

Long-term Debt	Balance			Balance June 30, 2012	Due Within One Year
	July 1, 2011	Additions	Deletions		
General Obligation Bonds	\$ 45,359,447	\$ 10,880,000	\$ 6,436,875	\$ 49,802,572	\$ 2,425,859
Loss on early retirement of bonds	(722,223)	-	(148,343)	(573,880)	-
Unamortized bond premiums - net	495,966	-	204,168	291,798	-
Net OPEB obligation	2,844,038	1,129,351	279,627	3,693,762	-
Compensated Absences	27,380	-	1,700	25,680	-
Total Long-Term Debt	\$ 48,004,608	\$ 12,009,351	\$ 6,774,027	\$ 53,239,932	\$ 2,425,859

Payments for the capital lease obligations are paid from the General Fund. Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund from local revenues. The accrued vacation and other postemployment benefits will be paid by the fund for which the employee worked.

NOTE 7 - GENERAL OBLIGATION BONDS

Through elections, the district received authorization to issue general obligation bonds (GOB) that requires the county to levy annual ad valorem taxes for the payment of interest and principal on the bonds. Bond proceeds are used to build additional classrooms and to perform repairs and renovations.

In prior years, the district defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the district's financial statements.

In August of 2006, the District issued \$16,239,685 in General Obligation Refunding Bonds with an average interest rate of 4.375% to partially refund \$14,895,000 of outstanding 1998 Series A, 1998 Series C, 1998 Series D and 1998 Series E bonds ("refunded") with an average interest rate of 4.09%. The net proceeds of \$15,923,796 (after payment of \$316,113 in underwriting fees, insurance, and other issuance costs and an additional \$1,794,000 cash withheld for capital outlay) was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,794,224. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2014 using the straight-line method. The District completed the advance refunding to finance additional cash for capital outlay, which resulted in an increase of \$198,425 in total debt service payments over the next 22 years. The refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$687,574.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
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In 2011, the District issued \$2,645,000 in General Obligation Refunding Bonds with interest rates of 4-5% to refund \$2,615,000 of outstanding 1998 Series A bonds ("refunded") with an interest rate of 3.5-5%. The net proceeds of \$2,712,593 (after payment of \$89,000 in underwriting fees, insurance, and other issuance costs) included a premium of \$156,593 and was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$186,593. The District completed the advance refunding to finance additional cash for capital outlay, which resulted in a decrease of \$94,128 in total debt service payments over the next 9 years. The refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$224,878.

In 2012, the District issued \$10,880,000 in General Obligation Refunding Bonds with interest rates of .751-2.973% to refund \$10,699,000 of outstanding 1998 Series A bonds ("refunded"), including compound interest of \$6,994,704 and principal of \$3,704,296, with an interest rate of 3.5-5%. The net proceeds of \$10,677,332 (after payment of \$202,668 in underwriting fees, insurance, and other issuance costs) was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,457,872. The refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$1,350,053.

The following schedule summarizes District's outstanding General Obligation Bonds as of June 30, 2012:

Bond	Interest Rate	Year of Issue	Maturity Date	Original Issue	Outstanding July 1, 2011	Redeemed	Outstanding June 30, 2012
1998 Revenue Bonds, Series A	6.5-6.95%	1998	8/1/2021	\$ 14,821,025	\$ 5,144,472	\$ 4,297,683	\$ 846,789
1996 GOB Series B	4.65-5.48%	1997	8/1/2022	6,784,646	4,119,485	249,036	3,870,449
1996 GOB Series C	4.3-5.53%	1999	2/1/2024	6,499,471	5,261,447	197,705	5,063,742
1996 GOB Series D	5.11-6.28%	2000	2/1/2025	5,298,641	4,604,358	125,256	4,479,102
1998 GOB Series D	3.75-4.75%	2002	6/1/2012	10,000,000	325,000	325,000	-
1998 GOB Series E	2.75-4.5%	2003	9/1/2015	3,000,000	475,000	90,000	385,000
2005 GOB Series A	3.25-5%	2005	7/1/2025	9,090,000	7,645,000	425,000	7,220,000
2006 GOB	3.5-5.25%	2006	9/1/2021	16,239,685	15,139,685	242,195	14,897,490
2010 GOB	4-5%	2010	9/1/2019	2,645,000	2,645,000	485,000	2,160,000
2012 GOB	.751-2.973%	2011	8/1/2021	10,880,000	10,880,000	-	10,880,000
Total General Obligation Bonds				\$ 85,258,468	\$ 56,239,447	\$ 6,436,875	\$ 49,802,572

