

LAMMERSVILLE UNIFIED SCHOOL DISTRICT
OF SAN JOAQUIN COUNTY
LAMMERSVILLE, CALIFORNIA
JUNE 30, 2013

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Micaela Vergara	President	2014
Sharon Lampel	Clerk	2014
Matthew Balzarini	Member	2016
Shane Nielson	Member	2016
David Pombo	Member	2016

ADMINISTRATION

Dr. Kirk Nicholas	Superintendent
Dr. Khushwinder Gill	Assistant Superintendent Elementary Education
Alvina Keyser	Chief Business Official

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

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I - Financial Section

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Cichella & Tokunaga, LLP

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INDEPENDENT AUDITORS' REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-2013*, 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.

Opinion

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 Lammersville Unified School District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the District has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. Our opinion is not modified with respect to this matter.

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 15, budgetary comparison information and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on pages 58 and 59, respectively, 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 Lammersville Unified School District's basic financial statements. The accompanying supplementary information as listed in the table of contents including the 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* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The 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 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 4, 2013, on our consideration of the Lammersville Unified 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 Lammersville Unified School District's internal control over financial reporting and compliance.

Carroll + Tolson, LLP

El Dorado Hills, California
December 4, 2013

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Dr. Kirk Nicholas
Superintendent

Governing Board Members
Mrs. Micaela Vergara, President – Ms. Sharon Lampel, Clerk
Mr. Matthew D. Balzarini – Mr. Shane Nielson – Mr. David Pombo

This section of Lammersville Unified School District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. It should be read in conjunction with the District's financial statements, which follows this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 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. They present governmental activities and business-type activities separately. 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 District does not have any business-type activities.

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

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

The *Fiduciary Activities* 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 government is the Lammersville Unified School District.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

The most significant highlight for Lammersville Unified School District is the growth it endures both in enrollment and housing market. There is a need to house the students, so construction for the high school and an additional K-8 elementary school is underway and is expected to open in the Fall of 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 assets and changes in them. Net position is the difference between assets and liabilities, 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 is one indicator of whether its financial health 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 present 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 twelve students, the operation of child development activities, and the ongoing effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

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.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances 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 difference 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 A 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 Statement 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.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

FINANCIAL HIGHLIGHTS

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$96,814,002 for the fiscal year ended June 30, 2013. Of this amount, \$1,034,232 was unrestricted. Restricted net position was reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those net assets 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.

Table 1

	Governmental Activities	
	2013	2012
Assets		
Current and other assets	\$ 142,223,466	\$ 31,768,902
Capital assets	103,887,865	75,814,466
Total Assets	246,111,331	107,583,368
Liabilities		
Current liabilities	35,213,628	2,609,712
Long-term obligations	114,083,701	63,339,463
Total Liabilities	149,297,329	65,949,175
Net Position		
Invested in capital assets, net of related debt	(9,578,552)	17,995,823
Restricted	105,358,322	20,876,439
Unrestricted	1,034,232	2,761,931
Total Net Position	\$ 96,814,002	\$ 41,634,193

The \$1,034,232 in unrestricted net position of governmental activities represents the accumulated results of all past years' operations.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 17. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see total revenues and expenses for the year.

Table 2

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues		
Program revenues:		
Charges for services	\$ 10,112,430	\$ 1,625,608
Operating grants and contributions	17,864,119	9,634,613
Capital grants and contributions	30,679,185	16,518
General revenues:		
Federal and State aid not restricted	8,907,157	8,479,301
Property taxes	9,565,533	8,602,566
Other general revenues	106,978	126,688
Total Revenues	<u>77,235,402</u>	<u>28,485,294</u>
Expenses		
Instruction-related	14,981,951	11,751,646
Pupil services	1,342,180	1,333,758
Administration	1,229,967	1,351,511
Plant Services	1,357,739	1,180,966
Other	3,143,756	3,300,839
Total Expenses	<u>22,055,593</u>	<u>18,918,720</u>
Change in Net Position	<u>\$ 55,179,809</u>	<u>\$ 9,566,574</u>

Governmental Activities

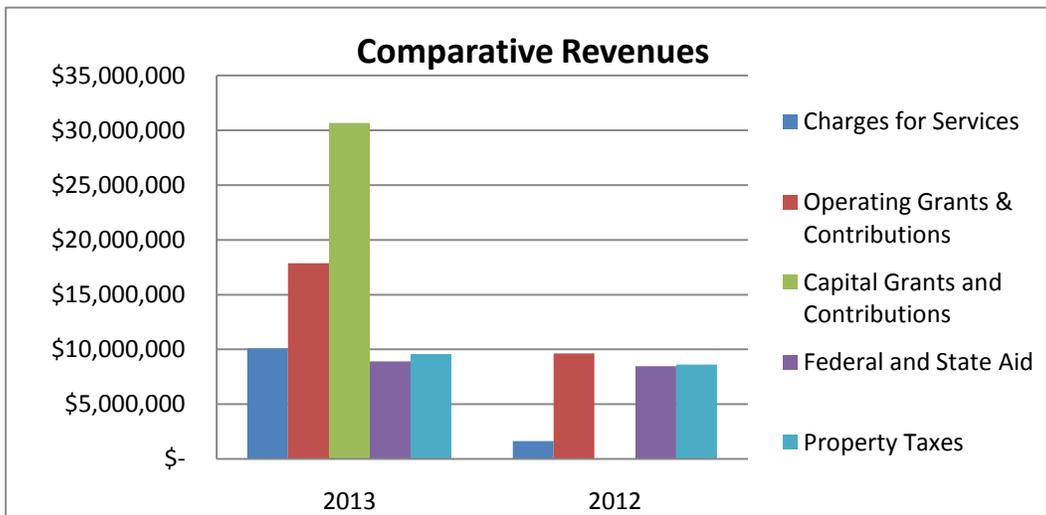
As reported in the *Statement of Activities* on page 17, the cost of all governmental activities this year was \$22,055,593. However, the amount that taxpayers ultimately financed for these activities through local taxes was \$9,565,533 because the cost was paid by those who benefited from the programs (\$10,112,430) or by other governments and organizations who subsidized certain programs with grants and contributions (\$48,543,304). The District paid for the remaining "public benefit" portion of governmental activities with \$8,907,157 in Federal and State aid and \$106,978 with other revenues, like interest and general entitlements.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Schedule of Revenues for Governmental Functions

	FYE 2013 Amount	Percent of Total	FYE 2012 Amount	Percent of Total
Revenues				
Program revenues:				
Charges for services and sales	\$ 10,112,430	13.09%	\$ 1,625,608	5.71%
Operating grants and contributions	17,864,119	23.13%	9,634,613	33.82%
Capital grants and contributions	30,679,185	39.73%	16,518	0.06%
General revenues:				
Federal and State aid not restricted	8,907,157	11.53%	8,479,301	29.77%
Property taxes	9,565,533	12.38%	8,602,566	30.20%
Other Revenues	106,978	0.14%	126,688	0.44%
Total Revenues	\$ 77,235,402	100.00%	28,485,294	100.00%

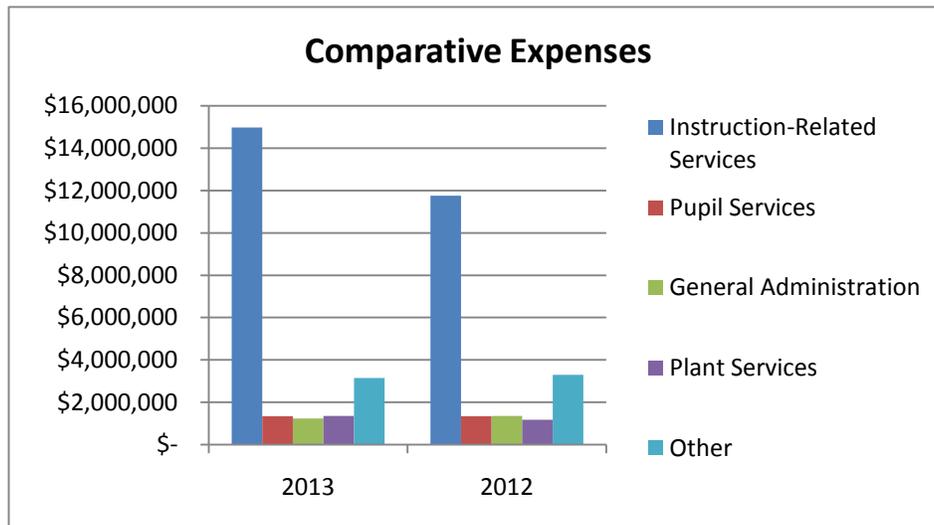


LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Schedule of Expenses for Governmental Functions

