

WOODVILLE UNION SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2014



Vavrinek, Trine, Day & Co., LLP

Certified Public Accountants

WOODVILLE UNION SCHOOL DISTRICT

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Governing Board
Woodville Union School District
Porterville, 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 Woodville Union School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise 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; and *Standards and Procedures for Audits of California K-12 Local Education Agencies 2013-2014*, issued by the California Education Audit Appeals Panel as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Woodville Union School District, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 5 through 11, budgetary comparison information and other postemployment benefit information on pages 41 through 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Woodville Union School District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2014, on our consideration of the Woodville Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Woodville Union School District's internal control over financial reporting and compliance.

Vannick, Trine, Day & Co., LLP

Fresno, California
December 9, 2014



Woodville Elementary School District

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Dr. Dago García, Superintendent

Herman Villarreal, Vice Principal

Steve Beecher, Business Manager

Board Members:

Lorena Espinoza

Fabiola Guerrero, President

Amanda Medina

Miguel Guillén, Clerk

Diana Ocegüera-Martínez

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Woodville Union School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the Woodville Union School District (the District) and its component units using the integrated approach as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Funds* are agency funds, which only report a balance sheet and do not have a measurement focus.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Woodville Union School District.

WOODVILLE UNION SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* 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 position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is 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 an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we disclose the District activities as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade eight students, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, and federal, state and local grants finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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 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.

WOODVILLE UNION SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Governmental Funds - All 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 left 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

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in the *Statements of Fiduciary Net Position*. 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 Position

The District's net position for the fiscal years ending June 30, 2014 and 2013, was \$4.5 million and \$4.6 million, respectively. Of this amount, \$0.9 million was restricted. Restricted net position is reported separately to show legal constraints from debt covenants grantors, constitutional provisions and enabling legislation that limit the School Board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

WOODVILLE UNION SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2014

Table 1

(Amounts in millions)

	Governmental Activities		
	2014	2013	Variance
Assets			
Current and other assets	\$ 3.0	\$ 2.4	\$ 0.6
Capital assets	2.4	2.5	(0.1)
Total Assets	<u>5.4</u>	<u>4.9</u>	<u>0.5</u>
Liabilities			
Current liabilities	0.9	0.3	0.6
Long-term obligations	- ¹	- ¹	-
Total Liabilities	<u>0.9</u>	<u>0.3</u>	<u>0.6</u>
Net Position			
Net investment in capital assets	2.4	2.5	(0.1)
Restricted	0.9	0.9	-
Unrestricted	1.2	1.2	-
Total Net Position	<u>\$ 4.5</u>	<u>\$ 4.6</u>	<u>\$ (0.1)</u>

¹ Amount is less than \$50,000.

The \$1.2 million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – had no change compared to the prior year (\$1.2 million compared to \$1.2 million).

Changes in Net Position

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 you can see our total revenues for the year.

WOODVILLE UNION SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

Table 2

(Amounts in millions)

	Governmental Activities		
	2014	2013	Variance
Revenues			
Program revenues:			
Charges for services	\$ - ¹	\$ - ¹	\$ -
Operating grants and contributions	1.2	1.3	(0.1)
Capital grants and contributions	- ¹	- ¹	-
General revenues:			
Federal and State aid not restricted	3.4	2.9	0.5
Property taxes	0.2	0.2	-
Other general revenues	0.1	- ¹	0.1
Total Revenues	<u>4.9</u>	<u>4.4</u>	<u>0.5</u>
Expenses			
Instruction related	3.6	3.7	(0.1)
Student support services	0.6	0.7	(0.1)
Administration	0.3	0.3	-
Maintenance and operations	0.5	0.5	-
Other	- ¹	- ¹	-
Total Expenses	<u>5.0</u>	<u>5.2</u>	<u>(0.2)</u>
Change in Net Position	<u>\$ (0.1)</u>	<u>\$ (0.8)</u>	<u>\$ 0.7</u>

¹ Amount is less than \$50,000.

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was \$5.0 million, while the prior year reported \$5.2 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$0.2 million because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions (\$1.2 million). We paid for the remaining "public benefit" portion of our governmental activities with \$3.5 million in State funds and other revenues like interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions. 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.

WOODVILLE UNION SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

Table 3

(Dollar amounts in millions)	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction related	\$ 3.6	\$ 3.7	\$ 2.9	\$ 3.0
Student support services	0.6	0.7	0.2	0.1
Administration	0.3	0.3	0.2	0.3
Maintenance and operations	0.5	0.5	0.5	0.5
Other	- ¹	- ¹	- ¹	- ¹
Total	\$ 5.0	\$ 5.2	\$ 3.8	\$ 3.9

¹ Amount is less than \$50,000.

