

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

**AUDIT REPORT**

**JUNE 30, 2013**



**CHAVAN & ASSOCIATES, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS  
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SAN JOSE, CA 95129

**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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mountain View Whisman School District (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Mountain View Whisman School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Mountain View Whisman School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 2012-13 (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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mountain View Whisman School District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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 42 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mountain View Whisman School District's basic financial statements. The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other information 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.

The combining and individual nonmajor fund financial statements and other schedules listed in the supplementary section of the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other schedules listed in the supplementary section of the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The schedule of expenditures of federal awards has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

As discussed in Note 1 to the financial statements, the District adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2012.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2013 on our consideration of Mountain View Whisman School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mountain View Whisman School District's internal control over financial reporting and compliance.

C & A LLP

August 23, 2013  
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, 2013**

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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, 2013. 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, 2013 were as follows:

- Total net position increased by \$8,566,576 or 31% from June 30, 2012 to June 30, 2013.
- General revenues accounted for \$50,359,347 which is 80% of all revenues. Program specific revenues in the form of operating grants and contributions, and charges for services accounted for \$12,408,367 or 20% of total revenues of \$62,767,714.
- The District had \$54,076,704 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 \$62,970,166, or 252% from June 30, 2012 to June 30, 2013. This is mostly attributed to the issuance of \$50,000,000 in general obligations bonds under Measure G.
- Among major funds, the General Fund had \$48,281,502 in revenues and \$42,385,676 in expenditures. The General Fund's fund balance increased by \$5,895,826 from June 30, 2012 to June 30, 2013.

### **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 Position 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, 2013**

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## **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 Position 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 2012 - 2013?" The Statement of Net Position 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 position and changes in net position. This change in net position 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 Position 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 type activities.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**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 position 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 Net Position. 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, 2013**

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**The District as a Whole**

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

Table 1 provides a summary of the District's net position as of June 30, 2013 as compared to June 30, 2012:

<b>Table 1 - Summary of Net Position</b>				
	2013	2012	Increase (Decrease)	Percent
<b>Assets</b>				
Current Assets	\$ 89,399,658	\$ 26,632,282	\$ 62,767,376	235.7%
Capital Assets	47,647,242	49,934,422	(2,287,180)	-4.6%
<b>Total Assets</b>	<b>137,046,900</b>	<b>76,566,704</b>	<b>60,480,196</b>	<b>79.0%</b>
Deferred Outflows of Resources	6,788,076	-	6,788,076	N/A
<b>Liabilities</b>				
Current and Other Liabilities	2,736,552	2,663,743	72,809	2.7%
Long-Term Liabilities	104,895,783	46,266,896	58,628,887	126.7%
<b>Total Liabilities</b>	<b>107,632,335</b>	<b>48,930,639</b>	<b>58,701,696</b>	<b>120.0%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	4,442,467	7,511,402	(3,068,935)	-40.9%
Restricted	20,259,009	12,584,150	7,674,859	61.0%
Unrestricted	11,501,165	7,540,513	3,960,652	52.5%
<b>Total Net Position</b>	<b>\$ 36,202,641</b>	<b>\$ 27,636,065</b>	<b>\$ 8,566,576</b>	<b>31.0%</b>

Total assets of governmental activities increased by \$60,480,196 mostly because the District received \$50,000,000 in bond proceeds during the year. Net capital assets decreased by \$2,287,180 because of current year depreciation. Unrestricted net position of the District, which does not have constraints from grantors, legal requirements, or legislation, increased by \$3,960,652, and restricted net position increased by \$7,674,859 because Measure G bond proceeds remained unspent as of June 30, 2013 and were restricted for facilities improvement projects. Once the projects are completed, the District will have unrestricted assets that have not been depreciated and this will lead to a positive unrestricted net position.

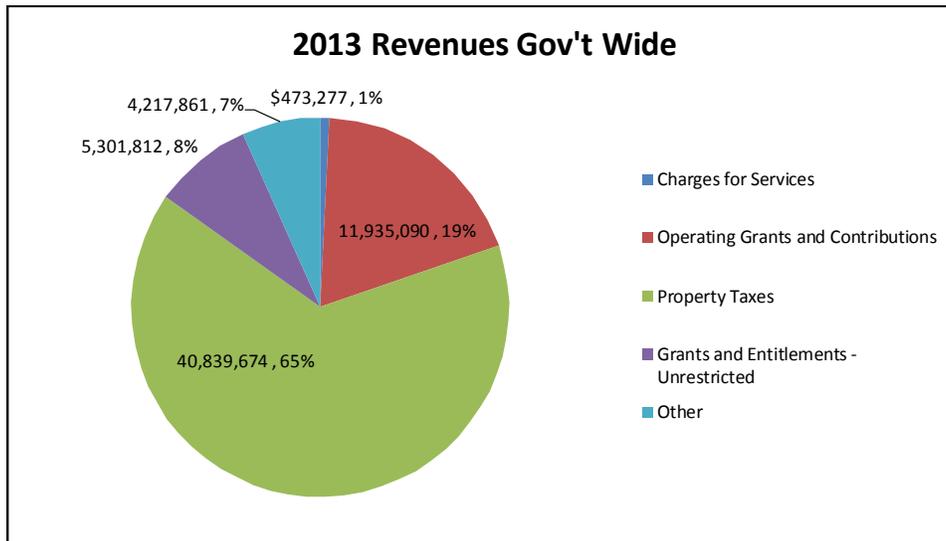
**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Table 2 shows the changes in net position from fiscal year 2011-12 to 2012-13.