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The following is a summary of the District's annual debt service requirements as of June 30, 2012:

Year Ending June 30	Principal	Interest	Total
2013	\$ 2,425,859	\$ 2,936,518	\$ 5,362,377
2014	2,342,080	2,954,175	5,296,255
2015	3,060,133	2,832,275	5,892,408
2016	4,017,165	2,114,466	6,131,631
2017	4,277,498	2,148,219	6,425,717
2018-2022	23,824,578	11,367,454	35,192,032
2023-2026	9,855,259	18,197,872	28,053,131
Total Debt Service	\$ 49,802,572	\$42,550,979	\$92,353,551

NOTE 8 - JOINT VENTURES (JOINT POWERS AGREEMENTS)

The district participates in two joint ventures under joint powers agreements (JPA) with the Santa Clara County School District Insurance Group (SCCSIG) and the South Bay Area Schools Insurance Authority (SBASIA). The relationship between the district and the JPAs is such that the JPAs are not a component unit of the district for financial reporting purposes.

The SCCSIG arranges for and provides for workers' compensation for its member while the SBASIG arranges for and provides property and liability insurance for its members. The JPAs are governed by a board consisting of a representative from each member district. The board controls the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPAs. The following is a summary of coverage provided by each JPA, and each JPA's financial statement information:

<i>Risk Management JPA's</i>	SBASIA	SCCSIG
	June 30, 2011	June 30, 2011
Total Assets	\$ 4,660,164	\$ 14,542,296
Total Liabilities	2,596,007	5,716,585
Total Equity	2,064,157	8,825,711
Total Revenues	3,288,291	29,515,349
Total Expenditures	3,595,923	30,342,454
SBASIA provides property and liability insurance coverage.		
SCCSIG provides workers' compensation insurance and medical coverage for classified and certificated employees.		

NOTE 9 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

The district has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the district may incur a liability to grantor agencies.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
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B. Litigation

Various claims and litigation involving the district are currently outstanding. However, management of the district believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the district's financial position or results of operations.

NOTE 10 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS) and certificated employees are members of the State Teachers' Retirement System (STRS).

PERS

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 Law. 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 Q Street, Sacramento, California 95811.

Funding Policy. Active plan members are required to contribute 7% of their salary, and the district is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The district's required employer contribution rate for fiscal year 2012 was 10.923%. The contribution requirements of the plan members are established by state statute. For the fiscal year ending June 30, 2012, 2011 and 2010 the district contributed \$641,910, \$596,093, and \$606,145 to CalPERS. These were the district's required contribution.

STRS

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

Funding Policy. Active plan members are required to contribute 8% of their salary and the district is required to contribute an actuarially determined rate. The actuarial methods and assumptions used

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for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011-2012 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The district's contributions to STRS for the fiscal years ending June 30, 2012, 2011, and 2010, were \$1,507,376, \$1,457,503, and \$1,491,058, respectively, and equaled 100% of the required contributions for each year.

Postemployment Healthcare Plan

Plan Description. The District's Postemployment Healthcare Plan (PHP) is a single-employer defined benefit healthcare plan. The District contributes toward post-retirement benefits for employees who retire after age 55 with at least 10 years of service are entitled to benefits. The District will pay the full monthly premiums for medical, dental and vision coverage, for the retired employee and eligible dependents. Coverage under this program is available to CSEA, CTA and NEA members, as well as Confidential, Supervisory, Classified Management and Certificated Administrators. The maximum payment by the District for medical coverage is for the lowest-cost family plan premium. The District payment is pro-rated for employees who were at least 50%, but less than 100%, FTE at the time of retirement. Payments continue for a maximum of 5 years, or until age 65 (eligibility for Medicare/Medical), whichever is first. After this benefit period has expired, the retiree may continue coverage by paying the full premiums.

