

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

AUDIT REPORT

JUNE 30, 2014



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

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SANTA CLARA COUNTY**

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FINANCIAL
SECTION



INDEPENDENT AUDITOR'S REPORT

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

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, 2014, 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 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*, prescribed in the California Code of Regulations, Title 5, Section 19810 and following. 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 entity'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 entity'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, 2014, and the respective changes in financial position 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 4 through 11, 42 and 43 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.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2014 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

September 22, 2014
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, 2014**

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, 2014. 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, 2014 were as follows:

- Total net position, including capital asset and long-term liabilities, increased by \$9,585,398 or 27% from June 30, 2013 to June 30, 2014.
- Total revenue in the government-wide financial statements includes both general and program revenues. General revenues accounted for \$53,372,509 which is 79% of all revenues. Program specific revenues in the form of operating grants and contributions, and charges for services accounted for \$14,151,663 or 21% of total revenues of \$67,524,172.
- Direct program revenues of \$14,151,663 supported 24% of the District's \$58,004,542 in program expenses. The remaining 76% was funded by general revenues.
- Total fund balances of governmental funds (i.e. General Fund, Building Fund, and Bond Fund) increased by \$4,929,224 or 6% from June 30, 2013 to June 30, 2014. This is mostly attributed to an increase in General Fund revenue of approximately \$2,700,000 related to the change in the state funding formula from the revenue limit to the local control funding formula and the one-time funding for common core.
- Among major funds, the General Fund had \$51,902,852 in revenues and \$46,209,035 in expenditures. The General Fund's fund balance increased by \$5,642,936 from June 30, 2013 to June 30, 2014.

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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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.

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 2013 - 2014?" 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,

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

operation and maintenance of plant, pupil transportation and extracurricular activities. The District does not have any business type activities.

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, 2014**

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, 2014 as compared to June 30, 2013:

Table 1 - Summary of Net Position				
	2014	2013	Increase (Decrease)	Percent
Assets				
Current Assets	\$ 94,118,792	\$ 89,399,658	\$ 4,719,134	5.3%
Capital Assets	47,343,064	47,647,242	(304,178)	-0.6%
Total Assets	141,461,856	137,046,900	4,414,956	3.2%
Deferred Outflows of Resources	6,045,158	6,788,076	(742,918)	-11%
Liabilities				
Current and Other Liabilities	2,208,409	2,736,552	(528,143)	-19.3%
Long-Term Liabilities	99,510,566	104,895,783	(5,385,217)	-5.1%
Total Liabilities	101,718,975	107,632,335	(5,913,360)	-5.5%
Net Position				
Net Investment in Capital Assets	7,740,662	4,442,467	3,298,195	74.2%
Restricted	24,271,702	20,259,009	4,012,693	19.8%
Unrestricted	13,775,675	11,501,165	2,274,510	19.8%
Total Net Position	\$ 45,788,039	\$ 36,202,641	\$ 9,585,398	26.5%

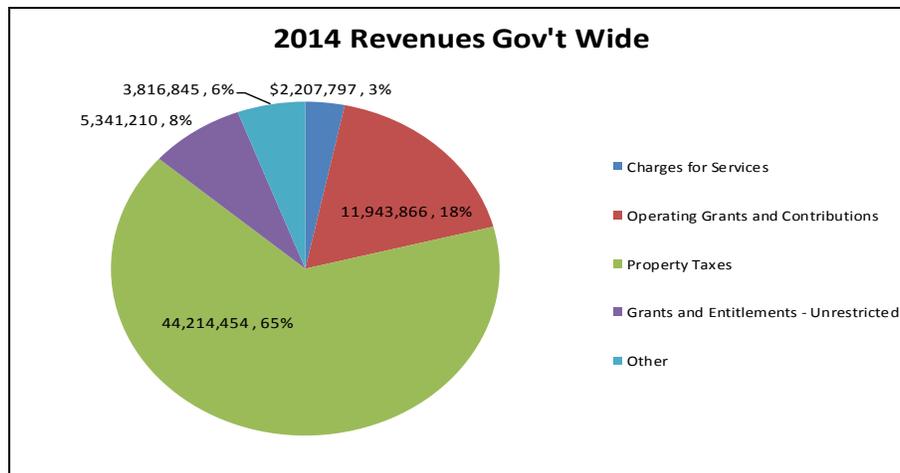
Total assets of governmental activities increased by \$4,414,956 mostly because the District received more property taxes in 2013-14 as compared to 2012-13. Net capital assets decreased by \$304,178 because of current year depreciation offset by additions. Unrestricted net position of the District, which does not have constraints from grantors, legal requirements, or legislation, increased by \$3,317,468, and restricted net position increased by \$2,969,735 because Measure G bond proceeds remained unspent as of June 30, 2014 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, 2014**

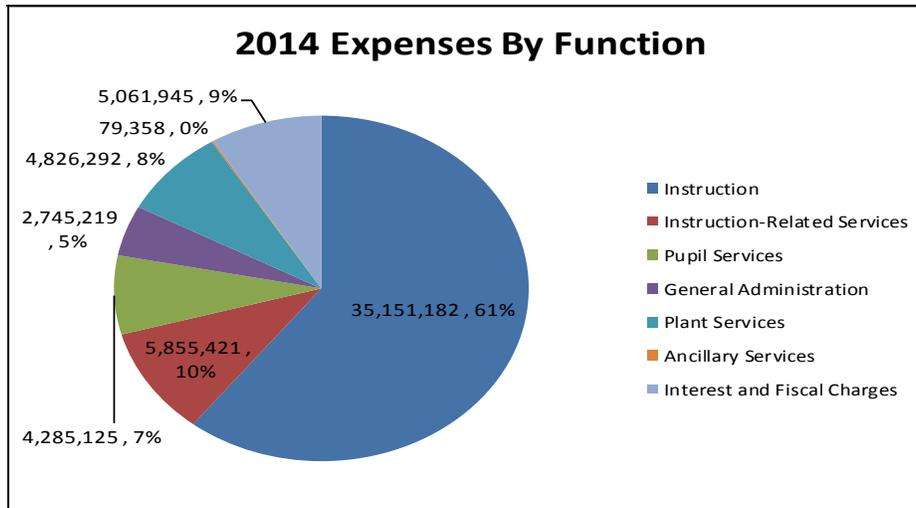
Table 2 shows the changes in net position from fiscal year 2013 to 2014.

