

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
Elk Grove, California

**FINANCIAL STATEMENTS**  
June 30, 2013

**ELK GROVE UNIFIED SCHOOL DISTRICT**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2013**

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## INDEPENDENT AUDITOR'S REPORT

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

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Elk Grove 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 1 to the financial statements, in March 2012, the GASB issued Statement No. 65, "Items Previously Reported as Assets and Liabilities." The provisions of this Statement are effective for the District's fiscal year ended June 30, 2014, with earlier application being encouraged. The District has implemented this Statement retroactively for the year ended June 30, 2013 resulting in restated net position as of July 1, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement 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. 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 *Management's Discussion and Analysis* on pages 4 through 13 and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule and Schedule of Other Postemployment Benefits (OPEB) Fund Progress on pages 50 and 51 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Elk Grove Unified School District's financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the other supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of expenditures of federal awards and other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information, except for the Schedule of Financial Trends and Analysis, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

***Report on Other Legal and Regulatory Requirements***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2013 on our consideration of Elk Grove 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 Elk Grove Unified School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

Sacramento, California  
November 19, 2013



## Members of the Board

Jeanette J. Amavisca  
Priscilla S. Cox  
Carmine S. Forcina  
Steve Ly  
Chet Madison, Sr.  
Anthony "Tony" Perez  
Bobbie Singh-Allen

**Steven M. Ladd, Ed. D.**  
Superintendent  
(916) 686-7700

9510 Elk Grove-Florin Road, Elk Grove, CA 95624

## Management's Discussion and Analysis

The following discussion and analysis is reflecting the 2012/2013 school year. Elk Grove Unified School District is the 5th largest school district in California. Located in southern Sacramento County, the District covers 320 square miles, which is one-third of the county. The District operates 65 schools, consisting of 39 elementary schools (grades K-6), nine middle schools (grades 7-8), nine comprehensive high schools (grades 9-12), three continuation high schools, one special education school, one adult school, one independent study program, one charter school, and one virtual school. The District serves a diverse student population of approximately 61,000 students. More than 80 languages and dialects are spoken by over 10,000 of the students.

During the last decade Elk Grove Unified School District was one of the fastest growing school districts in the nation. The housing crisis and recession dramatically slowed the District's growth. Up until fiscal year 2004/05 the average yearly growth for the District was 5.53%. The District continued to grow during 2005/06 to 2007/08; however, there was a decrease in the rate of growth over the prior year. In 2008/09 the District experienced the first decline in the history of the district with a .23% decrease in enrollment over 2007/08. Enrollment during 2009/10 and 2010/11 resulted in a small increase in enrollment of approximately .5%. During 2011/12 the District experienced a slight decline of .65% and in 2012/13 there was an increase of approximately .26%

For the 2012/2013 school year the District employed on a regular basis 3,283 certificated employees, and 2,017 classified employees.

### Mission Statement and Core Values

On June 18, 2001 the Board of Trustees for Elk Grove Unified School District adopted a new Mission Statement. This statement reads:

**Elk Grove Unified School District will provide a learning community that challenges ALL students to realize their greatest potential.**

Coupled with this mission statement are the following Core Values:

- **Outcomes for students**
  - Achievement of core academic skills
  - Confident, effective thinkers and problem solvers
  - Ethical participants in society
- **Commitments about how we operate as an organization**
  - Supporting continuous improvement of instruction
  - Building strong relationships
  - Finding solutions
- **High expectations for learning for all students and staff**
  - Instructional excellence
  - Safe, peaceful, and healthy environment
  - Enriched learning atmosphere
  - Collaboration with diverse communities and families

This Mission Statement and Core Values are the basis and guiding principles for our District.



## Financial Reports

In June 1999, the Governmental Accounting Standards Board (GASB) issued Codification Section N50.118-.121 (formerly GASB 34), *Basic Financial Statements—and Management’s Discussion and Analysis—For State and Local Governments*. This standard significantly changed the way school districts report their finances to the public. While each individual fund is monitored, greater focus of financial reporting is now on the overall status of the local educational agency’s (LEA) financial health.

Fiscal year 2001/2002 was the first year the District accounted for the value of fixed assets and included these values as part of the financial statements. The value of all assets including land, buildings, equipment and depreciation, are now displayed as part of the statements as required by N50.118-.121. Net Position, the difference between the District’s assets and liabilities, are one way to measure the District’s financial health or position. Over time, increases or decreases in the District’s net position are one indicator of whether its financial position is improving or declining.

### Statement of Net Position

The *Statement of Net Position* for the 2012/13 year shows the District's net position as \$676,874,551. This amount includes the value of the land, buildings, and equipment (less depreciation) owned by the District as well as all liabilities such as bond repayment obligations. The table below summarizes the change in net position from 2011/12 to 2012/13.

<b>Statement of Net Position</b>		
	June 30, 2012	June 30, 2013
Assets other than capital	\$ 248,116,685	\$ 268,029,116
Capital assets net of accumulated depreciation	<u>734,445,865</u>	<u>710,541,275</u>
<b>Total assets</b>	<b><u>981,562,550</u></b>	<b><u>977,251,393</u></b>
Deferred loss on refunding of debt	-	473,422
Liabilities other than long term	70,610,114	94,405,746
Long term liabilities	<u>203,128,682</u>	<u>207,290,096</u>
<b>Total liabilities</b>	<b><u>273,738,796</u></b>	<b><u>301,695,842</u></b>
<b>Ending Net Position</b>	<b><u>\$ 707,823,754</u></b>	<b><u>\$ 676,874,549</u></b>

## Statement of Activities

<b>Governmental Activities</b>		
<b><u>Revenues</u></b>	June 30, 2012	June 30, 2013
Program Revenue:		
Charges for services	\$10,799,891	\$15,196,419
Operating grants & contributions	128,145,728	120,899,344
Capital grants & contributions	1,564,327	746,880
Taxes:		
Levied for general purpose	67,099,084	62,756,470
Levied for debt service	14,504,501	14,070,993
Levied for other specific purposes	991,673	257,794
Other Revenue:		
Federal and State aid	297,403,188	316,529,512
Interest and investment earnings	574,556	374,303
Interagency	2,346,216	2,236,693
Other	6,194,999	2,682,079
<b>Total Revenue</b>	<b>\$529,624,163</b>	<b>\$535,750,485</b>
<b><u>Expenses</u></b>		
Instruction	\$360,261,791	\$371,697,277
Instruction-related services	47,593,879	49,492,462
Pupil services	51,457,466	54,799,919
General administration	23,989,967	27,303,817
Plant services	40,323,787	43,920,158
Enterprise activities	6,718	(2,381)
Interest on long-term liabilities	8,540,080	10,816,348
Other outgo	7,511,894	6,975,236
<b>Total Expenses</b>	<b>\$539,685,582</b>	<b>\$565,002,836</b>
Change in Net Position	\$(10,061,419)	\$(29,252,349)
Net Position – Beginning	717,885,173	707,823,754
Cumulative effect of change in accounting principle		(1,696,854)
<b>Net Position – Ending</b>	<b>\$707,823,754</b>	<b>\$676,874,551</b>

## Financial Condition of the General Fund

In 2012/13 the State applied a deficit of 22.272% to the total revenue limit. Instead of receiving \$6,713.90 per ADA as the District should have received, the District received a net of \$5,216 per ADA for the 2012/13 school year. This is approximately \$575 less per ADA than what was received in 2007/08. Revenue limit income is the major component of the District's unrestricted income. The District relies on these revenues to cover cost increases for employee salaries and benefits, other fixed costs and also consider new programs from these monies. The following tables summarize fund balance changes and operational fund financial statements.

Summary of General Fund Financial Operations		
	June 30, 2012	June 30, 2013
Revenues	\$471,166,247	\$471,910,370
Expenditures	<u>(452,834,081)</u>	<u>(481,148,418)</u>
<b>Difference</b>	<b>\$ 18,332,166</b>	<b>\$ (9,238,047)</b>

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General Fund Change in Fund Balance			
	Restricted	Unrestricted	Total <sup>*Includes Revenue Li</sup>
June 30, 2012	<u>\$21,704,964</u>	<u>\$ 62,067,118*</u>	<u>\$83,772,082</u>
June 30, 2013	<u>22,782,793</u>	<u>51,751,242</u>	<u>74,534,035</u>
<b>Change</b>	<b>\$ 1,077,829</b>	<b>\$ (10,315,876)</b>	<b>\$ (9,238,047)</b>

2/13 District staff updated the Board of Education and stakeholders of the financial condition of the General Fund by way of routine Budget Update Reports at each of the Board of Education meetings. In addition, these updates along with other important financial news impacting the District were posted to the District's website to increase community awareness. In addition, the budget was updated to recognize changes in anticipated revenue and expenditures during interim reporting periods.