Funding Policy. The required contribution to the PHP is based on projected pay-as-you-go financing requirements, with an additional amount transferred to the special reserve fund for postemployment benefits as determined annually by the Board of Trustees. The transfer to the special reserve fund for postemployment benefits does not qualify as a contribution to the plan since the District has control over the money in this fund. For the fiscal year ended June 30, 2012, the District contributed \$279,627 to the plan from payment of current premiums and current retiree benefits.

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

Annual required contribution	\$ 1,183,911
Interest on net OPEB obligation	102,764
Adjustment to annual required contribution	(157,324)
Annual OPEB cost (expense)	1,129,351
Contributions made	(279,627)
Increase in net OPEB obligation	849,724
Net OPEB obligation - beginning of year	2,844,038
Net OPEB obligation - end of year	\$ 3,693,762

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
6/30/2009	\$ 1,104,000	11.67%	\$ 975,190
6/30/2010	1,104,000	12.52%	1,940,981
6/30/2011	1,119,530	15.87%	2,844,038
6/30/2012	1,129,351	24.76%	3,693,762

Funded Status and Funding Progress. The most recent actuarial valuation date was July 1, 2010. The actuarial accrued liability for benefits was \$9.1 million and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$9.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$24.458 million, and the ratio of the UAAL to the covered payroll was 37 percent.

Actuarial Methods and Assumptions. Under the Projected Unit Credit method, the actual OPEB benefits expected to be paid on behalf of each retired employee in all future years are divided equally among all years of employment from hire to retirement. The actuarial present value of the benefits which are allocated to the current year is called the Normal Cost. The actuarial present value of the benefits which are allocated to past years, including the full value of benefits for all former employees, is called the Actuarial Accrued Liability, and is amortized over a period of future years. The ARC is the sum of that amortization and the Normal Cost. The remaining amortization period at June 30, 2012, was twenty-seven years.

In the July 1, 2010 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a discount rate of 4.00 percent per year and an annual healthcare cost trend rate of 7.6 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after ten years. The discount rate is the interest rate at which future benefit obligations are discounted back to the present time. GASB 45 requires that the discount rate reflect the expected investment return on the District's investments.

Required Supplementary Information (OPEB Schedule of Funding Progress)

Schedule of Funding Progress - Postemployment Healthcare Plan:						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a/c))
7/1/2010	\$ -	\$ 9,099,655	\$ 9,099,655	0.00%	\$ 24,457,598	37.21%

REQUIRED
SUPPLEMENTARY
INFORMATION

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	Original	Final		
Revenues:				
Revenue limit sources	\$ 25,879,197	\$ 26,103,337	\$ 26,530,841	\$ 427,504
Federal	2,307,158	2,758,535	2,503,557	(254,978)
Other state	5,556,346	5,884,454	6,165,338	280,884
Other local	9,229,727	9,699,193	11,296,237	1,597,044
Total revenues	42,972,428	44,445,519	46,495,973	2,050,454
Expenditures:				
Certificated salaries	17,936,329	19,241,290	18,697,193	544,097
Classified salaries	5,900,831	6,524,430	6,488,385	36,045
Employee benefits	9,057,616	9,094,320	8,944,756	149,564
Books and supplies	1,379,621	2,939,273	1,774,029	1,165,244
Services and other operating expenditures	5,796,251	6,514,495	5,500,099	1,014,396
Capital outlay	20,000	20,000	-	20,000
Other outgo	(14,737)	(18,432)	(119,145)	100,713
Total expenditures	40,075,911	44,315,376	41,285,317	-
Excess (deficiency) of revenues over (under) expenditures	2,896,517	130,143	5,210,656	2,050,454
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(200,380)	-	-	-
Total other financing sources (uses)	(200,380)	-	-	-
Net change in fund balances	2,696,137	130,143	5,210,656	2,050,454
Fund balance beginning as restated	13,047,014	13,047,014	13,047,014	
Fund balances ending	<u>\$ 15,743,151</u>	<u>\$ 13,177,157</u>	<u>\$ 18,257,670</u>	<u>\$ 2,050,454</u>