	FYE 2013 Amount	Percent of Total	FYE 2012 Amount	Percent of Total
Expenses				
Instruction-Related Services	\$ 14,981,951	67.92%	\$ 11,751,646	62.12%
Pupil Services	1,342,180	6.09%	1,333,758	7.05%
General Administration	1,229,967	5.58%	1,351,511	7.14%
Plant Services	1,357,739	6.16%	1,180,966	6.24%
Other	3,143,756	14.25%	3,300,839	17.45%
Total Expenses	\$ 22,055,593	100.00%	\$ 18,918,720	100.00%



LAMMERSVILLE UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related services, pupil services, administration, plant services, and other. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Instruction-Related Services	\$ 14,981,951	11,751,646	\$ (16,716,191)	\$ 4,461,545
Pupil Services	1,342,180	1,333,758	393,455	512,168
General Administration	1,229,967	1,351,511	805,671	2,066,366
Plant Services	1,357,739	1,180,966	1,353,981	1,161,478
Other	3,143,756	3,300,839	(22,437,057)	(559,576)
Total	\$ 22,055,593	\$ 18,918,720	\$ (36,600,141)	\$ 7,641,981

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2013

THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$107,316,885 which increased from last year's ending fund balance of \$77,861,288.

Table 4

	Balances and Activity			
	July 1, 2012	Revenues	Expenditures	June 30, 2013
General	\$ 4,053,792	\$ 15,280,235	\$ 15,028,555	\$ 4,305,472
Cafeteria	81,885	642,157	611,149	112,893
Deferred Maintenance	169,378	19,698	71,925	117,151
Debt Service	9,980,075	4,819,835	13,106,728	1,693,182
County School Facilities	2,976,640	30,679,185	1,366,523	32,289,302
Capital Facilities	6,724,410	25,505,415	26,361,574	5,868,251
Capital Project for Blended Component Unit	5,378,130	74,376,617	24,851,704	54,903,043
Special Reserve - Capital Outlay	91,287	10,483,737	2,547,433	8,027,591
Total	\$ 29,455,597	\$ 161,806,879	\$ 83,945,591	\$ 107,316,885

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 20, 2012. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 58.)

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the District had invested \$103,887,865, net of accumulated depreciation in a broad range of capital assets, including land, construction in progress, land improvements, buildings and improvements, and equipment.

Table 5

	Capital Assets	
	2013	2012
Land	\$ 1,541,705	\$ 1,541,705
Construction in progress	35,444,436	6,695,153
Buildings and improvements	65,969,486	66,566,260
Equipment	932,238	1,011,348
Totals	\$ 103,887,865	\$ 75,814,466

We present more detailed information about capital assets in Note 4 of the financial statements.

Long-Term Obligations

At June 30, 2013, the District had \$114,319,745 in debt, consisting mainly of General Obligation Bonds.

Table 6

	Long-Term Obligations	
	2013	2012
General obligation bonds	\$ 70,197,914	\$ 50,655,000
Premium, net of Amortization	503,303	-
Discount, net of Amortization	(40,392)	-
Construction Loan	13,084,754	12,541,773
Lease Revenue Notes	30,345,000	-
Compensated absences	16,850	11,835
Net OPEB obligations	212,316	130,855
Totals	\$ 114,319,745	\$ 63,339,463

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2012-2013 ARE NOTED BELOW:

- The District continued to increase in enrollment from 2,300 to 2,500. The growth came as a result of the Questa and Altamont Neighborhoods in the Mountain House area.
- With the growth mentioned above, additional certificated and classified staff were hired, materials purchased, and textbooks purchased for the K-8 Schools.
- 2012-2013 marked the start of two construction projects: Mountain House High School and Altamont Elementary.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In considering the District Budget for the 2013-2014 year, the governing board and management used the following criteria:

The key assumptions in our revenue forecast are:

- Revenue Limit income.
- Interest earnings remained at prior year levels.
- State income remained at prior year levels in most categorical programs.
- Continued growth due to rapid home construction of the Questa Village in Mountain House and the mitigation dollars received for the construction of the high school.

They key assumptions in our expenditure forecast are:

- Additional expenditure due to growth as stated above; September 2013 enrollment has exceeded 2,650.
- High school and an elementary school construction will continue throughout the fiscal year.

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 the Director of Business Services, Ms. Alvina Keyser, at Lammersville School District, 111 S. De Anza Boulevard, Mountain House, CA 95391 at (209) 836-7400 or email at alkeyser@sjcoe.net.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2013

	Governmental Activities
ASSETS	
Deposits and investments	\$ 138,664,114
Receivables	2,927,470
Prepaid Expenses	624,162
Stores inventories	7,720
Capital assets not depreciated	116,029,189
Less: Accumulated depreciation	(12,141,324)
Total Assets	246,111,331
LIABILITIES	
Accounts payable	6,621,456
Interest payable	1,491,064
Deferred revenue	26,865,064
Current portion of long-term obligations	236,044
Noncurrent portion of long-term obligations	114,083,701
Total Liabilities	149,297,329
NET POSITION	
Invested in capital assets, net of related debt	(9,578,552)
Restricted for:	
Debt service	1,693,182
Educational programs	228,598
Capital projects	101,088,187
Self Insurance	795,899
Other activities	1,552,456
Unrestricted	1,034,232
Total Net Position	\$ 96,814,002

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

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
Governmental Activities:					
Instruction	\$ 12,642,784	\$ 5,672	\$ 903,429	\$ 30,679,185	\$ 18,945,502
Instruction-related activities:					
Supervision of instruction	261,169	-	89,327	-	(171,842)
Instructional library, media, and technology	244,871	-	5,687	-	(239,184)
School site administration	1,833,127	-	14,842	-	(1,818,285)
Pupil services:					
Home-to-school transportation	60,772	-	33,407	-	(27,365)
Food services	590,324	348,466	266,008	-	24,150
All other pupil services	691,084	-	300,844	-	(390,240)
Administration:					
All other administration	1,068,708	138,334	285,962	-	(644,412)
Data Processing Services	161,259	-	-	-	(161,259)
Plant services	1,357,739	2,131	1,627	-	(1,353,981)
Ancillary services	22,198	7,053	13,987	-	(1,158)
Enterprise Activities	53,340	-	-	-	(53,340)
Interest on long-term obligations	2,702,939	-	-	-	(2,702,939)
Other outgo	365,279	9,610,774	15,948,999	-	25,194,494
Total Governmental Activities	\$ 22,055,593	\$ 10,112,430	\$ 17,864,119	\$ 30,679,185	\$ 36,600,141
General revenues and subventions:					
					4,762,677
					4,802,856
					8,907,157
					13,792
					93,186
					<u>18,579,668</u>
					Change in Net Position
					55,179,809
					Net Position - Beginning
					41,634,193
					Net Position - Ending
					<u>\$ 96,814,002</u>

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

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

GOVERNMENTAL FUNDS – BALANCE SHEET
 JUNE 30, 2013

	General Fund	Capital Facilities Fund	County School Facilities Fund
ASSETS			
Deposits and investments	\$ 1,796,389	\$ 36,401,874	\$ 32,388,381
Receivables	2,883,706	26,868	2,558
Due from other funds	29,754	-	-
Prepaid Expenses	-	-	-
Stores inventories	-	-	-
Total Assets	4,709,849	36,428,742	32,390,939
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	402,564	3,697,240	101,637
Due to other funds	-	-	-
Deferred revenue	1,813	26,863,251	-
Total Liabilities	404,377	30,560,491	101,637
Fund Balances:			
Nonspendable	5,000	-	-
Restricted	223,598	5,868,251	32,289,302
Committed	-	-	-
Assigned	1,317,412	-	-
Unassigned	2,759,462	-	-
Total Fund Balance	4,305,472	5,868,251	32,289,302
Total Liabilities and Fund Balances	\$ 4,709,849	\$ 36,428,742	\$ 32,390,939