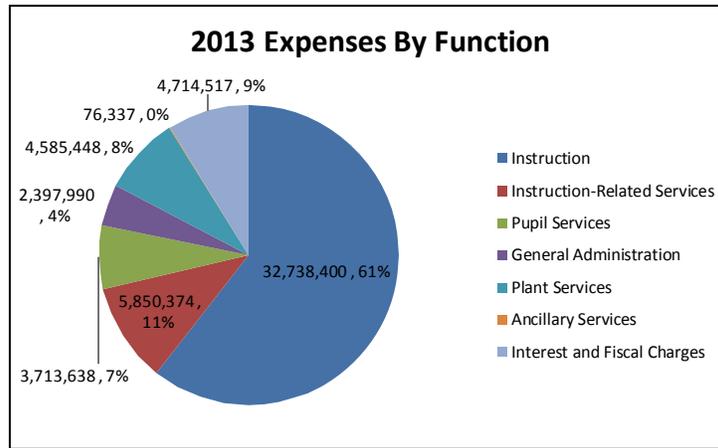
<b>Table 2 - Change in Net Position</b>				
	2013	2012	Increase (Decrease)	Percent
<b>Revenues</b>				
Program Revenues:				
Charges for Services	\$ 473,277	\$ 447,335	\$ 25,942	5.8%
Operating Grants and Contributions	11,935,090	12,396,556	(461,466)	-3.7%
General Revenues:				
Property Taxes	40,839,674	34,701,533	6,138,141	17.7%
Grants and Entitlements - Unrestricted	5,301,812	4,174,711	1,127,101	27.0%
Other	4,217,861	3,713,159	504,702	13.6%
<b>Total Revenues</b>	<b>62,767,714</b>	<b>55,433,294</b>	<b>7,334,420</b>	<b>13.2%</b>
<b>Program Expenses</b>				
Instruction	32,738,400	31,491,961	1,246,439	4.0%
Instruction-Related Services	5,850,374	5,702,094	148,280	2.6%
Pupil Services	3,713,638	3,602,628	111,010	3.1%
General Administration	2,397,990	2,929,146	(531,156)	-18.1%
Plant Services	4,585,448	4,465,786	119,662	2.7%
Ancillary Services	76,337	22,860	53,477	233.9%
Interest and Fiscal Charges	4,714,517	2,903,085	1,811,432	62.4%
<b>Total Expenses</b>	<b>54,076,704</b>	<b>51,117,560</b>	<b>2,959,144</b>	<b>5.8%</b>
Change in Net Position	8,691,010	4,315,734	4,375,276	101.4%
Prior Period Restatement	(124,434)	-	-	N/A
<b>Change in Net Position Including Restatement</b>	<b>\$ 8,566,576</b>	<b>\$ 4,315,734</b>	<b>\$ 4,250,842</b>	<b>98.5%</b>

Property taxes comprised 65% of District revenues and direct instruction costs comprised 61% of District expenses for fiscal year 2012-13. These percentages are consistent with 2011-12.

Total revenues increased by 13% and total expenses increased by 6% for fiscal year 2012-13.



**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**



**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).

Function	2013	2012	Increase (Decrease)	Percent
Instruction	\$ 24,348,913	\$ 22,641,460	\$ 1,707,453	7.5%
Instruction-Related Services	4,839,131	4,625,743	213,388	4.6%
Pupil Services	1,098,125	1,000,000	98,125	9.8%
General Administration	2,139,125	2,697,999	(558,874)	-20.7%
Plant Services	4,474,928	4,382,739	92,189	2.1%
Ancillary Services	53,598	22,643	30,955	136.7%
Interest and Fiscal Charges	4,714,517	2,903,085	1,811,432	62.4%
<b>Total Expenses</b>	<b>\$ 41,668,337</b>	<b>\$ 38,273,669</b>	<b>\$ 3,394,668</b>	<b>8.9%</b>

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.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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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 and local revenues is apparent, 76% 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.

**The District's Funds**

The District's governmental funds report a combined fund balance of \$87,991,271, which is an increase of \$62,970,166 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.

<b>Table 4 - Change in Fund Balances</b>			
Funds	2013	2012	Increase (Decrease)
General Fund	\$ 24,153,496	\$ 18,257,670	\$ 5,895,826
Child Development Fund	70,868	68,562	2,306
Cafeteria Fund	210,775	244,015	(33,240)
Deferred Maintenance Fund	587,708	692,138	(104,430)
Building Fund	50,284,815	667,731	49,617,084
Capital Facilities Fund	1,693,774	1,086,378	607,396
Bond Interest & Redemption Fund	10,989,835	4,004,611	6,985,224
<b>Total Governmental Fund Balances</b>	<b>\$ 87,991,271</b>	<b>\$ 25,021,105</b>	<b>\$ 62,970,166</b>

**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 2012-13 fiscal year, the District revised its General Fund budget twice, at 1<sup>st</sup> Interim and 2<sup>nd</sup> interim, which resulted in an increase in budgeted expenditures of \$21,610 from the original to final budget. 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 final budget basis revenue and other financing sources estimate was \$47,868,822. The original budgeted estimate was \$45,614,109.

**Capital Assets**

At the end of the fiscal year 2013, the District had \$47,647,242 invested in land, buildings, furniture and equipment, and vehicles located at twelve sites within the city of Mountain View.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Table 5 shows June 30, 2013 balances as compared to June 30, 2012.

<b>Table 5 - Summary of Capital Assets Net of Depreciation</b>					
Capital Asset	2013			2012	
	Cost	Accumulated Depreciation	Net Capital Asset	Net Capital Asset	Percentage Change
Land	\$ 1,341,037	\$ -	\$ 1,341,037	\$ 1,341,037	0%
Buildings and Improvements	96,059,143	50,523,948	45,535,195	48,400,157	-6%
Property and Equipment	2,492,094	2,239,563	252,531	193,228	31%
Work-in-Progress	518,479	-	518,479	-	N/A
<b>Totals</b>	<b>\$ 100,410,753</b>	<b>\$ 52,763,511</b>	<b>\$ 47,647,242</b>	<b>\$ 49,934,422</b>	<b>-5%</b>

Overall capital assets decreased by 5% from fiscal year 2012 to fiscal year 2013 because of \$3,188,299 in current depreciation net \$903,939 in capital asset additions.

### **Long Term Debt**

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

<b>Table 6 - Long-term Debt</b>			
Type of Debt	2013	2012	Percentage Change
General obligation bonds	\$ 97,376,713	\$ 49,802,572	95.53%
Unamortized bond premiums - net	2,862,506	291,798	880.99%
Net OPEB obligation	4,623,360	3,693,762	25.17%
Compensated absences	33,204	25,680	29.30%
<b>Total Debt</b>	<b>104,895,783</b>	<b>53,813,812</b>	<b>94.92%</b>
Loss on early retirement of bonds	(6,788,076)	(7,546,916)	-10.05%
<b>Total Debt - Net Early Retirement of Bonds</b>	<b>\$ 98,107,707</b>	<b>\$ 46,266,896</b>	<b>112.05%</b>

### **Factors Bearing on the District's Future**

Due to changes in State funding, the District will potentially increase revenue based on the target LCFF. However the new funding model has no statutory funding requirements or cost of living adjustments and fluctuates according to State revenue. With an eight year planned implementation of the LCFF, the State revenue is likely to fluctuate significantly from current projections and could cause an operating deficit for the District. The District has adequate reserves to fund short term fluctuations, but must maintain significantly higher reserves in order to address potential long term downturns in State revenue.