SUPPLEMENTARY
INFORMATION

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	Total Nonmajor Funds
	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	
Assets					
Cash in county treasury	\$ 186,954	\$ 274,052	\$ 691,058	\$ 1,092,974	\$ 2,245,038
Accounts receivable	47,751	98,682	1,080	1,697	149,210
Due from other funds	-	2,772	-	-	2,772
Stores inventories	-	38,870	-	-	38,870
Prepaid expenditures	-	-	-	-	-
Total Assets	<u>\$ 234,705</u>	<u>\$ 414,376</u>	<u>\$ 692,138</u>	<u>\$ 1,094,671</u>	<u>\$ 2,435,890</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 341	\$ 68,495	\$ -	\$ 8,285	\$ 77,121
Due to other funds	4,601	101,866	-	8	106,475
Deferred revenue	161,201	-	-	-	161,201
Total Liabilities	<u>166,143</u>	<u>170,361</u>	<u>-</u>	<u>8,293</u>	<u>344,797</u>
Fund balances:					
Nonspendable stores inventories	-	38,870	-	-	38,870
Restricted for cafeteria programs	-	205,145	-	-	205,145
Restricted for child development	68,562	-	-	-	68,562
Assigned for capital facility projects	-	-	-	1,086,378	1,086,378
Assigned for site repairs	-	-	692,138	-	692,138
Total Fund Balances	<u>68,562</u>	<u>244,015</u>	<u>692,138</u>	<u>1,086,378</u>	<u>2,091,093</u>
Total Liabilities and Fund Balances	<u>\$ 234,705</u>	<u>\$ 414,376</u>	<u>\$ 692,138</u>	<u>\$ 1,094,671</u>	<u>\$ 2,435,890</u>

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	Total Nonmajor Funds
	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	
Revenues:					
Federal	\$ 265,694	\$ 1,347,723	\$ -	\$ -	\$ 1,613,417
Other state	305,180	114,568	151,678	-	571,426
Other local	106,048	478,829	4,396	677,999	1,267,272
Total revenues	<u>676,922</u>	<u>1,941,120</u>	<u>156,074</u>	<u>677,999</u>	<u>3,452,115</u>
Expenditures:					
Instruction	392,996	-	-	-	392,996
Instruction-related services:					
School site administration	224,237	-	-	-	224,237
Pupil services:					
Food services	-	1,939,473	-	-	1,939,473
General administration:					
All other general administration	19,331	99,814	-	-	119,145
Plant services	26,400	46,217	-	-	72,617
Facility acquisition and construction	-	-	39,362	197,965	237,327
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>662,964</u>	<u>2,085,504</u>	<u>39,362</u>	<u>197,965</u>	<u>2,985,795</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,958</u>	<u>(144,384)</u>	<u>116,712</u>	<u>480,034</u>	<u>466,320</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	13,958	(144,384)	116,712	480,034	466,320
Fund balances beginning	<u>54,604</u>	<u>388,399</u>	<u>575,426</u>	<u>606,344</u>	<u>1,624,773</u>
Fund balances ending	<u>\$ 68,562</u>	<u>\$ 244,015</u>	<u>\$ 692,138</u>	<u>\$ 1,086,378</u>	<u>\$ 2,091,093</u>

STATE AND FEDERAL
AWARD COMPLIANCE
SECTION

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
ORGANIZATION
FOR THE YEAR ENDED JUNE 30, 2012**

The Mountain View Whisman School District services 70,000 residents and 4,800 students. The district is located at the southern tip of the San Francisco Bay and is comprised of six elementary and two middle schools.