Table 2 - Change in Net Position				
	2014	2013	Increase (Decrease)	Percent
Revenues				
Program Revenues:				
Charges for Services	\$ 2,207,797	\$ 1,239,500	\$ 968,297	78.1%
Operating Grants and Contributions	11,943,866	11,935,090	8,776	0.1%
General Revenues:				
Property Taxes :				
Taxes levied for general purposes	30,837,882	27,933,277	2,904,605	10.4%
Taxes levied for debt service	10,541,675	10,066,437	475,238	4.7%
Parcel taxes	2,834,897	2,839,960	(5,063)	-0.2%
Grants and Entitlements - Unrestricted	5,341,210	5,301,812	39,398	0.7%
Other	3,816,845	3,451,638	365,207	10.6%
Total Revenues	67,524,172	62,767,714	4,756,458	7.6%
Program Expenses				
Instruction	35,151,182	32,738,400	2,412,782	7.4%
Instruction-Related Services	5,855,421	5,850,374	5,047	0.1%
Pupil Services	4,285,125	3,713,638	571,487	15.4%
General Administration	2,745,219	2,397,990	347,229	14.5%
Plant Services	4,826,292	4,585,448	240,844	5.3%
Ancillary Services	79,358	76,337	3,021	4.0%
Interest and Fiscal Charges	5,061,945	4,714,517	347,428	7.4%
Total Expenses	58,004,542	54,076,704	3,927,838	7.3%
Change in Net Position	9,519,630	8,691,010	828,620	9.5%
Prior Period Restatement	65,768	(124,434)	-	N/A
Change in Net Position Including Restatement	\$ 9,585,398	\$ 8,691,010	\$ 894,388	10.3%

Local revenue, consisting primarily of property taxes, parcel taxes and taxes levied for general obligation bonds, comprised 65% of District revenues. Direct instruction costs comprised 61% of District expenses for fiscal year 2014. These percentages are consistent with 2013. Total government-wide revenues increased by 8% and total government-wide expenses increased by 7% for fiscal year 2014. The increase in total government-wide expenses was directly associated with higher instructional costs resulting from newly hired employees and increased salaries.



**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**



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	2014	2013	Increase (Decrease)	Percent
Instruction	\$ 24,541,726	\$ 24,348,913	\$ 192,813	0.8%
Instruction-Related Services	5,124,578	4,839,131	285,447	5.9%
Pupil Services	1,850,536	1,098,125	752,411	68.5%
General Administration	2,498,121	2,139,125	358,996	16.8%
Plant Services	4,720,082	4,474,928	245,154	5.5%
Ancillary Services	55,891	53,598	2,293	4.3%
Interest and Fiscal Charges	5,061,945	4,714,517	347,428	7.4%
Total Expenses	\$ 43,852,879	\$ 41,668,337	\$ 2,184,542	5.2%

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, 2014**

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 \$92,920,498, which is an increase of \$4,929,227 from last year's total. Table 4 provides an analysis of the District's fund balances and the total change in fund balances from the prior year.

Table 4 - Change in Fund Balances			
Funds	2013	2013	Increase (Decrease)
General Fund	\$ 23,664,426	\$ 18,946,944	\$ 4,717,482
Parcel Tax Fund	1,042,958	1,005,206	37,752
Special Revenue Fund Other Than Cap Outlay	119,189	118,687	502
Postemployment Benefit Fund	4,969,859	4,082,659	887,200
Child Development Fund	70,323	70,868	(545)
Cafeteria Fund	105,371	210,775	(105,404)
Deferred Maintenance Fund	805,789	587,708	218,081
Building Fund	48,160,472	50,284,815	(2,124,343)
Capital Facilities Fund	3,422,822	1,693,774	1,729,048
Bond Interest & Redemption Fund	10,559,289	10,989,838	(430,549)
Total Governmental Fund Balances	\$ 92,920,498	\$ 87,991,274	\$ 4,929,224

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 2013-14 fiscal year, the District revised its General Fund budget twice, at 1st Interim and 2nd interim, which resulted in an increase in budgeted expenditures of \$1,900,042 from the original to final budget. The overall increase in expenditures is largely due to increases in common core, professional development, intervention, transportation and maintenance.

For the General Fund, the final budget basis revenue and other financing sources estimate was \$50,499,266. The original budgeted estimate was \$43,353,830. The increase from original to final budget was from changes in the state funding formula which were unknown at the time of the original budget. In addition, the District received revenue from common core, a Google grant, and Shoreline that was not committed at the time of the original budget.

Capital Assets

At the end of the fiscal year 2014, the District had \$47,343,064 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, 2014**

Table 5 shows June 30, 2014 balances as compared to June 30, 2013.

Table 5 - Summary of Capital Assets Net of Depreciation					
Capital Asset	2014			2013	Percentage Change
	Cost	Accumulated Depreciation	Net Capital Asset	Net Capital Asset	
Land	\$ 1,341,037	\$ -	\$ 1,341,037	\$ 1,341,037	0%
Buildings and Improvements	96,326,466	53,422,085	42,904,381	45,535,195	-6%
Property and Equipment	2,832,312	2,342,477	489,835	252,531	94%
Work-in-Progress	2,607,811	-	2,607,811	518,479	403%
Totals	\$ 103,107,626	\$ 55,764,562	\$ 47,343,064	\$ 47,647,242	-1%

Overall capital assets decreased by .6% from fiscal year 2013 to fiscal year 2014 because of \$3,001,051 in current depreciation net \$2,696,873 in capital asset additions.