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

Capital Project		
Fund for Blended Component Unit	Non-Major Governmental Funds	Total Governmental Funds
\$ 54,903,043	\$ 12,379,107	\$ 137,868,794
-	13,759	2,926,891
-	-	29,754
-	-	-
-	7,720	7,720
<u>54,903,043</u>	<u>12,400,586</u>	<u>140,833,159</u>
-	2,420,015	6,621,456
-	29,754	29,754
-	-	26,865,064
-	<u>2,449,769</u>	<u>33,516,274</u>
-	7,720	12,720
54,903,043	9,825,946	103,110,140
-	-	-
-	117,151	1,434,563
-	-	2,759,462
<u>54,903,043</u>	<u>9,950,817</u>	<u>107,316,885</u>
<u>\$ 54,903,043</u>	<u>\$ 12,400,586</u>	<u>\$ 140,833,159</u>

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

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LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total Fund Balance - Governmental Funds **\$ 107,316,885**

**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	\$ 116,029,189	
Accumulated depreciation is	(12,141,324)	
Net Capital Assets		103,887,865

Expenditures related to issuance of debt were recognized in the year of issuance in the governmental funds but are recorded as deferred charges on the statement of net assets and amortized over the life of the bonds on the government-wide financial statements. 624,162

In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred. (1,491,064)

An internal service fund is used by the District's management to charge the costs of the proprietary and liability insurance programs to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities. 795,899

Long-term obligations, including general obligation bonds, are not due and payable in the current period and, therefore, are not reported as obligations in the funds.

Long-term obligations at year-end consist of:

General obligation bonds	70,197,914	
Lease Revenue Notes	30,345,000	
Construction Loan	13,084,754	
Accumulated Vacation	16,850	
Premium, net of amortization	503,303	
Discount, net of amortization	(40,392)	
Net OPEB obligation	212,316	
Total Long-Term Obligations		(114,319,745)
Total Net Position - Governmental Activities		\$ 96,814,002

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Capital Facilities Fund	County School Facilities Fund
REVENUES			
Revenue limit sources	\$ 12,219,559	\$ -	\$ -
Federal sources	557,930	-	-
Other State sources	1,824,259	-	30,670,552
Other local sources	678,487	25,505,415	8,633
Total Revenues	15,280,235	25,505,415	30,679,185
EXPENDITURES			
Current			
Instruction	9,971,999	-	-
Instruction-related activities:			
Supervision of instruction	261,169	-	-
Instructional library, media and technology	244,871	-	-
School site administration	1,154,927	-	-
Pupil services:			
Home-to-school transportation	48,215	-	-
Food services	4,258	-	-
All other pupil services	691,084	-	-
Administration:			
All other administration	811,674	204,807	-
Data Processing Services	157,252	-	-
Plant services	1,276,273	-	-
Facility acquisition and construction		26,156,767	1,366,523
Ancillary services	22,198	-	-
Other outgo	365,279	-	-
Debt service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	15,009,199	26,361,574	1,366,523
Excess (Deficiency) of Revenues Over Expenditures	271,036	(856,159)	29,312,662
Other Financing Sources (Uses)			
Transfers in	-	-	-
Other sources	-	-	-
Transfers out	(19,356)	-	-
Net Financing Sources (Uses)	(19,356)	-	-
NET CHANGE IN FUND BALANCES	251,680	(856,159)	29,312,662
Fund Balance - Beginning	4,053,792	6,724,410	2,976,640
Fund Balance - Ending	\$ 4,305,472	\$ 5,868,251	\$ 32,289,302

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

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013**

Capital Project Fund for Blended Component Unit	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 12,219,559
-	259,635	817,565
-	18,250	32,513,061
113,703	5,193,186	31,499,424
<u>113,703</u>	<u>5,471,071</u>	<u>77,049,609</u>
-	-	9,971,999
-	-	261,169
-	-	244,871
-	-	1,154,927
-	-	48,215
-	584,803	589,061
-	-	691,084
-	22,770	1,039,251
-	-	157,252
-	75,501	1,351,774
656,704	2,547,433	30,727,427
-	-	22,198
-	-	365,279
24,195,000	460,000	24,655,000
-	2,171,728	2,171,728
<u>24,851,704</u>	<u>5,862,235</u>	<u>73,451,235</u>
<u>(24,738,001)</u>	<u>(391,164)</u>	<u>3,598,374</u>
-	10,494,356	10,494,356
74,262,914	-	74,262,914
-	(10,475,000)	(10,494,356)
<u>74,262,914</u>	<u>19,356</u>	<u>74,262,914</u>
49,524,913	(371,808)	77,861,288
5,378,130	10,322,625	29,455,597
<u>\$ 54,903,043</u>	<u>\$ 9,950,817</u>	<u>\$ 107,316,885</u>

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

LAMMERSVILLE UNIFIED 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, 2013

Net Change in Fund Balances - Governmental Funds **\$ 77,861,288**

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 assets 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	\$ (1,765,373)	
Capital outlay	<u>29,838,772</u>	28,073,399

Increases in the liability for other postemployment benefits (OPEB) are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. Decreases to the liability are reported as expenditures in governmental funds, however, the payments reduce the long-term liability in the statement of net position. (81,461)

In the statement of activities, certain operating expenses, such as compensated absences (vacations) 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). (5,015)

In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issue costs are amortized over the life of the debt. The difference between debt issue costs recognized in the current period and issue costs amortized for the period is: 649,985

Proceeds from debt provided current financial resources to governmental funds. However, issuing debt increases long-term liabilities in the statement of net assets. This amount is the net effect of proceeds and issuance costs. (74,805,895)

Payment of costs for the issuance on bonds is an expenditure in the governmental funds, but is recorded as a prepaid expense and amortized on the statement of net position over the life of the bonds. (25,823)

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2013

Payment of principal on long-term obligations is an expenditure in the governmental funds, but it reduces long-term obligations in the statement of net position and does not affect the statement of activities.	24,375,000
Bond premiums are revenue in the governmental funds in the year bonds are issued, but are recorded as a long-term liability and amortized over the term of the bonds, in the statement of net position.	(503,303)
Bond discounts are expense in the governmental funds in the year bonds are issued, but are recorded as a long-term liability and amortized over the term of the bonds, in the statement of net position.	40,392
Interest on long-term obligations is recorded as an expenditure in the funds when it is due; however, in the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is paid.	(531,211)
An internal service fund is used by the District's management to charge the costs of the property and liability insurance program to the individual funds. The net revenue of the internal service fund is reported with governmental activities.	132,453
Change in Net Position of Governmental Activities	<u><u>\$ 55,179,809</u></u>

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2013**

	Governmental Activities - Internal Service Fund
	<u> </u>
ASSETS	
Current Assets	
Deposits and investments	\$ 795,320
Receivables	579
Total Current Assets	<u>795,899</u>
 LIABILITIES	
Current Liabilities	
Accounts Payable	<u>-</u>
Total Current Liabilities	<u>-</u>
 NET POSITION	
Unrestricted	<u>795,899</u>
Total Net Position	<u><u>\$ 795,899</u></u>

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

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

JUNE 30, 2013

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
Self-insurance premiums	\$ 184,000
OPERATING EXPENSES	
Contract service and operating expenses	<u>53,340</u>
Operating Income (Loss)	<u>130,660</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	<u>1,793</u>
Change in Net Position	132,453
Total Net Position - Beginning	<u>663,446</u>
Total Net Position - Ending	<u><u>\$ 795,899</u></u>

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

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
JUNE 30, 2013**

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from premiums	\$ 183,870
Cash paid for supplies and operating expenses	(53,340)
Net Cash Used by Operating Activities	<u>130,530</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	1,793
Net Increase in Cash and Cash Equivalents	<u>132,323</u>
Cash and Cash Equivalents - Beginning	<u>662,997</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 795,320</u></u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Adjustment to reconcile operating income to net cash provided by operating activities:	
Increase in accounts receivable	(130)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (130)</u></u>

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

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**FIDUCIARY FUNDS
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Agency Funds</u>
ASSETS	
Deposits and investments	\$ 63,026
Total Assets	<u>63,026</u>
LIABILITIES	
Due to student groups	63,026
Total Liabilities	<u>\$ 63,026</u>

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

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Lammersville Unified School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Trustees (the "Board") elected by registered voters of the District, which comprises an area in southern San Joaquin. The District was established in 1876 and serves students in grades K-8. The District operated four elementary schools during the year ended June 30, 2013.