Governing Board

Name	Office	Term Expires
Stephen Olson	President	2012
Fiona Walter	Vice President	2012
Philip D. Palmer	Clerk	2014
Edward Bailey	Member	2012
Ellen Wheeler	Member	2014

Administration

Craig Goldman
Superintendent

Terese McNamee
Chief Business Officer

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Second Period Report	Annual Report
Elementary:		
Kindergarten	638	639
Grades one through three	1,739	1,735
Grades four through six	1,473	1,471
Grades seven and eight	797	796
Home and hospital	-	1
Special education	157	157
ADA Totals	<u>4,804</u>	<u>4,799</u>

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Grade Level	1982-83 Actual Minutes	Reduced 1982-83 Actual Minutes ⁽¹⁾	1986-87 Minutes Requirements	Reduced 1986-87 Minutes Requirements ⁽¹⁾	2011-12 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	34,320	32,032	36,000	33,600	48,889	180	0	In compliance
Grade 1	47,085	43,946	50,400	47,040	52,039	180	0	In compliance
Grade 2	47,085	43,946	50,400	47,040	52,200	180	0	In compliance
Grade 3	47,085	43,946	50,400	47,040	52,200	180	0	In compliance
Grade 4	47,085	43,946	54,000	50,400	54,900	180	0	In compliance
Grade 5	47,085	43,946	54,000	50,400	54,900	180	0	In compliance
Grade 6	55,435	51,739	54,000	50,400	57,115	180	0	In compliance
Grade 7	55,435	51,739	54,000	50,400	57,115	180	0	In compliance
Grade 8	55,435	51,739	54,000	50,400	57,115	180	0	In compliance

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

⁽¹⁾Commencing in the 2009-10 school year and continuing through the 2012-13 school year, a school district, county office of ed. or charter school may reduce the equivalent of up to 7 days of instruction or the equivalent number of instructional minutes without incurring penalties set forth in Sections 41420, 46200, 46200.5, 46201, 46202, and 47612.5. A school district, county office of ed, or charter school shall receive revenue limit funding based on the adjustments prescribed pursuant to Section 42238.146 whether or not it reduces the number of school days or instructional minutes.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	(Budget ¹) 2013	2012	2011	2010
General Fund				
Revenues and other financial sources	\$ 45,058,447	\$ 46,495,973	\$ 43,773,131	\$ 41,680,452
Expenditures	43,368,338	41,285,317	40,635,280	40,248,787
Other uses and transfers out	546,834	-	391,525	1,652,613
Total outgo	43,915,172	41,285,317	41,026,805	41,901,400
Change in fund balance	\$ 1,143,275	\$ 5,210,656	\$ 2,746,326	\$ (220,948)
Beginning fund balance restatement: Special revenue funds combined with the General Fund per GASB 54	\$ -	\$ -	\$ 1,599,298	\$ -
Ending fund balance	\$ 19,400,945	\$ 18,257,670	\$ 13,047,014	\$ 8,701,390
Available reserves ⁽²⁾⁽³⁾	\$ 9,641,367	\$ 8,498,092	\$ 4,313,095	\$ 4,762,365
Unassigned - Reserved for economic uncertainties	\$ -	\$ -	\$ -	\$ 1,257,042
Unassigned fund balance	\$ 9,641,367	\$ 8,498,092	\$ 4,313,095	\$ 3,505,323
Available reserves as a percentage of total outgo	21.95%	20.58%	10.51%	11.37%
Total long-term debt	\$ 43,841,037	\$ 46,266,896	\$ 48,004,608	\$ 49,895,469
Average daily attendance at P-2	4,942	4,804	4,679	4,517

Average daily attendance has increased by 21 over the past three years. The district anticipates an increase of 138 ADA.

The fund balance in the General Fund has increased by \$9,556,279 over the past three years. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, other uses (total outgo).

The district earned an operating surplus in two of the past three years. Total long-term debt has decreased by \$3,628,573 over the past three years.

¹ Budget numbers are based on the first adopted budget of the fiscal year 2012/13.