Long Term Debt

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

Table 6 - Long-term Debt			
Type of Debt	2014	2013	Percentage Change
General obligation bonds	\$ 91,034,629	\$ 97,376,713	-6.51%
Unamortized bond premiums - net	2,747,031	2,862,506	-4.03%
Net OPEB obligation	5,684,192	4,623,360	22.95%
Compensated absences	44,714	33,204	34.66%
Total Debt	99,510,566	104,895,783	-5.13%
Loss on early retirement of bonds	(6,045,158)	(6,788,076)	-10.94%
Total Debt - Net Early Retirement of Bonds	\$ 93,465,408	\$ 98,107,707	-4.73%

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, 2014

	Governmental Activities
Assets	
Current Assets:	
Cash and investments	\$ 91,950,794
Accounts receivable	2,100,220
Stores inventories	67,778
Total Current Assets	94,118,792
Noncurrent Assets:	
Land	1,341,037
Work-in-progress	2,607,811
Building and improvements	96,326,466
Equipment	2,832,312
Less accumulated depreciation	(55,764,562)
Total Noncurrent Assets	47,343,064
Total Assets	141,461,856
 Deferred Outflows of Resources	
Deferred loss on early retirement of long-term debt	6,045,158
Total Deferred Outflows of Resources	6,045,158
 Liabilities	
Current Liabilities:	
Accounts payable	717,409
Accrued interest	1,491,000
Total Current Liabilities	2,208,409
Long-term Liabilities:	
Due within one year:	
General obligation bonds payable	7,260,129
Due after one year:	
General obligation bonds payable	83,774,500
Net OPEB obligation	5,684,192
Compensated absences payable	44,714
Unamortized bond premiums - net	2,747,031
Total due after one year	92,250,437
Total long-term Liabilities	99,510,566
Total Liabilities	101,718,975
 Net Position	
Net investment in capital assets	7,740,662
Restricted for:	
Capital projects	3,449,194
Debt service	10,559,289
Parcel tax obligations	1,042,958
Educational programs	9,220,261
Total restricted net position	24,271,702
Unrestricted	13,775,675
Total Net Position	\$ 45,788,039

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, 2014**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 35,151,182	\$ 1,654,269	\$ 8,955,187	\$ (24,541,726)
Instruction-related services:				
Supervision of instruction	1,039,240	27	167,614	(871,599)
Instruction library, media and technology	977,227	47,807	142,369	(787,051)
School site administration	3,838,954	8,874	364,152	(3,465,928)
Pupil services:				
Home-to-school transportation	1,049,291	8,050	386,539	(654,702)
Food services	1,951,652	416,645	1,392,633	(142,374)
All other pupil services	1,284,182	21,393	209,329	(1,053,460)
General administration:				
Data processing	558,627	-	-	(558,627)
All other general administration	2,186,592	31,925	215,173	(1,939,494)
Plant services	4,826,292	12,908	93,302	(4,720,082)
Ancillary services	79,358	5,899	17,568	(55,891)
Interest on long-term debt	5,061,945	-	-	(5,061,945)
Total governmental activities	<u>\$ 58,004,542</u>	<u>\$ 2,207,797</u>	<u>\$ 11,943,866</u>	<u>(43,852,879)</u>
General revenues:				
Taxes and subventions:				
Taxes levied for general purposes				30,837,882
Taxes levied for debt service				10,541,675
Taxes levied for other specific purposes (parcel tax)				2,834,897
Federal and state aid not restricted to specific purposes				5,341,210
Interest and investment earnings				247,483
Miscellaneous				3,569,362
Total general revenues and special items				<u>53,372,509</u>
Change in net position				9,519,630
Prior period adjustment				65,768
Net position beginning				36,202,641
Net position ending				<u>\$ 45,788,039</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, 2014**

	General Fund	Child Development Fund	Building Fund	Bond Interest Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 28,832,675	\$ 184,312	\$ 48,134,100	\$ 10,552,704	\$ 4,247,003	\$ 91,950,794
Accounts receivable	1,787,635	59,176	47,557	6,585	199,267	2,100,220
Due from other funds	167,326	428	-	-	612	168,366
Stores inventories	23,856	-	-	-	43,922	67,778
Total Assets	\$ 30,811,492	\$ 243,916	\$ 48,181,657	\$ 10,559,289	\$ 4,490,804	\$ 94,287,158
Liabilities, Deferred Inflows and Fund Balances						
Liabilities:						
Accounts payable	\$ 639,785	\$ 352	\$ 21,185	\$ -	\$ 56,087	\$ 717,409
Due to other funds	43,263	24,368	-	-	100,735	168,366
Total Liabilities	683,048	24,720	21,185	-	156,822	885,775
Deferred Inflows of Resources						
Unearned revenue	332,012	148,873	-	-	-	480,885
Total Deferred Inflows of Resources	332,012	148,873	-	-	-	480,885
Fund balances:						
Nonspendable:						
Revolving fund	8,000	-	-	-	-	8,000
Stores inventories	23,856	-	-	-	43,922	67,778
Restricted for:						
Educational programs	7,595,150	-	-	-	-	7,595,150
Debt service	-	-	-	10,559,289	-	10,559,289
Medi-Cal Billing Option	385,382	-	-	-	-	385,382
California Clean Energy	130,000	-	-	-	-	130,000
Lottery Instructional Materials	83,977	-	-	-	-	83,977
Special Ed. Mental Health	159,784	-	-	-	-	159,784
Economic Impact Aid LEP	200,805	-	-	-	-	200,805
Common Core State Standards	559,763	-	-	-	-	559,763
Parcel tax obligations	1,042,958	-	-	-	-	1,042,958
Child development programs	-	70,323	-	-	-	70,323
Cafeteria programs	-	-	-	-	61,449	61,449
Capital projects	-	-	48,160,472	-	3,422,822	51,583,294
Committed for:						
Other postemployment benefits	4,969,859	-	-	-	-	4,969,859
Assigned for:						
Supplemental site	337,441	-	-	-	-	337,441
Site discretionary	409,398	-	-	-	-	409,398
Educational programs	119,189	-	-	-	-	119,189
Site repairs	-	-	-	-	805,789	805,789
Unassigned:						
Economic uncertainties	1,386,271	-	-	-	-	1,386,271
Unappropriated	12,384,599	-	-	-	-	12,384,599
Total Fund Balances	29,796,432	70,323	48,160,472	10,559,289	4,333,982	92,920,498
Total Liabilities, Deferred Inflows and Fund Balances	\$ 30,811,492	\$ 243,916	\$ 48,181,657	\$ 10,559,289	\$ 4,490,804	\$ 94,287,158