The District projected a decrease in net position of approximately \$0.2 million. Revenues remained as expected, however, expenditures were \$0.2 million less than expected.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$2.0 million, while the prior year also reported \$2.0 million (Table 4).

Table 4

(Dollar amounts in millions)	Fund Balance		
	June 30, 2014	June 30, 2013	Variance
General Fund	\$ 1.6	\$ 1.6	\$ -
Cafeteria Fund	0.4	0.4	-
Non-Major Funds	- ¹	- ¹	-
Total	\$ 2.0	\$ 2.0	\$ -

¹ Amount is less than \$50,000.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 14, 2014. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report.

WOODVILLE UNION SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had \$2.4 million in a broad range of capital assets (net of depreciation), including land, buildings, and furniture and equipment, with minor additions and deletions during the year (Table 5).

Table 5

(Amounts in millions)

	Governmental Activities		
	2014	2013	Variance
Land	\$ - ¹	\$ - ¹	\$ -
Buildings and improvements	2.3	2.4	(0.1)
Equipment	0.1	0.1	-
Total	\$ 2.4	\$ 2.5	\$ (0.1)

¹ Amount is less than \$50,000.

We present more detailed information regarding our capital assets in the Notes to Financial Statements.

Long-Term Obligations

At the end of this year, the District had \$20,471 in long-term obligations versus \$50,597 in the prior year, which consisted of compensated absences and supplementary early retirement plans. We present more detailed information regarding our long-term obligations in the Notes to Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

1. With the implementation of LCFF, budget development process has been changed to incorporate the Local Control and Accountability Plan. It is difficult to predict the funding percentage of the Gap Funding for future years and conservative approach is the prudent way for district budget.
2. No COLA increase projected for state and federal categorical programs.
3. Unrestricted lottery income per ADA for 2014-2015 is \$128.
4. Restricted lottery income per ADA for 2014-2015 is \$34.
5. District is in declining enrollment, the number used in 2014-2015 budget is 470.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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 show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Joanna Fung, Interim Business Manager, at Woodville Union School District, 16541 Road 168, Porterville, California, 93257, or e-mail at CBO4hire@yahoo.com.

WOODVILLE UNION SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Deposits and investments	\$ 1,226,803
Receivables	1,693,591
Net OPEB Plan Asset	75,561
Nondepreciable capital assets	5,450
Capital assets being depreciated	4,969,244
Accumulated depreciation	<u>(2,551,139)</u>
Total Assets	<u>5,419,510</u>
LIABILITIES	
Accounts payable	769,549
Unearned revenue	101,568
Noncurrent portion of long-term obligations	<u>20,471</u>
Total Liabilities	<u>891,588</u>
NET POSITION	
Net investment in capital assets	2,423,555
Restricted for:	
Capital projects	43,024
Educational programs	496,951
Other activities	357,829
Unrestricted	<u>1,206,563</u>
Total Net Position	<u>\$ 4,527,922</u>

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

WOODVILLE UNION SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 3,112,113	\$ 3,547	\$ 657,803	\$ 110
Instruction-related activities:				
Supervision of instruction	826	-	383	-
Instructional library, media, and technology	146,442	-	52,032	-
School site administration	363,831	-	-	-
Pupil services:				
Home-to-school transportation	120,579	-	-	-
Food services	396,833	1,221	322,831	-
All other pupil services	78,778	-	74,682	-
Administration:				
All other administration	261,295	67	54,962	-
Plant services	461,105	31	7,479	-
Ancillary services	27,034	-	-	-
Other outgo	15,194	-	-	-
Total Governmental Activities	\$ 4,984,030	\$ 4,866	\$ 1,170,172	\$ 110
General revenues and subventions:				
Property taxes, levied for general purposes				
Taxes levied for other specific purposes				
Federal and State aid not restricted to specific purposes				
Interest and investment earnings				
Miscellaneous				
Subtotal, General Revenues				
Change in Net Position				
Net Position - Beginning				
Net Position - Ending				

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

**Net (Expenses)
Revenues and
Changes in
Net Position**

**Governmental
Activities**

\$	(2,450,653)
	(443)
	(94,410)
	(363,831)
	(120,579)
	(72,781)
	(4,096)
	(206,266)
	(453,595)
	(27,034)
	(15,194)
	<hr/> (3,808,882) <hr/>
	189,226
	904
	3,398,202
	16,003
	101,434
	<hr/> 3,705,769 <hr/>
	(103,113)
	4,631,035
\$	<hr/> 4,527,922 <hr/>

