

WASHINGTON UNIFIED SCHOOL DISTRICT

**COUNTY OF YOLO
WEST SACRAMENTO, CALIFORNIA**

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED JUNE 30, 2013
REISSUED**

WASHINGTON UNIFIED SCHOOL DISTRICT

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WASHINGTON UNIFIED SCHOOL DISTRICT

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Washington Unified School District
West Sacramento, 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 the Washington Unified School District (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Washington Unified School District (the "District"), as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the Schedule of Other Postemployment Benefit (OPEB) Funding Progress on pages 4-11 and 43-44 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

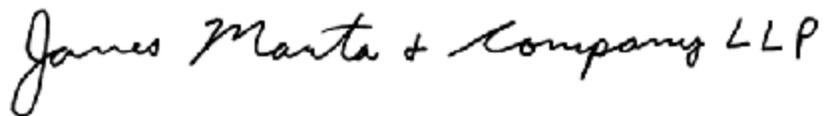
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplemental information as listed in the table of contents, including the schedule of expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133 are presented for purposes of additional analysis and are not a required part of the basic 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Restatement of Financial Statements

Subsequent to our audit report dated December 6, 2013, the District and the auditors became aware of a refunding bond that was issued during the 2012-13 fiscal year that was not disclosed in the financial statements for the year ended June 30, 2013. The financial statements have been restated accordingly and appropriately disclosed the refunding bond. In our audit report dated December 6, 2013, we expressed an opinion that the financial statements presented fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. As the subsequently discovered omission has been corrected by the District, our present opinion on the restated 2013 financial statements, as presented herein, is accordingly the same from that expressed in our previous report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our restated report dated July 21, 2014 on our consideration of the 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
July 21, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Washington Unified School District's annual financial report presents District management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2013. Please read it in conjunction with the District's financial statements, which immediately follow this section.

INTRODUCTION

Washington Unified School District, founded in 1957, is located in the City of West Sacramento. The city covers a 23 square mile area in eastern Yolo County along the west bank of the Sacramento River, opposite the City of Sacramento. The District serves an ethnically diverse and growing population of approximately 7,444 students. The District has six (6) K-8 schools, one (1) K-5 school, one (1) comprehensive high school, a continuation high school, an independent study program and an adult education program. We believe in our motto: Together We Can Make a Difference.

FINANCIAL HIGHLIGHTS

- The Adopted Budget Unrestricted General Fund projected a deficit of \$902,722 and the Adopted Budget Restricted General Fund projected a surplus of zero dollars. The year ended with an Unrestricted General Fund deficit of \$2,428,861 and a Restricted General Fund Surplus of \$54,032.
- Contributions to restricted programs were \$133,269 or 2.07% less than projected at the second financial reporting period for fiscal 2012-2013.
- The General Fund ended the year with a fund balance of \$12,831,673. This is a decrease of \$2,367,635 from the prior year. Of this decrease, \$1,669,999 was a planned transfer out of the General Fund to Debt Service Fund, Fund #56. These funds represent the accumulation of dollars in the General Fund for payment of the Qualified School Construction Bond, which has a sinking fund debt service.
- On October 2, 2012, the District issued 2012 General Obligation Refunding Bonds, consisting of \$21,150,000 Serial Bonds.
- In November of 2012, the District received approval from the Internal Revenue Service to modify its original application for Clean Renewable Energy Bonds. This approval allowed the District to issue \$7,306,260 of net bond proceeds. The bond proceeds funded the Solar Power Phase #2 project to be completed in October 2013.
- Capital outlay expenditures were \$10,596,165 across all funds. The majority of these expenditures are attributable to the completion of the Riverbank K-8 Conversion and kitchen remodel, Phase #2 of the District-wide roofing project, and the Solar Power Phase #2 project.
- In January 2013, the Board of Education approved a Supplemental Retirement Plan (SRP) that was offered to all employee classifications. A total of 33 employees (17 certificated and 16 classified) took advantage of the SRP. It is estimated the SRP will save \$38,124 in the first three years of the plan.
- All governmental funds ended with positive ending fund balances, and the District's cash position in the General Fund was positive.
- The District Administration continues to be proactive with the board, bargaining units, and community stakeholders to convey the District's fiscal position in a very transparent manner. The District maintains a positive certification with its fiscal oversight agent while acknowledging that continued fiscal solvency will require prudent action(s) in the coming fiscal years. Even with the passage of the Local Control Funding Formula that brings much awaited restoration and new funding for schools, uncertainty remains. As the "rules" that govern how LCFF dollars are spent are still being developed, patience and caution as California begins a slow recovery is warranted.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: (1) management's discussion and analysis (this section), (2) the basic financial statements, (3) required supplementary information and (4) supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the district-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education are financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates *like businesses*.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others to whom the resources belong.

REPORTING THE DISTRICT AS A WHOLE

The *Statement of Net Assets* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include *all* assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in them. Net assets are the difference between assets and liabilities, one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net assets are one indicator of whether its *financial health* is improving or deteriorating.

The relationship between revenues and expenses is the District's *operating results*. Since it is the responsibility of the Board to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the *overall health* of the District. The quality of the education and the safety of our schools will likely be important components in this evaluation.

In the *Statement of Net Assets* and the *Statement of Activities*, District activities are defined as follows:

- *Governmental activities* - Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The *Fund Financial Statements* provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and some by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. 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 near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

THE DISTRICT AS TRUSTEE

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities and foundation private-purpose trust funds. The District's fiduciary activities are reported in separate *Statements of Fiduciary Net Assets*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Assets

The District's net position was \$127.7 million for the fiscal year ended June 30, 2013. Of this amount, \$19.3 million was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. Table 1 below focuses on the net assets of the District's governmental activities, and Table 2 focuses on the change in net position of the District's governmental activities.

Table 1
(Amounts in millions)

	2013	2012	2011
	Governmental Activities	Governmental Activities	Governmental Activities
Current and other assets	\$ 49.1	\$ 49.3	\$ 54.7
Capital Assets	246.5	242.8	242.9
Total Assets	295.6	292.1	297.6
Deferred Outflows of Resources	1.5		
Current liabilities	14.1	6.6	9.6
Long-term liabilities	152.7	150.7	147.6
Total Liabilities	166.9	157.3	157.2
Deferred Inflows of Resources	2.5		
Net position			
Invested in capital assets, net of related debt	92.4	93.3	92.4
Restricted	16.0	9.1	6.7
Unrestricted	19.3	32.4	41.3
Total Net Position	\$ 127.7	\$ 134.8	\$ 140.4

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Assets

The results of this year's operations for the District as a whole are reported in the Statement of Activities. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so that total revenues for the year can be seen.

Table 2

(Amounts in millions)	2013	2012	2011
	Governmental Activities	Governmental Activities	Governmental Activities
Revenues			
Program revenues:			
Charges for services	\$ 0.9	\$ 0.5	\$ 0.6
Operating grants and contributions	17.3	13.8	18.8
Capital grants and contributions	-	-	2.1
General revenues:			
State revenue limit sources	31.5	35.8	34.9
Property taxes	16.6	12.0	12.7
Other general revenues	0.2	1.4	1.5
Total Revenues	66.5	63.5	70.6
Expenses			
Instruction and instruction-related activities	40.8	41.4	42.0
Student support services	8.3	7.9	7.1
Administration	5.1	4.7	4.3
Plant services	13.7	12.4	12.4
Other	5.2	2.7	7.6
Total Expenses	73.1	69.1	73.4
Change in Net Position	\$ (6.6)	\$ (5.6)	\$ (2.8)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities

As reported in the *Statement of Activities*, the net cost of all our governmental activities this year was \$54.992 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$17 million because the cost was paid by those who benefited from the programs (\$140 thousand) or by other governments and organizations who subsidized certain programs with grants and contributions (\$1.68 million). We paid for the remaining "public benefit" portion of our governmental activities with \$31.478 million in State funds and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's five largest functions: Instruction and instruction related activities, Pupil services, General administration, Plant services, and other, as well as each program's *net* cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

(Amounts in millions)	2013		2012		2011	
	Total	Net	Total	Net	Total	Net
	Cost of Svcs.		Cost of Svcs.		Cost of Svcs.	
Instruction and instruction related activities	\$ 40.8	\$ 30.6	\$ 42.0	\$ 28.3	\$ 42.6	\$ 30.4
Pupil services	8.3	3.1	7.1	2.3	7.3	2.5
General administration	5.1	4.1	4.3	3.2	4.3	3.0
Plant services	13.7	13.7	12.4	11.6	12.7	12.3
Other	5.2	3.5	7.6	6.6	6.3	6.0
Totals	\$ 73.1	\$ 55.0	\$ 73.4	\$ 51.9	\$ 73.2	\$ 54.2

THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. The Fund Balances shown on the Governmental Funds Balance Sheet are largely cash and cash equivalents, and do not show Capital Facilities Assets.

The General Fund is the District's principal operating fund. The fund balance in the General Fund decreased from \$15.2 million to \$12.6 million due to the transfer of debt service funds for the Qualified School Construction Bonds begin moved to the Debt Service Fund, Fund #56. Planning for the implementation of Common Core and the Local Control Funding Formula will be the driving factors in the development of the budget(s) for fiscal 203-2014 as well as 2015-2016.

Capital Facilities Fund expenditures had a slight uptick from \$10.4 to \$10.6 million this year. The majority of the cost(s) associated with the expenditures are the result of the completion of the Riverbank K-8 Conversion and kitchen modernization project, Phase #2 of the District-wide roofing project and the Solar Power Phase #2 project.

The District's Other Non-Major Governmental Funds remained stable from the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal 2012-2013 budget continued the practice of conservative budgeting. There were no revenue streams associated with future growth, no assumption for future funding of COLA in fiscal 2012-2013 and no predictions of the outcomes of future funding reductions. In fact, the 2012-2013 fiscal year saw an additional unfunded cost of living adjustment adding an additional 1.67% to the deficit factor; bringing the deficit factor to 22.272%. In simple terms, the District received only \$0.77 on the dollar that it is entitled to under the State's Revenue Limit calculation.