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, 2014**

Total fund balances - governmental funds		\$ 92,920,498
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 \$103,107,626 and the accumulated depreciation is \$55,764,562.		47,343,064
To recognize accrued interest at year end which is not reported in the governmental funds		(1,491,000)
Amounts due from other governments will not be collected soon enough to pay for current period expenditures and are reported as deferred inflows of resources in governmental funds.		480,885
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.		6,045,158
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:		
General obligation bonds	\$ 91,034,629	
Unamortized premiums from bond refunding	2,747,031	
Net OPEB obligation	5,684,192	
Compensated absences (vacation)	44,714	(99,510,566)
Net position - governmental activities		\$ 45,788,039

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, 2014**

	General Fund	Child Development Fund	Building Fund	Bond Interest Redemption Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
LCFF sources	\$ 35,052,771	\$ -	\$ -	\$ -	\$ 234,682	\$ 35,287,453
Federal	1,754,357	309,532	-	-	1,391,110	3,454,999
Other state	2,832,004	295,739	-	36,361	99,751	3,263,855
Other local	12,263,720	208,409	208,659	10,528,198	2,209,348	25,418,334
Total revenues	51,902,852	813,680	208,659	10,564,559	3,934,891	67,424,641
Expenditures:						
Instruction	31,909,054	506,416	-	-	-	32,415,470
Instruction-related services:						
Supervision of instruction	1,037,468	-	-	-	-	1,037,468
Instruction library, media and technology	827,358	-	-	-	-	827,358
School site administration	3,335,623	252,251	-	-	-	3,587,874
Pupil services:						
Home-to-school transportation	1,018,155	-	-	-	-	1,018,155
Food services	-	-	-	-	1,906,992	1,906,992
All other pupil services	1,279,994	-	-	-	-	1,279,994
General administration:						
Data processing	558,627	-	-	-	-	558,627
All other general administration	1,984,719	24,368	-	-	100,735	2,109,822
Plant services	4,045,273	31,190	-	-	72,565	4,149,028
Ancillary services	79,358	-	-	-	-	79,358
Facility acquisition and construction	133,406	-	2,449,651	-	12,874	2,595,931
Debt service:						
Principal	-	-	-	6,342,081	-	6,342,081
Interest and other costs	-	-	-	4,653,027	-	4,653,027
Total expenditures	46,209,035	814,225	2,449,651	10,995,108	2,093,166	62,561,185
Excess (deficiency) of revenues over (under) expenditures	5,693,817	(545)	(2,240,992)	(430,549)	1,841,725	4,863,456
Other financing sources (uses):						
Transfers in	869,235	-	-	-	-	869,235
Transfers out	(869,235)	-	-	-	-	(869,235)
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	5,693,817	(545)	(2,240,992)	(430,549)	1,841,725	4,863,456
Fund balances beginning	24,153,496	70,868	50,284,815	10,989,838	2,492,257	87,991,274
Prior period adjustment	(50,881)	-	116,649	-	-	65,768
Fund balances beginning as adjusted	24,102,615	70,868	50,401,464	10,989,838	2,492,257	88,057,042
Fund balances ending	\$ 29,796,432	\$ 70,323	\$ 48,160,472	\$ 10,559,289	\$ 4,333,982	\$ 92,920,498

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, 2014**

Total net change in fund balances - governmental funds	\$ 4,863,456
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 \$2,696,873 was less than depreciation expense of \$3,001,051 in the period.	(304,171)
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:	
Repayment of bond principal	6,342,081
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:	115,474
Amounts due from other governments will not be collected soon enough to pay for current period expenditures and are deferred inflows in governmental funds.	(15,950)
In governmental funds, deferred loss on early retirement of long-term debt is recognized as other financing uses. In the government-wide statements, the deferred losses on early retirement of long-term debt is amortized over the life of the debt. The difference between other financing uses and amortization is:	(742,918)
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 more than the amounts used by:	(11,510)
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 \$1,281,907 net expenditures of \$221,075 reported in the fund statements:	(1,060,832)
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>334,000</u>
Changes in net position of governmental activities	<u>\$ 9,519,630</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, 2014**

	Expendable Trust Fund	Student Body Agency Fund	Total
Assets			
Cash in county treasury	\$ 268,416	\$ -	\$ 268,416
Cash on hand and in banks	-	73,286	73,286
Accounts receivable	261	-	261
Total Assets	<u>\$ 268,677</u>	<u>\$ 73,286</u>	<u>\$ 341,963</u>
Liabilities			
Accounts payable	\$ -	\$ 73,286	\$ 73,286
Total Liabilities	<u>\$ -</u>	<u>\$ 73,286</u>	<u>\$ 73,286</u>
Net Position			
Restricted	<u>268,677</u>	<u>-</u>	<u>268,677</u>
Total Net Position	<u>\$ 268,677</u>	<u>\$ -</u>	<u>\$ 268,677</u>

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, 2014**

	Expendable Trust Fund
Additions	
Other local	\$ 15,197
Deductions	
Services & other operating expenditures	-
Changes in net position	15,197
Net position beginning	253,480
Net position ending	\$ 268,677

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, 2014**

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, 2014, 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, 2014**

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, 2014**

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 Outflow of Resources and Deferred Inflow of Resources:

Deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period, such as 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, such as 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, 2014**

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 *Child Development Fund* is used to account for resources committed to child development programs maintained by the District.

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 two non-major special revenue funds:

- 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, 2014**

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. Fund balance was more than adequate to cover immaterial excess appropriations in the District's major funds with legally adopted budgets.

G. Encumbrances

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

H. Assets, Liabilities, and Equity

1. Cash and Investments

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

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

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 aid districts are vulnerable. Because amounts in the nonspendable, restricted, committed, and assigned categories are subject to varying constraints on their use, the reserve for economic uncertainties consists of balances that are otherwise unassigned.

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

- *Non-spendable* 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

- *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.

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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. Local Control Funding Formula and Property Taxes

The Local Control Funding Formula (LCFF) creates base, supplemental, and concentration grants in place of most previously existing K–12 funding streams, including revenue limits and most state categorical programs. The revenue limit was a combination of local property taxes, state apportionments, and other local sources.

The 2013–14 Budget Act provides \$2.1 billion for school districts and charter schools and \$32 million for COEs to support the first-year implementation of the LCFF. Until full implementation, however, local educational agencies (LEAs) will receive roughly the same amount of funding they received in 2012–13 plus an additional amount each year to bridge the gap between current funding levels and the new LCFF target levels. The budget projects the time frame for full implementation of the LCFF to be eight years.