### General Fund Revenues

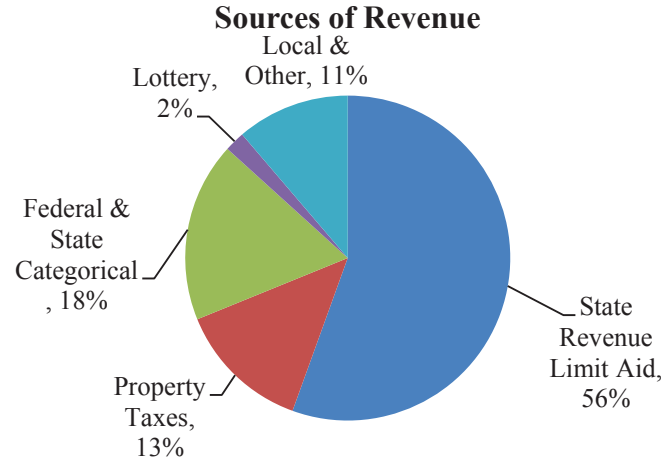
More than sixty-nine percent of the District's General Fund revenue is generated from the District's Revenue Limit. The Revenue Limit includes State Aid and property taxes and is based on a state-determined dollar amount times the average number of students who are in attendance throughout the school year.

The second biggest source of revenue is federal, state and local categorical income that must be spent for specific determined programs. Categorical programs amount to twenty-nine percent of the district's income. The two largest state categorical programs are funding for a portion of Special Education services and the K-3 Class-Size Reduction program.

The District's total resources for expenditures include a "beginning balance", which represents the unexpended balance from the prior year. During the 2012/13 school year, the District's total General Fund ending fund balance decreased by a little more than \$9 million.

## General Fund Sources

Sources Available	
State Aid	\$262,226,604
Property Taxes	62,188,505
<b>Total Revenue Limit</b>	<b>324,415,109</b>
Federal Revenue	32,566,696
Lottery	9,518,139
Other State Revenue	96,189,200
Local Revenue	9,221,226
<b>Total Revenue</b>	<b>\$471,910,370</b>
Beginning Fund Balance	83,772,082
<b>Total General Fund Sources</b>	<b>\$555,012,953</b>

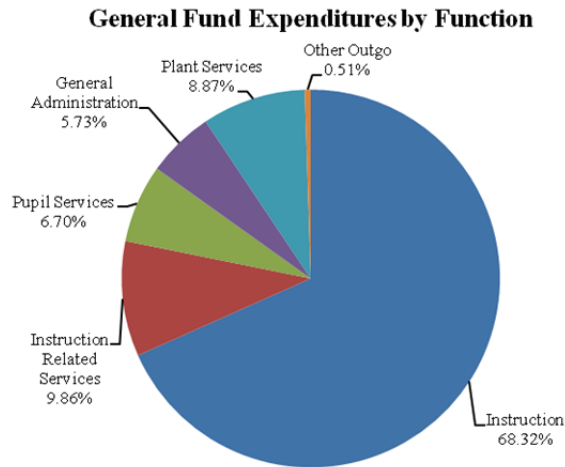
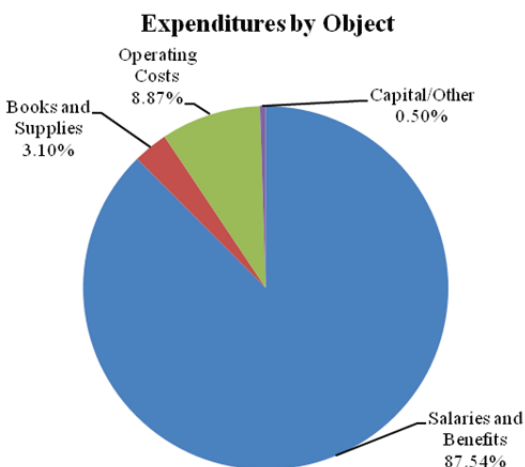


## General Fund Expenditures

Employee salary and benefit costs consume 87% of the District's general fund expenditures. Over 68% of the District's expenditures go directly to the classroom for instructional purposes. A significant portion of California school district income is restricted income and, as such can only be expended for selected purposes as determined by the allocating agency. The balance of the District's income is unrestricted since it can be expended as determined by the local agency for general educational purposes.

2012/13 General Fund Expenditures	
Salaries and Benefits	\$419,495,715
Books and Supplies	14,846,151
Operating Costs	42,490,660
Capital/Other	3,801,151
<b>Total Expenditures</b>	<b>\$479,231,971</b>
Restricted Ending Fund Balance	\$22,782,793
Designated Reserves*	51,751,242
<b>Total Ending Fund Balance</b>	<b>\$74,534,035</b>

\* Unrestricted Ending Fund Balance is comprised of the unrestricted undesignated amount and the designated reserves.



**Other Funds**

In addition to the General Fund, the District also has other funds which are designed to keep track of specific revenues and expenditures and are often required by State law. Following is a summary of fund balances for all other District funds:

<b>Fund Name</b>	<b>June 30, 2012 Ending Balance</b> <small>(amount in dollars)</small>	<b>June 30, 2013 Ending Balance</b> <small>(amount in dollars)</small>	<b>Change in Fund Balance</b> <small>(amount in dollars)</small>
Charter Schools	2,302,668	2,802,901	500,233
Adult Education	2,553,528	2,619,973	66,445
Child Development	19,874	19,572	(300)
Cafeteria	2,362,260	5,467,526	3,105,266
Deferred Maintenance	2,161,203	930,426	(1,230,777)
Capital Facilities	22,516,689	22,942,789	426,100
State School Facilities	16,916,623	19,385,622	2,468,999
Special Reserve for Capital Outlay	234,498	260,832	26,334
Capital Projects	26,517,380	23,598,995	(2,918,385)
Debt Service (Mello-Roos Administrative)	11,865,810	17,512,141	5,646,331

**Post Retirement Employee Benefits**

Elk Grove Benefits Employee Retirement Trust (EGBERT) was established on February 20, 1996, pursuant to an agreement among the bargaining units representing District employees and the District. This trust was established to provide health and welfare benefits as defined in Sections 3543.2 and 53200 of the Government Code through a Health and Welfare Plan for the retired eligible employees of the District and their eligible dependents. Participation in EGBERT is limited to District employees, their respective dependents, and board members who qualify pursuant to appropriate Education Code and Board policies. Additionally, employees who are not subject to the terms of a collective bargaining agreement but who otherwise qualify for retirement health benefits pursuant to Education Code and school district policy can participate in EGBERT.

**Mello Roos and Construction of New School Facilities**

Because of funding deficiencies associated with state funds and developer fees, the District, in 1987, reconfirmed the establishment of Elk Grove Unified School District Community Facilities District to implement a Mello-Roos Special Tax. The special tax is assessed to pay for the interest and principal repayment of issued bonds. The proceeds of the bonds are to be used for improvements to existing elementary, middle, and high schools and for new elementary, middle and high schools in the District and for other educational centers, support centers and improvements to school grounds. On April 28, 1987 the District passed a \$70,000,000 local bond measure to finance certain elementary and secondary school support facilities.

Due to continued growth and funding deficiencies, the District's Board of Education adopted resolutions on October 20, 1997 calling for an election to authorize the issuance of additional special tax bonds. On March 10, 1998, the registered voters within the boundaries of the District authorized the issuance of an additional \$205,000,000 principal amount of special tax bonds. The Mello-Roos funds are intended to provide a source of funds for the required matching of state funds. They also provide the funding for facility needs that are not funded by state funds or developer fees, and provide funding for modernization, deferred maintenance, additions, technology and student support services such as Transportation, Food and Nutrition Services, Police Services and Maintenance and Operations.

In November of 1998, the District issued its first series of special tax bonds pursuant to the 1998 Authorization in the principal amount of \$28,954,336. In November of 2001, November 2003, November 2005 and November of 2008 the District issued the second, third, fourth and fifth series of special tax bonds pursuant to the 1998 Authorization in the amounts of \$21,343,383, \$28,000,828, \$43,540,000 and \$31,226,133 respectively. A total of \$153,064,700 had been issued from the 1998 Authorization. On October 2, 2012, the Board approved Resolution 14, 2012-13, which authorized the issuance of the Sixth or 2012 Refunding Series bonds, not to exceed \$98,000,000. On November 13, 2012, the Board approved Resolution 21, 2012-13, which provided for the sale of \$84,065,000 Principal Amount for the 2012 Special Tax Refunding Bonds as authorized by Board Resolution 14, 2012-13. The refunding (commonly referred to as refinancing) was an opportunity for significant debt service savings that had transpired due to the fact that municipal bond rates were at historically low levels while at the same time certain outstanding bonds were callable starting December 1, 2012 for the first time in the history of EGUSD Community Facilities District #1. The 2012 Special Tax Refunding Bonds provided for the refunding the Series 1998 Bonds maturing December 1, 2013 through December 1, 2028, inclusive, the Series 2001 Bonds Maturing December 1, 2013 through December 1, 2031, inclusive, and the Series 2003 Bond maturing December 1, 2022 through December 1, 2033, inclusive, and for paying the costs of issuance of the Refunding Series 2012 Bonds. The total principal amount of outstanding special tax bonds that are repaid by the special tax levied on taxable land in the District is \$ 185,189,881. Over the next 4 to 7 years, the District is projecting a need to construct 2-3 new elementary schools, 1 middle school and 1 high school. The need to build these new schools depends on several variables not the least of which will be the speed of new residential development.