### **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 POSITION**  
**JUNE 30, 2013**

	Governmental Activities
<b>Assets</b>	
Current Assets:	
Cash and investments	\$ 86,255,833
Accounts receivable	3,062,002
Stores inventories	66,348
Prepaid expenses	15,475
Total Current Assets	89,399,658
Noncurrent Assets:	
Land	1,341,037
Work-in-progress	518,479
Building and improvements	96,059,143
Equipment	2,492,094
Less accumulated depreciation	(52,763,511)
Total Noncurrent Assets	47,647,242
Total Assets	137,046,900
 <b>Deferred Outflows of Resources</b>	
Deferred loss on early retirement of long-term debt	6,788,076
Total Deferred Outflows of Resources	6,788,076
 <b>Liabilities</b>	
Current Liabilities:	
Accounts payable	911,552
Accrued interest	1,825,000
Total Current Liabilities	2,736,552
Long-term Liabilities:	
Due within one year:	
General obligation bonds payable	6,342,080
Due after one year:	
General obligation bonds payable	91,034,633
Net OPEB obligation	4,623,360
Compensated absences payable	33,204
Unamortized bond premiums - net	2,862,506
Total due after one year	98,553,703
Total long-term Liabilities	104,895,783
Total Liabilities	107,632,335
 <b>Net Position</b>	
Net investment in capital assets	4,442,467
Restricted for:	
Capital projects	1,732,221
Debt service	10,989,835
Parcel tax obligations	856,310
Educational programs	6,680,643
Total restricted net position	20,259,009
Unrestricted (deficit)	11,501,165
Total Net Position	\$ 36,202,641

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, 2013**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 32,738,400	\$ 8,356	\$ 8,381,131	\$ (24,348,913)
Instruction-related services:				
Supervision of instruction	1,192,079	-	346,842	(845,237)
Instruction library, media and technology	1,026,421	-	235,590	(790,831)
School site administration	3,631,874	2,868	425,943	(3,203,063)
Pupil services:				
Home-to-school transportation	818,150	7,619	524,003	(286,528)
Food services	1,956,561	420,961	1,457,281	(78,319)
All other pupil services	938,927	-	205,649	(733,278)
General administration:				
Data processing	430,927	-	-	(430,927)
All other general administration	1,967,063	19,930	238,935	(1,708,198)
Plant services	4,585,448	13,543	96,977	(4,474,928)
Ancillary services	76,337	-	22,739	(53,598)
Interest on long-term debt	4,714,517	-	-	(4,714,517)
Total governmental activities	<u>\$ 54,076,704</u>	<u>\$ 473,277</u>	<u>\$ 11,935,090</u>	<u>(41,668,337)</u>
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				27,933,277
Taxes levied for debt service				10,066,437
Taxes levied for other specific purposes				2,839,960
Federal and state aid not restricted to specific purposes				5,301,812
Interest and investment earnings				174,372
Miscellaneous				4,046,309
Special item - loss on disposal of capital assets				(2,820)
Total general revenues and special items				<u>50,359,347</u>
Change in net position				8,691,010
Prior period adjustment - debt issuance costs GASB 65				(124,434)
Net position beginning				<u>27,636,065</u>
Net position ending				<u>\$ 36,202,641</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, 2013**

	General Fund	Building Fund	Bond Interest Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and investments	\$ 22,614,305	\$ 50,246,368	\$ 10,982,749	\$ 2,412,411	\$ 86,255,833
Accounts receivable	2,677,120	49,774	7,086	328,022	3,062,002
Due from other funds	488,911	250	-	12,184	501,345
Stores inventories	15,968	-	-	50,380	66,348
Prepaid expenditures	15,475	-	-	-	15,475
<b>Total Assets</b>	<b>\$ 25,811,779</b>	<b>\$ 50,296,392</b>	<b>\$ 10,989,835</b>	<b>\$ 2,802,997</b>	<b>\$ 89,901,003</b>
<b>Liabilities, Deferred Inflows and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 866,376	\$ 1,113	\$ -	\$ 44,063	\$ 911,552
Due to other funds	452,077	10,464	-	38,804	501,345
Deferred revenue	-	-	-	-	-
<b>Total Liabilities</b>	<b>1,318,453</b>	<b>11,577</b>	<b>-</b>	<b>82,867</b>	<b>1,412,897</b>
<b>Deferred Inflows of Resources</b>					
Unearned revenue	339,830	-	-	157,005	496,835
<b>Total Deferred Inflows of Resources</b>	<b>339,830</b>	<b>-</b>	<b>-</b>	<b>157,005</b>	<b>496,835</b>
<b>Fund balances:</b>					
<b>Nonspendable:</b>					
Revolving fund	8,000	-	-	-	8,000
Stores inventories	15,968	-	-	50,380	66,348
Prepaid expenditures	15,475	-	-	-	15,475
<b>Restricted for:</b>					
Educational programs	6,449,380	-	-	-	6,449,380
Debt service	-	-	10,989,835	-	10,989,835
Parcel tax obligations	856,310	-	-	-	856,310
Child development programs	-	-	-	70,868	70,868
Cafeteria programs	-	-	-	160,395	160,395
Capital projects	-	50,284,815	-	1,693,774	51,978,589
<b>Committed for:</b>					
Other postemployment benefits	4,082,659	-	-	-	4,082,659
<b>Assigned for:</b>					
Site discretionary	765,235	-	-	-	765,235
Educational programs	118,687	-	-	-	118,687
Site repairs	81,400	-	-	587,708	669,108
<b>Unassigned:</b>					
Economic uncertainties	1,271,570	-	-	-	1,271,570
Unappropriated	10,488,812	-	-	-	10,488,812
<b>Total Fund Balances</b>	<b>24,153,496</b>	<b>50,284,815</b>	<b>10,989,835</b>	<b>2,563,125</b>	<b>87,991,271</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 25,811,779</b>	<b>\$ 50,296,392</b>	<b>\$ 10,989,835</b>	<b>\$ 2,802,997</b>	<b>\$ 89,901,003</b>