As such, the Board of Education directed the Administration to develop and implement a budget that had expenditure reductions of \$1.2M for the unrestricted general fund. This reduction included but was not limited to the elimination of K-8 transportation, a reduction of administrative conferences and workshops, and a reduction to site budgets of 5%.

The District Administration continued to evaluate and bring forward cost saving options as well as evaluated the issuance of a retirement incentive that would be effective July 1, 2013. The retirement incentive was approved by the BOE in January 2013.

In addition, the District continued to be cautious regarding the use of the current fund balance in the General Fund. Cash continues to be a challenge and even with the passage of additional states taxes collected under Proposition 30, the Education Protection Account continued the practice of deferring revenues to schools within the fiscal year. The District's multi-year projects shows improvement to the financial picture.

Federal Funds

Federal funding included the remaining unspent one-time Education Jobs funds. In addition, a reduction in on-going federal funding was applied to account for the Federal Sequestration of roughly 8%. As such, the District's Administration continues to be conservative with the allocation of these resources and the associated expenditures. As with prior years, the objective of the use of Federal Funds is to spend current year dollars on current year students.

Cash Flow

The concern over potential cash flow shortages, as noted above, remains as the State continues the practice of balancing its budget challenges by deferring payments to educational institutions. The passage of the Proposition 30 sales tax and the creation of the Education Protraction Account helped buy down inter-district deferrals, but the shifting of apportionment within the fiscal year remains. The Administration continues to monitor cash on a regular basis.

Capital Assets

At June 30, 2012, the District had \$246.4 million in a broad range of capital assets net of accumulated depreciation, including land, buildings, vehicles, and furniture and equipment.

Table 4

(Amounts in millions)	2013	2012	2011
	Governmental Activities	Governmental Activities	Governmental Activities
Land and construction in progress	\$ 42.0	\$ 33.4	\$ 36.6
Buildings and Improvements	201.2	205.7	202.0
Equipment	3.2	3.6	4.3
Totals	\$ 246.4	\$ 242.7	\$ 242.9

We present more detailed information about our capital assets in Note 4 to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Liabilities

The District issued a series of Clean Renewable Energy Bonds with net proceeds of \$7.3 million. This issuance and other deductions resulted in a net increase to the District's total debt service was \$5.8 million.

Table 5

(Amounts in millions)

	2013	2012	2011
	Governmental	Governmental	Governmental
	Activities	Activities	Activities
General Obligation bonds	\$ 71.0	\$ 72.3	\$ 72.0
Certificates of participation	66.7	68.0	69.4
Compensated absences and retirement incentives	1.3	0.2	0.8
Capital leases	16.3	9.0	9.1
Totals	\$ 155.3	\$ 149.5	\$ 151.3

We present more detailed information regarding our long-term liabilities in Note 5 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Much has been done in prior years, but there is still more work to do. Revenue limit funding for fiscal year 2012-2013 will be the last year that the District will be funded in this manner as school finance reform has brought the Local Control Funding Formula (LCFF) into play for fiscal 2013-2014. The LCCF is inclusive of most State funding with the exception of a select few categorical programs. The LCCF has a target for each school district that the State hopes to achieve within an eight year implementation window. For the District, year one of the implementation will see an increase in funding of \$2.5 million; the first funding increase in five (5) years.

Recognizing that the new revenues for fiscal 2013-2014 would be a focal point of stakeholders within the District, the Board of Education moved cautiously and directed the Administration to develop and implement a budget that reduced the structural deficit by 50%, allowed restoration of some programs that had been reduced in prior years, and allowed for an increase in new programs that during years of enrollment growth and State cuts were not added. The remaining structural deficit is to be addressed in the 2014-2015 budget cycle.

The District must develop a plan to implement the new LCCF through a document titled the Local Control Accountability Plan (LCAP). The plan is to be comprehensive in nature and inclusive of a variety of the District's stakeholders which include, but are not limited to, students, parents, community leaders, administrators, and collective bargaining units. The plan will be must be approved by the Board of Education in conjunction with the approval of the budget for fiscal 2014-2015.

In addition, funding for the implementation of the new Common Core State Standard (CCSS) will be provided to Districts during the 2013-2014 fiscal year. The funding must be spent before the end of the 2014-2015 fiscal year and can be used in three major categories to support the implementation of the CCSS: professional development, technology to support on-line testing, and supplemental instructional materials.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Even with the first year of good news for public school finance in California, cash will continue to be challenging as the State continues to pay down the deferral credit card created over the last five plus years. Currently, the cash position projected for the end of the 2013-2014 fiscal year is a positive position and the District does not anticipate the need for either internal or external borrowing in support of the General Fund. The District's multi-year projection continues to show improvement due to the implementation of the LCFF. Caution will continue to be the theme while the State Board of Education and the Legislature determine the level of "local control" Districts will actually have.

Overall, given the current economic climate, the District's fiscal position remains stable. The most recent Legislative Analyst's Office forecast shows the potential for positive years for the State over the next four years. The Administration remains cautiously optimistic that the economic indicators will hold true; however fiduciary responsibility dictates that the District continue to stay ahead of the funding cliff(s) with the expiration of short term sales taxes and the threat of an economic slowdown and the potential impact it may have on the LCFF. The District's financial management team will consider and plan for these events as a priority for the next several years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT TEAM

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it received. If you have questions about this report or need any additional financial information, contact the Business Office, Washington Unified School District, 930 Westacre Road, West Sacramento, California 95691 or call 916-375-7600.

BASIC FINANCIAL STATEMENTS

WASHINGTON UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 35,932,955
Receivables	13,122,943
Prepaid expenses	950
Stores inventory	96,990
Capital assets, net of accumulated depreciation	<u>246,461,460</u>
Total Assets	<u>295,615,298</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred loss on refunding on bonds	1,479,223
LIABILITIES	
Accounts payable and other current liabilities	11,338,783
Deferred revenue	2,749,394
Long-term liabilities:	
Due within one year	3,470,673
Due in more than one year	<u>149,278,505</u>
Total Liabilities	<u>166,837,355</u>
DEFERRED INFLOW OF RESOURCES	
Deferred bond premium current interest	2,541,701
NET POSITION	
Invested in capital assets, net of related debt	92,433,669
Restricted	15,991,977
Unrestricted	<u>19,289,819</u>
Total Net Position	<u>\$ 127,715,465</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction	\$ 35,602,438	\$ 44,244	\$ 9,015,689	\$ -	\$ (26,542,505)
Instruction - related services:					
Supervision of instruction	1,303,867	-	650,226	-	(653,641)
Instructional library, media and technology	189,647	-	896	-	(188,751)
School site administration	3,716,697	12,513	481,802	-	(3,222,382)
Pupil Services:					
Home-to-school transportation	1,969,663	-	388,979	-	(1,580,684)
Food services	4,108,550	789,328	3,158,783	-	(160,439)
All other pupil services	2,260,655	402	918,612	-	(1,341,641)
General administration:					
Data processing	1,260,894	-	541	-	(1,260,353)
All other general administration	3,871,043	38,333	1,010,904	-	(2,821,806)
Plant services	13,713,428	1,680	39,410	-	(13,672,338)
Ancillary services	296,731	-	97	-	(296,634)
Interest on long-term debt	4,887,360	-	-	-	(4,887,360)
Other outgo	11,762	-	1,648,016	-	1,636,254
Total governmental activities	<u>73,192,735</u>	<u>886,500</u>	<u>17,313,955</u>	<u>-</u>	<u>(54,992,280)</u>
General Revenues					
Taxes and subventions:					
Taxes levied for general purposes					12,233,849
Taxes levied for debt service					3,202,340
Taxes levied for other specific purposes					1,213,799
Federal and state aid not restricted to specific purposes					31,478,885
Interest and investment earnings					95,931
Interagency revenues					139,912
Miscellaneous					-
Total general revenues					<u>48,364,716</u>
Change in net position					(6,627,564)
Net position - beginning					<u>134,812,158</u>
Restatement for change in accounting principle (note 1)					(469,129)
Net position - beginning adjusted					<u>134,343,029</u>
Net position - ending					<u>\$ 127,715,465</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2013

	General Fund	Capital Facilities Fund	All Non-Major Funds	Totals
ASSETS				
Cash and cash equivalents	7,612,340	\$ 21,985,812	\$ 6,334,803	\$ 35,932,955
Accounts receivable	12,168,481	85,708	868,754	13,122,943
Investments	-	-	-	-
Prepaid expenses	950	-	-	950
Due from other funds	253,887	40,984	-	294,871
Stores inventory	28,640	-	68,350	96,990
	<u>\$ 20,064,298</u>	<u>\$ 22,112,504</u>	<u>\$ 7,271,907</u>	<u>\$ 49,448,709</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 6,984,977	\$ 2,604,755	\$ 63,614	\$ 9,653,346
Deferred revenue	206,683	-	1,010	207,693
Due to other funds	40,965	39,757	214,149	294,871
	<u>7,232,625</u>	<u>2,644,512</u>	<u>278,773</u>	<u>10,155,910</u>
Fund balances				
Nonspendable	54,590	-	68,807	123,397
Restricted	2,207,986	6,882,907	6,777,687	15,868,580
Committed	-	-	79,855	79,855
Assigned	1,450,000	12,585,085	66,785	14,101,870
Unassigned	9,119,097	-	-	9,119,097
	<u>12,831,673</u>	<u>19,467,992</u>	<u>6,993,134</u>	<u>39,292,799</u>
Fund balances	<u>12,831,673</u>	<u>19,467,992</u>	<u>6,993,134</u>	<u>39,292,799</u>
Total liabilities and fund balances	<u>\$ 20,064,298</u>	<u>\$ 22,112,504</u>	<u>\$ 7,271,907</u>	<u>\$ 49,448,709</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2013