The majority of the District's capital assets are the land and buildings of the District with the majority of the assets being in the buildings. Buildings comprise approximately 78% of the district's capital assets. The work in progress on District buildings, i.e. modernizations as well as new construction, makes up approximately 1% of the District's capital assets. The land is approximately 14%, land improvements are 5% and equipment is 2%.

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

Following five years of the worst recession since the great depression resulting in state budget cuts that led to more than \$110 million in reductions to Elk Grove Unified School District (EGUSD), thanks to the voters' passage of Proposition 30, EGUSD is beginning to climb out of that fiscal crisis. However, uncertainty about the future of public education funding (while somewhat more positive) continues to be unpredictable due to national and global concerns. School districts are watching the impact of the federal budget, which very well could result in reductions to programs or a reduction in cash flows should governmental polarization lead to other budget showdowns.

Proposition 30 – The Schools and Local Public Safety Protection Act of 2012 – was successfully approved by voters on November 6, 2012, with 53.9% of the votes. Proposition 30 raises the income tax on single earnings over \$250,000 (or \$500,000 for couples) for seven years. It also increases state sales taxes by ¼ cent for four years.

For the first time since state budget cuts began in 2007, EGUSD did not have to make cuts for the current fiscal year, 2013/2014. While EGUSD's economic outlook has improved, the District must continue to address a structural deficit, as well as plan for annual cost increases and pent-up needs following years of reductions.

The State's 2013/2014 budget also included a new funding formula for school districts called the Local Control Funding Formula (LCFF). In its most simple form, this new model includes a base grant for each student and two additional grants (the Supplemental and Concentration grants) for students of low income, English learners and foster youth. The Concentration Grant is distributed to only those school districts with a district average of 55% or higher of students of low-income, English learners, and foster youth. EGUSD qualifies at 59% district average.

The LCFF requires community and parent input. On September 17, 2013, over 400 parents, students, staff and community members attended seven Community Budget Meetings with EGUSD Board members at seven locations throughout the district. The objectives of these meetings were to:

- Seek input for the Board's funding priorities;
- Engage the public in the budget development process; and
- Introduce California's new Local Control Funding Formula and Accountability Plan

As the district moves forward and gains a better understanding of this new formula and its requirements, more information will be shared on the District's Budget Watch website, with advisory committees and through schools.

Other factors impacting the district's future budget include rising costs in the area of annual employee step increases, health care, technology and fuel costs to name a few. Through negotiations an employer/employee shared cost model for health care costs was implemented for 2012/2013 with employees contributing 20% of cost and the District contributing 80% of the cost. In addition, as a result of negotiations, employees are also eligible to receive a 5% rebate by fulfilling a series of wellness items. The wellness items are part of the District's "Your Health, Your Choice – Celebrating Wellness at EGUSD" program. The program seeks to promote and support a healthy work environment, health awareness, individual responsibility for a healthy lifestyle, decreased risk of disease and enhanced quality of life for District personnel. The program provides opportunities, tools and resources that empower personnel to make healthy lifestyle

choices. The program which began in 2012/2013 was possible due a partnership and one year's funding with Kaiser Permanente. The shared cost model and rebate is continuing for 2013/2014 and is expected to continue for the foreseeable future. While the sponsored wellness program is no longer receiving funding from Kaiser Permanente, a district developed model is continuing through the local leadership of dedicated staff. For the 2013/2014 school year, Your Health, Your Choice will include monthly themes that are promoted by EGUSD on "Fitness Fridays."

As we look towards the future we have started to financially prepare for the allocation of state funds specifically directed for the implementation of the Common Core State Standards (CCSS). With regard to the implementation of the CCSS, there are costs associated with it such as professional development, the purchase and/or development of instructional materials and the purchase of technology. A significant portion of these funds will be dedicated to purchasing, and installing the technology infrastructure, computers and systems in order to accommodate the new testing system required by CCSS.

In Elk Grove Unified, we are preparing our students for college and careers in the 21<sup>st</sup> century. Understanding how to leverage technology in the classroom is part of that discussion. So too is connecting students with real-world experiences. The students graduating from the District will face a variety of changes such as the world of work, volatile world-wide economic ripples, the need to re-think the uses of energy, as well as the expansion of renewable energy sources and an expanding range of technology. We prepare our students to engage in this work, teach them to contribute to a better future and help them to navigate an ever-increasing interconnection of systems.

We also do this by helping our primary and intermediate students master reading, language and number sense. We teach them to learn to work and play in collaboration with each other. We introduce them to new ideas and concepts, and stretch their boundaries. Children begin to apply new knowledge acquired and instructional technology to their learning. In the upper elementary grades they begin to explore algebra and mathematical conceptualization. They begin to use scientific inquiry and they engage in social studies and community service projects.

In middle school, our students move from a more sheltered educational environment to several periods of instruction a day. They continue to build language skills and add new knowledge in a variety of subjects that prepares them to be productive in their future endeavors. It is a time when they begin to harness the passion of studies and build on their foundation for the future. Social team work, collaboration and project-based learning take greater form. Our students participate in community service, give back to society and eagerly look forward to the next step in their education.

In high school, our students continue to engage in the new three "R"s – rigor, relevance and relationships. Many add a fourth "R": responsibility. Our students are continuing to pass the California High School Exit Exam, tackling higher mathematics and demonstrating achievement evidenced by their successes by specializing in sciences, foreign languages and performing arts. They are using communications – reading, writing and technology – to express and research old and new ideas alike. Young people are gaining a sense of team work in athletics as well as in academics. Community service and leadership roles continue to bring students from observer to participant in preparation for post-secondary experiences.

The District's long-time commitment to connecting students with 21<sup>st</sup> century college and careers is being reinforced through a new statewide initiative – Linked Learning. EGUSD is one of 20 participating districts in this new four-and-a-half year state pilot program called "Linked Learning."



The district's 16 California Partnership Academies and their success in connecting academics to workforce development will be part of the focus of the program's implementation. Through Linked Learning, the district will enhance district-wide systems of support to increase access to career pathways for every student in EGUSD. The Elk Grove Unified School District also plans on serving as a model for other districts throughout California that are interested in starting or retooling their pathway programs.

## **BASIC FINANCIAL STATEMENTS**

ELK GROVE UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2013

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments (Note 2)	\$ 149,800,522
Receivables	113,388,300
Prepaid expenditures	1,872,383
Stores inventory	1,648,913
Non-depreciable capital assets (Note 4)	164,587,825
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>545,953,450</u>
Total assets	<u>977,251,393</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding of debt (Note 7)	<u>473,422</u>
<b>LIABILITIES</b>	
Accounts payable	22,243,635
Tax and Revenue Anticipation Note payable (Note 6)	50,000,000
Unearned revenue	4,990,533
Unpaid claims and claim adjustment expenses (Note 5)	16,326,000
Long-term liabilities (Note 7):	
Due within one year	5,438,375
Due after one year	<u>201,851,721</u>
Total liabilities	<u>300,850,264</u>
<b>NET POSITION</b>	
Net invested in capital assets	538,921,107
Restricted (Note 8)	121,690,749
Unrestricted	<u>16,262,695</u>
Total net position	<u>\$ 676,874,551</u>

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

**ELK GROVE UNIFIED SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2013**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenues and Changes in Net Position</u>
					<u>Governmental Activities</u>
Governmental activities (Note 4):					
Instruction	\$ 371,697,277	\$ 1,157,732	\$ 59,490,836	\$ 746,880	\$ (310,301,829)
Instruction-related services:					
Supervision of instruction	18,913,663	130,943	15,225,729	-	(3,556,991)
Instructional library, media and technology	2,581,897	50,456	238,043	-	(2,293,398)
School site administration	27,996,902	117,587	1,500,802	-	(26,378,513)
Pupil services:					
Home-to-school transportation	10,245,539	291,776	3,315,011	-	(6,638,752)
Food services	21,328,023	3,887,862	19,409,995	-	1,969,834
All other pupil services	23,226,357	191,606	10,282,613	-	(12,752,138)
General administration:					
Data processing	7,555,549	(295)	(212)	-	(7,556,056)
All other general administration	19,748,268	332,148	4,784,167	-	(14,631,953)
Plant services	43,920,158	1,087,276	1,537,602	-	(41,295,280)
Enterprise activities	(2,381)	-	-	-	2,381
Interest on long-term liabilities	10,816,348	-	-	-	(10,816,348)
Other outgo	6,975,236	7,949,328	5,114,758	-	6,088,850
	<u>\$ 565,002,836</u>	<u>\$ 15,196,419</u>	<u>\$ 120,899,344</u>	<u>\$ 746,880</u>	<u>(428,160,193)</u>
Total governmental activities					