² Available reserves consists of all unassigned fund balances in the general fund, which includes the reserve for economic uncertainties.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

PROGRAM NAME	FEDERAL CATALOG NUMBER	PASS THROUGH NUMBER	PROGRAM EXPENDITURE
U. S. DEPARTMENT OF EDUCATION			
Passed Through California Department of Education			
<i>Title I Cluster</i>			
NCLB: Title I, Part A, Basic Grants Low-Income and Neglected	84.010	13379	\$ 57,534
NCLB: ARRA Title I, Part A, Basic Grants Low Income and Neglected	84.389	15005	<u>52,302</u>
<i>Total Title I Cluster</i>			109,836
<i>Special Education Cluster</i>			
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	916,499
Special Ed: IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	5,924
Special Ed: ARRA IDEA Part B, Sec 611, Local Assistance Private School ISPs	84.391	10123	3,710
Special Ed: IDEA Preschool Grants, Part B, Sec 619	84.173	13430	50,496
Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611	84.027	13682	<u>96,437</u>
<i>Total Special Education Cluster</i>			1,073,066
<i>Title II Cluster</i>			
NCLB: Title II, Part A, Teacher Quality	84.367	14341	83,472
NCLB: Title II, Part D, Enhancing Education Through Technology	84.318	14334	<u>3,912</u>
<i>Total Title II Cluster</i>			87,384
Education Jobs Fund	(1) 84.410	25152	833,180
NCLB: Title V, Part A, Innovative Education Strategies	84.298	14354	6,183
NCLB: Title III, Immigrant Education Program	84.365	15146	<u>290,799</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			2,400,448
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Grants:			
Head Start	93.600	10016	266,552
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through California Department of Education			
National School Lunch Program	(1) 10.555	13391	<u>1,347,723</u>
TOTAL FEDERAL PROGRAMS			<u>\$ 4,014,723</u>

(1) Audited as major program

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
TO THE AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	General Fund	Building Fund	Bond Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2012 Annual Financial and Budget Report Fund Balances	\$ 15,035,169	\$ 667,731	\$ 4,004,611	\$ 5,313,594
Adjustments and Reclassifications:				
Special Reserve Fund for Other Than Capital Outlay Projects:				
Cash with County Treasury	117,838	-	-	(117,838)
Accounts Receivable	184	-	-	(184)
Special Reserve Fund for Postemployment Benefits:				
Cash with County Treasury	3,099,637	-	-	(3,099,637)
Accounts Receivable	4,842	-	-	(4,842)
June 30, 2012 Audited Financial Statements Fund Balances	\$ 18,257,670	\$ 667,731	\$ 4,004,611	\$ 2,091,093

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF EXCESS SICK LEAVE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Section 19833.5 (a)(3)(c) Disclosure

Mountain View Whisman School District does not provides more than 12 sick leave days in a school year to any groups of employees who are CalSTRS members.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO STATE AND FEDERAL AWARD COMPLIANCE SECTIONS
FOR THE YEAR ENDED JUNE 30, 2012**

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

Average daily attendance 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.

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the district and whether the district complied with the provisions of Education Code Sections 46201 through 46206.

C. 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.

D. Schedule of Expenditures of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with OMB Circular A-133 and state requirements.

E. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported in the annual financial and budget report to the audited financial statements.

F. Schedule of Excess Sick Leave

This schedule provides information on whether the District grants excess sick leave, as that term is defined in subdivision (c) of Education Code Section 22170.5, to employees who are members of the California State Teachers Retirement System.

2. RESULTS OF RECONCILIATIONS OF EXPENDITURES PER SCHEDULE OF GRANT ACTIVITY WITH THE DISTRICT'S ACCOUNTING SYSTEMS

There were no material unreconciled differences between the district's records and the schedule of federal grant activity as shown on the Schedule of Expenditures of Federal and State Awards.

3. BASIS OF PRESENTATION – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Mountain View Whisman School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB 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 basic financial statements.

OTHER INDEPENDENT
AUDITOR'S REPORTS



**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
Mountain View Whisman School District
Mountain View, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mountain View Whisman School District, CA, (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Chavan & Associates, LLP
Certified Public Accountants

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, 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.