A reporting entity is comprised of the primary government, component units, 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 Lammersville Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially responsible. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no component units.

Other Related Entities

Public Entity Risk Pools and Joint Powers Authorities The District is associated with three joint power agencies. These organizations do not meet the criteria for inclusion as component units of the District. Additional information is presented in Note 14 to the financial statements. These organizations are:

San Joaquin County School Workers' Compensation Insurance Group
San Joaquin County Schools Property and Liability Insurance Group
San Joaquin County Data Processing Group

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 three broad fund categories: governmental, proprietary, 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 following are the District's major and non-major governmental funds:

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Major Governmental Funds

General Fund The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California.

Capital Project Funds The Capital Project Funds are used to account for the acquisition and/or construction of all major governmental fixed assets. The District maintains the following capital project funds:

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

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), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grant, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070 et seq).

Capital Project Fund for Blended Component Units The Capital Project Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facility District and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains the following special revenue funds:

Cafeteria Fund The Cafeteria Fund is used to account for the financial transactions related to the food service operations of the District.

Deferred Maintenance Fund The Deferred Maintenance Fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (Education Code Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Special Reserve Fund for Other Than Capital Outlay Project The Special Reserve Fund for Other Than Capital Outlay Project is used primarily to provide for the accumulation of General Fund monies for general operating purposes other than for Capital Outlay (Education Code Section 42840).

Debt Service Funds The Debt Service Funds are used to account for the accumulation of resources for, and the debt service payments related to, the District's debt issuances.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Fiduciary Funds Fiduciary funds are used to account for assets held in trustee or agent capacity for other that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust fund, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to trust agreement that affects the degree of management involvement and the length of time that the resources are held.

Basis of Accounting – Measurement Focus

Government-Wide Financial Statements The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units.

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

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

Net position should be reported as restricted when constraints placed on net assets use 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 net assets use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary 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. The internal service fund is presented in a single column on the face of the proprietary fund statements.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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 balance 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 management focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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 45 or 60 days. However, to achieve comparability of reporting among California districts 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 districts" 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 gains, and other local sources.

Non-exchange transactions are when 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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue Deferred 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 legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

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

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments held at June 30, 2013, 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 investment pool are determined by the program sponsor.

Stores Inventory

Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and are charged as expenditures when used. Reported inventories are equally offset by nonspendable fund balance which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets. The District's cafeteria inventory valuation is First-in-First-out (FIFO).

Prepaid Expenditures

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when paid. The District did not have any prepaid expenditures to report as of June 30, 2013.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. 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 cost 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 assets. 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.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: land, 20 years; buildings and improvements, 7-50 years; equipment, 5-20 years; and vehicles, 8 years.

Interfund Balances

"In the financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables". These amounts are eliminated in the governmental column of the statement of net assets.

Compensated Absences

Accumulated unpaid vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net assets. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from government funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for repayment during the current year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Deferred Issuance Costs, Premiums and Discounts

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Fund Balance Reporting

The District reports fund balance within one of the following categories:

Nonspendable such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resources providers, or through enabling legislation,

Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District Board of Directors (the district's highest level of decision-making authority),

Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Committed Fund Balance Policy For funds that are determined to fall within the "Committed Fund Balance" classification, the Governing Board, as the District's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as a majority vote or resolution. These committed amounts cannot be used for any other purpose unless the Governing Board removes or changes the specific use through the same type of formal action taken to establish the commitment. Governing Board action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30th; however, the amount can be determined with the release of the financial statements.

Assigned Fund Balance Policy Amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. The District delegates the authority to assign amounts to be used for specific purposes to the Chief Business Official for the purpose of reporting these amounts in the financial statements.

Minimum Fund Balance Policy The purpose of the District's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels because of temporary revenue shortfalls or unpredicted one-time expenditures.

The District has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 3 percent of total General Fund expenditures, other uses and transfers out at the close of each fiscal year, consistent with the recommended level promulgated by the State of California.

Order of Fund Balance Spending Policy For which amounts in any of the unrestricted fund balance classifications could be used, the District's policy is to apply expenditures in the following order: committed, assigned, and then unassigned.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Net Position

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling of legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes in which both restricted and unrestricted net position is available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are in district premiums. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

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 1st 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 amendments have been accounted for. For purposes of the budget, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Property Tax

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

New Accounting Pronouncements

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 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 provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of 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.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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.

Statement No. 67, Financial Reporting for Pension Plans, revises existing standards of financial reporting for most pension plans. This Statement and Statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

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:

Contributions from employers and nonemployer 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, nonemployer 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.

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

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2013, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 137,868,794
Self Insurance fund	795,320
Fiduciary funds	63,026
Total Deposits and Investments	<u>\$ 138,727,140</u>

Deposits and investments as of June 30, 2013, consist of the following:

Cash on hand and in banks	\$ 149,407
Cash in revolving accounts	5,000
Cash with fiscal agent	54,903,043
Investments	83,669,690
Total Deposits and Investments	<u>\$ 138,727,140</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.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of 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	180 days	25%	10%
Negotiable Certificates of Deposit	1 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 Fund	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. As of June 30, 2013, the weighted average maturity of the investments contained in the Treasury investment pool was not available. The fair value of the deposit with the County Treasury at June 30, 2013 was \$8,387,029 and the weighted average maturity at the pool was less than one year.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the county pool is not required to be rated, nor has it been rated as of June 30, 2013.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local government units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2013, the District's bank balance was \$157,825 with a carrying amount of \$154,437. The District's bank balance was insured to \$154,437.

Custodial Credit Risks – Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments of collateral securities that are in possession of an outside party. The *California Government Code* and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

NOTE 3 – RECEIVABLES

Receivables at June 30, 2013, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Capital Facilities Fund	County School Facilities Fund	Non-Major Governmental Funds	Total	Self Insurance Funds
Federal Government						
Categorical aid	\$ 268,225	\$ -	\$ -	\$ 5,951	\$ 274,176	-
State Government						
Apportionment	1,713,375	-	-	-	1,713,375	-
Categorical aid	316,373	-	-	-	316,373	-
Other State	276,988	-	-	421	277,409	-
Local Government						
Interest	1,032	24,882	2,558	7,315	35,787	467
Other Local Sources	307,713	1,986	-	72	309,771	112
Total	<u>\$ 2,883,706</u>	<u>\$ 26,868</u>	<u>\$ 2,558</u>	<u>\$ 13,759</u>	<u>\$ 2,926,891</u>	<u>\$ 579</u>

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 1,541,705	\$ -	\$ -	\$ 1,541,705
Construction in Progress	6,695,153	28,760,665	11,382	35,444,436
Total Capital Assets Not Being Depreciated	8,236,858	28,760,665	11,382	36,986,141
Capital Assets Being Depreciated:				
Land Improvements	2,989,528	-	-	2,989,528
Buildings and Improvements	73,140,795	1,070,686	-	74,211,481
Furniture and Equipment	1,823,236	18,803	-	1,842,039
Total Capital Assets Being Depreciated	77,953,559	1,089,489	-	79,043,048
Total Capital Assets	86,190,417	29,850,154	11,382	116,029,189
Less Accumulated Depreciation:				
Land Improvements	1,214,216	140,307	-	1,354,523
Buildings and Improvements	8,349,847	1,527,153	-	9,877,000
Furniture and Equipment	811,888	97,913	-	909,801
Total Accumulated Depreciation	10,375,951	1,765,373	-	12,141,324
Governmental Activities Capital Assets, Net	<u>\$ 75,814,466</u>	<u>\$ 28,084,781</u>	<u>\$ 11,382</u>	<u>\$ 103,887,865</u>

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 1,716,166
School Site Administration	3,186
Home-to-School Transportation	12,557
All Other General Administration	29,457
Data Processing	4,007
	<u>\$ 1,765,373</u>

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivables and payable balances consist of amounts due to and due from other funds. Interfund receivable and payable balances at June 30, 2013 consist of the following:

Due To	Due From		Total
	General Fund	Non-Major Governmental Fund	
General Fund	\$ -	\$ -	\$ -
Non-Major Governmental Fund	29,754	-	29,754
Total	\$ 29,754	\$ -	\$ 29,754

Balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2013, consisted of the following:

Transfer To	Transfer From		Total
	General Fund	Non-Major Governmental Fund	
Non-Major Governmental Fund	19,356	10,475,000	\$ 10,494,356

Transfer from General Fund to Deferred Maintenance to replenish funds	\$ 19,356
Transferred from Debt Service Fund for Blended Component Units to Specials Reserve for Capital Outlay Projects Fund for capital improvements.	10,475,000
Total	\$ 10,494,356

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2013, consisted of the following:

	General Fund	Capital Facilities Fund	County Schools Facilities Fund	Other Non-Major Fund	Total
Vendor payables	\$ 2,389	\$ -	\$ -	\$ 31,173	\$ 33,562
Apportionments	176,760	-	-	-	176,760
Construction	-	3,697,240	101,637	2,379,769	6,178,646
Salaries and benefits	223,415	-	-	9,073	232,488
Total	<u>\$ 402,564</u>	<u>\$ 3,697,240</u>	<u>\$ 101,637</u>	<u>\$ 2,420,015</u>	<u>\$ 6,621,456</u>

NOTE 7 – DEFERRED REVENUE

Deferred revenue at June 30, 2013, consists of the following:

	General Fund
Federal categorical aid	\$ 1,813
Other Local	26,863,251
Total	<u>\$ 26,865,064</u>

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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, 2012	Additions	Deductions	Balance June 30, 2013	Due in One Year
General obligation bonds	\$ 50,655,000	\$ 43,917,914	\$ 24,375,000	\$ 70,197,914	\$ 215,000
Construction Loan	12,541,773	542,981	-	13,084,754	-
Lease Revenue Notes	-	30,345,000	-	30,345,000	-
Accumulated Vactaion	11,835	5,015	-	16,850	-
Net OPEB obligation	130,855	261,921	180,460	212,316	-
	<u>\$ 63,339,463</u>	<u>\$ 75,072,831</u>	<u>\$ 24,555,460</u>	<u>\$ 113,856,834</u>	<u>\$ 215,000</u>
Premium, net of Amortization	-	518,376	15,073	503,303	22,820
Discount, net of Amortization	-	(42,168)	(1,776)	(40,392)	(1,776)
	<u>\$ 63,339,463</u>	<u>\$ 75,549,039</u>	<u>\$ 24,568,757</u>	<u>\$ 114,319,745</u>	<u>\$ 236,044</u>

Bonds

The outstanding general obligation bonded debt of the District at June 30, 2013 is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 1, 2012	Issued	Redeemed	Outstanding June 30, 2013
9/12/2002	9/1/2032	3.75%-6.375%	\$ 25,000,000	\$ 24,195,000	\$ -	\$ 24,195,000	\$ -
8/4/2006	9/1/2035	3.9%-5.125%	25,000,000	24,650,000	-	150,000	24,500,000
7/17/2008	9/1/2038	3.5%-6.5%	1,895,000	1,810,000	-	30,000	1,780,000
6/21/2012	9/1/2032	0.00%-5.375%	24,352,914	-	24,352,914	-	24,352,914
2/7/2013	9/1/2037	2.00%-5.00%	19,565,000	-	19,565,000	-	19,565,000
				<u>\$ 50,655,000</u>	<u>\$ 43,917,914</u>	<u>\$ 24,375,000</u>	<u>\$ 70,197,914</u>

Special Tax Bonds

On September 12, 2002, the District, through the Community Facilities District, issued Special Tax Bonds (Bonds) in the amount of \$25,000,000 for the purpose of financing acquisition and construction of certain elementary school facilities to be owned and operated by the School District. The issuance was composed of \$3,985,000 Current Interest Serial Bonds and two Term Bonds for \$5,830,000 and \$15,185,000. The Current Interest Serial Bonds accrue interest up to a maximum of 6% per annum from the date of issuance and are payable semiannually on March 1 and September 1 of each year, commencing March 1, 2003. The Term Bonds accrue interest up to a maximum of 6.3 percent and 6.375 percent, respectively, per annum from the date of issuance and compound semiannually on March 1 and September 1 of each year, commencing on March 1, 2003.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

On August 4, 2006, the District through the Community Facilities District, issued Special Tax Bonds, (Bonds) in the amount of \$25,000,000 for the purpose of financing acquisition and construction of certain elementary school facilities to be owned and operated by the School District. The issuance was composed of \$2,650,000 Current Interest Serial Bonds and three term bonds of \$1,060,000, \$3,785,000, and \$17,505,000. The Current Interest Serial Bonds accrue interest up to a maximum of 4.875 percent per annum from the date of issuance and are payable semiannually on March 1 and September 1 of each year, commencing March 1, 2007. The Term Bonds accrue interest up to a maximum of 5 percent, 5.060 percent and 5.125 percent, respectively, per annum from the date of issuance and compound semiannually on March 1 and September 1 of each year, commencing on March 1, 2007.

On July 17, 2008, the District, through the Community Facilities District, issued Special Tax Bonds (Bonds) in the amount of \$1,895,000 for the purpose of financing acquisition and construction of certain elementary school facilities to be owned and operated by the School District. The issuance was composed of \$565,000 Current Interest Serial Bonds and two term bonds of \$315,000 and \$1,015,000. The Current Interest Serial Bonds accrue interest up to a maximum of 6 percent per annum from the date of issuance and are payable semiannually on March 1 and September 1 of each year, commencing March 1, 2009. The Term Bonds accrue interest up to a maximum of 6.4 percent and 6.625 percent, respectively, per annum from the date of issuance and compound semiannually on March 1 and September 1 of each year, commencing on March 1, 2009.

On June 21, 2012, the District, through the Community Facilities District, issued Special Tax Refunding Bonds in the amount of \$24,352,914 for the purpose of refunding the outstanding Special Tax Bonds issued on September 12, 2002. The Bonds are initially issued as Convertible Capital Appreciation Bonds and will accrete interest until their conversion date on September 1, 2015. After the conversion date, the Bonds will accrue interest up to a maximum of 5.3 percent payable semiannually on March 1 and September 1 of each year commencing on March 1, 2016.

On February 7, 2013, the District, through the Community Facilities District, issued Special Tax Bonds (Bonds) in the amount of \$19,565,000 for the purpose of financing acquisition and construction of certain public school facilities and improvements to be owned and operated by the School District. The issuance was composed of \$6,955,000 Current Interest Serial Bonds and one term bond of \$12,610,000. The Current Interest Serial Bonds accrue interest up to a maximum of 4.25 percent per annum from the date of issuance and are payable semiannually on March 1 and September 1 of each year, commencing September 1, 2013. The Term Bond accrue interest up to a maximum of 5.0 percent per annum from the date of issuance and compound semiannually on March 1 and September 1 of each year commencing September 1, 2013.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Debt Service Requirements to Maturity

The bonds mature through 2033 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2014	\$ 215,000	\$ 1,789,277	\$ 2,004,277
2015	2,260,000	2,169,605	4,429,605
2016	2,400,000	2,117,560	4,517,560
2017	1,070,383	4,268,735	5,339,118
2018	1,192,827	4,297,203	5,490,030
2019-2023	8,001,665	21,823,403	29,825,068
2024-2028	12,627,757	22,111,834	34,739,591
2029-2033	18,970,282	21,886,057	40,856,339
2034-2038	23,325,000	3,280,937	26,605,937
2039	135,000	8,775	143,775
Total	\$ 70,197,914	\$ 83,753,386	\$ 153,951,300

Construction Loan

On August 17, 2009, in accordance with the Shortfall Assurance Agreement, all costs related to the construction of Sebastian Quest Elementary School were paid up from by Shea Mountain House LLC (SMH) due to lack of construction funds received by the State. Any SMH shortfall funding advances will be reimbursed as per the School Facilities Mitigation Agreement, from with state construction funding received by the District, or a subsequent CFD bond sale. Interest is calculated using the Interest Rate Index.

Lease Revenue Note

On March 18, 2013, the District issued notes designated as Lammersville Schools Finance Authority 2013 Lease Revenue notes (Mountain High School Project) in the aggregate principal amount of \$30,345,000 (Lease Revenue Notes). The Lease Revenue Notes accrue interest of 1.950 percent per annum from the date of issuance and compound semiannually on October 1 and April 1 of each year commencing October 1, 2013. The entire principal amount is due on April 1, 2016.