General revenues:

Taxes and subventions:	
Taxes levied for general purposes	62,756,470
Taxes levied for debt service	14,070,993
Taxes levied for other specific purposes	257,794
Federal and state aid not restricted to specific purposes	316,529,512
Interest and investment earnings	374,303
Interagency revenues	2,236,693
Miscellaneous	2,012,578
Special and extraordinary items	<u>669,501</u>
Total general revenues	398,907,844
Change in net position	<u>(29,252,349)</u>
Net position, July 1, 2012, as previously reported	707,823,754
Cumulative effect of change in accounting principle	<u>(1,696,854)</u>
Net position, July 1, 2012, as restated	<u>706,126,900</u>
Net position, June 30, 2013	<u>\$ 676,874,551</u>

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

**ELK GROVE UNIFIED SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**June 30, 2013**

	<u>General Fund</u>	<u>Mello-Roos Adminis- trative Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments:				
Cash in County Treasury	\$ 43,190,693	\$ -	\$ 68,370,894	\$ 111,561,587
Cash with Fiscal Agent	492,191	17,510,323	4,435,022	22,437,536
Cash on hand and in banks	11,293	-	(70,834)	(59,541)
Cash in revolving fund	140,000	-	11,766	151,766
Cash awaiting deposit	1,572,785	-	389,244	1,962,029
Receivables	108,164,620	1,818	5,191,295	113,357,733
Prepaid expenditures	1,871,408	-	975	1,872,383
Due from other funds	1,989,448	-	2,017,221	4,006,669
Stores inventory	<u>547,168</u>	<u>-</u>	<u>1,101,745</u>	<u>1,648,913</u>
Total assets	<u>\$ 157,979,606</u>	<u>\$ 17,512,141</u>	<u>\$ 81,447,328</u>	<u>\$ 256,939,075</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 20,215,258	\$ -	\$ 1,290,343	\$ 21,505,601
TRAN payable	50,000,000	-	-	50,000,000
Unearned revenue	4,856,079	-	134,454	4,990,533
Due to other funds	<u>8,374,234</u>	<u>-</u>	<u>1,993,895</u>	<u>10,368,129</u>
Total liabilities	<u>83,445,571</u>	<u>-</u>	<u>3,418,692</u>	<u>86,864,263</u>
Fund balances:				
Nonspendable	2,558,576	-	1,114,486	3,673,062
Restricted	22,387,519	17,512,141	76,914,150	116,813,810
Assigned	39,587,940	-	-	39,587,940
Unassigned	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>
Total fund balances	<u>74,534,035</u>	<u>17,512,141</u>	<u>78,028,636</u>	<u>170,074,812</u>
Total liabilities and fund balances	<u>\$ 157,979,606</u>	<u>\$ 17,512,141</u>	<u>\$ 81,447,328</u>	<u>\$ 256,939,075</u>

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

ELK GROVE UNIFIED SCHOOL DISTRICT

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

June 30, 2013

Total fund balances - Governmental Funds \$ 170,074,812

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

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$1,102,986,481 and the accumulated depreciation is \$392,445,206 (Note 4). 710,541,275

In governmental funds, deferred inflows and deferred outflows of resources resulting from defeasance of debt are not recorded. In governmental activities, for advance refundings resulting in defeasance of debt reported in governmental activities, the difference between reacquisition price and the net carrying amount of the retired debt are reported as deferred outflows of resources: 473,422

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2013 consisted of (Note 7):

Mello-Roos bonds	\$ (185,189,882)	
Accreted interest on bonds	(9,221,208)	
Unamortized bond premiums	(72,224)	
Unamortized bond discounts	917,801	
Supplemental Employee Retirement Plan	(3,155,642)	
Post-retirement employee benefits (Note 10)	(714,588)	
Compensated absences	<u>(9,854,353)</u>	(207,290,096)

Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds. (687,315)

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net position for the Self-Insurance Fund total: 3,762,453

Total net position - governmental activities \$ 676,874,551

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

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGE IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Mello-Roos Adminis- trative Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Revenue limit sources:				
State apportionment	\$ 262,226,604	\$ -	\$ 1,893,892	\$ 264,120,496
Local sources	<u>62,188,505</u>	<u>-</u>	<u>-</u>	<u>62,188,505</u>
Total revenue limit	<u>324,415,109</u>	<u>-</u>	<u>1,893,892</u>	<u>326,309,001</u>
Federal sources	32,566,696	-	22,148,364	54,715,060
Other state sources	105,707,339	-	6,152,406	111,859,745
Other local sources	<u>9,221,226</u>	<u>14,109,695</u>	<u>19,524,799</u>	<u>42,855,720</u>
Total revenues	<u>471,910,370</u>	<u>14,109,695</u>	<u>49,719,461</u>	<u>535,739,526</u>
Expenditures:				
Certificated salaries	246,886,244	-	4,293,852	251,180,096
Classified salaries	62,046,817	-	10,409,455	72,456,272
Employee benefits	110,562,654	-	6,205,247	116,767,901
Books and supplies	14,846,151	-	10,783,115	25,629,266
Contract services and operating expenditures	42,490,660	-	3,214,977	45,705,637
Capital outlay	1,348,237	-	11,844,347	13,192,584
Other outgo	2,452,914	-	2,071,093	4,524,007
Debt service:				
Principal retirement	-	4,713,009	-	4,713,009
Interest	<u>-</u>	<u>10,379,951</u>	<u>-</u>	<u>10,379,951</u>
Total expenditures	<u>480,633,677</u>	<u>15,092,960</u>	<u>48,822,086</u>	<u>544,548,723</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(8,723,307)</u>	<u>(983,265)</u>	<u>897,375</u>	<u>(8,809,197)</u>
Other financing sources (uses):				
Operating transfers in	1,401,707	-	19,788,103	21,189,810
Operating transfers out	(1,916,447)	(890,746)	(18,382,617)	(21,189,810)
Proceeds from issuance of bonds	-	83,923,948	141,052	84,065,000
Refunding of bonds	-	(37,996,050)	-	(37,996,050)
Accreted interest on Refunded bonds	-	(34,395,649)	-	(34,395,649)
Other financing uses	<u>-</u>	<u>(4,011,907)</u>	<u>-</u>	<u>(4,011,907)</u>
Total other financing sources (uses)	<u>(514,740)</u>	<u>6,629,596</u>	<u>1,546,538</u>	<u>7,661,394</u>
Net change in fund balances	(9,238,047)	5,646,331	2,443,913	(1,147,803)
Fund balances, July 1, 2012	<u>83,772,082</u>	<u>11,865,810</u>	<u>75,584,723</u>	<u>171,222,615</u>
Fund balances, June 30, 2013	<u>\$ 74,534,035</u>	<u>\$ 17,512,141</u>	<u>\$ 78,028,636</u>	<u>\$ 170,074,812</u>

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

ELK GROVE UNIFIED SCHOOL DISTRICT

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

For the Year Ended June 30, 2013

Net change in fund balances - Total Governmental Funds	\$ (1,147,803)
Amounts reported for governmental activities in the statement of activities are different because:	
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	\$ 13,665,151
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(36,569,741)
Proceeds from debt are recognized as other financing sources in the governmental funds, but increases the long-term liabilities in the statement of net position (Note 7).	(84,065,000)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 7).	4,713,009
Refunding of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 7).	37,996,050
Refunding of accreted interest on bonds is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 7).	34,395,649
Accreted interest is an expense that is not recorded in the governmental funds (Note 7).	773,760
In government funds, expenses related to the supplemental employee retirement program are measured by the amounts paid in the year. In the statement of activities, SERP is recognized on the accrual basis (Note 7).	1,577,821
Post employment benefits other than pension (OPEB) are recognized when employer contributions are made in the governmental funds, and in the statement of activities are recognized on the accrual basis (Note 7).	(196,164)
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 7).	(202,116)
Amortization of bond issuance premiums and discounts is not recorded in the governmental funds (Note 7).	133,690

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



ELK GROVE UNIFIED SCHOOL DISTRICT

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

For the Year Ended June 30, 2013

(Continued)

Interest on long-term liabilities is recognized in the period that it becomes due. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:	\$	(236,635)	
In governmental funds, deferred outflows of resources are not recognized. In the government-wide statements, deferred outflows of resources amortized over the life of the debt.		473,422	
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Change in net position for the Self-Insurance Fund is:		<u>(563,442)</u>	<u>(28,104,546)</u>
Change in net position of governmental activities			<u>\$ (29,252,349)</u>

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

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUND**  
**SELF-INSURANCE FUND**