Total fund balances - governmental funds	\$	39,292,799
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Amounts reported for assets and liabilities for governmental activities in the statement of net assets are different from amounts reported in governmental funds because:

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

Capital assets at historical cost:	\$ 289,745,638	
Accumulated depreciation:	<u>(43,284,178)</u>	
Net Capital Assets:		246,461,460

Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs included in prepaid expense on the statement of net assets are:

Deferred loss on refunding of bonds	1,479,223
Deferred bond premium current interest	(2,541,701)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owing at the end of the period was:

(1,685,437)

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

General obligation bonds payable	\$ 71,004,764	
Other post-employment benefits	1,110,041	
Compensated absences payable	153,047	
Certificates of participation payable	66,690,000	
Capitalized lease obligations	<u>16,333,027</u>	
		<u>(155,290,879)</u>

Total net position, governmental activities:	\$	<u>127,715,465</u>
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WASHINGTON UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Capital Facilities Fund	All Non-Major Funds	Totals
REVENUES				
Revenue limit sources:				
State apportionment	\$ 25,115,985	\$ -	\$ -	\$ 25,115,985
Local sources	12,114,159	-	-	12,114,159
Total revenue limit	37,230,144	-	-	37,230,144
Federal revenue	4,246,628	-	3,192,695	7,439,323
Other state revenues	9,883,273	40,926	1,294,261	11,218,460
Other local revenues	3,222,755	3,695,926	4,629,299	11,547,980
Total revenues	54,582,800	3,736,852	9,116,255	67,435,907
EXPENDITURES				
Certificated salaries	26,715,246	-	504,478	27,219,724
Classified salaries	8,647,161	84,011	1,653,200	10,384,372
Employee benefits	10,064,234	31,584	713,453	10,809,271
Books and supplies	2,230,759	6,493	2,043,230	4,280,482
Services and other operating expenditures	7,385,214	736,646	511,817	8,633,677
Capital outlay	511,764	10,049,758	34,643	10,596,165
Other outgo	(232,691)	-	61,717	(170,974)
Debt service expenditures	-	4,757,391	6,244,511	11,001,902
Total expenditures	55,321,687	15,665,883	11,767,049	82,754,619
Excess(deficiency) of revenues over expenditures	(738,887)	(11,929,031)	(2,650,794)	(15,318,712)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	41,251	-	1,669,999	1,711,250
Operating transfers out	(1,669,999)	-	(41,251)	(1,711,250)
Other sources	-	7,306,260	23,765,210	31,071,470
Other uses	-	-	(21,150,000)	(21,150,000)
Total other financing sources (uses)	(1,628,748)	7,306,260	4,243,958	9,921,470
Net change in fund balances	(2,367,635)	(4,622,771)	1,593,164	(5,397,242)
Fund balances, July 1, 2012	15,199,308	24,090,763	5,399,970	44,690,041
Fund balances, June 30, 2013	\$ 12,831,673	\$ 19,467,992	\$ 6,993,134	\$ 39,292,799

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

WASHINGTON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Total net change in fund balances - governmental funds \$ (5,397,242)

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

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

Expenditures for capital outlay:	\$9,943,884	
Depreciation expense:	<u>(6,233,948)</u>	
Net		3,709,936

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 3,190,328

Amortization: In governmental funds, debt issue costs and bond refunding losses are recognized in the period they are incurred. In the government-wide statements, issue costs and refunding losses are amortized over the life of the debt. The difference between debt issue costs and refunding losses recognized in the current period and issue costs amortized over the period is:

Deferred loss on refunding of bonds	1,479,223
Deferred bond premium current interest	(2,541,701)

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount were: (6,199,999)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: (901,183)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was: 10,352

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. The difference between OPEB costs and actual employer contributions was: 22,722

Total change in net position - governmental activities \$ (6,627,564)

WASHINGTON UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS

JUNE 30, 2013

	<u>Foundation Trust Fund</u>	<u>Student Body</u>	<u>Total</u>
ASSETS			
Cash and investments:			
Cash in County Treasury	\$ 5,532	\$ -	\$ 5,532
Cash on hand and in banks	-	182,610	182,610
Investments	40,000	-	40,000
Accounts Receivable	<u>5</u>	<u>-</u>	<u>5</u>
Total assets	<u>45,537</u>	<u>182,610</u>	<u>228,147</u>
LIABILITIES			
Due to student groups	<u>-</u>	<u>182,610</u>	<u>182,610</u>
NET POSITION			
Restricted	<u>\$ 45,537</u>	<u>\$ -</u>	<u>\$ 45,537</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION – FIDUCIARY FUNDS
TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Foundation Trust Fund
Revenues	
Interest	\$ 57
Other local revenues	
Total Revenues	57
Expenses	
Contract services	500
Change in Net Position	(443)
Net Position, July 1, 2012	45,980
Net Position, June 30, 2013	\$ 45,537

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Washington Unified School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education’s *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following is a summary of the more significant policies:

Reporting Entity

The Governing Board is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental “reporting entity” as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Basis of Presentation - Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The government-wide statement of net assets presents information on all of the District’s assets and liabilities, with the difference between the two presented as net assets. Net assets are reported as one of three categories: invested in capital assets, net of related debt; restricted; or unrestricted.

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. 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, which 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.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense function. Interest on long-term liabilities is considered an indirect expense and is reported separately in the Statement of Activities.

Basis of Presentation - 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 non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, 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 funds are as follows:

A – Governmental Fund Types

1 – General Fund

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District, not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

2 – Special Revenues Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Adult Education, Child Development, Cafeteria, Deferred Maintenance and Special Reserve Funds.

3 – Capital Projects Funds

The Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities and equipment. This classification includes the Capital Facilities and County School Facilities Funds.

4 – Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. This classification includes the Bond Interest and Redemption Fund.

B –Fiduciary Fund Types

1 – Trust Fund

The Trust Funds are used to account for assets held by the District as trustee. This classification consists of the Scholarship Trust Fund.

2 – Agency Fund

The Agency Funds are used to account for assets of others for which the District has an agency relationship with the activity of the fund. This classification consists of the Student Body Fund.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Measurement Focus and Basis of Accounting - Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

Measurement Focus and Basis of Accounting - Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and postemployment benefits other than pensions, are recorded only when payment is due.

Budgets and Budgetary Accounting

By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Governing Board complied with these requirements.

The District employs budgetary control by major object code and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. The budgets are revised during the year by the Governing Board to provide for unanticipated revenues and expenditures, and to provide for revised priorities. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information.

Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using the straight-line basis over 2-50 years depending on the asset type.

Deferred Revenue

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

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Compensated Absences

All vacation pay plus related payroll taxes are 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

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.

Long-term Obligations

The District reports long-term debt of governmental funds at face value in the government-wide statements. In the governmental fund financial statements, bond premiums, discounts, refunding losses, and issuance costs are recognized during the current period.

Restricted Net Assets

Restrictions of the ending net assets indicate the portions of net assets not appropriate for expenditure or amounts legally segregated for specific future use.

Fund Balance

Beginning with fiscal year 2010/2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

- § Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified its revolving cash account, prepaid expenses, stores inventory, and sinking fund as being nonspendable as they are required to be maintained intact or are not expected to be converted to cash within the next year.
- § Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Fund Balance (Continued)

- § Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Governing Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. The District committed the fund balances for the Adult Education Fund, the Deferred Maintenance Fund, and the Special Reserve Fund.
- § Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Governing Board or through the Governing Board delegating this responsibility to the District's management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- § Unassigned: This classification includes the residual fund balance for the General Fund and includes funds designated for economic uncertainties.

The District would typically use Restricted Fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Investment Valuation and Income Recognition

In accordance with *Education Code* Section 41001, the District maintains substantially all its cash in the Yolo 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 credited to each fund. Any investment losses are proportionately shared by all funds in the pool.

Property Tax

The District's revenue limit is received from a combination of local property taxes, state apportionments, and other local sources. Secured property taxes are levied as an enforceable lien on property as of January 1. Taxes are payable in two installments, on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Yolo bills and collects the taxes for the District. Tax revenues are recognized by the District when received.

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.

Estimates

The preparation 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2013, the District implemented the following GASB Statements:

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position."

Issued in June 2011, this statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. This statement is effective beginning fiscal year 2013.

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities."

Issued in March 2012, the statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. It will improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement is effective beginning fiscal year 2014.

In the current year the district had deferred outflows of \$1,479,223 and deferred inflows of \$2,541,701.

Other Restatements

As of December 15, 2012, according to GASB 65, all bonds costs must now be fully expensed. Therefore, previous unamortized bond costs as of June 30, 2013 in the amount of \$469,129 have been expensed as indicated on the Statement of Activities (page 13) as a separate line item.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2013 consisted of the following:

	Governmental Activities	Fiduciary Activities
Deposits:		
Cash in revolving fund	\$ 25,457	\$ -
Cash on hand and in banks	-	182,610
Cash with Fiscal Agent	4,899,351	-
Pooled Funds:		
Cash in County Treasury	31,008,147	5,532
Local Agency Investment Fund	-	40,000
 Total Cash and Investments	 \$ 35,932,955	 \$ 228,142

Cash in Bank and Revolving Funds

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

Cash with Fiscal Agent

Cash with Fiscal Agent represents fund amounts held in the District's name by third party custodians. The amount held in the General Fund and the Capital Facilities Fund is generally related to long-term liabilities.

Pooled Funds - Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Yolo County Treasury as part of the common investment pool. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to the participating funds. Any investment losses are proportionally shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the Treasurer's Pooled Investment Fund does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2013, District's cash in county treasury is invested in a portfolio consisting of 48% in cash and short-term investments in government investment pools such as the Local Agency Investment Fund (LAIF) and the California Asset Management Program (CAMP). LAIF has a weighted average maturity of 278 days while CAMP has a weighted average maturity of less than 90 days. The rest of the County Treasurer's Pool is invested in an actively managed pool with a weighted average days to maturity of 519 days.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Pooled Funds - Local Agency Investment Fund

LAIF is administered by the State Treasurer. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office - 915 Capitol Mall, Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized.