WOODVILLE UNION SCHOOL DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

	General Fund	Cafeteria Fund	Non-Major Governmental Funds
ASSETS			
Deposits and investments	\$ 839,809	\$ 343,970	\$ 43,024
Receivables	1,652,114	41,477	-
Due from other funds	19,462	-	-
Total Assets	\$ 2,511,385	\$ 385,447	\$ 43,024
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 761,393	\$ 8,156	\$ -
Due to other funds	-	19,462	-
Unearned revenue	101,568	-	-
Total Liabilities	862,961	27,618	-
Fund Balances:			
Nonspendable	1,150	-	-
Restricted	496,951	357,829	43,024
Unassigned	1,150,323	-	-
Total Fund Balances	1,648,424	357,829	43,024
Total Liabilities and Fund Balances	\$ 2,511,385	\$ 385,447	\$ 43,024

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

**Total
Governmental
Funds**

\$ 1,226,803
1,693,591
19,462
\$ 2,939,856

\$ 769,549
19,462
101,568
890,579

1,150
897,804
1,150,323
2,049,277

\$ 2,939,856

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WOODVILLE UNION SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

Total Fund Balance - Governmental Funds		\$ 2,049,277
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 4,974,694	
Accumulated depreciation is	<u>(2,551,139)</u>	
Net Capital Assets		2,423,555
The District has reported the net plan asset of the postemployment benefits on the entity-wide statements but not in the fund financial statements.		75,561
Long-term obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Compensated absences		<u>(20,471)</u>
Total Net Position - Governmental Activities		<u><u>\$ 4,527,922</u></u>

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

WOODVILLE UNION SCHOOL DISTRICT

GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Cafeteria Fund	Non-Major Governmental Funds
REVENUES			
Local Control Funding Formula	\$ 3,388,212	\$ -	\$ -
Federal sources	533,765	319,317	-
Other State sources	360,557	22,695	-
Other local sources	200,848	5,939	4,045
Total Revenues	<u>4,483,382</u>	<u>347,951</u>	<u>4,045</u>
EXPENDITURES			
Current			
Instruction	2,981,121	-	-
Instruction-related activities:			
Supervision of instruction	826	-	-
Instructional library, media and technology	145,656	-	-
School site administration	361,119	-	-
Pupil services:			
Home-to-school transportation	111,194	-	-
Food services	12,351	380,169	-
All other pupil services	78,644	-	-
Administration:			
All other administration	241,035	19,462	-
Plant services	449,123	8,917	-
Ancillary services	27,034	-	-
Other outgo	15,194	-	-
Total Expenditures	<u>4,423,297</u>	<u>408,548</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	60,085	(60,597)	4,045
Fund Balance - Beginning	1,588,339	418,426	38,979
Fund Balance - Ending	<u>\$ 1,648,424</u>	<u>\$ 357,829</u>	<u>\$ 43,024</u>

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

**Total
Governmental
Funds**

\$	3,388,212
	853,082
	383,252
	210,832
	<u>4,835,378</u>

2,981,121

826

145,656

361,119

111,194

392,520

78,644

260,497

458,040

27,034

15,194

4,831,845

3,533

2,045,744

\$ 2,049,277

WOODVILLE UNION SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

Total Net Change in Fund Balances - Governmental Funds **\$ 3,533**
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which depreciation exceeds capital outlays in the period.

Depreciation expense	\$ (176,957)	
Capital outlays	50,599	
	(126,358)	(126,358)

In the Statement of Activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Vacation earned was more than the amounts paid by \$1,540. Early retirement benefits paid were \$31,666. The net effect of these items is: 30,126

Postemployment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when the employer contributions are made. In the Statement of Activities, OPEB costs are recognized on the accrual basis. This year, the excess funded OPEB costs were:

	(10,414)
Change in Net Position of Governmental Activities	\$ (103,113)

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

WOODVILLE UNION SCHOOL DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Agency Funds</u>
ASSETS	
Deposits and investments	\$ 10,329
Total Assets	<u>\$ 10,329</u>
LIABILITIES	
Due to student groups	\$ 10,329
Total Liabilities	<u>\$ 10,329</u>

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

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Woodville Union School District was established June 5, 1878, under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades K - 8 as mandated by the State and/or Federal agencies. The District operates one elementary school.

A reporting entity is comprised of the primary government and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Woodville Union School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Non-Major Governmental Funds

Capital Project Funds The Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626. Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency funds account for student body activities (ASB).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the Statement of Activities, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

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

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 fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that 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. Generally, available is defined as collectible within 60 days. However to achieve comparability of reporting among California LEAs and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for LEAs as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 60 days. Allocations of costs, such as depreciation, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Investments

Investments held at June 30, 2014, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county pools are determined by the program sponsor.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 5 to 15 years.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the Statement of Net Position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position as long-term obligations.