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 POSITION  
JUNE 30, 2013**

Total fund balances - governmental funds		\$ 87,991,271
<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 \$100,410,753 and the accumulated depreciation is \$52,763,511</p>		
		47,647,242
<p>To recognize accrued interest at year end which is not reported in the governmental funds</p>		
		(1,825,000)
<p>Amounts due from other governments will not be collected soon enough to pay for current period expenditures and are deferred inflows in governmental funds.</p>		
		496,835
<p>The difference between the reacquisition price and net carrying value of long-term debt when a bond is refunded is recorded as a deferred loss on the early retirement of long-term debt and a deferred inflow in the government-wide statement of net position and amortized over the remaining life of the refunded debt or refunding debt, whichever is shorter. This transaction is not a current financial resource and is not included in the governmental fund statements.</p>		
		6,788,076
<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	\$ 97,376,713	
Unamortized premiums from bond refunding	2,862,506	
Net OPEB obligation	4,623,360	
Compensated absences (vacation)	33,204	(104,895,783)
Net position - governmental activities		\$ 36,202,641

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, 2013**

	General Fund	Building Fund	Bond Interest Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Revenue limit sources	\$ 28,864,764	\$ -	\$ -	\$ -	\$ 28,864,764
Federal	1,487,320	-	-	1,737,758	3,225,078
Other state	6,459,233	-	41,062	526,797	7,027,092
Other local	11,470,185	97,972	10,054,214	1,477,224	23,099,595
<b>Total revenues</b>	<b>48,281,502</b>	<b>97,972</b>	<b>10,095,276</b>	<b>3,741,779</b>	<b>62,216,529</b>
<b>Expenditures:</b>					
Instruction	29,533,047	-	-	501,076	30,034,123
Instruction-related services:					
Supervision of instruction	1,190,197	-	-	-	1,190,197
Instruction library, media and technology	867,201	-	-	-	867,201
School site administration	3,130,719	-	-	234,409	3,365,128
Pupil services:					
Home-to-school transportation	785,072	-	-	-	785,072
Food services	-	-	-	1,909,115	1,909,115
All other pupil services	934,477	-	-	-	934,477
General administration:					
Data processing	430,927	-	-	-	430,927
All other general administration	1,774,465	-	-	111,038	1,885,503
Plant services	3,663,234	-	-	269,365	3,932,599
Ancillary services	76,337	-	-	-	76,337
Facility acquisition and construction	-	485,282	-	244,744	730,026
Debt service:					
Principal	-	-	2,425,859	-	2,425,859
Interest and other costs	-	-	3,307,677	-	3,307,677
<b>Total expenditures</b>	<b>42,385,676</b>	<b>485,282</b>	<b>5,733,536</b>	<b>3,269,747</b>	<b>51,874,241</b>
Excess (deficiency) of revenues over (under) expenditures	5,895,826	(387,310)	4,361,740	472,032	10,342,288
<b>Other financing sources (uses):</b>					
Other financing sources	-	4,394	-	-	4,394
Proceeds from bond issuances	-	50,000,000	2,623,484	-	52,623,484
Transfers in	959,803	-	-	-	959,803
Transfers out	(959,803)	-	-	-	(959,803)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>50,004,394</b>	<b>2,623,484</b>	<b>-</b>	<b>52,627,878</b>
<b>Net change in fund balances</b>	<b>5,895,826</b>	<b>49,617,084</b>	<b>6,985,224</b>	<b>472,032</b>	<b>62,970,166</b>
Fund balances beginning	18,257,670	667,731	4,004,611	2,091,093	25,021,105
<b>Fund balances ending</b>	<b>\$ 24,153,496</b>	<b>\$ 50,284,815</b>	<b>\$ 10,989,835</b>	<b>\$ 2,563,125</b>	<b>\$ 87,991,271</b>

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, 2013**

Total net change in fund balances - governmental funds		\$ 62,970,166
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 \$903,939 was less than depreciation expense of \$3,188,299 in the period.		(2,284,360)
Governmental funds do not report gains and losses on disposal of capital assets. However, in the government-wide Statement of Activities, the cost of dispose of capital assets net any proceeds is accounted for as a special item.		(2,820)
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:		
Proceeds from bond issuance	\$ (50,000,000)	
Repayment of bond principal	<u>2,425,859</u>	(47,574,141)
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:		(2,570,708)
Amounts due from other governments will not be collected soon enough to pay for current period expenditures and are deferred inflows in governmental funds.		496,835
In governmental funds, deferred loss on early retirement of long-term debt is recognized as other finances 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:		(758,840)
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:		(7,524)
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 \$1,223,708 net expenditures of \$294,110 reported in the fund statements:		(929,598)
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.		<u>(648,000)</u>
Changes in net position of governmental activities		<u>\$ 8,691,010</u>

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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2013**

	Expendable Trust Fund	Student Body Agency Fund	Total
<b>Assets</b>			
Cash in county treasury	\$ 306,979	\$ -	\$ 306,979
Cash on hand and in banks	-	73,986	73,986
Accounts receivable	363	-	363
<b>Total Assets</b>	<b>\$ 307,342</b>	<b>\$ 73,986</b>	<b>\$ 381,328</b>
<b>Liabilities</b>			
Accounts payable	\$ 53,862	\$ 73,986	\$ 127,848
<b>Total Liabilities</b>	<b>\$ 53,862</b>	<b>\$ 73,986</b>	<b>\$ 127,848</b>
<b>Net Position</b>			
Restricted	253,480	-	253,480
<b>Total Net Position</b>	<b>\$ 253,480</b>	<b>\$ -</b>	<b>\$ 253,480</b>

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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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	<u>Expendable Trust Fund</u>
Additions	
Other local	\$ 16,037
Deductions	
Services & other operating expenditures	<u>189,924</u>
Changes in net position	(173,887)
Net position beginning	<u>427,367</u>
Net position ending	<u><u>\$ 253,480</u></u>

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, 2013**

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**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, 2013, 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 Position and the statement of Activities) report information on all of the non-fiduciary activities of the District. The Statement of Net Position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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brief explanations to better identify the relationship between the government wide statements and the statements for the governmental funds.

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, deferred outflows, current liabilities and deferred inflows 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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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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 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 Outflows/Deferred Inflows:

Deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period. For example, prepaid items and deferred charges.

Deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period. For example, unearned revenue and advance collections.

Unearned Revenue:

Unearned 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 inflows from unearned revenue. In the governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have been recorded as deferred inflows from unearned 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, deferred outflows, liabilities, deferred inflows,

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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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.

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.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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*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.

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. In the General Fund, capital outlay expenditures exceeded budget by \$137,598 due to unanticipated equipment needs related to maintenance and plant services. Fund balance was more than adequate to cover the excess appropriation which was also immaterial.

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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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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 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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
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4. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded as a deferred inflow 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.

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 Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Issuance costs are expensed in the period incurred.