The LCFF includes the following components for school districts and charter schools:

- Provides a base grant for each LEA equivalent to \$7,643 per average daily attendance (ADA). The actual base grants would vary based on grade span.
- Provides an adjustment of 10.4 percent on the base grant amount for kindergarten through grade three (K–3). As a condition of receiving these funds, the LEA shall progress toward an average class enrollment of no more than 24 pupils in kindergarten through grade three, unless the LEA has collectively bargained an annual alternative average class enrollment in those grades for each school site.
- Provides an adjustment of 2.6 percent on the base grant amount for grades nine through twelve.
- Provides a supplemental grant equal to 20 percent of the adjusted base grant for targeted disadvantaged students. Targeted students are those classified as English learners (EL), eligible to receive a free or reduced-price meal (FRPM), foster youth, or any combination of these factors (unduplicated count).
- Provides a concentration grant equal to 50 percent of the adjusted base grant for targeted students exceeding 55 percent of an LEA’s enrollment.
- Provides for additional funding based on an “economic recovery target” to ensure that virtually all districts are at least restored to their 2007–08 state funding levels (adjusted for inflation) and also guarantees a minimum amount of state aid to LEAs.

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.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
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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.

10. Risk Management

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

11. Accounting Estimates

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

12. New Accounting Pronouncements

Summary of Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees (Issued 4/13). Some governments extend financial guarantees for the obligations of another government, a not-for-profit entity, or a private entity without directly receiving equal or approximately equal value in exchange (a nonexchange transaction). As a part of this nonexchange financial guarantee, a government commits to indemnify the holder of the obligation if the entity that issued the obligation does not fulfill its payment requirements. Also, some governments issue obligations that are guaranteed by other entities in a nonexchange transaction. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods

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beginning after June 15, 2013. There was no significant impact on the District's financial statements from the implementation of this standard.

13. Upcoming Accounting and Reporting Changes

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.

Summary of Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date – and Amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. The determination of the impact on the District'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, 2014, is as follows:

Deposit or Investment	Carrying Amount	Fair Value	Investment Rating
<i>Government-Wide Statements:</i>			
Cash in county treasury investment pool	\$ 91,909,521	\$ 92,012,710	AA
Cash in banks	10,093	10,093	NA
Cash in revolving fund	8,000	8,000	NA
Cash with fiscal agent	23,180	23,180	NA
Total Government-Wide Cash and Investments	91,950,794	92,053,983	
<i>Fiduciary Funds:</i>			
Cash in county treasury investment pool	268,416	268,717	AA
Cash in banks	73,286	73,286	NA
Total Cash and Investments	\$ 92,292,496	\$ 92,395,986	

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, 2014, the bank balance of the District's accounts with banks was \$81,286, 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 \$4.67 billion and an amortized book value of \$4.66 billion. The average weighted maturity for this pool is 416 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2014:

Receivables	Child		Bond		Nonmajor Funds	Total
	General Fund	Development Fund	Building Fund	Interest Redemption		
Federal Government:						
Special Ed.: IDEA	\$ 357,960	\$ -	\$ -	\$ -	\$ -	\$ 357,960
Child Nutrition	-	-	-	-	195,434	195,434
State Government:						
Child Development	-	20,126	-	-	-	20,126
Special Education	283,745	-	-	-	-	283,745
Lottery	224,989	-	-	-	-	224,989
Lottery: Instructional Materials	153,361	-	-	-	-	153,361
After School Education and Safety	54,595	-	-	-	-	54,595
Other Resources	712,985	39,050	47,557	6,585	3,833	810,010
Total Accounts Receivable	\$ 1,787,635	\$ 59,176	\$ 47,557	\$ 6,585	\$ 199,267	\$ 2,100,220

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, 2014, interfund payables and receivables consisted of the following:

Due from Other Funds	Due to Other Funds			Total Due from Other Funds
	General Fund	Child Development Fund	Nonmajor Funds	
General Fund	\$ 42,223	\$ 24,368	\$ 100,735	\$ 167,326
Child Development Fund	428	-	-	428
Nonmajor Funds	612	-	-	612
Total Due to Other Funds	\$ 43,263	\$ 24,368	\$ 100,735	\$ 168,366

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 \$869,235 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
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2014, is shown below:

Capital Assets	Balance			Balance June 30, 2014
	July 01, 2013	Additions	Deletions	
Land - not depreciable	\$ 1,341,037	\$ -	\$ -	\$ 1,341,037
Work-in-progress - not depreciable	518,479	2,356,655	(267,323)	2,607,811
Buildings and improvements	96,059,143	267,323	-	96,326,466
Equipment	2,492,094	340,218	-	2,832,312
Total capital assets	100,410,753	2,964,196	(267,323)	103,107,626
Less accumulated depreciation for:				
Buildings and improvements	50,523,948	2,898,137	-	53,422,085
Equipment	2,239,563	102,914	-	2,342,477
Total accumulated depreciation	52,763,511	3,001,051	-	55,764,562
Total capital assets - net depreciation	\$ 47,647,242	\$ (36,855)	\$ (267,323)	\$ 47,343,064

Depreciation expense was charged to governmental activities as follows:	
Instruction	\$ 1,663,370
Supervision of instruction	1,772
Instruction library, media and technology	149,869
School site administration	251,080
Home-to-school transportation	31,136
Food services	44,660
All other pupil services	4,188
All other general administration	76,770
Plant services	778,206
Total depreciation expense	\$ 3,001,051

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014:

Long-term Debt	Balance			Balance June 30, 2014	Due Within One Year
	July 1, 2013	Additions	Deletions		
General Obligation Bonds	\$ 97,376,713	\$ -	\$ 6,342,084	\$ 91,034,629	\$ 7,260,129
Loss on early retirement of bonds	(6,788,076)	-	(742,918)	(6,045,158)	-
Unamortized bond premiums - net	2,862,505	-	115,474	2,747,031	-
Net OPEB obligation	4,623,360	1,281,907	221,075	5,684,192	-
Compensated Absences	33,204	11,510	-	44,714	-
Total Long-Term Debt	\$ 98,107,706	\$ 1,293,417	\$ 5,935,715	\$ 93,465,408	\$ 7,260,129