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accounts Payable and Long-Term Obligations

Accounts payable and long-term obligations are reported in the government-wide financial statements. In general, governmental fund accounts payable that are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Fund Balances - Governmental Funds

As of June 30, 2014, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board may assign amounts for specific purposes. The District currently does not have any assigned balances.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Minimum Fund Balance Policy

In fiscal year 2010-2011, the governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than four percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net position net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The District has no related debt outstanding as of June 30, 2014. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$897,804 of restricted net position.

Estimates

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

Budgetary Data

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Tulare bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Change in Accounting Principles

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The District has implemented the provisions of this Statement for the year ended June 30, 2014, which did not have a material effect on the District's financial statements.

New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.
- Pension plan assets are legally protected from the creditors of employers, non-employer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a non-employer entity has a legal requirement to make contributions directly to a pension plan.

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2014, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 1,226,803
Fiduciary funds	10,329
Total Deposits and Investments	<u>\$ 1,237,132</u>

Deposits and investments as of June 30, 2014, consist of the following:

Cash on hand and in banks	\$ 10,329
Cash in revolving	1,150
Investments	1,225,653
Total Deposits and Investments	<u>\$ 1,237,132</u>

Policies and Practices

The District is authorized under *California Government Code* to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

WOODVILLE UNION SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

General Authorizations

Limitations as they relate to interest rate risk and credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
County Pool	\$ 1,225,703	\$ -	\$ 1,225,703	\$ -	\$ -

WOODVILLE UNION SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 - RECEIVABLES

Receivables at June 30, 2014, consist of intergovernmental grants, entitlements, state apportionments, and local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Total Governmental Activities
Federal Government			
Categorical aid	\$ 242,882	\$ 31,004	\$ 273,886
State Government			
State principal apportionment	1,328,672	-	1,328,672
Other state sources	69,265	1,828	71,093
Local sources	11,295	8,645	19,940
Total	<u>\$ 1,652,114</u>	<u>\$ 41,477</u>	<u>\$ 1,693,591</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, is as follows:

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 5,450	\$ -	\$ -	\$ 5,450
Total Capital Assets Not Being Depreciated	<u>5,450</u>	<u>-</u>	<u>-</u>	<u>5,450</u>
Capital Assets Being Depreciated				
Land improvements	90,740	-	16,758	73,982
Buildings and improvements	4,352,357	-	3,006	4,349,351
Furniture and equipment	514,147	50,599	18,835	545,911
Total Capital Assets Being Depreciated	<u>4,957,244</u>	<u>50,599</u>	<u>38,599</u>	<u>4,969,244</u>
Less Accumulated Depreciation				
Land improvements	78,800	11,940	16,758	73,982
Buildings and improvements	1,957,652	121,925	3,006	2,076,571
Furniture and equipment	376,329	43,092	18,835	400,586
Total Accumulated Depreciation	<u>2,412,781</u>	<u>176,957</u>	<u>38,599</u>	<u>2,551,139</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,549,913</u>	<u>\$ (126,358)</u>	<u>\$ -</u>	<u>\$ 2,423,555</u>

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	\$ 161,031
School site administration	1,770
Home-to-school transportation	8,848
Food services	3,539
All other general administration	1,769
Total Depreciation Expenses Governmental Activities	<u>\$ 176,957</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2014, are as follows:

Funds	Interfund Receivables	Interfund Payables
General	\$ 19,462	\$ -
Cafeteria	-	19,462
Total	<u>\$ 19,462</u>	<u>\$ 19,462</u>

The Cafeteria Fund owes the General Fund for indirect costs.

\$ 19,462

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2014, consist of the following:

	General Fund	Cafeteria Fund	Total Governmental Activities
Vendor payables	\$ 18,074	\$ 8,156	\$ 26,230
State principal apportionment	711,291	-	711,291
Salaries and benefits	16,732	-	16,732
Deferred payroll	15,296	-	15,296
Total	<u>\$ 761,393</u>	<u>\$ 8,156</u>	<u>\$ 769,549</u>

WOODVILLE UNION SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 7 - UNEARNED REVENUE

Unearned revenue at June 30, 2014, consists of the following:

	General Fund
Federal financial assistance	<u>\$ 101,568</u>

NOTE 8 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the year consisted of the following:

	Balance July 1, 2013	Additions and Adjustments	Deductions	Balance June 30, 2014
Compensated absences	\$ 18,931	\$ 1,540	\$ -	\$ 20,471
Early retirement incentive payable	31,666	-	31,666	-
Total	<u>\$ 50,597</u>	<u>\$ 1,540</u>	<u>\$ 31,666</u>	<u>\$ 20,471</u>

The compensated absences will be paid by the fund for which the employee worked. The early retirement obligations were paid by the General Fund.