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 aide 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* fund balance includes amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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- *Restricted* fund balance includes 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* fund balances includes 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* fund balance includes 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.
- *Unassigned* fund balance includes positive amounts 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 Position

Net position represents the difference between assets, deferred outflows, liabilities and deferred inflows. Net investment in capital assets 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. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also are included in the net investment in capital assets component of net position. Net position is reported as restricted when there are limitations imposed on its 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 position is 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.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
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*Legally restricted* restrictions reflect the amounts to be expended for federal and state funded educational programs.

*Unrestricted net position* reflect amounts 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. A deficit unrestricted net position may result when significant cash balances restricted for capital projects exist. Once the projects are completed, the restriction on these assets are released and converted to capital assets.

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 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

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

12. New Accounting Pronouncements

**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 Position by the government that is applicable to a future reporting period, and an acquisition of Net Position by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The provisions of this Statement were effective as of July 1, 2012.

**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. However, the District has chosen to implement these reporting requirements as of July 1, 2012 resulting in an adjustment to beginning net position of \$124,434.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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13. Upcoming Accounting and Reporting Changes

**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 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.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - CASH AND INVESTMENTS**

Summary of Deposits

A summary of deposits as of June 30, 2013, is as follows:

Deposit or Investment	Carrying Amount	Fair Value	Investment Rating
<i>Government-Wide Statements:</i>			
Cash in county treasury investment pool	\$ 86,215,338	\$ 86,288,448	AA
Cash in banks	9,315	9,315	NA
Cash in revolving fund	8,000	8,000	NA
Cash with fiscal agent	23,180	23,180	NA
<b>Total Government-Wide Cash and Investments</b>	<b>86,255,833</b>	<b>86,328,943</b>	
<i>Fiduciary Funds:</i>			
Cash in county treasury investment pool	306,979	307,239	AA
Cash in banks	73,986	73,986	NA
<b>Total Cash and Investments</b>	<b>\$ 86,636,798</b>	<b>\$ 86,710,168</b>	

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, 2013, the bank balance of the District's accounts with banks was \$95,497, 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.

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.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
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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 \$4.524 billion and an amortized book value of \$4.52 billion. The average weighted maturity for this pool is 374 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.

*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.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following as of June 30, 2013:

Receivables	General Fund	Building Fund	Bond Interest Redemption	Nonmajor Funds	Total
Federal Government:					
Special Ed.: IDEA	\$ 666,832	\$ -	\$ -	\$ -	\$ 666,832
Child Nutrition	-	-	-	227,895	227,895
Head Start	-	-	-	29,895	29,895
State Government:					
Class Size Reduction	821,725	-	-	-	821,725
Special Education	368,066	-	-	-	368,066
Lottery	263,554	-	-	-	263,554
Lottery: Instructional Materials	126,383	-	-	-	126,383
After School Education and Safety	44,595	-	-	-	44,595
Other Resources	385,965	49,774	7,086	70,232	513,057
<b>Total Accounts Receivable</b>	<b>\$ 2,677,120</b>	<b>\$ 49,774</b>	<b>\$ 7,086</b>	<b>\$ 328,022</b>	<b>\$ 3,062,002</b>

**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, 2013, interfund payables and receivables consisted of the following:

Due From	Due To			
	General Fund	Building Fund	Nonmajor Funds	Total Due From
General Fund	\$ 450,107	\$ -	\$ 38,804	\$ 488,911
Building Fund	250	-	-	250
Nonmajor Funds	1,720	10,464	-	12,184
<b>Total Due To</b>	<b>\$ 452,077</b>	<b>\$ 10,464</b>	<b>\$ 38,804</b>	<b>\$ 501,345</b>

*Interfund Transfers*

Interfund transfers consist of operating transfers from funds receiving revenues to funds through which the resources are to be expended. There District transferred \$959,803 from the General Fund to the Special Reserve Fund for Other than Capital Outlay. However, these fund are combined for reporting purposes as required by GASB 54.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
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**NOTE 5 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2013, is shown below:

Capital Assets	Balance July 01, 2012	Additions	Deletions	Balance June 30, 2013
Land - not depreciable	\$ 1,341,037	\$ -	\$ -	\$ 1,341,037
Work-in-progress - not depreciable	-	755,899	(237,420)	518,479
Buildings and improvements	95,821,723	237,420	-	96,059,143
Equipment	2,438,054	148,040	(94,000)	2,492,094
<b>Total capital assets</b>	<b>99,600,814</b>	<b>1,141,359</b>	<b>(331,420)</b>	<b>100,410,753</b>
Less accumulated depreciation for:				
Buildings and improvements	47,421,566	3,102,382	-	50,523,948
Equipment	2,244,826	85,917	(91,180)	2,239,563
<b>Total accumulated depreciation</b>	<b>49,666,392</b>	<b>3,188,299</b>	<b>(91,180)</b>	<b>52,763,511</b>
<b>Total capital assets - net depreciation</b>	<b>\$ 49,934,422</b>	<b>\$ (2,046,940)</b>	<b>\$ (240,240)</b>	<b>\$ 47,647,242</b>

Depreciation expense was charged to governmental activities as follows:	
Instruction	\$ 1,767,155
Supervision of instruction	1,882
Instruction library, media and technology	159,220
School site administration	266,746
Home-to-school transportation	33,078
Food services	47,446
All other pupil services	4,450
All other general administration	81,560
Plant services	826,762
<b>Total depreciation expense</b>	<b>\$ 3,188,299</b>

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**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, 2013:

Long-term Debt	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
General Obligation Bonds	\$ 49,802,572	\$ 50,000,000	\$ 2,425,859	\$ 97,376,713	\$ 6,342,080
Loss on early retirement of bonds	(7,546,916)	-	(758,840)	(6,788,076)	-
Unamortized bond premiums - net	291,798	2,623,484	52,777	2,862,505	-
Net OPEB obligation	3,693,762	1,223,708	294,110	4,623,360	-
Compensated Absences	25,680	7,524	-	33,204	-
<b>Total Long-Term Debt</b>	<b>\$ 46,266,896</b>	<b>\$ 53,854,716</b>	<b>\$ 2,013,906</b>	<b>\$ 98,107,706</b>	<b>\$ 6,342,080</b>

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.

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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.