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, 2014:

Bond	Interest Rate	Year of Issue	Maturity Date	Original Issue	Outstanding July 1, 2013	Issued	Redeemed	Outstanding June 30, 2014
1998 Revenue Bonds, Series A	6.5-6.95%	1998	8/1/2021	\$ 14,821,025	\$ 277,331	\$ -	\$ 277,331	\$ -
1996 GOB Series B	4.65-5.48%	1997	8/1/2022	6,784,646	3,612,424	-	267,101	3,345,323
1996 GOB Series C	4.3-5.53%	1999	2/1/2024	6,499,471	4,850,834	-	226,836	4,623,998
1996 GOB Series D	5.11-6.28%	2000	2/1/2025	5,298,641	4,343,827	-	147,882	4,195,945
1998 GOB Series E	2.75-4.5%	2003	9/1/2015	3,000,000	295,000	-	95,000	200,000
2005 GOB Series A	3.25-5%	2005	7/1/2025	9,090,000	6,785,000	-	445,000	6,340,000
2006 GOB	3.5-5.25%	2006	9/1/2021	16,239,685	14,642,297	-	407,934	14,234,363
2010 GOB	4-5%	2010	9/1/2019	2,645,000	1,690,000	-	475,000	1,215,000
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	-	4,000,000	46,000,000
Total General Obligation Bonds				\$ 125,258,468	\$97,376,713	\$ -	\$6,342,084	\$ 91,034,629

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The following is a summary of the District's annual debt service requirements as of June 30, 2014:

Year Ending June 30	Principal	Interest	Total
2015	\$ 7,260,129	\$ 4,474,075	\$ 11,734,204
2016	4,342,165	3,730,391	8,072,556
2017	4,277,498	3,759,269	8,036,767
2018	4,541,663	3,797,765	8,339,428
2019	4,888,168	3,835,300	8,723,468
2020-2024	21,924,629	23,224,338	45,148,967
2025-2029	9,080,377	17,108,223	26,188,600
2030-2034	9,650,000	5,748,550	15,398,550
2035-2039	16,230,000	3,206,875	19,436,875
2040	8,840,000	315,875	9,155,875
Total Debt Service	\$ 91,034,629	\$ 69,200,661	\$ 160,235,290

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 SBASIA 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, 2013	June 30, 2013
Total Assets	\$ 4,832,537	\$ 15,154,589
Total Liabilities	2,536,501	5,327,029
Total Equity	2,296,036	9,827,560
Total Revenues	2,996,715	28,596,859
Total Expenditures	3,385,951	28,140,496
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, 2014**

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

The District may be exposed to various claims and litigation during the normal course of business. However, management believes there were no matters that would have a material adverse effect on the District's financial position or results of operations as of June 30, 2014.

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 2014 was 11.442%. The contribution requirements of the plan members are established by state statute. For the fiscal year ending June 30, 2014, 2013 and 2012 the District contributed \$862,738, \$796,018, and \$641,910 to CalPERS. These were the District's required contribution.

STRS

Plan Description. The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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 2013-2014 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, 2014, 2013, and 2012, were \$1,677,638, \$1,576,912, and \$1,507,376, 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, 2014**

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, 2014, the District contributed \$221,075 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	\$ 1,379,941
Interest on net OPEB obligation	163,306
Adjustment to annual required contribution	(261,340)
Annual OPEB cost (expense)	1,281,907
Contributions made	(221,075)
Increase in net OPEB obligation	1,060,832
Net OPEB obligation - beginning of year	4,623,360
Net OPEB obligation - end of year	\$ 5,684,192

As of June 30, 2014, the District had committed fund balance of \$4,969,859 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 2014 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2012	1,129,351	24.76%	3,693,762
6/30/2013	1,223,708	24.03%	4,623,360
6/30/2014	1,281,907	17.25%	5,684,192

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, 2014**

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, 2014, 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 Accrued 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, 2014**

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive - (Negative)
	Original	Final		
Revenues:				
LCFF Sources	\$ 28,532,607	\$ 33,235,816	\$ 35,052,771	\$ 1,816,955
Federal	1,430,521	1,655,790	1,754,357	98,567
Other state	4,731,089	2,845,086	2,832,004	(13,082)
Other local	7,979,115	11,895,374	12,263,720	368,346
Total revenues	<u>42,673,332</u>	<u>49,632,066</u>	<u>51,902,852</u>	<u>2,270,786</u>
Expenditures:				
Certificated salaries	20,826,799	21,391,976	21,110,470	281,506
Classified salaries	6,777,383	6,986,964	7,012,655	(25,691)
Employee benefits	9,655,544	9,178,952	8,960,760	218,192
Books and supplies	2,063,257	2,522,267	2,381,398	140,869
Services and other operating expenditures	5,874,988	6,681,236	6,502,462	178,774
Capital outlay	120,000	449,205	366,393	82,812
Other outgo	(130,527)	(123,114)	(125,103)	1,989
Total expenditures	<u>45,187,444</u>	<u>47,087,486</u>	<u>46,209,035</u>	<u>878,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,514,112)</u>	<u>2,544,580</u>	<u>5,693,817</u>	<u>3,149,237</u>
Other financing sources (uses):				
Transfers in	680,498	867,200	869,235	2,035
Transfers out	(680,498)	(867,200)	(869,235)	(2,035)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,514,112)	2,544,580	5,693,817	3,149,237
Fund balances beginning	24,153,496	24,153,496	24,153,496	-
Prior period adjustment	<u>(50,881)</u>	<u>(50,881)</u>	<u>(50,881)</u>	<u>-</u>
Fund balance beginning as adjusted	<u>24,102,615</u>	<u>24,102,615</u>	<u>24,102,615</u>	<u>-</u>
Fund balances ending	<u>\$ 21,588,503</u>	<u>\$ 26,647,195</u>	<u>\$ 29,796,432</u>	<u>\$ 3,149,237</u>