**June 30, 2013**

**ASSETS**

Cash and investments:	
Cash in County Treasury	\$ 13,082,276
Cash on hand and in banks	664,869
Receivables	30,567
Due from District	<u>6,361,460</u>
 Total assets	 <u>20,139,172</u>

**LIABILITIES**

Accounts payable	50,719
Unpaid claims and claim adjustment expenses	<u>16,326,000</u>
 Total liabilities	 <u>16,376,719</u>

**NET POSITION**

Restricted	<u><u>\$ 3,762,453</u></u>
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The accompanying notes are an integral  
part of these financial statements.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN**  
**FUND NET POSITION - PROPRIETARY FUND**

**SELF-INSURANCE FUND**

**For the Year Ended June 30, 2013**

Operating revenues:	
Self-insurance premiums	<u>\$ 6,361,460</u>
Operating expenses:	
Classified salaries	181,407
Employee benefits	79,883
Books, supplies and other expenses	13,405
Provision for unpaid claims and claim adjustment expenses	<u>6,736,206</u>
Total operating expenses	<u>7,010,901</u>
Operating loss	(649,441)
Non-operating revenue:	
Interest income	<u>85,999</u>
Change in net position	(563,442)
Net position, July 1, 2012	<u>4,325,895</u>
Net position, June 30, 2013	<u><u>\$ 3,762,453</u></u>

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

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**SELF-INSURANCE FUND**

**For the Year Ended June 30, 2013**

Cash flows from operating activities:	
Cash received from self-insurance premiums	\$ 3,393,843
Cash paid for salaries, benefits and services	(271,407)
Cash paid for claims	<u>(5,674,015)</u>
Net cash used in operating activities	(2,551,579)
Cash flows provided by investing activities:	
Interest income received	<u>85,999</u>
Decrease in cash and investments	(2,465,580)
Cash and investments, July 1, 2012	<u>16,212,725</u>
Cash and investments, June 30, 2013	<u><u>\$ 13,747,145</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	<u>\$ (649,441)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in:	
Receivables and other assets	489,313
Due from District	(3,456,130)
Increase in:	
Accounts payable	1,679
Unpaid claims and claim adjustment expenses	<u>1,063,000</u>
Total adjustments	<u>(1,902,138)</u>
Net cash used in operating activities	<u><u>\$ (2,551,579)</u></u>

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

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**TRUST AND AGENCY FUNDS**

**June 30, 2013**

	<u>Trust Fund</u>	<u>Agency Fund</u>	
	<u>Scholar-</u>	<u>Student</u>	<u>Total</u>
<b>ASSETS</b>	<b>Fund</b>	<b>Body</b>	
Cash on hand and in banks (Note 2)	\$ 53,337	\$ 4,583,297	\$ 4,636,634
Stores inventory	<u>-</u>	<u>29,290</u>	<u>29,290</u>
Total assets	<u>53,337</u>	<u>4,612,587</u>	<u>4,665,924</u>
<b>LIABILITIES</b>			
Due to students/student groups	<u>-</u>	<u>4,612,587</u>	<u>4,612,587</u>
<b>NET POSITION</b>			
Restricted (Note 8)	<u>\$ 53,337</u>	<u>\$ -</u>	<u>\$ 53,337</u>

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

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**  
**TRUST FUND**

**For the Year Ended June 30, 2013**

	<b>Scholarship Fund</b>
Revenues:	
Other local sources	\$ 7,892
Expenditures:	
Contract services and operating expenditures	<u>9,252</u>
Change in net position	(1,360)
Net position, July 1, 2012	<u>54,697</u>
Net position, June 30, 2013	<u><u>\$ 53,337</u></u>

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

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Elk Grove Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity

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

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America and Governmental Accounting Standards Board Codification Section 2100. The three criteria for requiring a legally separate organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion.

The District and Elk Grove Unified School District Community Facilities District No. 1 (the "Facilities District") have a financial and operational relationship such that the Facilities District is included as a blended component unit of the District. Therefore, the financial activities of the Facilities District have been included in the financial statements of the District (see Note 13).

Basis of Presentation - Financial Statements

The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations; financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Revenues, Expenditures and Change in Fiduciary Net Position at the fund financial statement level.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Presentation - Government-Wide Financial Statements (Continued)

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-121.

*Program revenues:* Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

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

Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A - Major Funds

1 - General Fund:

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



**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Presentation - Fund Accounting (Continued)

A - Major Funds (Continued)

2 - Mello-Roos Administrative Fund:

The Mello-Roos Administrative Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

B - Other Funds:

1 - Special Revenue Funds:

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

2 - Capital Projects Funds:

Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities and equipment. This includes the Capital Facilities, Capital Projects, State School Facilities and Special Reserve for Capital Outlay Funds.

3 - Self-Insurance Fund:

The Self-Insurance Fund is an Internal Service Fund used to account for services rendered on a cost-reimbursement basis within the District to provide workers' compensation benefits to District employees.

4 - Expendable Trust Funds:

The Expendable Trust Funds are used to account for assets held by the District as Trustee. The District maintains two trust funds: the Scholarship Fund, which is used to provide financial assistance to students of the District; and the Deferred Compensation Trust Fund, which accounts for a voluntary deferred compensation plan for employees.

5 - Student Body Funds:

Student Body Funds are Agency Funds used to account for the various funds for which the District has an agency relationship with the activity of the fund. The Student Body Funds account for the receipt and disbursement of monies from the student activity organizations.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

A - Accrual

Governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

B - Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible in the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting

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

Receivables

Receivables are made up principally of amounts due from the State of California for Revenue Limit funding and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2013.

Stores Inventory

Inventory is stated at cost (average cost) which does not exceed replacement cost. Inventory consists of expendable supplies held for future use in the following period by the District's operating units, transportation supplies, and food held for consumption. Maintenance and other supplies held for physical plant repair are not included in inventory; rather, these amounts are recorded as expenditures when purchased.

# ELK GROVE UNIFIED SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Capital Assets

Capital assets purchased or acquired, with an original cost of \$10,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 4 - 30 years depending on asset types.

#### Compensated Absences

Compensated absences benefits totaling \$9,854,353 are recorded as a liability of the District.

#### Accumulated Sick Leave

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken since such benefits do not vest nor is payment probable. However, unused sick leave is added to the creditable service period for calculation of retirement benefits for vested STRS and PERS employees, when the employee retires.

#### Unearned Revenue

Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

#### Restricted Net Position

Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for unspent categorical program revenues represents the portion of net position restricted to specific program expenditures. The restrictions for special revenues, capital projects and debt service represents the portion of net position restricted for those special purposes. The restriction for self-insurance represents the portion of net position restricted for self-insured workers' compensation claims. The restriction for scholarships represents net position which is to be used to provide financial assistance to students of the District. It is the District's policy to use restricted net position first, when allowable expenditures are incurred.

#### Fund Balance Classifications

Governmental Accounting Standards Board Codification Sections 1300 and 1800, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Balance Classifications (Continued)

A - Nonspendable Fund Balance:

The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash, prepaid expenditures and stores inventory.

B - Restricted Fund Balance:

The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide and fiduciary trust fund statements.

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2013, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel within the District to assign fund balances, however, as of June 30, 2013, no such designation occurred.

E - Unassigned Fund Balance:

In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Balance Policy

The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and lastly unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2013, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Custodial Relationships

The Statement of Net Position for Fiduciary Funds represents the assets, liabilities and trust and agency accounts of various student organizations and scholarship funds within the District. As the funds are custodial in nature, no measurement of operating results is involved. The District's deferred compensation investment and liability is also recorded in the Fiduciary Funds.

Deferred Compensation

The District has established a voluntary deferred compensation plan for its employees. The agreements provide for periodic payroll deductions from the participating employees.

Property Taxes

Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Sacramento bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Encumbrances

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

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus. The Statement improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues. This statement was adopted for the District’s fiscal year ended June 30, 2013 with no material impact on the District.

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The Statement incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure. This statement was adopted for the District’s fiscal year ended June 30, 2013 with no material impact on the District.

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 a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). This Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of GASB Statement No. 34, Basic Financial Statement – and Management’s Discussion and Analysis – for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net position. This statement was adopted for the District’s fiscal year ended June 30, 2013 with no material impact on the District.

## ELK GROVE UNIFIED SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### New Accounting Pronouncements (Continued)

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. 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 the District's fiscal year ended June 30, 2014, with earlier application being encouraged. Based on the implementation of Statement 65 the District's 2013 beginning net position was restated by \$1,696,854 because bond issuance costs were no longer capitalized. In addition, the District recorded a deferred outflow due to a loss on refunding of debt totaling \$473,422.

In March 2012, the GASB issued Statement No. 66, Technical Corrections – 2013, an amendment of GASB Statements No. 10 and No. 61. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 64, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements. This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, Districts should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement No. 54 and Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. The provisions of this Statement are effective for the District's fiscal year ended June 30, 2014, with earlier application encouraged. Management has not determined what impact, if any, this GASB statement will have on the District's financial statements.