In February of 2013, the District issued \$50,000,000 in General Obligation Bonds, Series A, to finance constructions projects for facilities improvements. From the gross proceeds of \$52,623,484, which included a premium of \$2,848,484 net of an underwriting discount of \$225,000, net proceeds of \$52,148,484 (after payment of \$475,000 in issuance costs) was deposited with the County in the District's name. Of the net proceeds deposited, \$50,000,000 was recorded in the Measure G building and fund and \$2,148,484 was recorded in the bond interest and redemption fund.

The following schedule summarizes District's outstanding General Obligation Bonds as of June 30, 2013:

Bond	Interest Rate	Year of Issue	Maturity Date	Original Issue	Outstanding July 1, 2012	Issued	Redeemed	Outstanding June 30, 2013
1998 Revenue Bonds, Series A	6.5-6.95%	1998	8/1/2021	\$ 14,821,025	\$ 846,789	\$ -	\$ 569,458	\$ 277,331
1996 GOB Series B	4.65-5.48%	1997	8/1/2022	6,784,646	3,870,449	-	258,025	3,612,424
1996 GOB Series C	4.3-5.53%	1999	2/1/2024	6,499,471	5,063,742	-	212,908	4,850,834
1996 GOB Series D	5.11-6.28%	2000	2/1/2025	5,298,641	4,479,102	-	135,275	4,343,827
1998 GOB Series E	2.75-4.5%	2003	9/1/2015	3,000,000	385,000	-	90,000	295,000
2005 GOB Series A	3.25-5%	2005	7/1/2025	9,090,000	7,220,000	-	435,000	6,785,000
2006 GOB	3.5-5.25%	2006	9/1/2021	16,239,685	14,897,490	-	255,193	14,642,297
2010 GOB	4-5%	2010	9/1/2019	2,645,000	2,160,000	-	470,000	1,690,000
2012 GOB Refunding	.751-2.973%	2011	8/1/2021	10,880,000	10,880,000	-	-	10,880,000
2012 GOB Series A	3.02-4%	2013	9/1/2040	50,000,000	-	50,000,000	-	50,000,000
<b>Total General Obligation Bonds</b>				<b>\$ 125,258,468</b>	<b>\$ 49,802,572</b>	<b>\$ 50,000,000</b>	<b>\$ 2,425,859</b>	<b>\$ 97,376,713</b>

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The following is a summary of the District's annual debt service requirements as of June 30, 2013:

Year Ending June 30	Principal	Interest	Total
2014	6,342,080	5,473,605	11,815,685
2015	7,260,133	4,453,075	11,713,208
2016	4,342,165	3,725,516	8,067,681
2017	4,277,498	3,759,269	8,036,767
2018	4,601,663	3,797,765	8,399,428
2019-2023	24,670,791	21,175,393	45,846,184
2024-2028	11,162,383	21,524,367	32,686,750
2029-2033	9,650,000	5,941,550	15,591,550
2034-2038	16,230,000	3,521,750	19,751,750
2039-2040	8,840,000	470,575	9,310,575
<b>Total Debt Service</b>	<b>\$ 97,376,713</b>	<b>\$ 73,842,865</b>	<b>\$ 171,219,578</b>

**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 and medical insurance for its members 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, 2012		June 30, 2012	
Total Assets	\$	4,833,664	\$	13,962,901
Total Liabilities		2,148,392		4,591,704
Total Equity		2,685,272		9,371,197
Total Revenues		3,360,090		28,826,809
Total Expenditures		2,738,975		28,281,323
SBASIA provides property and liability insurance coverage.				
SCCSIG provides workers' compensation insurance and medical coverage for classified and certificated employees.				

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

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.

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 2013 was 11.417%. The contribution requirements of the plan members are established by state statute. For the fiscal year ending June 30, 2013, 2012 and 2011 the District contributed \$796,018, \$641,910, and \$596,093 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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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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 for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-2013 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, 2013, 2012, and 2011, were \$1,576,912, \$1,507,376, and \$1,457,503, respectively, and equaled 100% of the required contributions for each year.

### **Postemployment Healthcare Plan**

#### *Plan Description.*

The District contributes toward post-retirement benefits for employees who retire after age 55 with at least 10 years of service. The District will pay the full monthly premiums for medical, dental and vision coverage, for the retired employee and eligible dependents, subject to limits as described below. Coverage under this program is available to CSEA, CTA and NEA members, as well as Confidential, Supervisory, Classified Management and Certificated Administrators.

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) or death, whichever is first. After this benefit period has expired, the retiree may continue coverage by paying the full premiums. No benefits are paid to surviving spouses or other beneficiaries after the death of the retired employee.

For certificated employees: No benefits are paid if hired after 12-6-2010. If retired before 6-18-2010, the maximum benefit is the lowest-cost family HMO. If retired between 6-18-2010 and 12-6-2010, the maximum benefit payable is the two-party HMO rate. If retired between 12-7-2010 and 12-31-2011, the maximum annual benefit is \$6,971 medical (\$13,688 for two-party), \$702 dental (\$1,279 for two-party) and \$127 vision (\$266 for two-party). If retired after 2011, the maximum benefit is 95% of the one-party rate, or 90% of the two-party rate.

For classified employees: No benefits are paid if hired after 1-31-2010. If retired before 2-1-2010, the maximum benefit is the lowest-cost family HMO. If retired between 2-1-2010 and 1-9-2011, the maximum benefit payable is the two-party HMO rate. If retired between 1-10-2011 and 12-31-2012, the maximum annual benefit is 95% of the lowest one-party or two-party rate. If retired after 2012, the maximum benefit is 95% of the one-party rate, or 90% of the two-party rate.

For management employees: No benefits are paid if hired after 1-20-2011. If retired before 4-1-2010, the maximum benefit is the lowest-cost family HMO. If retired between 4-1-2010 and 12-31-2011, the maximum benefit payable is the two-party HMO rate. If retired after 2011, the maximum annual benefit is 95% of the one-party rate, or 90% of the two-party rate.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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*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, 2013, the District contributed \$294,110 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	\$ 1,297,767
Interest on net OPEB obligation	132,148
Adjustment to annual required contribution	(206,207)
Annual OPEB cost (expense)	1,223,708
Contributions made	(294,110)
Increase in net OPEB obligation	929,598
Net OPEB obligation - beginning of year	3,693,762
Net OPEB obligation - end of year	\$ 4,623,360

As of June 30, 2013, the District had committed fund balance of \$4,082,659 toward the net OPEB obligation. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	1,119,530	15.87%	2,844,038
6/30/2012	1,129,351	24.76%	3,693,762
6/30/2013	1,223,708	24.03%	4,623,360

*Funded Status and Funding Progress*

The most recent actuarial valuation date was July 1, 2012. The actuarial accrued liability for benefits was \$9.5 million and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$9.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$26.94 million, and the ratio of the UAAL to the covered payroll was 35 percent.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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*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, 2013, was twenty-six years.