Compensated Absences

Compensated absences for the District at June 30, 2014, amounted to \$20,471.

Early Retirement

Eligible employees were offered participation in the Woodville Union School District 2011 Supplementary Retirement Plan (the Plan). Certificated participants would receive three annual contributions totaling \$35,000 to a 403(b) annuity contract or custodial account with a District-approved vendor of the employee's choosing. Each annual contribution will be \$11,666.66 beginning October, 2011. Classified participants would receive three annual contributions totaling \$25,000 to a 403(b) annuity contract or custodial account with a District-approved vendor of the employee's choosing. Each annual contribution will be \$8,333.33 beginning October, 2011. The outstanding contract amount for this purpose is \$31,666 and is reported as long-term obligations. The amount paid during the current fiscal year related to the early retirement programs totaled \$31,666.

	Total
Balance, July 1, 2013	\$ 31,666
Payments	31,666
Balance, June 30, 2014	<u>\$ -</u>

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 9 - FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Cafeteria Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 1,150	\$ -	\$ -	\$ 1,150
Total Nonspendable	<u>1,150</u>	<u>-</u>	<u>-</u>	<u>1,150</u>
Restricted				
Legally restricted programs	496,951	-	-	496,951
Food service operations	-	357,829	-	357,829
Capital projects	-	-	43,024	43,024
Total Restricted	<u>496,951</u>	<u>357,829</u>	<u>43,024</u>	<u>897,804</u>
Unassigned	1,150,323	-	-	1,150,323
Total	<u>\$ 1,648,424</u>	<u>\$ 357,829</u>	<u>\$ 43,024</u>	<u>\$ 2,049,277</u>

NOTE 10 - EXPENDITURES (BUDGET VERSUS ACTUAL)

At June 30, 2014, there were no District major funds that exceeded the budgeted amounts.

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Plan Description

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Woodville Union School District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of six retirees and beneficiaries currently receiving benefits and 42 active plan members.

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the Teachers Association, the local California Service Employees Association, and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund benefits determined annually through the agreements between the District, the associations, and the unrepresented groups. For fiscal year 2013-2014, the District contributed \$72,379 (excluding implicit rate subsidy) to the plan, all of which was used for current premiums (approximately 71.5 percent of total premiums). Plan members receiving benefits contributed \$28,913, or approximately 28.5 percent of the total premiums. Contributions made by retirees range between \$0 to \$1,336 per month depending on coverage selected and their date of retirement.

Annual OPEB Cost and Net OPEB Obligation/(Asset)

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$	110,173
Interest on net OPEB asset		(3,439)
Adjustment to annual required contribution		4,972
Annual OPEB cost (expense)		<u>111,706</u>
Contributions made		<u>(101,292)</u>
Decrease in net OPEB asset		10,414
Net OPEB asset, beginning of year		<u>(85,975)</u>
Net OPEB asset, end of year	\$	<u><u>(75,561)</u></u>

Trend Information

Trend information for annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB asset is as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation/(Asset)</u>
2014	\$ 111,706	\$ 101,292	90.68%	\$ (75,561)
2013	74,330	125,866	169.33%	(85,975)
2012	73,559	124,806	169.67%	(75,561)

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

Funded Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2013	\$ -	\$ 784,347	\$ 784,347	\$ -	\$3,044,986	25.76%

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses), based on the plan being funded in an irrevocable employee benefit trust invested in a combined equity and fixed income portfolio. Healthcare cost trend rates ranged from an initial 7.0 percent to an ultimate rate of 5.0 percent. The cost trend rate used for the Dental and Vision programs was 4.0 percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2014, was 29 years.

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 12 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2014, the District contracted with Central Tulare County Schools for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2014, the District participated in the Tulare County Schools Insurance Group (TCSIG), an insurance purchasing pool. The intent of TCSIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in TCSIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in TCSIG. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of TCSIG.

Employee Medical Benefits

The District has contracted with the School Employees Trust - Tulare County to provide employee health benefits. School Employees Trust - Tulare County is a shared risk pool. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating Districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

CalSTRS

Plan Description

The District contributes to the CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. As a result of the Public Employee Pension Reform Act of 2013 (PEPRA), changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, California 95605.

Funding Policy

Due to the implementation of the Public Employee Pension Reform Act of 2013 (PEPRA), new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the required contribution rate for new members is 8.0 percent. "Classic" plan members are also required to contribute 8.0 percent of their salary. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ending June 30, 2014, 2013, and 2012, were \$164,149, \$175,630, and \$175,085, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under the 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 survivor benefits to plan members and beneficiaries. As a result of the Public Employee Pension Reform Act of 2013 (PEPRA), changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95811.