**ELK GROVE UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

New Accounting Pronouncements (Continued)

In June 2012, the GASB issued Statement No. 67, Financial Reporting for Pension Plans. This Statement replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement No. 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. This Statement is effective for the District's financial period beginning June 30, 2014. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This Statement is effective for the District's financial period beginning June 30, 2015. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

**2. CASH AND INVESTMENTS**

Cash and investments at June 30, 2013 are reported at fair value and consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Cash:		
Cash in County Treasury	\$ 124,643,863	\$ -
Cash with Fiscal Agent	22,437,536	-
Cash on hand and in banks	605,328	4,636,634
Revolving cash fund	151,766	-
Cash awaiting deposit	<u>1,962,029</u>	<u>-</u>
Total cash	<u>\$ 149,800,522</u>	<u>\$ 4,636,634</u>



**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**2. CASH AND INVESTMENTS (Continued)**

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Sacramento County Treasury. Cash in Sacramento County Treasury consists of cash deposited in the interest-bearing Sacramento County Treasurer's Pooled Surplus Investment Fund. Investments are recorded at cost which approximates fair value. Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classification is required. The District's deposits in the Fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The Sacramento County Treasurer has indicated there are no derivatives in the pool as of June 30, 2013.

Cash with Fiscal Agent

Cash with Fiscal Agent represents amounts held in the District's name with third party custodians, primarily for debt service and capital expenditures.

Custodial Credit Risk

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2013, the carrying amount of the District's accounts was \$5,393,728 and the bank balance was \$5,586,258. \$662,281 of the bank balance was FDIC insured and \$4,923,977 remained uninsured, but collateralized.

Investment Interest Rate Risk

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2013, the District had no significant interest rate risk related to cash and investments held.

Investment Credit Risk

The District has adopted the County Treasurer's formal investment policy that limits its investment choices other than the limitations of state law.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**3. INTERFUND TRANSACTIONS**

Interfund Activity

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

Interfund Receivables/Payables

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

Fund	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
General	\$ 1,989,448	\$ 8,374,234
Non-Major Funds:		
Charter Schools	-	1,564
Adult Education	800,000	170,940
Child Development	242,592	625,730
Cafeteria	972,129	1,191,967
Capital Facilities	-	855
State School Facilities	621	1,854
Capital Projects	1,879	985
Proprietary Fund:		
Self-Insurance	6,361,460	-
Total	\$ 10,368,129	\$ 10,368,129

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**3. INTERFUND TRANSACTIONS (Continued)**

Interfund Transfers

Interfund transfers for the 2012-2013 fiscal year were as follows:

Transfer from the General Fund to the Cafeteria Fund for indirect costs.	\$ 960,356
Transfer from the General Fund to the Adult Education Fund for contributions.	800,000
Transfer from the General Fund to the Child Development Fund for Cal-Safe Child Care funding.	45,635
Transfer from the General Fund to the Child Development Fund for contributions.	94,956
Transfer from the General Fund to the Capital Projects Fund for the computer lab project at Monterey Trail High School.	15,500
Transfer from the Adult Education Fund to the General Fund for indirect costs.	201,665
Transfer from the Child Development Fund to the General Fund for indirect costs.	232,915
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	966,347
Transfer from the Charter Schools Fund into the General Fund for indirect costs.	780
Transfer from Charter Schools Fund to State School Facilities fund for contribution to fencing and shade structure.	19,950
Transfer from Capital Facilities Fund to State School Facilities Fund to augment Miwok Village project, Dillard Elementary project, Ad-Up Hours at Consumnes Oaks High School, Anatolia Elementary project, Mix Elementary project, Pleasant Grove High School Ag project, preliminary architect plans for Anatolia Elementary, and legal expenses for Anatolia Elementary.	5,216,783
Transfer from State School Facilities Fund to the Capital Facilities Fund to return unused funds for Consumnes River Elementary.	3,410,115
Transfer from the Capital Facilities Fund to the State School Facilities Fund to augment Mix Elementary project.	8,334,062
Transfer from the Mello-Roos Administrative Fund to the Capital Projects Fund for excess special tax monies.	<u>890,746</u>
	<u><u>\$ 21,189,810</u></u>

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**4. CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2013 is shown below:

	Balance July 1, <u>2012</u>	Transfers and <u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2013</u>
Non-depreciable:				
Land	\$ 149,590,880	\$ 2,001,801	\$ -	\$ 151,592,681
Work in progress	12,630,862	4,290,926	(3,926,644)	12,995,144
Depreciable:				
Improvement of sites	53,039,168	2,133,804	-	55,172,972
Buildings	847,271,609	8,033,526	-	855,305,135
Equipment	<u>26,951,722</u>	<u>1,131,738</u>	<u>(162,911)</u>	<u>27,920,549</u>
Totals, at cost	<u>1,089,484,241</u>	<u>17,591,795</u>	<u>(4,089,555)</u>	<u>1,102,986,481</u>
Less accumulated depreciation:				
Improvement of sites	16,428,127	2,266,779	-	18,694,906
Buildings	320,123,777	32,807,329	-	352,931,106
Equipment	<u>19,486,472</u>	<u>1,495,633</u>	<u>(162,911)</u>	<u>20,819,194</u>
Total accumulated depreciation	<u>356,038,376</u>	<u>36,569,741</u>	<u>(162,911)</u>	<u>392,445,206</u>
Capital assets, net	<u>\$ 733,445,865</u>	<u>\$ (18,977,946)</u>	<u>\$ (3,926,644)</u>	<u>\$ 710,541,275</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	<u>\$ 36,569,741</u>
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At June 30, 2013, the District had outstanding construction contract commitments of approximately \$3.1 million.

**5. SELF-INSURANCE**

The District is self-insured for workers' compensation, dental and vision claims. For accounting and reporting purposes, the District has established a separate Self-Insurance Fund for workers' compensation. For the year ended June 30, 2013, the District provides coverage up to a maximum of \$500,000 for each workers' compensation claim. The District participates in a public entity risk pool for claims in excess of coverage provided by the Fund (Note 12). In fiscal year 2012-13 settled claims did not exceed the coverage level provided by the Fund and no claims were made of the excess coverage.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**5. SELF-INSURANCE (Continued)**

The claims liability of \$16,326,000 at June 30, 2013 was actuarially determined based on the requirements of Governmental Accounting Standards Statement No. 10. This liability was discounted using an expected future investment yield assumption of 4 percent.

Changes in the District's unpaid claims and claim adjustment expenses for the years ended June 30, 2013 and June 30, 2012 was as follows:

	Unpaid Claims and Claim Adjustment Expenses July 1	Incurred Claims	Claims Payments	Unpaid Claims and Claim Adjustment Expenses June 30
2012/2013	<u>\$ 15,263,000</u>	<u>\$ 5,149,287</u>	<u>\$ (4,086,287)</u>	<u>\$ 16,326,000</u>
2011/2012	<u>\$ 14,331,000</u>	<u>\$ 7,311,104</u>	<u>\$ (6,379,104)</u>	<u>\$ 15,263,000</u>

**6. TAX AND REVENUE ANTICIPATION NOTE PAYABLE**

On March 7, 2013, the District issued \$50,000,000 of Tax and Revenue Anticipation Note (TRAN) maturing on October 1, 2013, with an interest rate of 2.75%, to provide for anticipated cash flow deficits from operations. The TRAN is a general obligation of the District and is payable from revenues and cash receipts generated by the District during the fiscal year ended June 30, 2013. As of June 30, 2013 the District is fully utilizing the cash from the TRAN and has recorded a liability of \$50,000,000 in the basic financial statements. The TRAN was repaid in October 2013.

**7. LONG-TERM LIABILITIES**

Mello-Roos Bonds Payable

A summary of Mello-Roos Bonds payable at June 30, 2013 follows:

<u>Series</u>	<u>Interest Rate</u>	<u>Original Maturity</u>	<u>Balance July 1, 2012</u>	<u>Current Year Issuance</u>	<u>Current Year Maturities</u>	<u>Balance June 30, 2013</u>
1995	4.0 - 6.5%	2024	\$ 18,618,257	\$ -	\$ 954,509	\$ 17,663,748
1998	4.0 - 8.0%	2028	20,460,321	-	20,460,321	-
2001	3.0 - 3.6%	2031	11,878,383	-	11,878,383	-
2003	2.1 - 4.6%	2033	20,885,847	-	8,870,846	12,015,001
2005	4.0 - 4.6%	2035	40,765,000	-	545,000	40,220,000
2008	6.75%	2038	31,226,133	-	-	31,226,133
2012	.50 - 4.05%	2033	-	84,065,000	-	84,065,000
			<u>\$143,833,941</u>	<u>\$ 84,065,000</u>	<u>\$ 42,709,059</u>	<u>\$185,189,882</u>

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**7. LONG-TERM LIABILITIES** (Continued)

Mello-Roos Bonds Payable (Continued)

The Series 1995, 1998, 2001, 2003, 2005, 2008, and 2012 Serial Bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, and are payable from the proceeds of an annual Special Tax to be levied and collected from property within the District or from escrow accounts in the case of refunding bonds. The Special Tax is to be levied according to the rate and method of apportionment determined by a formula approved by the Board, as the legislative body of the District, and by the registered voters within the District (see Note 13).