In the July 1, 2012 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 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after five 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)**

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%	\$ 24,457,598	37.21%
7/1/2012	\$ -	\$ 9,518,310	\$ 9,518,310	0%	\$ 26,937,114	35.34%

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, 2013**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	Original	Final		
Revenues:				
Revenue limit sources	\$ 26,968,397	\$ 28,748,251	\$ 28,864,764	\$ 116,513
Federal	1,785,890	1,521,590	1,487,320	(34,270)
Other state	6,184,574	6,017,554	6,459,233	441,679
Other local	10,128,414	10,621,624	11,470,185	848,561
Total revenues	45,067,275	46,909,019	48,281,502	1,372,483
Expenditures:				
Certificated salaries	19,802,593	19,611,473	19,378,216	233,257
Classified salaries	6,132,753	6,570,838	6,483,872	86,966
Employee benefits	9,770,534	9,297,387	8,930,520	366,867
Books and supplies	1,846,510	2,127,913	1,707,332	420,581
Services and other operating expenditures	5,740,785	5,815,389	5,769,179	46,210
Capital outlay	90,000	90,000	227,598	(137,598)
Other outgo	(14,837)	(123,052)	(111,041)	(12,011)
Total expenditures	43,368,338	43,389,948	42,385,676	1,004,272
Excess (deficiency) of revenues over (under) expenditures	1,698,937	3,519,071	5,895,826	2,376,755
Other financing sources (uses):				
Transfers in	546,834	959,803	959,803	-
Transfers out	(546,834)	(959,803)	(959,803)	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	1,698,937	3,519,071	5,895,826	2,376,755
Fund balance beginning	18,257,670	18,257,670	18,257,670	-
Fund balances ending	\$ 19,956,607	\$ 21,776,741	\$ 24,153,496	\$ 2,376,755

SUPPLEMENTARY  
INFORMATION

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>	Total Nonmajor Funds
	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	
<b>Assets</b>					
Cash and investments	\$ 140,027	\$ -	\$ 587,122	\$ 1,685,262	\$ 2,412,411
Accounts receivable	98,033	227,805	586	1,598	328,022
Due from other funds	-	1,720	-	10,464	12,184
Stores inventories	-	50,380	-	-	50,380
Prepaid expenditures	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 238,060</u>	<u>\$ 279,905</u>	<u>\$ 587,708</u>	<u>\$ 1,697,324</u>	<u>\$ 2,802,997</u>
<b>Liabilities, Deferred Inflows and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 492	\$ 40,021	\$ -	\$ 3,550	\$ 44,063
Due to other funds	9,695	29,109	-	-	38,804
<b>Total Liabilities</b>	<u>10,187</u>	<u>69,130</u>	<u>-</u>	<u>3,550</u>	<u>82,867</u>
<b>Deferred Inflows of Resources</b>					
Unearned revenue	157,005	-	-	-	157,005
<b>Total Deferred Inflows of Resources</b>	<u>157,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,005</u>
<b>Fund balances:</b>					
Nonspendable stores inventories	-	50,380	-	-	50,380
Restricted for cafeteria programs	-	160,395	-	-	160,395
Restricted for child development	70,868	-	-	-	70,868
Assigned for capital facility projects	-	-	-	1,693,774	1,693,774
Assigned for site repairs	-	-	587,708	-	587,708
<b>Total Fund Balances</b>	<u>70,868</u>	<u>210,775</u>	<u>587,708</u>	<u>1,693,774</u>	<u>2,563,125</u>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<u>\$ 238,060</u>	<u>\$ 279,905</u>	<u>\$ 587,708</u>	<u>\$ 1,697,324</u>	<u>\$ 2,802,997</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, 2013**

	<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	\$ 303,378	\$ 1,434,380	\$ -	\$ -	\$ 1,737,758
Other state	281,614	93,878	151,305	-	526,797
Other local	205,934	494,078	3,782	773,430	1,477,224
Total revenues	<u>790,926</u>	<u>2,022,336</u>	<u>155,087</u>	<u>773,430</u>	<u>3,741,779</u>
Expenditures:					
Instruction	501,076	-	-	-	501,076
Instruction-related services:					
School site administration	234,409	-	-	-	234,409
Pupil services:					
Food services	-	1,909,115	-	-	1,909,115
General administration:					
All other general administration	23,386	87,652	-	-	111,038
Plant services	29,749	58,809	178,500	2,307	269,365
Facility acquisition and construction	-	-	81,017	163,727	244,744
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>788,620</u>	<u>2,055,576</u>	<u>259,517</u>	<u>166,034</u>	<u>3,269,747</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,306</u>	<u>(33,240)</u>	<u>(104,430)</u>	<u>607,396</u>	<u>472,032</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	2,306	(33,240)	(104,430)	607,396	472,032
Fund balances beginning	<u>68,562</u>	<u>244,015</u>	<u>692,138</u>	<u>1,086,378</u>	<u>2,091,093</u>
Fund balances ending	<u>\$ 70,868</u>	<u>\$ 210,775</u>	<u>\$ 587,708</u>	<u>\$ 1,693,774</u>	<u>\$ 2,563,125</u>

STATE AND FEDERAL  
AWARD COMPLIANCE  
SECTION

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
ORGANIZATION  
FOR THE YEAR ENDED JUNE 30, 2013**

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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
Ellen Wheeler	President	2014
William Lambert	Vice President	2016
Steven Nelson	Clerk	2016
Philip D. Palmer	Member	2014
Chris Chiang	Member	2016

**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, 2013**

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	Second Period Report	Annual Report
Elementary:		
Kindergarten	644	645
Grades one through three	1,769	1,769
Grades four through six	1,424	1,422
Grades seven and eight	849	848
Home and hospital	-	1
Special education	162	163
ADA Totals	<u>4,848</u>	<u>4,848</u>

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Grade Level	1982-83 Actual Minutes	Reduced 1982-83 Actual Minutes <sup>(1)</sup>	1986-87 Minutes Requirements	Reduced 1986-87 Minutes Requirements <sup>(1)</sup>	2012-13 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	34,320	33,339	36,000	34,971	48,000	180	0	In compliance
Grade 1	47,085	45,740	50,400	48,960	51,900	180	0	In compliance
Grade 2	47,085	45,740	50,400	48,960	51,900	180	0	In compliance
Grade 3	47,085	45,740	50,400	48,960	51,900	180	0	In compliance
Grade 4	47,085	45,740	54,000	52,457	54,540	180	0	In compliance
Grade 5	47,085	45,740	54,000	52,457	54,540	180	0	In compliance
Grade 6	55,435	53,851	54,000	52,457	56,956	180	0	In compliance
Grade 7	55,435	53,851	54,000	52,457	56,956	180	0	In compliance
Grade 8	55,435	53,851	54,000	52,457	56,956	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 not 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.