3. INTERFUND TRANSACTIONS

Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year-end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables

Individual receivable and payable balances at June 30, 2013, were as follows:

	Interfund Receivables	Interfund Payables
Major Funds:		
General Fund	\$ 214,149	\$ 27
Capital Facilities Fund	40,984	39,757
Nonmajor Funds:		
Adult Education Fund	-	49,286
Child Development Fund	-	31,670
Cafeteria Fund	-	133,193
County School Facilities	39,738	40,938
Total	\$ 294,871	\$ 294,871

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2012-2013 fiscal year are presented below.

Interfund Transfers (Continued)

Transfer from General Fund to Debt Service Fund for QSCB payment	1,669,999
Transfer from Child Development Fund to General Fund for the reversal of prior year program contribution	<u>41,251</u>
Total transfers	<u><u>\$ 1,711,250</u></u>

4. CAPITAL ASSETS

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

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Non-depreciable assets:				
Land	\$ 29,155,759	\$ -	\$ -	\$ 29,155,759
Work in Progress	<u>4,253,081</u>	<u>9,384,079</u>	<u>(788,865)</u>	<u>12,848,295</u>
	<u>33,408,840</u>	<u>9,384,079</u>	<u>(788,865)</u>	<u>42,004,054</u>
Depreciable assets:				
Buildings	199,849,789	416,089	(48,668)	200,217,210
Improvement of Sites	37,243,279	333,274	-	37,576,553
Equipment	<u>9,348,514</u>	<u>599,307</u>	<u>-</u>	<u>9,947,821</u>
	<u>246,441,582</u>	<u>1,348,670</u>	<u>(48,668)</u>	<u>247,741,584</u>
Totals, at cost	<u>279,850,422</u>	<u>10,732,749</u>	<u>(837,533)</u>	<u>289,745,638</u>
Accumulated depreciation:				
Buildings	(27,027,652)	(4,428,491)	48,668	(31,407,475)
Improvement of Sites	(4,364,104)	(790,747)	-	(5,154,851)
Equipment	<u>(5,707,142)</u>	<u>(1,014,710)</u>	<u>-</u>	<u>(6,721,852)</u>
	<u>(37,098,898)</u>	<u>(6,233,948)</u>	<u>48,668</u>	<u>(43,284,178)</u>
Depreciable assets, net	<u>209,342,684</u>	<u>(4,885,278)</u>	<u>-</u>	<u>204,457,406</u>
Capital Assets, net	<u><u>\$ 242,751,524</u></u>	<u><u>\$ 4,498,801</u></u>	<u><u>\$ (788,865)</u></u>	<u><u>\$ 246,461,460</u></u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

4. CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental activities as follows:

Instruction	\$ 526,963
Pupil Transportation	144,844
Food Services	10,654
Other Pupil Services	3,666
Other General Administration	2,210
Centralized Data Processing	153,092
Plant Maintenance and Operations	<u>5,392,519</u>
 Total depreciation expense	 <u><u>\$ 6,233,948</u></u>

5. LONG-TERM LIABILITIES

General Obligation Refunding Bonds

On November 30, 2010, the District issued General Obligation Refunding Bonds in the aggregate principal amount of \$9,510,000 for the purpose of refunding \$8,740,000 of its 1999 General Obligation Bonds, Series A. The reacquisition price exceeded the net carrying amount of the old debt by \$549,425. This amount is being netted against the new debt and amortized over the life of the new debt issued.

The Bonds are payable from the proceeds of ad valorem property taxes which the Board of Supervisors of the County of Solano and the Board of Supervisors of the County of Yolo are obligated to levy and collect on all taxable property in the District for the payment of interest, principal, and premium, if any. The bonds consist of serial bonds bearing various fixed interest rates from 2% to 4% and mature in staggered amounts each year starting in August 1, 2011 up through August 1, 2025.

The annual requirements to amortize the refunding bonds as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 435,000	\$ 290,750	\$ 725,750
2015	465,000	281,750	746,750
2016	495,000	272,150	767,150
2017	535,000	259,175	794,175
2018	570,000	242,600	812,600
2019-2023	3,540,000	903,925	4,443,925
2023-2026	<u>2,805,000</u>	<u>173,500</u>	<u>2,978,500</u>
Total	<u><u>\$ 8,845,000</u></u>	<u><u>\$ 2,423,850</u></u>	<u><u>\$ 11,268,850</u></u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

General Obligation Refunding Bonds (Continued)

On October 2, 2012, the District issued 2012 General Obligation Refunding Bonds, consisting of \$21,150,000 Serial Bonds. The proceeds are to be used solely to refund that portion of the District's Election of 2004 General Obligation Bonds, Series A (the "Refunded Bonds") described below.

Series	Principal Issued	Dated	Principal Refunded	Maturities Refunded	Redeemed Current Year	Redemption Price
2004	\$39,999,039.70	August 1, 2004	\$21,150,000	8/1/14 to 8/1/22	8/1/13	100%

Repayment of the refunding bonds is made from the special parcel tax revenues levied in connection with this bond issue. The current interest bonds bear interest rates from 2.0% to 4.0% and are scheduled to mature through 2022.

The annual requirements to amortize the bonds as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 335,000	\$ 819,750	\$ 1,154,750
2015	1,620,000	792,100	2,412,100
2016	1,705,000	733,700	2,438,700
2017	1,755,000	664,500	2,419,500
2018	1,970,000	590,000	2,560,000
2019-2023	13,765,000	1,490,500	15,255,500
Total	21,150,000	5,090,550	26,240,550

The outstanding bonds as of June 30, 2013 are as follows:

Total Bond Principal	\$ 71,004,764
Add Premiums	2,541,701
Less Deferred Loss	1,479,223
Bonds Payable	\$ 72,067,242

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

General Obligation Bonds

On February 23, 2007, the District issued 1999 General Obligation Bonds, Series “B” totaling \$7,469,422. Repayment of the Bonds is made from ad valorem property taxes levied and collected by Yolo County. The Current Interest and Capital Appreciation Bonds bear interest rates from 4.0% to 7.51% and are scheduled to mature through 2032.

The annual requirements to amortize the bonds as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 105,000	\$ 163,819	\$ 268,819
2015	135,000	160,219	295,219
2016	170,000	155,419	325,419
2017	200,000	149,319	349,319
2018	245,000	141,919	386,919
2019-2023	1,950,000	540,195	2,490,195
2024-2025	1,215,000	98,582	1,313,582
Total	<u>\$ 4,020,000</u>	<u>\$ 1,409,472</u>	<u>\$ 5,429,472</u>

On November 1, 2006, the District issued 2004 General Obligation Bonds, Series “B” totaling \$12,000,433. Repayment of the Bonds is made from ad valorem property taxes levied and collected by Yolo County. The Current Interest and Capital Appreciation Bonds bear interest rates from 4.0% to 5.4% and are scheduled to mature through 2023.

The annual requirements to amortize the bonds as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 285,000	\$ 167,375	\$ 452,375
2015	325,000	155,175	480,175
2016	370,000	141,275	511,275
2017	410,000	125,675	535,675
2018	465,000	108,175	573,175
2019-2022	2,430,000	212,069	2,642,069
Total	<u>\$ 4,285,000</u>	<u>\$ 909,744</u>	<u>\$ 5,194,744</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Certificates of Participation

In June 2007, the District issued Certificates of Participation (COPs) in the amount of \$70,645,000 with an interest rate of 4.75%. The annual requirements to amortize the COPs as of June 30, 2013 are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 1,430,000	\$ 3,292,563	\$ 4,722,563
2015	1,490,000	3,230,513	4,720,513
2016	1,560,000	3,165,700	4,725,700
2017	1,625,000	3,098,019	4,723,019
2018	1,690,000	3,021,238	4,711,238
2019-2023	9,825,000	13,714,315	23,539,315
2024-2028	12,540,000	10,931,440	23,471,440
2029-2033	16,015,000	7,371,080	23,386,080
2034-2037	20,515,000	2,734,059	23,249,059
Total	<u>66,690,000</u>	<u>50,558,927</u>	<u>117,248,927</u>

Capitalized Lease Obligations

On April 9, 2010, the District received \$8,885,432 financing in the form of Qualified School Construction Bonds to provide resources for the implementation of a district-wide energy efficiency projects including the solar project at the River City High School. Under the lease, the principal components of the lease payments to be paid by the District are to be accumulated in a sinking fund and are to be paid in a lump sum on March 15, 2026, the maturity date of the lease. As of June 30, 2011, \$1,666,019 was held by a fiscal agent in the sinking fund. The bonds bear interest at 1.42% payable quarterly.

The District also leases modular computer lab buildings and equipment under agreements which provide for title to pass upon expiration of the lease period.