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Funding Policy

As a result of the implementation of the Public Employee Pension Reform Act of 2013 (PEPRA), new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the normal cost is 11.85 percent, which rounds to a 6.0 percent contribution rate. "Classic" plan members continue to contribute 7.0 percent. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 11.442 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2014, 2013, and 2012, were \$75,139, \$79,259, and \$80,156, and respectively, and equal 100 percent of the required contributions for each year.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to Social Security.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$117,593 (5.541 percent of annual payroll). Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted and actual amounts reported in the General Fund - Budgetary Comparison Schedule.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2014.

Litigation

The District is not currently a party to any legal proceedings.

WOODVILLE UNION SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWER AUTHORITIES

The District is a member of the School Employees' Trust - Tulare County (SETTC), Tulare County Schools Insurance Group (TCSIG), and the Central Tulare County Schools (CTCS) public entity risk pools. The District pays an annual premium to each entity for its health, workers' compensation, and property liability coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

The District has appointed no members to the governing board of SETTC.

During the year ended June 30, 2014, the District made payment of \$691,247 to SETTC for health benefits.

The District has appointed no members to the governing board of TCSIG.

During the year ended June 30, 2014, the District made payment of \$71,854 to TCSIG for workers' compensation insurance.

The District has appointed no members to the governing board of CTCS.

During the year ended June 30, 2014, the District made payment of \$20,284 to CTCS for liability and property damage insurance.

REQUIRED SUPPLEMENTARY INFORMATION

WOODVILLE UNION SCHOOL DISTRICT

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variances -
	Original	Final		Favorable (Unfavorable)
				Final to Actual
REVENUES				
Local Control Funding Formula	\$ 2,422,318	\$ 3,396,961	\$ 3,388,212	\$ (8,749)
Federal sources	584,869	576,390	533,765	(42,625)
Other State sources	775,349	185,429	242,964	57,535
Other local sources	211,555	206,551	200,848	(5,703)
Total Revenues ¹	3,994,091	4,365,331	4,365,789	458
EXPENDITURES				
Current				
Certificated salaries	1,887,446	1,953,932	1,935,923	18,009
Classified salaries	612,415	666,411	665,607	804
Employee benefits	1,045,676	1,057,821	960,733	97,088
Books and supplies	158,511	226,299	172,018	54,281
Services and operating expenditures	616,399	680,141	570,631	109,510
Other outgo	(14,000)	(7,780)	(4,268)	(3,512)
Capital outlay	-	5,060	5,060	-
Total Expenditures ¹	4,306,447	4,581,884	4,305,704	276,180
NET CHANGE IN FUND BALANCES	(312,356)	(216,553)	60,085	276,638
Fund Balance - Beginning	1,588,339	1,588,339	1,588,339	-
Fund Balance - Ending	\$ 1,275,983	\$ 1,371,786	\$ 1,648,424	\$ 276,638

¹ State of California on behalf payments are not included in revenues and expenditures in this schedule.

WOODVILLE UNION SCHOOL DISTRICT

**CAFETERIA FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variances -
	Original	Final		Favorable
				(Unfavorable)
			Final	to Actual
REVENUES				
Federal sources	\$ 368,000	\$ 328,039	\$ 319,317	\$ (8,722)
Other State sources	34,450	25,000	22,695	(2,305)
Other local sources	9,500	5,100	5,939	839
Total Revenues	411,950	358,139	347,951	(10,188)
EXPENDITURES				
Current				
Classified salaries	157,787	133,555	126,905	6,650
Employee benefits	109,338	82,464	76,019	6,445
Books and supplies	312,000	229,264	172,588	56,676
Services and operating expenditures	2,500	14,650	13,574	1,076
Other outgo	14,000	23,000	19,462	3,538
Total Expenditures	595,625	482,933	408,548	74,385
NET CHANGE IN FUND BALANCES	(183,675)	(124,794)	(60,597)	64,197
Fund Balance - Beginning	418,426	418,426	418,426	-
Fund Balance - Ending	\$ 234,751	\$ 293,632	\$ 357,829	\$ 64,197

WOODVILLE UNION SCHOOL DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2014**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2013	\$ -	\$ 1,339,467	\$ 1,339,467	\$ -	\$ 1,332,990	100.49%