<sup>(1)</sup>For the 2012-13 school year, a school district, county office of education or charter school may reduce the equivalent of up to 5 days of instruction or the equivalent number of instructional minutes without incurring penalties as set forth in Sections 46201.2(a) and 46201.3(a). A school district, county office of education, 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, 2013**

	(Budget <sup>1</sup> ) 2014	2013	2012	2011
<b><u>General Fund</u></b>				
Revenues and other financial sources	\$ 42,655,322	\$ 49,241,305	\$ 46,495,973	\$ 43,773,131
Expenditures	45,187,444	42,385,676	41,285,317	40,635,280
Other uses and transfers out	680,498	959,803	-	391,525
Total outgo	45,867,942	43,345,479	41,285,317	41,026,805
Change in fund balance	\$ (3,212,620)	\$ 5,895,826	\$ 5,210,656	\$ 2,746,326
Beginning fund balance restatement: Special revenue funds combined with the General Fund per GASB 54	\$ -	\$ -	\$ -	\$ 1,599,298
Ending fund balance	\$ 20,940,876	\$ 24,153,496	\$ 18,257,670	\$ 13,047,014
Available reserves <sup>(2)(3)</sup>	\$ 11,492,946	\$ 11,760,382	\$ 8,498,092	\$ 4,313,095
Unassigned - Reserved for economic uncertainties	\$ 1,355,623	\$ 1,271,570	\$ -	\$ -
Unassigned fund balance	\$ 10,137,323	\$ 10,488,812	\$ 8,498,092	\$ 4,313,095
Available reserves as a percentage of total outgo	25.06%	27.13%	20.58%	10.51%
Total long-term debt	\$ 98,553,703	\$ 104,895,783	\$ 46,266,896	\$ 48,004,608
Average daily attendance at P-2	4,968	4,848	4,804	4,679

Average daily attendance has increased by 169 over the past three years. The district anticipates an increase of 120 ADA.

The fund balance in the General Fund has increased by \$11,106,482 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 each of the past three years. Total long-term debt has increased by \$49,628,098 over the past three years.

<sup>1</sup> Budget numbers are based on the first adopted budget of the fiscal year 2013/14.

<sup>2</sup> 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, 2013**

PROGRAM NAME	FEDERAL CATALOG NUMBER	PASS THROUGH NUMBER	PROGRAM EXPENDITURE
U. S. DEPARTMENT OF EDUCATION			
Passed Through California Department of Education			
<i>Special Education Cluster</i>			
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	(1) 84.027	13379	\$ 904,287
Special Ed: IDEA Mental Health Services, Part B, Sec 611	(1) 84.027	14468	7,540
Special Ed: IDEA Preschool Grants, Part B, Sec 619	(1) 84.173	13430	53,031
Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	(1) 84.173	13431	206
Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611	(1) 84.027	13682	104,801
<i>Total Special Education Cluster</i>			<u>1,069,865</u>
<i>Title II Cluster</i>			
NCLB: Title II, Part A, Teacher Quality	84.367	14341	129,525
NCLB: Title III, Immigrant Education Program	84.365	15146	<u>220,017</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			1,419,407
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Grants:			
Head Start	(1) 93.600	10016	303,378
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through California Department of Education			
National School Lunch Program	10.555	13391	<u>1,434,380</u>
TOTAL FEDERAL PROGRAMS			<u>\$ 3,157,165</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, 2013**

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	General Fund	Building Fund	Bond Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2013 Annual Financial and Budget Report Fund Balances	\$ 19,952,150	\$ 50,284,815	\$ 10,989,835	\$ 6,764,471
Adjustments and Reclassifications:				
Special Reserve Fund for Other Than Capital Outlay Projects:				
Cash with County Treasury	118,570	-	-	(118,570)
Accounts Receivable	117	-	-	(117)
Special Reserve Fund for Postemployment Benefits:				
Cash with County Treasury	3,636,139	-	-	(3,636,139)
Accounts Receivable	3,587	-	-	(3,587)
Due from Other Funds	446,520	-	-	(446,520)
Due to Other Funds	(3,587)	-	-	3,587
June 30, 2013 Audited Financial Statements Fund Balances	\$ 24,153,496	\$ 50,284,815	\$ 10,989,835	\$ 2,563,125

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
SCHEDULE OF EXCESS SICK LEAVE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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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, 2013**

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**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 not 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, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mountain View Whisman School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Mountain View Whisman School District's basic financial statements, and have issued our report thereon dated August 23, 2013.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Mountain View Whisman School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mountain View Whisman School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mountain View Whisman School District's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Mountain View Whisman School District's financial statements are free from 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 UP

August 23, 2013  
San Jose, California



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

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

**Report on Compliance for Each Major Federal Program**

We have audited Mountain View Whisman School District's compliance with the types of compliance requirements described in *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, 2013. 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.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Mountain View Whisman School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Mountain View Whisman School District's compliance.

**Opinion on Each Major Federal Program**

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

**Report on Internal Control over Compliance**

Management of Mountain View Whisman School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mountain View Whisman School District's internal control over compliance with the types of requirements that could have a direct and material effect on



each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### **Restricted Use**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of Mountain View Whisman School District's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Mountain View Whisman School District's internal control over financial reporting and compliance. Accordingly, this report is not suitable for any other purpose.

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

August 23, 2013  
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 2012-13*, 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, 2013. 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 2012-13*, 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
Juvenile Courts	8	Not applicable
Class Size Reduction:		
General Requirements	7	7
Option One	3	3



<u>Description</u>	<u>Procedures in the Audit Guide</u>	<u>Procedures Performed</u>
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	5
Before School	6	Not applicable
Charter Schools:		
Contemporaneous Records of Attendance	1	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, 2013.

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*

August 23, 2013  
 San Jose, California

FINDINGS AND  
RECOMMENDATIONS

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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**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>
84.027	Special Education Cluster
84.173	Special Education Cluster
93.600	Head Start

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, 2013**

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**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, 2013**

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**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.