Future yearly payments on the capitalized lease obligations are as follows:

Year Ending June 30,	Principal	Interest	Total
2014	\$ 590,673	\$ 498,062	\$ 1,088,734
2015	980,225	498,062	1,478,287
2016	988,328	478,234	1,466,562
2017	996,602	457,993	1,454,595
2018	969,710	437,331	1,407,041
2019-2023	4,981,473	1,861,372	6,842,845
2023-2028	4,109,830	2,790,787	6,900,617
2028-2030	2,716,187	80,455	2,796,642
Total	<u>\$ 16,333,027</u>	<u>\$ 7,102,296</u>	<u>\$ 23,435,323</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Capital Appreciation Bonds

The outstanding obligation for the capital appreciation bonds issued in 2004 at June 30, 2013, is as follows:

Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding June 30, 2012	Interest Current Year	Redeemed Current Year	Outstanding June 30, 2013
2004	5.41%	2023	\$ 1,554,539	\$ 2,371,879	\$ 137,085	-	\$ 2,508,964
2004	5.50%	2024	1,534,463	2,357,541	135,315	-	2,492,856
2004	5.58%	2025	1,516,593	2,344,488	133,739	-	2,478,227
2004	5.65%	2026	1,497,828	2,327,993	132,084	-	2,460,077
2004	5.70%	2027	1,486,159	2,318,763	131,055	-	2,449,818
2004	5.72%	2028	1,482,523	2,316,653	130,734	-	2,447,387
2004	5.73%	2029	1,481,936	2,317,518	130,683	-	2,448,201
			\$ 10,554,040	\$ 16,354,835	\$ 930,695	\$ -	\$ 17,285,530

The annual requirements to amortize the capital appreciation bonds issued in 2004 at June 30, 2013 are as follows:

Year Ended June 30	Principal	Interest	Outstanding Balance
2014	\$ -	\$ -	\$ -
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019-2023	-	-	-
2024-2028	7,589,581	16,535,419	24,125,000
2029-2030	2,964,458	8,840,542	11,805,000
Totals	\$ 10,554,040	\$ 25,375,960	\$ 35,930,000

The outstanding obligation for the capital appreciation bonds issued in 2006 at June 30, 2013, is as follows:

Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding June 30, 2012	Interest Current Year	Redeemed Current Year	Outstanding June 30, 2013
2006	4.51%	2022	\$ 384,625	\$ 495,204	\$ 24,590	-	\$ 519,794
2006	4.54%	2023	387,311	499,492	24,762	-	524,254
2006	4.56%	2024	393,776	508,393	25,175	-	533,568
2006	4.58%	2025	396,474	512,443	25,348	-	537,791
2006	4.60%	2026	399,909	517,456	25,567	-	543,024
2006	4.62%	2027	401,942	520,664	25,697	-	546,362
2006	4.64%	2028	406,384	527,002	25,981	-	552,983
2006	4.65%	2029	410,185	532,225	26,224	-	558,450
2006	4.68%	2030	2,011,989	2,614,949	128,632	-	2,743,581
2006	5.40%	2031	1,712,840	2,316,565	109,506	-	2,426,071
			\$ 6,905,433	9,044,394	\$ 441,482	\$ -	\$ 9,485,876

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

The annual requirements to amortize the capital appreciation bonds issued in 2006 at June 30, 2013 are as follows:

Year Ended June 30	Principal	Interest	Outstanding Balance
2014	\$ -	\$ -	\$ -
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019-2023	384,625	390,375	775,000
2024-2028	1,979,411	2,655,589	4,635,000
2029-2032	4,541,397	10,138,603	14,680,000
Totals	\$ 6,905,433	\$ 13,184,567	\$ 20,090,000

The outstanding obligation for the capital appreciation bonds issued in 2007 at June 30, 2013, is as follows:

Date of Issue	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding June 30, 2012	Interest Current Year	Redeemed Current Year	Outstanding June 30, 2013
2007	4.56%	2025	\$ 316,492	\$ 402,907	\$ 20,295	-	\$ 423,202
2007	4.58%	2026	525,873	670,160	33,722	-	703,882
2007	4.60%	2027	530,278	676,481	34,005	-	710,486
2007	4.62%	2028	536,598	685,261	34,410	-	719,670
2007	4.63%	2029	542,030	692,560	34,758	-	727,318
2007	4.64%	2030	547,392	699,777	35,102	-	734,879
2007	7.51%	2031	280,760	416,693	18,004	-	434,697
			\$ 3,279,422	\$ 4,243,838	\$ 210,296	\$ -	\$ 4,454,134

The annual requirements to amortize the capital appreciation bonds issued in 2007 at June 30, 2013 are as follows:

Year Ended June 30	Principal	Interest	Outstanding Balance
2014	\$ -	\$ -	\$ -
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-
2019-2023	-	-	-
2024-2028	1,372,643	1,957,357	3,330,000
2029-2032	1,906,779	4,323,221	6,230,000
Totals	\$ 3,279,422	\$ 6,280,578	\$ 9,560,000

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2013 is as follows:

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013	Due Within One Year
General Obligation Bonds	\$ 72,313,552	22,732,473	24,041,261	\$ 71,004,764	\$ 1,450,000
Certificates of Participation	68,060,000	-	1,370,000	66,690,000	1,430,000
Capitalized Lease Obligations	9,062,100	7,306,260	35,333	16,333,027	590,673
Compensated Absences	163,399	-	10,352	153,047	-
Other Postemployment Benefits	1,132,763	846,641	869,363	1,110,041	-
	<u>\$ 150,731,814</u>	<u>30,885,374</u>	<u>26,326,309</u>	<u>\$ 155,290,879</u>	<u>\$ 3,470,673</u>

A liability for unmatured interest amounting to \$1,882,613 as of June 30, 2013 was recognized as part of accounts payable in the government-wide financial statements.

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation and capitalized lease obligations are made from the General Fund and the Capital Facilities Fund. Payments on the compensated absences are made from the Fund for which the related employee worked.

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The District provides the cost of medical and dental benefits up to the District cap to its employees. In order to be eligible, classified employees must retire from the District on or after attaining the age of 55 while in service with at least 10 years of service to the District. Certificated employees must retire from the District on or after attaining the age of 52 and have attained step 11 in the Certificated Employees' Salary Schedule. The coverage ends once the retiree reaches age 65.

Funding Policy

The District's Governing Board will not be funding the plan in the current year. The Board will review the funding requirements and policy annually.

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 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Annual OPEB Cost and Net OPEB Obligation (Continued)

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	\$	840,177
Interest on net OPEB obligation		56,638
Adjustment to annual required contribution		<u>(50,174)</u>
Annual OPEB cost (expense)		846,641
Contributions Made		<u>(869,363)</u>
Increase in Net OPEB Obligation		(22,722)
Beginning Balance		<u>1,132,763</u>
Ending Balance	\$	<u>1,110,041</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and preceding fiscal year were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2011	\$ 675,275	54.4%	\$ 633,662
June 30, 2012	\$ 829,063	39.8%	\$ 1,132,763
June 30, 2013	\$ 846,641	102.7%	\$ 1,110,041

Funding Status and Funding Progress

As of the valuation date of April 1, 2012, the actuarial accrued liability (AAL) for benefits was \$5,936,468, \$1,110,041 of which was unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrences of events far into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Methods and Assumptions

In the April 1, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5 percent investment rate (net of administrative expenses), which is a blended rate of the expected long-term investments returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 4 percent. Both rates included a 3 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012, was 27 years.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

7. FUND BALANCE

As of these financial statements, the District has adopted GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. The following schedule is a summary of the components of the ending fund balance by fund type at June 30, 2013:

	General Fund	Capital Facilities	Non-Major Funds	Total
Nonspendable:				
Revolving cash	\$ 25,000	\$ -	\$ 457	\$ 25,457
Stores Inventory	28,640	-	68,350	96,990
Prepaid Expenses	950	-	-	950
	<u>54,590</u>	<u>-</u>	<u>68,807</u>	<u>123,397</u>
Restricted for:				
Medi-Cal Billing Option	453,122	-	-	453,122
Lottery: Instructional materials	4,828	-	-	4,828
Economic Impact Aid: SCE	38,708	-	-	38,708
Economic Impact Aid: LEP	69,918	-	-	69,918
Transportation: Special Education	2,423	-	-	2,423
Quality education	331,367	-	-	331,367
Ongoing maintenance	1,008,476	-	-	1,008,476
Child Nutrition: School Programs	-	-	391,199	391,199
Child Nutrition: Child Care Food Program	-	-	37,485	37,485
Child development	-	-	51,934	51,934
Other restricted local	299,144	6,882,907	6,297,069	13,479,120
	<u>2,207,986</u>	<u>6,882,907</u>	<u>6,777,687</u>	<u>15,868,580</u>
Committed to:				
Other purposes	-	-	79,855	79,855
	<u>-</u>	<u>-</u>	<u>79,855</u>	<u>79,855</u>
Assigned to:				
Education Jobs Fund ARRA Reversion	200,000	-	-	200,000
Deferred Maintenance reserve	1,250,000	-	-	1,250,000
Other assignments	-	12,585,085	66,785	12,651,870
	<u>1,450,000</u>	<u>12,585,085</u>	<u>66,785</u>	<u>14,101,870</u>
Unassigned:				
Economic uncertainties	3,595,910	-	-	3,595,910
Other unassigned	5,523,187	-	-	5,523,187
	<u>9,119,097</u>	<u>-</u>	<u>-</u>	<u>9,119,097</u>
Total	<u>\$ 12,831,673</u>	<u>\$ 19,467,992</u>	<u>\$ 6,993,134</u>	<u>\$ 39,292,799</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

8. EMPLOYEE RETIREMENT SYSTEMS

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

A. California Public Employees' Retirement System (CalPERS)

Plan Description

The Washington Unified School 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 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the Washington Unified School District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012-2013 was 11.417% of annual payroll. The contribution requirements of the plan members are established by the state statute. The District's contributions to CalPERS for the fiscal year ending June 30, 2013, 2012, and 2011 were \$1,093,219, \$1,342,555 and \$1,032,329 respectively, and equal 100% of the required contributions for each year.

B. State Teachers' Retirement System (STRS)

Plan Description

The Washington Unified School 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 and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 100 Waterfront Place, West Sacramento, CA 95605.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

Funding Policy

Active plan members are required to contribute 8% of their salary and the Washington Unified School District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-2013 was 8.25% of annual payroll. The contribution requirements of the plan members are established by the state statute. The District's contributions to STRS for the fiscal year ending June 30, 2013, 2012 and 2011 were \$2,006,566, \$2,171,861, and \$2,173,103, respectively, and equal 100% of the required contributions for each year.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

9. JOINT POWERS AGREEMENTS

The Washington Unified School District participates in five joint ventures under joint powers agreements (JPAs) with the North Valley Schools Insurance Group (NVSIG), School Project for Utility Rate Reduction (SPURR), School Excess Liability Fund (SELF), Northern California Regional Liability Excess Fund (ReLief), and The Protected Insurance Program for Schools (PIPS). 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. A full set of Financial Statements for each of the entities listed below can be obtained by contacting the entities management.