Fiscal Year	Principal	Interest to Maturity	Total
2014		\$ 596,659	\$ 596,659
2015		591,728	591,728
2016	30,345,000	591,727	30,936,727
Total	\$ 30,345,000	\$ 1,780,114	\$ 32,125,114

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2013, amounted to \$16,850.

Other Postemployment Benefits (OPEB) Obligation

The District implemented GASBS No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2013. The District's annual required contribution for the year ended June 30, 2013 was \$255,378 and the District has made contributions of \$180,460 during the year, which resulted in an OPEB obligation of \$212,316. See Note 10 for additional information regarding the OPEB obligation and the postemployment benefit plan.

NOTE 9 – FUND BALANCES

Fund balances with reservations and designations are composed of the following elements:

	General Fund	Capital Facilities Fund	County School Facilities Fund	Capital Project Fund for Blended Component Unit	Non-Major Governmental Funds	Total
Fund Balances						
Nonspendable:						
Revolving cash	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Stores	-	-	-	-	7,720	7,720
Restricted for:						
Purpose of fund	223,598	5,868,251	32,289,302	54,903,043	9,825,946	103,110,140
Committed to:						
Purpose of fund	-	-	-	-	-	-
Assigned to:						
2013-14 1.0 FTE VP	110,366	-	-	-	-	110,366
2013-14 3.0 TK	213,942	-	-	-	-	213,942
2013-14 Step/Column	234,284	-	-	-	-	234,284
Mandated Costs	133,996	-	-	-	-	133,996
MAA Program	98,642	-	-	-	-	98,642
Other Assigned	526,182	-	-	-	117,151	643,333
Unassigned:						
Reserve for Economic Uncertainty	458,968	-	-	-	-	458,968
Other unassigned	2,300,494	-	-	-	-	2,300,494
Total Fund Balance	\$ 4,305,472	\$ 5,868,251	\$ 32,289,302	\$ 54,903,043	\$ 9,950,817	\$ 107,316,885

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 10 – 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 Lammersville Unified School District. The Plan provides medical, dental and vision insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 4 retirees and beneficiaries currently receiving benefits and 152 active plan members. The unfunded portion of annual required contributions (net OPEB obligation) is presented in the statement of net assets as a portion of long-term obligations.

	Board	Certificated	Classified
<u>Benefit Types Provided</u>	<u>Medical, Dental and Vision</u>	<u>Medical, Dental and Vision</u>	<u>Medical, Dental and Vision</u>
Duration of Benefits	Lifetime	To Age 65	To Age 65
Required Service	12 Years	10 years	15 years
Minimum Age	None	55	55
Dependent Coverage	Yes	No	No
District Contribution %	100%	100%	100%
District Cap	None	\$896/month	\$519/month

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through agreements between the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial accrued liabilities (UAAL) (or funding excess) for 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	\$ 255,378
Interest on net OPEB obligation	6,543
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>261,921</u>
Contributions made	<u>(180,460)</u>
Increase in net OPEB obligation	81,461
Net OPEB obligation, beginning of year	<u>130,855</u>
Net OPEB obligation, end of year	<u><u>\$ 212,316</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2013 was as follows:

Year Ended June 30	Annual OPEB cost (expense)	Percentage Contributed	Net OPEB Obligation
2011	\$ 188,985	78%	\$ 93,480
2012	\$ 191,103	80%	\$ 130,855
2013	\$ 261,921	69%	\$ 212,316

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of the occurrence of events far into the future. Examples include assumptions about future employment, mortality and the trend of healthcare costs. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continuous revisions as actual results are compared with past expectation and as new estimates are made concerning future events. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information regarding whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of implementation, only current year information is presented in these financial statements.

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 along with the historical pattern of the 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, 2012 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 7.0 percent initially, reduced by decrements to an ultimate rate of 5 percent after two years. Both rates included a one percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013 was 29 years.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 11 – 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, 2013, the District contracted for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years.

Coverage provided for property and liability and workers' compensation is as follows:

<u>Insurance Program/Company Name</u>	<u>Type of Coverage</u>	<u>Limits</u>
Arch Insurance Company Castle Point Insurance Company	Workers' Compensation	\$1,000,000
Statewide Association of Community Colleges	General Liability	\$2,000,000 with \$150,000 retention
Statewide Association of Community Colleges	Automobile	\$1,000,000 with \$150,000 retention
Statewide Association of Community Colleges	Property	\$3,000,000 with \$100,000 retention
Statewide Association of Community Colleges	Student Professional Liability	Included with \$5,000 retention

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 12 – EMPLOYEE RETIREMENT SYSTEMS

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

STRS

Plan Description

The District contributes to the California State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, with the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, 7667 Folsom Blvd., Sacramento, CA 95826.

Funding Policy

Active plan members are required to contribute 8.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-2013 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2013, 2012, and 2011, were \$616,447, \$533,040, and \$548,551 respectively, and equal 100 percent of the required contributions for each year.

PERS

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, and 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, CA 95814.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rates are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012-2013 was 11.417 percent of annual 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, 2013, 2012, and 2011, were \$213,302, \$172,689, and \$154,044, 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 (STRS or PERS) must be covered by Social Security or an alternative program. The District has elected to use the Social Security.

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to STRS in the amount of \$189,874 (2.541 percent of salaries subject to CalSTRS). No contributions were made for CalPERS for the year ended June 30, 2013. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures; however, guidance received from the California Department of Education advises local educational agencies not to record these amounts in the Annual Financial and Budget Report. These amounts have not been included in the budget amounts reported in the General Fund Budgetary Schedule. These amounts have not been recorded in these financial statements. On behalf payments have been excluded from the calculation of available reserves.

NOTE 13 – 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, 2013.

Litigation

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

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 14 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The Lammersville Unified School District participates in three joint ventures under joint powers agreements (JPA's): San Joaquin County Schools Workers' Compensation Insurance Group, San Joaquin County Property and Liability Insurance Group, and San Joaquin County Data Processing. The relationship between the Lammersville Unified School District and the JPA's are such that the JPA's are not component units of the Lammersville Unified School 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 generally available from the respective entities.

During the year ended June 30, 2013, the District made payments to the risk pools and joint powers agencies as follows:

Joint Power Authority	Payments Made
San Joaquin County Schools Workers' Compensation Insurance Group	\$ 192,417
San Joaquin County Property and Liability Insurance Group	106,590
San Joaquin County Data Processing	81,155

NOTE 15 – SUBSEQUENT EVENTS

On September 10, 2013, the District fully repaid the Lammersville Schools Finance Authority 2013 Lease Revenue notes (Mountain High School Project) in the aggregate principal amount of \$30,345,000 ("Lease Revenue Notes") and interest amount of \$259,703. The original due date of the entire principal amount of the Lease Revenue Notes was April 1, 2016.

On September 18, 2013, the District issued Special Tax Bond Series 2013 in the amount of \$22,910,000 with an interest rate of 3.00 to 6.00 percent. Multiple bonds were issued in the amount of \$6,790,000, \$6,005,000 and \$10,115,000. The Bonds will mature on September 1 of 2033, 2038, and 2043, respectively. The Bond is being issued to repay a developer of property in Improvement Area No. 1 for its advance of the costs of acquiring and constructing Questa Elementary School and related costs and expenses, and finance the acquisition and construction of certain public school facilities and improvements owned and operated by the School District. The bond will also be used to fund a reserve fund for the 2013 Bonds, and pay the cost of issuing the Bonds.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 16 – CHANGES IN ACCOUNTING PRINCIPLES

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The District has implemented the provisions of this statement for the year ended June 30, 2013.