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (GAAP)
CHILD DEVELOPMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive - (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual (GAAP Basis)</u>	
Revenues:				
LCFF Sources	\$ -	\$ -	\$ -	\$ -
Federal	449,301	456,306	309,532	(146,774)
Other state	282,689	284,239	295,739	11,500
Other local	197,420	197,420	208,409	10,989
Total revenues	<u>929,410</u>	<u>937,965</u>	<u>813,680</u>	<u>(124,285)</u>
Expenditures:				
Certificated salaries	298,974	294,061	312,181	(18,120)
Classified salaries	192,578	193,224	214,276	(21,052)
Employee benefits	220,500	208,793	215,801	(7,008)
Books and supplies	21,713	20,072	17,074	2,998
Services and other operating expenditures	29,489	34,933	30,526	4,407
Capital outlay	-	-	-	-
Other outgo	23,024	23,590	24,367	(777)
Total expenditures	<u>786,278</u>	<u>774,673</u>	<u>814,225</u>	<u>(39,552)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>143,132</u>	<u>163,292</u>	<u>(545)</u>	<u>(163,837)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	143,132	163,292	(545)	(163,837)
Fund balance beginning	<u>70,868</u>	<u>70,868</u>	<u>70,868</u>	<u>-</u>
Fund balances ending	<u><u>\$ 214,000</u></u>	<u><u>\$ 234,160</u></u>	<u><u>\$ 70,323</u></u>	<u><u>\$ (163,837)</u></u>

SUPPLEMENTARY
INFORMATION

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	Total Nonmajor Funds
	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	
Assets				
Cash and investments	\$ 22,075	\$ 805,000	\$ 3,419,928	\$ 4,247,003
Accounts receivable	195,434	789	3,044	199,267
Due from other funds	612	-	-	612
Stores inventories	43,922	-	-	43,922
Total Assets	<u>\$ 262,043</u>	<u>\$ 805,789</u>	<u>\$ 3,422,972</u>	<u>\$ 4,490,804</u>
Liabilities, Deferred Inflows and Fund Balances				
Liabilities:				
Accounts payable	\$ 55,937	\$ -	\$ 150	\$ 56,087
Due to other funds	100,735	-	-	100,735
Total Liabilities	<u>156,672</u>	<u>-</u>	<u>150</u>	<u>156,822</u>
Deferred Inflows of Resources				
Unearned revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable stores inventories	43,922	-	-	43,922
Restricted for cafeteria programs	61,449	-	-	61,449
Assigned for capital facility projects	-	-	3,422,822	3,422,822
Assigned for site repairs	-	805,789	-	805,789
Total Fund Balances	<u>105,371</u>	<u>805,789</u>	<u>3,422,822</u>	<u>4,333,982</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 262,043</u>	<u>\$ 805,789</u>	<u>\$ 3,422,972</u>	<u>\$ 4,490,804</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, 2014**

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Total Nonmajor Funds</u>
	<u>Cafeteria Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Capital Facilities Fund</u>	
Revenues:				
LCFF Sources	\$ -	\$ 234,682	\$ -	\$ 234,682
Federal	1,391,110	-	-	1,391,110
Other state	99,751	-	-	99,751
Other local	460,780	2,456	1,746,112	2,209,348
Total revenues	<u>1,951,641</u>	<u>237,138</u>	<u>1,746,112</u>	<u>3,934,891</u>
Expenditures:				
Instruction	-	-	-	-
Instruction-related services:				
School site administration	-	-	-	-
Pupil services:				
Food services	1,906,992	-	-	1,906,992
General administration:				
All other general administration	100,735	-	-	100,735
Plant services	49,318	18,357	4,890	72,565
Facility acquisition and construction	-	700	12,174	12,874
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,057,045</u>	<u>19,057</u>	<u>17,064</u>	<u>2,093,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(105,404)</u>	<u>218,081</u>	<u>1,729,048</u>	<u>1,841,725</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(105,404)	218,081	1,729,048	1,841,725
Fund balances beginning	<u>210,775</u>	<u>587,708</u>	<u>1,693,774</u>	<u>2,492,257</u>
Fund balances ending	<u>\$ 105,371</u>	<u>\$ 805,789</u>	<u>\$ 3,422,822</u>	<u>\$ 4,333,982</u>

STATE AND FEDERAL
AWARD COMPLIANCE
SECTION

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
ORGANIZATION
FOR THE YEAR ENDED JUNE 30, 2014**

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

Administration

Craig Goldman
Superintendent

Terese McNamee
Chief Business Officer

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Second Period Report</u>	<u>Annual Report</u>
Elementary:		
Grades TK/K through three	2,424	2,417
Grades four through six	1,531	1,528
Grades seven and eight	914	911
Special education	4	4
ADA Totals	<u>4,873</u>	<u>4,860</u>

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Grade Level	1982-83 Actual Minutes	Reduced 1982-83 Actual Minutes	1986-87 Minutes Requirements	Reduced 1986-87 Minutes Requirements	2013-14 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	34,320	33,367	36,000	35,000	48,850	180	0	In compliance
Grade 1	47,085	45,777	50,400	49,000	51,800	180	0	In compliance
Grade 2	47,085	45,777	50,400	49,000	51,800	180	0	In compliance
Grade 3	47,085	45,777	50,400	49,000	51,800	180	0	In compliance
Grade 4	47,085	45,777	54,000	52,500	54,420	180	0	In compliance
Grade 5	47,085	45,777	54,000	52,500	54,420	180	0	In compliance
Grade 6	55,435	53,895	54,000	52,500	55,580	180	0	In compliance
Grade 7	55,435	53,895	54,000	52,500	55,580	180	0	In compliance
Grade 8	55,435	53,895	54,000	52,500	55,580	180	0	In compliance

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 46208. School districts that have met their LCFF targets or have not met their LCFF targets, but received longer day and year incentive funding, can not provide less than the 1986-87 minutes requirements; reduced by 5 days for fiscal years 2013-14 and 2014-15. There is no longer a requirement to offer minutes offered in 1982-83 for districts that exceeded the minutes listed in the statute and met their LCFF target, or districts that received incentive funding for longer instructional day and year, or for a district that did not meet its LCFF target and participated in the longer day incentive but not the longer year incentive.