On November 1, 2012, the District issued 2012 Special Tax Refunding Bonds, in the amount of \$84,065,000 to partially refund the Series 1998, Series 2001 and Series 2003 Bond issuances. The Refunding Bonds mature serially in varying amounts during the succeeding years through December 1, 2033, with interest rates ranging from 3.0% to 4.05%.

Although the advance refundings resulted in the recognition of an accounting loss of \$473,422 for the year ended June 30, 2013, the District in effect reduced its aggregate debt service payments by \$12.1 million over the next 22 years and obtained an economic gain of \$12.1 million.

Calculation of difference in cash flow requirements and economic gain are as follows:

Old debt service cash flows	\$139,805,000
New debt service cash flows	<u>127,714,272</u>
 Cash flow difference	 <u><u>\$ 12,090,728</u></u>
 Present value of old debt service cash flows	 \$ 89,171,089
Present value of new debt service cash flows	<u>77,061,513</u>
 Economic gain	 <u><u>\$ 12,109,576</u></u>

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**7. LONG-TERM LIABILITIES (Continued)**

Mello-Roos Bonds Payable (Continued)

The annual requirements to amortize the Mello-Roos Bonds payable outstanding as of June 30, 2013 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,145,966	\$ 9,830,017	\$ 12,975,983
2015	3,251,728	9,808,002	13,059,730
2016	3,267,455	9,787,377	13,054,832
2017	3,302,171	9,749,068	13,051,239
2018	3,333,302	9,714,255	13,047,557
2019-2023	27,398,127	37,467,104	64,865,231
2024-2028	36,245,000	28,591,009	64,836,009
2029-2033	42,875,000	21,833,425	64,708,425
2034-2038	49,561,133	16,892,054	66,453,187
2039-2041	<u>12,810,000</u>	<u>432,338</u>	<u>13,242,338</u>
	<u>\$ 185,189,882</u>	<u>\$ 154,104,649</u>	<u>\$ 339,294,531</u>

Supplemental Employee Retirement Plan Liability

During 2010, the District provided the option of a one-time Supplemental Employee Retirement Plan ("SERP") to District employees. There were 151 employees who elected to participate in the Plan. Employees under the SERP will receive monthly annuity benefits. The District is obligated to pay annual installments for the calculated benefits for employees under the SERP and for the administration of the plan, as follows:

Year Ending <u>June 30,</u>	
2014	\$ 1,577,821
2015	<u>1,577,821</u>
	<u>\$ 3,155,642</u>

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**7. LONG-TERM LIABILITIES (Continued)**

Schedule of Changes in Long-Term Liabilities

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

	Balance July 1, <u>2012</u>	<u>Additions</u>	<u>Deductions</u>	June 30, <u>2013</u>	Amounts Due Within <u>One Year</u>
Mello-Roos bonds	\$ 143,833,941	\$ 84,065,000	\$ 42,709,059	\$ 185,189,882	\$ 3,145,966
Accreted Interest on bonds	44,390,617	69,789	35,239,198	9,221,208	-
Unamortized bond premiums	75,507	-	3,283	72,224	-
Unamortized bond discounts	(787,394)	(233,056)	(102,649)	(917,801)	-
Supplemental Employee Retirement Plan	4,733,463	-	1,577,821	3,155,642	1,577,821
Post-retirement employee benefits (Note 10)	518,424	196,164	-	714,588	714,588
Compensated absences	<u>9,652,237</u>	<u>411,984</u>	<u>209,868</u>	<u>9,854,353</u>	<u>-</u>
Totals	<u>\$ 202,416,795</u>	<u>\$ 84,509,881</u>	<u>\$ 79,636,580</u>	<u>\$ 207,290,096</u>	<u>\$ 5,438,375</u>

Payments on the Mello-Roos bonds are made from the Mello-Roos Administrative Fund. Premiums and discounts on bonds are amortized over the life of the related bonds. Payments on the supplemental employee retirement plan, post-retirement employee benefits and compensated absences are made from the fund for which the related employee worked.

**8. NET POSITION / FUND BALANCES**

Restricted net position consisted of the following at June 30, 2013:

	<u>Governmental Funds</u>
Restricted for unspent categorical program revenues	\$ 22,387,519
Restricted for special revenues	11,840,398
Restricted for capital projects	66,188,238
Restricted for debt service	17,512,141
Restricted for self-insurance	<u>3,762,453</u>
	<u>\$ 121,690,749</u>
	<u>Fiduciary Funds</u>
Restricted for scholarships	<u>\$ 53,337</u>



**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**8. NET POSITION / FUND BALANCES (Continued)**

Fund balances, by category, at June 30, 2013 consisted of the following:

	General Fund	Mello-Roos Administra- tive Fund	All Non-Major Funds	Total
Nonspendable:				
Revolving cash fund	\$ 140,000	\$ -	\$ 11,766	\$ 151,766
Prepaid expenditures	1,871,408	-	975	1,872,383
Stores inventory	<u>547,168</u>	<u>-</u>	<u>1,101,745</u>	<u>1,648,913</u>
Subtotal nonspendable	<u>2,558,576</u>	<u>-</u>	<u>1,114,486</u>	<u>3,673,062</u>
Restricted:				
Unspent categorical revenues	22,387,519	-	-	22,387,519
Special Revenue	-	-	10,726,437	10,726,437
Capital Projects	-	-	66,187,713	66,187,713
Debt Service	<u>-</u>	<u>17,512,141</u>	<u>-</u>	<u>17,512,141</u>
Subtotal restricted	<u>22,387,519</u>	<u>17,512,141</u>	<u>76,914,150</u>	<u>116,813,810</u>
Assigned:				
Reserve for Future Year Deficits	<u>39,587,940</u>	<u>-</u>	<u>-</u>	<u>39,587,940</u>
Unassigned:				
Designated for economic uncertainty	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>10,000,000</u>
Total fund balances	<u>\$ 74,534,035</u>	<u>\$ 17,512,141</u>	<u>\$ 78,028,636</u>	<u>\$170,074,812</u>

**9. EMPLOYEE RETIREMENT SYSTEMS**

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

Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

*Plan Description*

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**9. EMPLOYEE RETIREMENT SYSTEMS**

Plan Description and Provisions Continued)

California Public Employees' Retirement System (CalPERS) (Continued)

*Funding Policy*

Active plan members enrolled prior to January 1, 2013 are required to contribute 7% of their salary. Active plan members enrolled on or after January 1, 2013 are required to contribute 6% of their salary. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012-2013 was 11.417% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2011, 2012 and 2013 were \$6,959,902, \$6,812,754 and \$7,551,268 respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

*Plan Description*

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, California 95605.

*Funding Policy*

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2012-2013 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2011, 2012 and 2013 were \$18,486,056, \$18,379,420 and \$20,132,770 respectively, and equal 100% of the required contributions for each year.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**10. POST-RETIREMENT EMPLOYEE BENEFITS**

Plan Description

In addition to the pension benefits described in Note 9, the District provides post-retirement health care benefits to all District employees who retired from the District prior to July 1, 2000 with ten years of service, and who immediately entered retirement status with STRS or PERS. As of June 30, 2013, 377 retirees are receiving these benefits. For these retired employees, the District pays the insurance premiums for the lowest cost health plan for the retiree and one dependent.

Funding Policy

Expenditures for post-employment health care benefits are recognized as the premiums are paid. During the year ended June 30, 2013, expenditures of \$2,091,680 were recognized for post-employment health care benefits.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment 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 Cod. Sec. P50.108-.109. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation related to the District provided plan:

Annual required contribution	\$ 2,276,151
Interest on net OPEB obligation	11,693
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	2,287,844
Contributions made	<u>(2,091,680)</u>
Increase in net OPEB obligation	196,164
Net OPEB obligation - beginning of year	<u>518,424</u>
Net OPEB obligation - end of year	<u><u>\$ 714,588</u></u>

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**10. POST-RETIREMENT EMPLOYEE BENEFITS (Continued)**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2013 and the preceding two years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 2,276,151	96%	\$ 389,758
June 30, 2012	\$ 2,287,844	94%	\$ 518,424
June 30, 2013	\$ 2,287,844	91%	\$ 714,588

Funded Status and Funding Progress

Because this plan is frozen, the District has not obtained a current actuarial valuation. As of November 1, 2006, the most recent actuarial valuation date, the plan was funded on a pay-as-you-go basis. The actuarial accrued liability for benefits was \$33.3 million, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$33.3 million.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

In the November 1, 2006 actuarial valuation, the actuarial assumptions included an annual healthcare cost trend rate of 4 percent and a 3 percent inflation assumption. The UAAL is being amortized as a flat dollar amount over twenty-five years.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
(Continued)

**11. ELK GROVE BENEFITS EMPLOYEE RETIREMENT TRUST**

Plan Description

Elk Grove Benefits Employee Retirement Trust (EGBERT) was established February 20, 1996 as an irrevocable trust pursuant to an agreement by and between the Elk Grove Education Association, the American Federation of State, County and Municipal Employees, the Amalgamated Transit Union, the Psychologists and Social Workers Association and Elk Grove Unified School District. EGBERT was established to provide health and welfare benefits as defined in Sections 3543.2 and 53200 of the Government Code through a Health and Welfare Plan (Plan) for the retired eligible employees of the District and their eligible dependents on an insured or self-funded basis through a trust qualified as non-profit under Section 501(c)(9) of the Internal Revenue Code.