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II - Required Supplementary Information

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LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual (GAAP Basis)	Variances -
	(GAAP Basis)			Positive
	Original	Final		(Negative)
				Final to Actual
REVENUES				
Revenue limit sources	\$ 11,744,106	\$ 12,158,902	\$ 12,219,560	\$ 60,658
Federal sources	466,031	806,926	557,930	(248,996)
Other State sources	1,569,677	1,843,383	1,824,259	(19,124)
Other local sources	457,651	672,988	677,843	4,855
Total Revenues	14,237,465	15,482,199	15,279,592	(202,607)
EXPENDITURES				
Current				
Certificated salaries	7,357,596	7,643,669	7,566,031	77,638
Classified salaries	1,328,023	1,634,871	1,602,485	32,386
Employee benefits	2,976,895	3,190,669	3,098,977	91,692
Books and supplies	432,597	722,656	572,774	149,882
Services and operating expenditures	1,375,615	2,133,861	1,826,425	307,436
Other outgo	238,660	359,413	365,279	(5,866)
Capital Outlay	-	10,500	-	10,500
Total Expenditures	13,709,386	15,695,639	15,031,971	663,668
Excess (Deficiency) of Revenues Over Expenditures	528,079	(213,440)	247,621	461,061
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	19,366	19,366	-
Net Financing Sources (Uses)	-	19,366	19,366	-
NET CHANGE IN FUND BALANCES	528,079	(194,074)	266,987	461,061
Fund Balance - Beginning, As Restated	4,053,792	4,053,792	4,053,792	
Fund Balance - Ending	\$ 4,581,871	\$ 3,859,718	\$ 4,320,779	\$ 461,061

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING
 PROGRESS AND EMPLOYER CONTRIBUTION
 JUNE 30, 2013**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Union Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Estimated Coverage Payroll (c)	UAAL as a Percentage of Covered Payroll ([b-a]/c)
July 1, 2009	\$ 380,348	\$ 872,316	\$ 491,968	43.6%	\$ 7,854,574	6.3%
July 1, 2009	\$ 380,348	\$ 872,316	\$ 491,968	43.6%	\$ 8,146,331	6.0%
July 1, 2012	\$ -	\$ 1,266,663	\$ 1,266,663	0.0%	\$ 9,340,710	13.6%

III - Supplementary Information

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LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

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):			
Title I - Part A, Basic Grants Low Income and Neglected	84.010	14329	\$ 148,328
Subtotal Title I Grants to Local Educational Agencies Cluster			<u>148,328</u>
Education Job Fund	84.410	25152	1,057
Title II - Improving Teacher Quality	84.367	14341	27,032
Title II - Principal Training	84.367	14344	809
Title III - Immigrant Education Program	84.365	14346	5,025
Title III - Limited English Proficient Student Program	84.365	10084	21,520
Individuals with Disabilities Education Act (IDEA) Cluster			
IDEA, Basic Local Assistance Entitlement, Part B	84.027	13379	312,759
IDEA, Preschool Grant, Part B	84.173	13430	7,220
IDEA, Preschool Local Entitlement, Part B	84.027A	13682	25,541
Subtotal Individuals with Disabilities Education Act (IDEA) Cluster			<u>345,520</u>
Total U.S. Department of Education			<u>549,291</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through California Department of Education:			
Child Nutrition Cluster			
National School Lunch	10.555	13391	235,508
School Breakfast Program	10.553	13526	24,127
Total U.S. Department of Agriculture			<u>259,635</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN RESOURCES			
Medical Billing Option	93.778	10113	5,472
Total Expenditures of Federal Awards			<u>\$ 814,398</u>

See accompanying note to supplementary information.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE FOR THE YEAR ENDED JUNE 30, 2013

ORGANIZATION

Lammersville Elementary School District was established in 1876 and is comprised of an area of approximately 27 square miles located in San Joaquin County. On January 25, 2011 the California State Superintendent of Public Instruction approved the reorganization of Lammersville Unified School District as Lammersville Joint Unified School District. On July 1, 2011, the unification to Lammersville Unified School District became effective and was replaced in its entirety by Lammersville Joint Unified School District. There were no changes in the boundaries of the District in the current year. The District operated four elementary schools during the year ended June 30, 2013.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Micaela Vergara	President	2014
Sharon Lampel	Clerk	2014
Matthew Balzarini	Member	2016
Shane Nielson	Member	2016
David Pombo	Member	2016

ADMINISTRATION

Dr. Kirk Nicholas	Superintendent
Dr. Khushwinder Gill	Assistant Superintendent Elementary Education
Alvina Keyser	Chief Business Official

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**SCHEDULE OF AVERAGE DAILY ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Second Period Report</u>	<u>Annual Report</u>
ELEMENTARY		
Kindergarten	284	286
First through third	808	813
Fourth through sixth	751	752
Seventh and eighth	434	434
Special Education	29	31
Total Elementary	<u>2,306</u>	<u>2,316</u>

See accompanying note to supplementary information.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2013**

Grade Level	1982-83	1982-83	1986-87	1986-87	2012-2013	Number of Days		Status
	Actual Minutes	Adjusted & Reduced	Minutes Requirement	Adjusted & Reduced	Actual Minutes	Traditional Calendar	Multitrack Calendar	
Kindergarten	31,500	N/A	36,000	N/A	63,160	180	N/A	Complied
Grades 1-3								
Grade 1	45,850	N/A	50,400	N/A	53,260	180	N/A	Complied
Grade 2	45,850	N/A	50,400	N/A	53,260	180	N/A	Complied
Grade 3	45,850	N/A	50,400	N/A	53,260	180	N/A	Complied
Grades 4-6								
Grade 4	56,525	N/A	54,000	N/A	59,515	180	N/A	Complied
Grade 5	56,525	N/A	54,000	N/A	59,515	180	N/A	Complied
Grade 6	56,525	N/A	54,000	N/A	59,515	180	N/A	Complied
Grades 7-8								
Grade 7	56,525	N/A	54,000	N/A	59,515	180	N/A	Complied
Grade 8	56,525	N/A	54,000	N/A	59,515	180	N/A	Complied

See accompanying note to supplementary information.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

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

FORM DEBT

Total Liabilities, June 30, 2013, Unaudited Actuals	\$ 85,720,166
Increase in:	
Lease Revenue Notes	30,345,000
Premium, net of Amortization	503,303
Discounts, net of Amortization	(40,392)
Decrease in:	
Construction Loan	(1,953,477)
Net OPEB obligation	(254,855)
Total Liabilities, June 30, 2013, Audited Financial Statements	<u>\$ 114,319,745</u>

FORM ASSET

Total Capital Assets, June 30, 2013, Unaudited Actuals	\$ 75,814,466
Increase in:	
Construction in Progress	28,749,283
Land and Building Improvements	1,070,686
Furniture and Equipment	18,803
Accumulated Depreciation	(1,765,373)
Total Capital Assets, June 30, 2013, Audited Financial Statements	<u>\$ 103,887,865</u>

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED JUNE 30, 2013**

	Special Reserve for Capital Outlay Projects Fund
	<hr/>
June 30, 2013 Annual Financial and Budget Report Fund Balance	\$ 9,045,780
Adjustments and Reclassifications Increasing (Decreasing) Fund Balances:	
Understatement of Revenue	-
Understatement of Expenditures	(1,018,189)
Net Adjustments and Reclassification	<hr/> (1,018,189)
June 30, 2013 Audited Financial Statements Fund Balance	<hr/> <hr/> \$ 8,027,591

Auditor's Comments

Expenditures of \$1,018,189 which was paid in the 13-14 school year should have been accrued and expensed in the year end June 30, 2013 for facility acquisition and construction.

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2013.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

	(Budget) 2014 ¹	2013	2012	2011
GENERAL FUND				
Revenues	\$ 15,917,932	\$ 15,280,235	\$ 14,276,465	\$ 12,870,624
Other sources and transfers in		-	-	-
Total Revenues	<u>15,917,932</u>	<u>15,280,235</u>	<u>14,276,465</u>	<u>12,870,624</u>
Expenditures	16,419,846	15,009,199	13,222,587	12,355,355
Other uses and transfers out	38,356	19,356	-	-
Total Expenditures and Other Uses	<u>16,458,202</u>	<u>15,028,555</u>	<u>13,222,587</u>	<u>12,355,355</u>
INCREASE (DECREASE) IN FUND BALANCE	<u>\$ (540,270)</u>	<u>\$ 251,680</u>	<u>\$ 1,053,878</u>	<u>\$ 515,269</u>
ENDING FUND BALANCE	<u>\$ 3,765,202</u>	<u>\$ 4,305,472</u>	<u>\$ 4,053,792</u>	<u>\$ 2,999,914</u>
AVAILABLE RESERVES ²	<u>\$ 2,227,605</u>	<u>\$ 2,759,462</u>	<u>\$ 866,012</u>	<u>\$ 1,372,975</u>
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO	<u>13.53%</u>	<u>18.36%</u>	<u>6.50%</u>	<u>11.10%</u>
LONG-TERM OBLIGATIONS	<u>\$ 83,738,701</u>	<u>\$114,319,745</u>	<u>\$ 63,339,463</u>	<u>\$ 63,682,850</u>
K-12 AVERAGE DAILY ATTENDANCE AT P-2	<u>2,431</u>	<u>2,306</u>	<u>2,114</u>	<u>1,952</u>

The General Fund balance has increased by \$1,305,558 over the past two years. The fiscal year 2013-2014 budget projects a budget decrease of \$540,270. For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating surplus in two of the past three years and anticipates incurring an operating deficit during the 2013-2014 fiscal year. The total long-term obligations have increased by \$50,636,895 over the past two years.