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	(Budget ¹)			
	2015	2014	2013	2012
<u>General Fund</u>				
Revenues and other financial sources	\$ 50,154,900	\$ 52,772,087	\$ 49,241,305	\$ 46,495,973
Expenditures	49,791,266	46,209,035	42,385,676	41,285,317
Other uses and transfers out	849,693	869,235	959,803	-
Total outgo	50,640,959	47,078,270	43,345,479	41,285,317
Change in fund balance	\$ (486,059)	\$ 5,693,817	\$ 5,895,826	\$ 5,210,656
Beginning fund balance adjtment	\$ -	\$ (50,881)	\$ -	\$ -
Ending fund balance	\$ 29,310,373	\$ 29,796,432	\$ 24,153,496	\$ 18,257,670
Available reserves ^{(2) (3)}	\$ 13,749,462	\$ 13,770,870	\$ 11,760,382	\$ 8,498,092
Unassigned - Reserved for economic uncertainties	\$ 1,493,738	\$ 1,386,271	\$ 1,271,570	\$ -
Unassigned fund balance	\$ 12,255,724	\$ 12,384,599	\$ 10,488,812	\$ 8,498,092
Available reserves as a percentage of total outgo	27.15%	29.25%	27.13%	20.58%
Total long-term debt	\$ 92,250,437	\$ 99,510,566	\$ 104,895,783	\$ 46,266,896
Average daily attendance at P-2	4,909	4,873	4,848	4,804

Average daily attendance has increased by 69 over the past three years. The district anticipates an increase of 36 ADA.

The fund balance in the General Fund has increased by \$11,538,762 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 \$53,243,670 over the past three years.

¹ Budget numbers are based on the first adopted budget of the fiscal year 2014/15.

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

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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	84.027	13379	\$ 863,894
Special Ed: IDEA Local Assistance Entitlement, Part B, Sec 611, Private School ISP's	84.027	10115	11,545
Special Ed: IDEA Mental Health Services, Part B, Sec 611	84.027	14468	53,829
Special Ed: IDEA Preschool Grants, Part B, Sec 619	84.173	13430	54,646
Special Ed: IDEA Preschool Staff Development, Part B, Sec 619	84.173	13431	1,048
Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611	84.027	13682	106,065
<i>Total Special Education Cluster</i>			<u>1,091,027</u>
NCLB: Title II, Part A, Teacher Quality	84.367	14341	145,703
Federal Impact Aid: ESEA Title VIII	84.041	10015	80,458
NCLB: Title III, Immigrant Education Program	84.365	15146	<u>294,858</u>
TOTAL U. S. DEPARTMENT OF EDUCATION			<u><u>1,612,046</u></u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Grants:			
Head Start	93.600	10016	310,175
Passed Through California Department of Education:			
Medi-Cal Billing Option	93.778	10013	<u>47,552</u>
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u><u>357,727</u></u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through California Department of Education:			
National School Lunch Program	(1) 10.555	13391	<u>1,391,110</u>
TOTAL FEDERAL PROGRAMS			<u><u>\$ 3,360,883</u></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, 2014**

	General Fund	Child Development Fund	Building Fund	Bond Redemption Fund	Other Nonmajor Governmental Funds
June 30, 2014 Annual Financial and Budget Report Fund Balances	\$ 24,707,384	\$ 70,323	\$ 48,160,472	\$ 10,559,289	\$ 9,423,030
Adjustments and Reclassifications:					
Special Reserve Fund for Other Than Capital Outlay Projects:					
Cash with County Treasury	119,072	-	-	-	(119,072)
Accounts Receivable	117	-	-	-	(117)
Special Reserve Fund for Postemployment Benefits:					
Cash with County Treasury	4,967,564	-	-	-	(4,967,564)
Accounts Receivable	4,872	-	-	-	(4,872)
Due to Other Funds	(2,577)	-	-	-	2,577
June 30, 2014 Audited Financial Statements Fund Balances	\$ 29,796,432	\$ 70,323	\$ 48,160,472	\$ 10,559,289	\$ 4,333,982

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF EXCESS SICK LEAVE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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, 2014**

1. PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Longer Instructional Year. 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, 2014, 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 September 22, 2014.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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.

C & A LLP

September 22, 2014
San Jose, California



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
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, 2014. 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 June 30, 2014.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mountain View Whisman School District's internal control over compliance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Mountain View Whisman School District as of and for the year ended June 30, 2014, and have issued our report thereon dated September 22, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

C & A LLP

September 22, 2014
San Jose, California



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

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

Compliance

We have audited the Mountain View Whisman School District's (the District) compliance with the types of State compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14*, published by the Education Audit Appeals Panel, for the year ended June 30, 2014. The applicable State compliance requirements are identified in the table below.

Management’s Responsibility

Compliance with the requirements referred to above is the responsibility of the District’s management.

Auditors’ Responsibility

Our responsibility is to express an opinion on the District’s compliance with the State laws and regulations based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14*, published by the Education Audit Appeals Panel. Those standards and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the state laws and regulations described in the schedule below occurred. An audit includes examining, on a test basis, evidence supporting the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the 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 for School Districts	10	10
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



<u>Description</u>	<u>Procedures in the Audit Guide</u>	<u>Procedures Performed</u>
Gann Limit Calculation	1	1
School Accountability Report Card	3	3
Juvenile Courts	8	Not applicable
Local Control Funding Formula Certification	1	1
California Clean Energy Job Acts	3	3
After School Education and Safety Program:		
General Requirements	4	4
After School	5	5
Before School	6	Not applicable
Education Protection Account Funds	1	1
Common Core Implementation Funds	3	3
Unduplicated Local Control Funding Formula Pupil Counts	3	3
Charter Schools:		
Contemporaneous Records of Attendance	8	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
Charter School Facility Grant Program	1	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.

Opinion

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, 2014.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing over compliance and the results of that testing based on the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14*. Accordingly, this report is not suitable for any other purpose.

C & A LLP

September 22, 2014
 San Jose, California

FINDINGS AND
RECOMMENDATIONS

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	<u>Unmodified</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>Unmodified</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>
10.555	Child Nutrition National School Lunch Program

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

State Awards

Internal control over state programs:	
Material weaknesses?	_____ Yes <u> x </u> No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes <u> x </u> No

Type of auditor's report issued on compliance over state programs:	<u>Unmodified</u>
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(Continued)

**MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

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
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2014

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.