North Valley Schools Insurance Group

The District is a member with other school districts of a Joint Powers Authority, North Valley Schools Insurance Group (NVSIG), for the operation of a common risk management and insurance program for workers' compensation coverage.

School Project for Utility Rate Reduction

The District is also a member of a Joint Powers Authority, School Project for Utility Rate Reduction (SPURR), for the direct purchase of gas, electricity and other utility services. SPURR also provides advisory services relative to utilities.

Schools Excess Liability Fund

The District is also a member with other school districts of a Joint Powers Authority, School Excess Liability Fund (SELF), for the purpose of providing excess insurance coverage.

Northern California Regional Liability Excess Fund

The District is also a member with other school districts of a Joint Powers Authority, Northern California Regional Liability Excess Fund (NorCal ReLIEF), for the purpose of providing excess insurance coverage.

The Protected Insurance Program For Schools

The District is also a member with other school districts of a Joint Powers Authority, Protected Insurance Program for Schools (PIPS), for the purpose of providing an alternative for workers' compensation coverage normally provided utilizing traditional self-insurance.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

The most recent condensed financial information available for the year ended June 30 is as follows:

	2013 NVSIG (Audited)	2012* SPURR (Audited)	2013 SELF (Audited)	2012* ReLiEF (Audited)	2012* PIPS (Audited)
Total Assets	\$ 3,056,858	\$ 12,712,307	\$ 166,243,000	\$ 64,352,057	\$ 120,376,363
Total Liabilities	1,816,387	6,292,890	129,963,000	34,304,678	97,382,754
Net Assets	1,240,471	6,419,417	36,280,000	30,047,379	22,993,609
Total Liabilities and Net Assets	\$ 3,056,858	\$ 12,712,307	\$ 166,243,000	\$ 64,352,057	\$ 120,376,363
Total Revenues	9,592,647	33,252,050	11,589,000	16,956,833	185,250,408
Total Expenditures	9,355,272	33,030,649	14,165,000	13,337,585	185,015,689
Net Increase (Decrease) in Net Assets	\$ 237,375	\$ 221,401	\$ (2,576,000)	\$ 3,619,248	\$ 234,719

** Most recent report available*

11. COMMITMENTS AND CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursement subsequently determined will not have a material effect on the District's financial position.

12. SUBSEQUENT EVENT

The District's management evaluated its June 30, 2013 financial statements for subsequent events through December 6, 2013, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue limit sources:				
State apportionment	\$ 29,397,705	\$ 24,904,668	\$ 25,115,985	\$ 211,317
Local sources	<u>7,688,277</u>	<u>12,114,159</u>	<u>12,114,159</u>	<u>0</u>
Total revenue limit	<u>37,085,982</u>	<u>37,018,827</u>	<u>37,230,144</u>	<u>211,317</u>
Federal revenue	4,365,788	4,246,628	4,246,628	0
Other state revenues	9,113,316	9,883,273	9,883,273	0
Other local revenues	<u>2,680,758</u>	<u>3,222,755</u>	<u>3,222,755</u>	<u>0</u>
Total revenues	<u>53,245,844</u>	<u>54,371,483</u>	<u>54,582,800</u>	<u>211,317</u>
EXPENDITURES				
Certificated salaries	26,973,541	26,715,246	26,715,246	0
Classified salaries	8,243,103	8,647,161	8,647,161	0
Employee benefits	10,101,030	10,064,234	10,064,234	0
Books and supplies	1,783,588	2,230,759	2,230,759	0
Services and other operating expenditures	6,610,790	7,385,214	7,385,214	0
Capital outlay	500,000	511,764	511,764	0
Other outgoing	<u>(63,486)</u>	<u>(232,691)</u>	<u>(232,691)</u>	<u>0</u>
Total expenditures	<u>54,148,566</u>	<u>55,321,687</u>	<u>55,321,687</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	(902,722)	(950,204)	(738,887)	211,317
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	41,251	41,251	0
Operating transfers out	<u>-</u>	<u>(1,669,999)</u>	<u>(1,669,999)</u>	<u>0</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,628,748)</u>	<u>(1,628,748)</u>	<u>0</u>
Net change in fund balances	(902,722)	(2,578,952)	(2,367,635)	211,317
Fund balances, July 1, 2012	<u>15,199,308</u>	<u>15,199,308</u>	<u>15,199,308</u>	<u>-</u>
Fund balances, June 30, 2013	<u>\$ 14,296,586</u>	<u>\$ 12,620,356</u>	<u>\$ 12,831,673</u>	<u>\$ 211,317</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
FUNDING PROGRESS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
April 01, 2012	-	5,936,468	4,918,257	17%	37,604,096	13.1%

SUPPLEMENTARY INFORMATION

WASHINGTON UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

JUNE 30, 2013

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Bond Interest and Redemption Fund	Debit Service Fund	Total
ASSETS						
Cash and cash equivalents	\$ 12,462	\$ (13,480)	\$ 46,025	\$ 4,466,384	1,823,412	\$ 6,334,803
Accounts receivable	106,632	201,850	528,319	-	\$31,953	868,754
Stores inventory	-	-	68,350	-	-	68,350
Total assets	<u>\$ 119,094</u>	<u>\$ 188,370</u>	<u>\$ 642,694</u>	<u>\$ 4,466,384</u>	<u>\$ 1,855,365</u>	<u>\$ 7,271,907</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 4,953	\$ 25,477	\$ 33,184	\$ -	\$ -	\$ 63,614
Deferred revenue	-	1,010	-	-	-	1,010
Due to other funds	49,286	31,670	133,193	-	-	214,149
Total Liabilities	<u>54,239</u>	<u>58,157</u>	<u>166,377</u>	<u>-</u>	<u>-</u>	<u>278,773</u>
Fund balances						
Nonspendable	-	-	68,807	-	-	68,807
Restricted	-	51,934	407,510	4,466,384	1,851,859	6,777,687
Committed	64,855	15,000	-	-	-	79,855
Assigned	-	63,279	-	-	3,506	66,785
Total Fund Balance	<u>64,855</u>	<u>130,213</u>	<u>476,317</u>	<u>4,466,384</u>	<u>1,855,365</u>	<u>6,993,134</u>
Total liabilities and fund balances	<u>\$ 119,094</u>	<u>\$ 188,370</u>	<u>\$ 642,694</u>	<u>\$ 4,466,384</u>	<u>\$ 1,855,365</u>	<u>\$ 7,271,907</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL NON-MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Bond Interest and Redemption Fund	Debit Service Fund	Totals
REVENUES						
Federal revenue	18,562	\$ 127,279	\$ 3,046,854	\$ -	\$ -	\$ 3,192,695
Other state revenues	157,136	849,829	257,420	29,876	-	1,294,261
Other local revenues	3,226	315,494	819,403	3,179,637	311,539	4,629,299
Total revenues	<u>178,924</u>	<u>1,292,602</u>	<u>4,123,677</u>	<u>3,209,513</u>	<u>311,539</u>	<u>9,116,255</u>
EXPENDITURES						
Certificated salaries	111,209	393,269	-	-	-	504,478
Classified salaries	4,083	400,254	1,248,863	-	-	1,653,200
Employee benefits	16,540	251,309	445,604	-	-	713,453
Books and supplies	17,447	74,010	1,951,773	-	-	2,043,230
Services and other operating expenditures	6,377	54,472	450,968	-	-	511,817
Capital outlay	-	-	34,643	-	-	34,643
Other outgo	5,987	55,730	-	-	-	61,717
Debt service expenditures	-	-	182,735	3,320,393	2,741,383	6,244,511
Total expenditures	<u>161,643</u>	<u>1,229,044</u>	<u>4,314,586</u>	<u>3,320,393</u>	<u>2,741,383</u>	<u>11,767,049</u>
Excess(deficiency) of revenues over expenditures	<u>17,281</u>	<u>63,558</u>	<u>(190,909)</u>	<u>(110,880)</u>	<u>(2,429,844)</u>	<u>(2,650,794)</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	-	-	-	1,669,999	1,669,999
Operating transfers out	-	(41,251)	-	-	-	(41,251)
Other sources	-	-	-	-	23,765,210	23,765,210
Other uses	-	-	-	-	(21,150,000)	(21,150,000)
Total other financing sources (uses)	<u>-</u>	<u>(41,251)</u>	<u>-</u>	<u>-</u>	<u>4,285,209</u>	<u>4,243,958</u>
Net change in fund balances	17,281	22,307	(190,909)	(110,880)	1,855,365	1,593,164
Fund balances, July 1, 2012	<u>47,574</u>	<u>107,906</u>	<u>667,226</u>	<u>4,577,264</u>	<u>-</u>	<u>5,399,970</u>
Fund balances, June 30, 2013	<u>\$ 64,855</u>	<u>\$ 130,213</u>	<u>\$ 476,317</u>	<u>\$ 4,466,384</u>	<u>\$ 1,855,365</u>	<u>\$ 6,993,134</u>

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Assets:				
Cash on hand and in banks				
Bridgeway Island Elementary School	\$ 10,424	\$ 41,187	\$ 33,141	\$ 18,470
River City High School	129,257	376,853	368,735	137,375
Riverbank Elementary School	2,778	1,295	3,331	742
Stonegate Elementary School	4,158	23,894	9,202	18,850
Westmore Oaks Elementary School	6,499	13,369	15,530	4,338
Yolo High School	<u>12,857</u>	<u>426</u>	<u>10,448</u>	<u>2,835</u>
Total Assets	<u>\$ 165,973</u>	<u>\$ 457,024</u>	<u>\$ 440,387</u>	<u>\$ 182,610</u>
Liabilities:				
Due to student groups	<u>165,973</u>	<u>\$ 457,024</u>	<u>\$ 440,387</u>	<u>\$ 182,610</u>
Total Liabilities	<u>\$ 165,973</u>	<u>\$ 457,024</u>	<u>\$ 440,387</u>	<u>\$ 182,610</u>