SUPPLEMENTARY INFORMATION

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WOODVILLE UNION SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through California Department of Education (CDE):			
No Child Left Behind			
Title I, Basic Grant	84.010	14329	\$ 377,187
Title II, Teacher Quality	84.367	14341	61,683
Title III, Limited English Proficient	84.365	14346	34,951
Special Education: IDEA - Basic Local Assistance	84.027	13379	59,944
Total U.S. Department of Education			<u>533,765</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through CDE:			
Fresh Fruit and Vegetable Program	10.582	14968	24,546
Child Nutrition Cluster			
National School Lunch	10.555	13391	227,819
Especially Needy Breakfast	10.553	13526	52,304
Meals Supplements-Snack	10.555	13391	13,070
Summer Food Program	10.559	13004	1,578
Food Distribution - Commodities	10.555	13391	17,133
Subtotal Child Nutrition Cluster			<u>311,904</u>
Total U.S. Department of Agriculture			<u>336,450</u>
Total Expenditures of Federal Awards			<u>\$ 870,215</u>

See accompanying note to supplementary information.

WOODVILLE UNION SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE JUNE 30, 2014

ORGANIZATION

The Woodville Union School District was established on June 5, 1878, and consists of an area comprising approximately 15 square miles. The District operates one elementary school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Fabiola Guerrero	President	2016
Miguel Guillen	Clerk	2014
Diana Ocegüera-Martinez	Member	2014
Amanda Medina	Member	2016
Lorena Espinoza	Member	2016

ADMINISTRATION

Dagoberto Garcia, Ed.D.	Superintendent
Steve Beecher	Business Manager

See accompanying note to supplementary information.

WOODVILLE UNION SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Transitional kindergarten through third	204.36	204.98
Fourth through sixth	154.12	153.93
Seventh and eighth	110.55	110.48
Total Regular ADA	<u>469.03</u>	<u>469.39</u>

See accompanying note to supplementary information.

WOODVILLE UNION SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2014**

Grade Level	1986-1987 Minutes Requirement	Reduced	2013-2014 Actual Minutes	Number of Days		Status
		1986-1987 Minutes Requirement		Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	35,000	46,870	180	N/A	Complied
Grades 1 - 3	50,400	49,000				
Grade 1			52,465	180	N/A	Complied
Grade 2			52,465	180	N/A	Complied
Grade 3			52,465	180	N/A	Complied
Grades 4 - 8	54,000	52,500				
Grade 4			57,905	180	N/A	Complied
Grade 5			57,905	180	N/A	Complied
Grade 6			57,905	180	N/A	Complied
Grade 7			57,905	180	N/A	Complied
Grade 8			57,905	180	N/A	Complied

See accompanying note to supplementary information.

WOODVILLE UNION SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no adjustments to the Unaudited Actual Financial Report which required reconciliation to the audited financial statements at June 30, 2014.

See accompanying note to supplementary information.

WOODVILLE UNION SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

	(Budget) 2015 ¹	2014	2013	2012
GENERAL FUND				
Revenues ³	\$ 4,651,605	\$ 4,365,789	\$ 3,947,731	\$ 4,283,790
Expenditures ³	4,821,357	4,305,704	4,581,339	4,477,939
INCREASE/(DECREASE) IN FUND BALANCE	\$ (169,752)	\$ 60,085	\$ (633,608)	\$ (194,149)
ENDING FUND BALANCE	\$ 1,478,672	\$ 1,648,424	\$ 1,588,339	\$ 2,221,947
AVAILABLE RESERVES ²	\$ 1,042,320	\$ 1,150,323	\$ 1,205,059	\$ 1,900,286
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	21.6%	26.72%	26.30%	42.44%
LONG-TERM OBLIGATIONS	Not Available	\$ 20,471	\$ 50,597	\$ 77,748
AVERAGE DAILY ATTENDANCE AT P-2	469	469	478	479

The General Fund balance has decreased by \$573,523 over the past two years. The fiscal year 2014-2015 budget projects a decrease of \$169,752 (10.30 percent). For a district this size, the State recommends available reserves of at least 3.0 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring another operating deficit in the 2014-2015 fiscal year. Total long-term obligations have decreased by \$57,277 over the past two years.

Average daily attendance has decreased by ten over the past two years. No change in ADA is anticipated during fiscal year 2014-2015.

¹ Budget 2015 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

³ On behalf payments have been excluded from revenues and expenditures in this schedule and the calculation of available reserves.

See accompanying note to supplementary information.

WOODVILLE UNION SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2014

	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
ASSETS			
Deposits and investments	\$ 32,533	\$ 10,491	\$ 43,024
Total Assets	<u>\$ 32,533</u>	<u>\$ 10,491</u>	<u>\$ 43,024</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:			
Restricted	32,533	10,491	43,024
Total Fund Balance	<u>32,533</u>	<u>10,491</u>	<u>43,024</u>
Total Liabilities and Fund Balances	<u>\$ 32,533</u>	<u>\$ 10,491</u>	<u>\$ 43,024</u>

See accompanying note to supplementary information.