Average daily attendance has increased by 354 over the past two years. An increase of 125 ADA is anticipated during fiscal year 2013-2014.

¹ Budget 2014 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the General Fund.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

JUNE 30, 2013

Name of Charter School

Included in Audit Report

The District does not sponsor any charter schools.

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LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2013

	<u>Cafeteria Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Special Reserve for Capital Outlay Projects Fund</u>
ASSETS			
Deposits and investments	\$ 137,891	\$ 117,639	\$ 10,431,454
Receivables	6,462	66	5,921
Stores	7,720	-	
Total Assets	<u>152,073</u>	<u>117,705</u>	<u>10,437,375</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	9,426	554	2,409,784
Due to other funds	29,754	-	-
Total Liabilities	<u>39,180</u>	<u>554</u>	<u>2,409,784</u>
Fund Balances:			
Nonspendable	7,720	-	-
Restricted	105,173	-	8,027,591
Committed	-	-	-
Assigned	-	117,151	-
Unassigned	-	-	-
Total Fund Balance	<u>112,893</u>	<u>117,151</u>	<u>8,027,591</u>
Total Liabilities and Fund Balances	<u>\$ 152,073</u>	<u>\$ 117,705</u>	<u>\$ 10,437,375</u>

See accompanying note to supplementary information.

Debt service Fund for for Blended Component Units	Total Non-Major Governmental Funds
\$ 1,692,123	\$ 12,379,107
1,310	13,759
	7,720
<u>1,693,433</u>	<u>12,400,586</u>
251	2,420,015
-	29,754
<u>251</u>	<u>2,449,769</u>
-	7,720
1,693,182	9,825,946
-	-
-	117,151
<u>-</u>	<u>-</u>
<u>1,693,182</u>	<u>9,950,817</u>
<u>\$ 1,693,433</u>	<u>\$ 12,400,586</u>

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2013**

	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve for Capital Outlay Projects Fund
REVENUES			
Federal Sources	\$ 259,635	\$ -	\$ -
Other State sources	18,250	-	-
Other local sources	364,272	342	8,737
Total Revenues	642,157	342	8,737
EXPENDITURES			
Current			
Pupil services:			
Food services	584,803	-	-
Plant services	3,576	71,925	-
Facilities Acquisitions and Construction	-	-	2,547,433
Administration			
All other administration	22,770	-	-
Debt Service			
Principal	-	-	-
Interest and other	-	-	-
Total Expenditures	611,149	71,925	2,547,433
Excess (Deficiency) of Revenues Over Expenditures	31,008	(71,583)	(2,538,696)
Other Financing Sources (Uses)			
Transfers in	-	19,356	10,475,000
Transfer out	-	-	-
Net Financing Sources (Uses)	-	19,356	10,475,000
NET CHANGE IN FUND BALANCES	31,008	(52,227)	7,936,304
Fund Balance - Beginning	81,885	169,378	91,287
Fund Balance - Ending	\$ 112,893	\$ 117,151	\$ 8,027,591

See accompanying note to supplementary information.

Debt service Fund for for Blended Component Units	Total Non-Major Governmental Funds
\$ -	\$ 259,635
-	18,250
4,819,835	5,193,186
<u>4,819,835</u>	<u>5,471,071</u>
-	584,803
-	75,501
-	2,547,433
-	22,770
460,000	460,000
2,171,728	2,171,728
<u>2,631,728</u>	<u>5,862,235</u>
<u>2,188,107</u>	<u>(391,164)</u>
-	10,494,356
(10,475,000)	(10,475,000)
<u>(10,475,000)</u>	<u>19,356</u>
(8,286,893)	(371,808)
9,980,075	10,322,625
<u>\$ 1,693,182</u>	<u>\$ 9,950,817</u>

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2013

NOTE 1 – PURPOSES 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.

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. 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 either the 1982-83 actual minutes or the 1986-87 requirement, whichever is greater, as required by *Education Code* Section 46201. Senate Bill 2 of the 2009-10 Fourth Extraordinary Session (SBX4 2) allows for an equivalent five-day reduction to the required number of instruction minutes for the fiscal years 2009-10 through 2011-12.

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.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION JUNE 30, 2013

Charter School

This schedule represents a complete listing of all charter schools authorized by the District and indicates whether their financial activities and balances have been included in the District's annual audited financial statements for fiscal year ended June 30, 2013.

Non-Major Governmental Funds – Balance Sheet and Statement of Revenue, Expenditures and Change in Fund Balance

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

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IV - Independent Auditors' Reports

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Cichella & Tokunaga, LLP

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INDEPENDENT AUDITORS' 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
Lammersville Unified School District
Lammersville, 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 the Lammersville Unified School District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Lammersville Unified School District's basic financial statements, and have issued our report thereon dated December 4, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lammersville Unified 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 Lammersville Unified School District's internal control. Accordingly, we do not express an opinion of the effectiveness of Lammersville Unified 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 Lammersville Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Cedell + Tolson, LLP

El Dorado Hills, California
December 4, 2013

Cichella & Tokunaga, LLP

Certified Public Accountants

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

Governing Board
Lammersville Unified School District
Lammersville, California

Report on Compliance for Each Major Federal Program

We have audited Lammersville Unified 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 Lammersville Unified School District's (the District) major Federal programs for the year ended June 30, 2013. Lammersville Unified 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 Lammersville Unified 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 Lammersville Unified 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 Lammersville Unified School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Lammersville Unified 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, 2013.

Report on Internal Control Over Compliance

Management of Lammersville Unified 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 Lammersville Unified 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 Lammersville Unified 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.

Carroll & Tolman, LLP

El Dorado Hills, California
December 4, 2013

Cichella & Tokunaga, LLP

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Governing Board
Lammersville Unified School District
Lammersville, California

Report on State Compliance

We have audited Lammersville Unified School District's compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2012-2013* applicable to Lammersville Unified School District's government programs as noted below for the year ended June 30, 2013.

Management's Responsibility

Compliance with the requirements as identified in the *Standards and Procedures for Audit of California K-12 Local Educational Agencies 2012-2013* is the responsibility of Lammersville Unified School District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Lammersville Unified School District's compliance based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2012-2013*, as prescribed in the California Code of Regulations, Title 5, Section 19810 and following, 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 Lammersville Unified 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 Lammersville Unified School District's compliance with those requirements.

Unmodified Opinion

In our opinion, Lammersville Unified 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, 2013.

In connection with the audit referred to above, we selected and tested transactions and records to determine the Lammersville Unified 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	No, see below
Continuation education	10	Not applicable
Instructional Time:		
School districts	6	Yes
County offices of education	3	Not applicable
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
Class Size Reduction Program (including in Charter Schools):		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not applicable
District or charter schools with only one school serving K-3	4	Not applicable
After School Education and Safety Program		
General requirements	4	Not applicable
After school	5	Not applicable
Before school	6	Not applicable
Charter Schools:		
Contemporaneous records of attendance	1	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

The District's ADA for Independent Study was below the materiality level that requires testing; therefore we did not perform any testing of Independent Study ADA.

Cubell + Tolson, LLP

El Dorado Hills, California
December 4, 2013

V - Schedule of Findings and Questioned Costs

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LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs	

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173, 84.027A	Special Education Cluster
_____	_____
_____	_____
_____	_____

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditors' report issued on compliance for State programs:	
Unmodified for all programs?	<u>Yes</u>

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

None reported.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

None reported.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

None reported.

LAMMERSVILLE UNIFIED SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

There were no prior year findings reported for June 30, 2012.

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