WASHINGTON UNIFIED SCHOOL DISTRICT

ORGANIZATION

JUNE 30, 2013

Washington Unified School District was established on July 1, 1957 and comprises an area of approximately 23 square miles located in Yolo County. The District operates nine elementary schools, one high school, a continuation high school, an independent study program and an adult education program. There were no changes in the boundaries of the District during the current year.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires December</u>
Mary Leland	President	2016
Katie Villegas	Vice President	2016
Adam Menke	Clerk	2014
Alicia Cruz	Trustee	2016
Sarah Kirby-Gonzalez	Trustee	2014

ADMINISTRATION

Dayton Gilleland, Ed.D
Superintendent

Scott Lantsberger
Assistant Superintendent
Business Services

Rebecca Gillespie, Ed.D
Assistant Superintendent
Human Resources

William Spalding
Assistant Superintendent
Educational Services

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Second Period Report	Annual Report
	<u> </u>	<u> </u>
Elementary:		
Kindergarten	581	583
Grades 1 through 3	1,663	1,660
Grades 4 through 6	1,529	1,531
Grades 7 through 8	1,014	1,010
Opportunity Schools	13	14
Home & Hospital	2	2
Special Education	117	121
Extended Year	<u>0</u>	<u>0</u>
Total Elementary	<u>4,918</u>	<u>4,921</u>
High School		
Regular Classes	1,865	1,850
Continuation Education	87	86
Opportunity Schools	4	3
Home & Hospital	1	1
Special Education	64	62
Extended Year	<u>0</u>	<u>0</u>
Total Secondary	<u>2,021</u>	<u>2,002</u>
Total all grades	<u><u>6,939</u></u>	<u><u>6,923</u></u>

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Grade Level</u>	<u>1982-83 Actual Minutes</u>	<u>Reduced 1982-83 Actual Minutes</u>	<u>1986-87 Minutes Requirement</u>	<u>Reduced 1986-87 Minutes Requirement</u>	<u>2012-13 Actual Minutes</u>	<u>Instructional Days</u>	<u>Status</u>
Kindergarten	36,000	35,000	36,000	35,000	36,000	180	In compliance
Grade 1	47,520	46,200	50,400	49,000	51,150	180	In compliance
Grade 2	47,520	46,200	50,400	49,000	51,150	180	In compliance
Grade 3	47,520	46,200	50,400	49,000	51,150	180	In compliance
Grade 4	52,800	51,333	54,000	52,500	54,600	180	In compliance
Grade 5	52,800	51,333	54,000	52,500	54,600	180	In compliance
Grade 6	52,800	51,333	54,000	52,500	54,750	180	In compliance
Grade 7	52,800	51,333	54,000	52,500	54,750	180	In compliance
Grade 8	52,800	51,333	54,000	52,500	54,750	180	In compliance
Grade 9	57,200	55,611	64,800	63,000	66,304	180	In compliance
Grade 10	57,200	55,611	64,800	63,000	66,304	180	In compliance
Grade 11	57,200	55,611	64,800	63,000	66,304	180	In compliance
Grade 12	57,200	55,611	64,800	63,000	66,304	180	In compliance

WASHINGTON UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR FISCAL YEAR ENDED JUNE 30, 2013

<u>Charter Schools Chartered by District</u>	<u>Included in District Financial Statements, or Separate Report</u>
West Sacramento Early College Prep Charter School	Separate Report
Sacramento Valley Charter School	Separate Report

WASHINGTON UNIFIED SCHOOL DISTRICT

RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED
FINANCIAL STATEMENTS

FOR FISCAL YEAR ENDED JUNE 30, 2013

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	<u>General</u>	<u>Capital Facilities</u>	<u>Non-Major</u>
FUND BALANCE			
Balance, June 30, 2013, Unaudited Actuals	\$ 12,620,356	\$ 20,131,081	\$ 7,014,309
Increase in:			
Cash in banks	-	-	-
Accounts Receivable	211,317	-	-
Accounts Payable	-	(663,398)	-
Decrease in:			
Cash in banks	-	-	(21,175)
Balance, June 30, 2013, Audited Financial Statement	<u>\$ 12,831,673</u>	<u>\$ 19,467,683</u>	<u>\$ 6,993,134</u>

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal CFDA Number	Grantor and Program Title	Pass-Through Entity Identifying Number	Federal Expenditures
<i>Passed through California Department of Education</i>			
<u>U.S. Department of Education</u>			
Title I Cluster:			
84.010	NCLB: Title I - Basic Grants	14329	\$ 1,731,865
84.41	Education Jobs & Medicaid Assistance Act	25152	38,028
Subtotal Title I Cluster			1,769,893
Special Education Cluster			
84.027	Special Education: IDEA Basic Local Assistance	13379	1,238,036
84.027	Special Education: Part B Private School ISPs	10115	8,909
84.027A	Special Education: IDEA Preschool Local Entitlement, Part B	13682	93,137
84.173	Special Education: IDEA Preschool Grants, Part B	13430	35,940
84.027A	Special Education: IDEA, Mental Health Services	14468	94,778
84.323	Special Education: State Improvement Grant, Imp. Sp. Ed. System	14920	841
Subtotal Special Education Cluster			1,471,641
84.002	Adult Secondary Education & GED	13978	5,000
84.002A	Adult Basic Education & ESL	14508	9,572
84.002A	Adult Education & English Literacy and Civics	14109	3,989
84.048	Vocational Education, Carl Perkins Act	14894	63,897
84.060	Indian Education	10011	27,211
84.367	NCLB: Title II, Part A, Teacher Quality	14341	407,967
84.365	NCLB : Title III, Limited English Proficient (LEP) Student Program	14346	188,789
Total U.S. Department of Education			3,947,959

* *Passthrough number not available.*

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal CFDA Number	Grantor and Program Title	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
10.555	Child Nutrition: National School Lunch Program	13396	2,617,099
10.558	Child Nutrition: Centers and Family Day Care Homes	13529	<u>429,755</u>
	Total U.S. Department of Agriculture		<u>3,046,854</u>
<u>U.S. Department of Health and Human Services</u>			
93.596	Child Development: Federal General and State Preschool	13609	82,090
93.575	Child Development: Center-Based CCTR/CSPP/CFCC	15136	45,189
93.778	Medi-Cal Billing Option (DHS)	10013	246,484
93.778	Medi-Cal Administrative Account	*	<u>70,747</u>
	Total U.S. Department of Health and Human Services		<u>444,510</u>
Total Federal Programs			<u>\$ 7,439,323</u>

* *Passthrough number not available.*

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Adopted Budget 2014	Actuals 2013	Actuals 2012	Actuals 2011
<u>General Fund</u>				
Revenues and Other Financial Sources	\$ 56,060,385	\$ 54,582,800	\$ 56,772,772	\$ 56,232,214
Expenditures	55,732,064	55,321,687	55,086,281	54,611,239
Other Uses and Transfers Out	555,340	1,628,748	92,180	29,000
Total Outgo	56,287,404	56,950,435	55,178,461	54,640,239
Change in Fund Balance	(227,019)	(2,367,635)	1,594,311	1,591,975
Ending Fund Balance	\$ 12,393,337	\$ 12,831,673	\$ 15,199,308	\$ 13,604,997
Available Reserves *	\$ 9,239,742	\$ 8,907,780	\$ 9,004,669	\$ 11,312,275
Designated for Economic Uncertainties	\$ 3,622,585	\$ 3,595,910	\$ 3,286,874	\$ 3,533,555
Undesignated Fund Balance	\$ 5,617,157	\$ 5,311,870	\$ 5,717,795	\$ 7,778,720
Available Reserves as a Percentage of Total Outgo	16.4%	15.6%	16.3%	20.7%
<u>All Funds</u>				
Total Long-Term Debt	\$ 152,071,800	\$ 156,397,140	\$ 150,731,814	\$ 151,329,082
Average Daily Attendance at P-2	6,939	6,939	6,987	6,885

*Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund

The General Fund balance has decreased by \$773,324 over the past two years. The District projects a decrease of \$227,019 for the fiscal year ending June 30, 2014. For a district this size, the state requires available reserves of at least three percent of total General Fund Expenditures, transfers out, and other uses. The District has met this requirement.

The District has incurred operating surpluses in two of the past three years, and anticipates an operating deficit during the 2013-14 fiscal year.

Total long-term liabilities have increased by \$5,068,058 over the past two years.

Average daily attendance excluding classes for adults, has increased by 54 over the past two years. There is no projected increase in ADA for the 2013-14 fiscal year.

WASHINGTON UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2013

1. PURPOSE OF SCHEDULES

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.

Schedule of Instructional Time

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

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

Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides information necessary to reconcile the Unaudited Actual Fund Financial Reports to the audited financial statements.

Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes federal grant activity of Washington Unified School District and is presented under the modified accrual basis of accounting. OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Circular A-133 and state requirements. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.

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.

WASHINGTON UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2013

2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14503 requires certain disclosures in the financial statements of districts which adopt Early Retirement Incentive Program pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2013, the District did not offer an Early Retirement Incentive Program pursuant to Education Code Sections 22714 and 44929.

OTHER INDEPENDENT AUDITOR'S REPORTS



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

Board of Trustees
Washington Unified School District
West Sacramento, California

Compliance

We have audited the compliance of Washington Unified School District (the "District") with the types of compliance requirements described in the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2013.