WOODVILLE UNION SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
REVENUES			
Other local sources	\$ 3,934	\$ 111	\$ 4,045
Total Revenues	<u>3,934</u>	<u>111</u>	<u>4,045</u>
EXPENDITURES			
Current	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,934	111	4,045
Fund Balance - Beginning	28,599	10,380	38,979
Fund Balance - Ending	<u>\$ 32,533</u>	<u>\$ 10,491</u>	<u>\$ 43,024</u>

See accompanying note to supplementary information.

WOODVILLE UNION SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION

JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amount consists of the fair market value of commodities received that are included in the Schedule of Expenditures of Federal Awards but are not recorded in the financial statements.

	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures, and Changes in Fund Balances:		\$ 853,082
Reconciling item:		
Food Distribution - Commodities	10.555	17,133
Total Schedule of Expenditures of Federal Awards		<u>\$ 870,215</u>

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District neither met nor exceeded its target funding. 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 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-1987 requirements as required by *Education Code* Section 46201.

WOODVILLE UNION SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2014

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited 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.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

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

INDEPENDENT AUDITOR'S REPORTS



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

Governing Board
Woodville Union School District
Porterville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Woodville Union School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Woodville Union School District's basic financial statements, and have issued our report thereon dated December 9, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Woodville Union School District in a separate letter dated December 9, 2014.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vannink, Trine, Day & Co., LLP

Fresno, California
December 9, 2014



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Governing Board
Woodville Union School District
Porterville, California

Report on Compliance for Each Major Federal Program

We have audited Woodville Union School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Woodville Union School District's (the District) major Federal programs for the year ended June 30, 2014. Woodville Union School District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Woodville Union School District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Woodville Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of Woodville Union School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Woodville Union School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Woodville Union School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Woodville Union School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Woodville Union School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Vannink, Trini, Day & Co., LLP

Fresno, California
December 9, 2014



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Governing Board
Woodville Union School District
Porterville, California

Report on State Compliance

We have audited Woodville Union School District's compliance with the types of compliance requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2013-2014* that could have a direct and material effect on each of the Woodville Union School District's State government programs as noted below for the year ended June 30, 2014.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the Woodville Union School District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-2014*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the applicable government programs noted below. An audit includes examining, on a test basis, evidence about Woodville Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. Our audit does not provide a legal determination of Woodville Union School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Woodville Union School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the government programs noted below that were audited for the year ended June 30, 2014.

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

	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Not Applicable
Continuation Education	10	Not Applicable
Instructional Time:		
School Districts	10	Yes
Instructional Materials:		
General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Not Applicable
After School Education and Safety Program:		
General Requirements	4	Not Applicable
After School	5	Not Applicable
Before School	6	Not Applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Charter Schools:		
Contemporaneous Records of Attendance	8	Not Applicable
Mode of Instruction	1	Not Applicable
Non Classroom-Based Instruction/Independent Study	15	Not Applicable
Determination of Funding for Non Classroom-Based Instruction	3	Not Applicable
Annual Instruction Minutes Classroom-Based	4	Not Applicable
Charter School Facility Grant Program	1	Not Applicable

Vannink, Truitt, Day & Co., LLP

Fresno, California
December 9, 2014

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WOODVILLE UNION SCHOOL DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL STATEMENTS

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>No</u>
Significant deficiency identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I, Basic Grant</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,00</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for programs:	<u>Unmodified</u>
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WOODVILLE UNION SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

WOODVILLE UNION SCHOOL DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

WOODVILLE UNION SCHOOL DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

WOODVILLE UNION SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no audit findings in the prior year's schedule of financial statement findings.



Governing Board
Woodville Union School District
Porterville, California

In planning and performing our audit of the financial statements of Woodville Union School District, for the year ended June 30, 2014, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 9, 2014, on the government-wide financial statements of the District.

WOODVILLE ELEMENTARY - ASSOCIATED STUDENT BODY (ASB)

Master Ticket Log

Observation

A master ticket log is not being utilized to account for all tickets on hand and used during the year.

Recommendation

A master ticket log should be maintained, which notes the type of ticket, color, and beginning and ending ticket number in the roll. When ticket rolls are issued, they should be logged out noting the beginning ticket number in the roll and to whom the roll was issued. When the ticket sales recap form is returned, the ending ticket number should be recorded in the master ticket log and the form should be reconciled to the log. The log should be used in conjunction with a ticket sales recap form.

We will review the status of the current year comments during our next audit engagement.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 9, 2014