C & A LLP

September 22, 2012
San Jose, California



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

Board of Education
Mountain View Whisman School District
Mountain View, California

Compliance

We have audited Mountain View Whisman School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Mountain View Whisman School District's major federal programs for the year ended June 30, 2012. Mountain View Whisman 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 Mountain View Whisman School District's management. Our responsibility is to express an opinion on Mountain View Whisman School District's compliance based on our audit.

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

In our opinion, Mountain View Whisman 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

Management of Mountain View Whisman School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Mountain View Whisman School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do



not express an opinion on the effectiveness of Mountain View Whisman School District's internal control over compliance.

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

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

This report is intended solely for the information and use of the Board, management, and 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.

C & A LLP

September 22, 2012
San Jose, California



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS
 THAT COULD HAVE DIRECT AND MATERIAL EFFECT ON STATE PROGRAMS**

Board of Education
 Mountain View Whisman School District
 Mountain View, California

We have audited Mountain View Whisman School District's compliance with the types of compliance requirements described in the Standards and Procedures for Audits of California K-12 Local Education Agencies 2011-12, published by the Education Audit Appeals Panel that could have a direct and material effect on each of Mountain View Whisman School District's State programs for the year ended June 30, 2012. Compliance with the applicable requirements is the responsibility of Mountain View Whisman School District's management. Our responsibility is to express an opinion on the District's compliance with the applicable requirements based on our compliance audit.

We conducted our compliance audit in accordance with auditing standards generally accepted in the United States of America; the standards for financial and compliance 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, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the compliance 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 State program occurred. The compliance audit includes examining, on a test basis, evidence about Mountain View Whisman School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our compliance audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Mountain View Whisman School District's compliance with those requirements.

In connection with the compliance audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

<u>Description</u>	<u>Procedures in the Audit Guide</u>	<u>Procedures Performed</u>
Attendance Reporting	6	6
Teacher Certification and Misassignments	3	3
Kindergarten Continuance	3	3
Independent Study	23	None
Continuation Education	10	None
Instructional Time:		
School Districts	6	6
County Offices of Education	3	Not applicable
Instructional Materials - General Requirements	8	8
Ratios of Administrative Employees to Teachers	1	1
Classroom Teacher Salaries	1	1
Early Retirement Incentive	4	Not applicable
Gann Limit Calculation	1	1
School Accountability Report Card	3	3
Public Hearing Requirements - Receipt of Funds	1	1
Juvenile Courts	8	Not applicable
Exclusion of Pupils - Pertussis Immunization	2	2



<u>Description</u>	<u>Procedures in the Audit Guide</u>	<u>Procedures Performed</u>
Class Size Reduction:		
General Requirements	7	7
Option One	3	3
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	4
After School	5	4
Before School	6	Not applicable
Charter Schools:		
Contemporaneous Records of Attendance	3	Not applicable
Mode of Instruction	1	Not applicable
Nonclassroom-Based Instruction/Independent Study	15	Not applicable
Determination of Funding for Nonclassroom - Based Instruction	3	Not applicable
Annual Instructional Minutes - Classroom Based	4	Not applicable

We did not perform the audit procedures for Continuation Education and Full-time Independent Study programs because the ADA was under the level that requires testing.

In our opinion, Mountain View Whisman School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on State Programs for the fiscal year ended June 30, 2012.

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

C & A LLP

September 22, 2012
 San Jose, California

FINDINGS AND
RECOMMENDATIONS

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section 1 - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
84.410	Education Jobs Fund
10.555	National School Lunch Program

Dollar threshold used to distinguish between type A and type B programs:	\$ <u> 300,000 </u>
Auditee qualified as low risk auditee?	<u> x </u> Yes _____ No

State Awards

Internal control over state programs:	
Material weaknesses?	_____ Yes <u> x </u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes <u> x </u> No
Type of auditor's report issued on compliance over state programs:	<u>Unqualified</u>

(Continued)

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section II – Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.

(Concluded)

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2012**

Section II – Financial Statement Findings

No findings noted.

Section III - Federal Award Findings and Questioned Costs

No findings noted.

Section IV - State Award Findings and Questioned Costs

No findings noted.