Management's Responsibility

Compliance with the requirements of state laws and regulations is the responsibility of District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time		
School Districts	6	Yes
County Offices of Education	3	No, see below
Instructional Materials		
General Requirements	8	Yes
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes

Description	Audit Guide Procedures	Procedures Performed
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	No, see below
Class Size Reduction Program		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	No, see below
Districts with only one school serving K-3	4	No, see below
After Schools Education and Safety Program		
General requirements	4	Yes
After School	5	Yes
Before School	6	No, see below
Contemporaneous Records of Attendance, for Charter Schools	1	No, see below
Mode of Instruction, for Charter Schools	1	No, see below
Nonclassroom-Based Instruction/Independent Study, for Charter Schools	15	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for Charter Schools	3	No, see below
Annual Instructional Minutes - Classroom Based, for Charter Schools	4	No, see below

We did not perform any procedures related to Instructional Time for County Office of Education because the District is not a County Office of Education.

We did not perform any procedures related to Early Retirement Incentive Program because the District did not offer this program.

We did not perform any procedures related to Juvenile Court Schools because the District did not have any Juvenile Court Schools.

We did not perform any procedures related to Class Size Reduction Program – Option Two Classes and District with only one school serving K-3 because the District did not offer Option Two classes and the District does not have only one school serving grades K through 3.

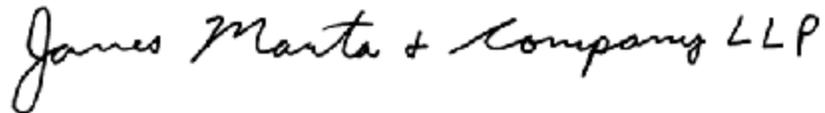
We did not perform any procedures related to After School Education and Safety Program – Before School because the District does not operate a before school program.

We did not perform any procedures related to Contemporaneous Records of Attendance, Mode of Instruction for Charter Schools, Nonclassroom-Based Instruction/Independent Study for Charter Schools, Determination of Funding for Nonclassroom-Based Instruction for Charter Schools, and Annual Instructional Minutes-Classroom-Based for Charter Schools because the District did not have any charter schools.

Opinion

In our opinion, Washington Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2013.

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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
July 21, 2014



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

**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**

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Washington Unified School District
West Sacramento, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington Unified School District (the "District"), as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 21, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of Example Entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weakness as item **2013-4**, and we consider **2013-1**, **2013-2**, and **2013-3** to be significant deficiencies.

Compliance and Other Matters

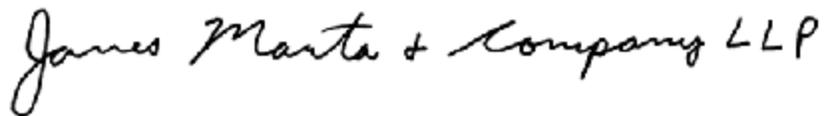
As part of obtaining reasonable assurance about whether District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

Washington Unified School District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
July 21, 2014



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting and Tax

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Washington Unified School District
West Sacramento, California

Compliance

We have audited Washington Unified School District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2013. The 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 the 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 the 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 District's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2013.

Internal Control Over Compliance

Management of the 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 the 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 the District's internal control over compliance.

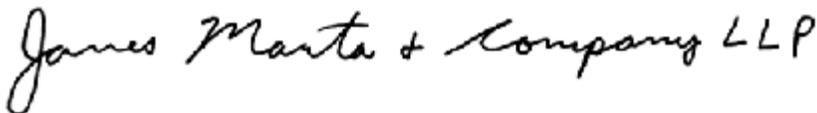
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 the District as of and for the year ended June 30, 2013, and have issued our report thereon dated July 21, 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.



James Marta & Company LLP
Certified Public Accountants
July 21, 2014

FINDINGS AND RECOMMENDATIONS

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? X Yes No
 Significant deficiency(ies) identified not
 considered to be material weakness(es)? X Yes None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? Yes X No
 Significant deficiency(ies) identified not
 considered to be material weaknesses? Yes X None reported

Type of auditor’s report issued on compliance
 for major programs: Unmodified

Any audit findings disclosed that are required to
 be reported in accordance with OMB Circular
 A-133, Section .510(a)? Yes X No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.410	Education Jobs
84.027, 84.173, 84.323A, 84.048	Special Education Cluster
93.778	Medi-Cal Cluster
84.365, 84.060	NCLB: Title II, Part A, Teacher Quality

Dollar threshold used to distinguish between
 Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

State Awards

Internal control over state programs:
 Material weakness(es) identified? Yes X No
 Significant deficiency(ies) identified not
 considered to be material weaknesses? Yes X None reported

Type of auditor’s report issued on compliance
 for state programs: Unmodified

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section II – Financial Statement Findings

2013-1 30000 – INTERNAL CONTROL

Criteria:

An effective system of internal control requires that bank reconciliations are reviewed for accuracy by management.

Condition:

The district's cafeteria fund "cash in banks" balance as of 6/30/13 did not reconcile to the bank statement due to an oversight by personnel when booking entries and preparing reconciliations. Upon further inspection, it was noted the beginning book balance was misstated due to this oversight.

Cause:

It was noted during the process of year end audit procedures over cash, "cash in banks" balance for the Cafeteria Fund was overstated due to a clerical error when preparing the bank reconciliation. Further, it was noted the reconciliations of bank accounts lacked evidence of management review.

Effect:

Cafeteria Fund "cash in banks" balance was overstated by \$21,175 in the current year.

Recommendation:

Bank reconciliations should be reviewed for accuracy by personnel other than preparer to avoid misstatements of cash.

Management's Response:

Management will ensure adequate review of bank reconciliations on a monthly basis.

Corrective Action Plan:

All bank reconciliations will be reviewed by the business manager to ensure accuracy.

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section II – Financial Statement Findings

2013-2 30000 – INTERNAL CONTROL

Criteria:

The district has an agreement with the California School Employees Association stating in section 16.11 that after the 2009-10 fiscal year, Thereafter will be no vacation time cash out for subsequent years; however; employees will be able to carry over five (5) days of vacation.

Condition:

The calculated accrual for vacation includes employees with more than 40 hours or 5 days of vacation.

Cause:

During the 2012-2013 fiscal year, there was a change in management of classified staff as well as a change in confidential staffing in the Human Resources department. During the transition, the oversight of accrual of vacations did not occur with the frequency needed to allow for staff to take time off without having a significant impact on District operations.

Effect:

Classified employees are able to accrue vacation hours in excess of the policy. Out of 104 employees, 57 employees had hours in excess of the policy between 4 and 210 hours per employee for a total of 3,528 hours and \$84,325 of liability.

Recommendation:

The District should develop a plan to reduce the overages and determine if it is required to enforce the carryover limitations in accordance with the collective bargaining agreement.

Management's Response:

Classified management staff is well aware of the conditions of the collective bargaining agreement with CSEA in regards to accrual of vacation hours. With the 2013-2014 fiscal year, classified management staff will work closer with the Human Resources department to verify hours earned and hours used are current and in line with the collective bargaining agreement with CSEA.

Corrective Action Plan:

Verification of hours earned and hours used will occur no less than two times per fiscal year.

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section II – Financial Statement Findings

2013-3 30000 – INTERNAL CONTROL

Criteria:

Accounts Payable balance as of 6/30/13 should include all payables associated with expenses in the 2012-13 fiscal year.

Condition:

The district's capital facilities fund accounts payable did not include a material billing for the Riverbank Elementary K-8 Conversion for costs incurred through June 30, 2013.

Cause:

Although the original invoice was through June 27, 2013 there were certain corrections being made to the invoice that delayed the submission to accounting until September 4, 2013.

Effect:

Capital fund accounts payable balance was understated by \$663,398.

Recommendation:

Although general accounts payable accrual processes appear sufficient, special attention and review needs to be made for the accrual of significant building projects in process. This could include reviewing that status and incurred amounts with the facilities manager, project manager, architect or specific known vendors. For large project expenses if actual final billing has not been received, the accounting department should work with the project manager to accrue the best estimate of the amounts incurred through the fiscal year end.

Management's Response:

The original invoice dated June 27, 2013 was not processed by the Architect of Record until July 19, 2013. Until the Architect of Record acknowledges an invoice for services rendered, any value to such service would have been included in the District's overall work-in-progress for capital facility projects.

Corrective Action Plan:

The Administration will work closer with third party vendors to ensure timely submission of required documentation to effect timely payment for services performed.

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section II – Financial Statement Findings

2013-4 30000 – LONG-TERM DEBT OBLIGATIONS – MATERIAL WEAKNESS

Criteria:

Long-term liabilities data should be reconciled periodically and transactions executed through the District's fiscal agent must be recorded in the District's general ledger.

Condition:

Long-term Debt did not reflect the general obligation refunding transaction. The general obligation refunding transactions that were executed through a fiscal agent were not recorded on the district books during the year. The District relies on the County Auditor Controller to enter debt transactions; however, the County Auditor Controller did not enter the sources and uses of the general obligation refunding bond transactions for the current fiscal year.

Questioned Cost:

Fund Statement: net effect of \$0

Combined Government Wide Financial Statements: net effect of \$1,092,499

Context:

None

Cause:

Long-term liabilities were not being reconciled and recorded properly.

Effect:

Long-term liabilities and debt service expenditures may be misstated.

Recommendation:

Management should be responsible for reconciling long-term liabilities and ensure that transactions executed through the Fiscal Agent are properly recorded.

Management Response:

Management will work closer with the County Auditor Controller to ensure that all debt transactions are properly recorded and disclosed on the debt service fund statements (fund 51).

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section III – Federal Award Findings

No matters were reported.

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section IV – State Award Findings and Questioned Costs

No matters were reported.

WASHINGTON UNIFIED SCHOOL DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Recommendation</u>	<u>Current Status</u>	<u>Explanation If Not Implemented</u>
12-1 – Exclusion of Pupils – Pertussis Immunization (40000)	Implemented	N/A

District should implement a district wide policy to uniformly document and organize file to address the compliance requirements.