Participation in EGBERT is limited to District employees and District board members who qualify pursuant to appropriate board policies, and their respective dependents. Additionally, District employees who are not subject to the terms of a collective bargaining agreement, but who otherwise qualify for retirement health benefits pursuant to District policy, can participate in EGBERT.

Health care benefits consist of medical, dental and vision insurance coverage. Under the current agreement, EGBERT will provide lifetime health care benefits for qualified retired employees of the District who retire on or after July 1, 2000.

See Elk Grove Benefits Employee Retirement Trust audited financial statements for the year ended December 31, 2012 for more discussion of EGBERT.

**12. JOINT POWERS AGREEMENTS**

CSAC Excess Insurance Authority

The District is a member with other school districts of a Joint Powers Agreement, CSAC Excess Insurance Authority, for the operation of a common risk management and insurance program for workers' compensation. The following is a summary of financial information of CSAC Excess Insurance Authority at June 30, 2013:

Total assets	\$ 588,024,418
Total liabilities	\$ 469,537,129
Total net position	\$ 118,487,289
Total revenue	\$ 538,894,700
Total expenses	\$ 525,959,231

The relationship between the District and the Joint Powers Authority is such that the Joint Powers Authority is not a component unit of the District for financial reporting purposes.

**ELK GROVE UNIFIED SCHOOL DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**12. JOINT POWERS AGREEMENTS (Continued)**

Schools Insurance Authority

The District is a member with other school districts of a Joint Powers Agreement, Schools Insurance Authority, for the operation of a common risk management and insurance program for property and liability coverage. The following is a summary of financial information of Schools Insurance Authority at June 30, 2012, the most current information available:

Total assets	\$ 105,752,954
Total liabilities	\$ 42,394,849
Total net position	\$ 63,358,105
Total revenue	\$ 40,062,839
Total expenses	\$ 36,893,106

The relationship between the District and the Joint Powers Authority is such that the Joint Powers Authority is not a component unit of the District for financial reporting purposes.

**13. ELK GROVE UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICT NO. 1**

At an election held April 28, 1987 pursuant to the Mello-Roos Community Facilities act of 1982 of the California Government Code, registered voters within the boundaries of the District authorized the issuance of \$70,000,000 principal amount of special tax bonds ("the Bonds") to finance certain elementary and secondary school facilities, including classroom and related buildings, student transportation equipment, and student support facilities, and also approved a maximum rate and method of apportionment of a special tax to pay for the principal and interest on the Bonds. At a subsequent election held on March 10, 1998, registered voters within the boundaries of the District authorized the issuance of an additional \$205,000,000 principal amount of special tax bonds for the same purposes, and approved a maximum tax rate and method of apportionment of a special tax to pay for the principal and interest on bonds issued (see Note 7).

The County of Sacramento acts as agent for the District in collecting taxes, which are forwarded to the District for debt service and included in the County's agency funds with a corresponding liability recognized for the amounts due to the Facilities District bondholders. Construction projects are recorded in the District's capital project funds.

**14. CONTINGENCIES**

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

Also, the District has received federal and state funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ELK GROVE UNIFIED SCHOOL DISTRICT**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

**For the Year Ended June 30, 2013**

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Revenue limit sources:				
State apportionment	\$ 227,292,606	\$ 263,720,118	\$ 262,226,604	\$ (1,493,514)
Local sources	<u>69,931,167</u>	<u>60,719,525</u>	<u>62,188,505</u>	<u>1,468,980</u>
Total revenue limit	<u>297,223,773</u>	<u>324,439,643</u>	<u>324,415,109</u>	<u>(24,534)</u>
Federal sources	26,702,011	43,893,262	32,566,696	(11,326,566)
Other state sources	101,181,690	106,591,050	105,707,339	(883,711)
Other local sources	<u>5,766,521</u>	<u>8,843,381</u>	<u>9,221,226</u>	<u>377,845</u>
Total revenues	<u>430,873,995</u>	<u>483,767,336</u>	<u>471,910,370</u>	<u>(11,856,966)</u>
Expenditures:				
Certificated salaries	232,602,612	245,266,930	246,886,244	(1,619,314)
Classified salaries	58,768,373	61,928,072	62,046,817	(118,745)
Employee benefits	110,570,101	114,789,909	110,562,654	4,227,255
Books and supplies	13,097,539	26,469,999	14,846,151	11,623,848
Contract services and operating expenditures	40,047,151	45,443,939	42,490,660	2,953,279
Capital outlay	131,461	1,239,044	1,348,237	(109,193)
Other outgo	<u>1,952,597</u>	<u>2,003,884</u>	<u>2,452,914</u>	<u>(449,030)</u>
Total expenditures	<u>457,169,834</u>	<u>497,141,777</u>	<u>480,633,677</u>	<u>16,508,100</u>
Deficiency of revenues under expenditures	<u>(26,295,839)</u>	<u>(13,374,441)</u>	<u>(8,723,307)</u>	<u>4,651,134</u>
Other financing sources (uses):				
Operating transfers in	1,390,894	1,457,191	1,401,707	(55,484)
Operating transfers out	<u>(1,705,797)</u>	<u>(1,705,797)</u>	<u>(1,916,447)</u>	<u>(210,650)</u>
Total other financing sources (uses)	<u>(314,903)</u>	<u>(248,606)</u>	<u>(514,740)</u>	<u>(266,134)</u>
Net change in fund balance	(26,610,742)	(13,623,047)	(9,238,047)	4,385,000
Fund balance, July 1, 2012	<u>83,772,082</u>	<u>83,772,082</u>	<u>83,772,082</u>	<u>-</u>
Fund balance, June 30, 2013	<u>\$ 57,161,340</u>	<u>\$ 70,149,035</u>	<u>\$ 74,534,035</u>	<u>\$ 4,385,000</u>

See accompanying notes to required supplementary information.



**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
**FUNDING PROGRESS**

For the Year Ended June 30, 2013

<b>Schedule of Funding Progress</b>							
<b>Fiscal Year Ended</b>	<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
<u>Pre-2000 Plan</u>							
6/30/2010	November 1, 2006	\$ -	\$33.3 million	\$33.3 million	0%	\$ -	0%
6/30/2011	November 1, 2006	\$ -	\$33.3 million	\$33.3 million	0%	\$ -	0%
6/30/2012	November 1, 2006	\$ -	\$33.3 million	\$33.3 million	0%	\$ -	0%

See accompanying notes to required supplementary information.

ELK GROVE UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

Excess of expenditures over appropriations for the year ended June 30, 2013 were as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund:	
Certificated salaries	\$ 1,619,314
Classified salaries	\$ 118,745
Capital outlay	\$ 109,193

These excesses are not in accordance with education Code 42600.

B - Schedule of Other Postemployment Benefits Funding Progress

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

## **SUPPLEMENTARY INFORMATION**

**ELK GROVE UNIFIED SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**ALL NON-MAJOR FUNDS**

June 30, 2013

	<b>Charter Schools Fund</b>	<b>Adult Education Fund</b>	<b>Child Develop- ment Fund</b>	<b>Cafeteria Fund</b>	<b>Deferred Maintenance Fund</b>	<b>Capital Facilities Fund</b>	<b>State School Facilities Fund</b>	<b>Special Reserve for Capital Outlay Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b>ASSETS</b>										
Cash in County Treasury	\$ 2,592,348	\$ 1,078,875	\$ 7,652	\$ 1,965,306	\$ 936,487	\$ 22,767,527	\$ 19,526,985	\$ 260,308	\$ 19,235,406	\$ 68,370,894
Cash with Fiscal Agent	-	-	-	-	-	-	-	-	4,435,022	4,435,022
Cash on hand and in banks	-	57,459	-	(128,293)	-	-	-	-	-	(70,834)
Cash in revolving fund	-	-	-	11,766	-	-	-	-	-	11,766
Cash awaiting deposit	-	14,569	232,962	10,757	-	130,946	-	-	10	389,244
Receivables	338,149	1,015,422	412,496	3,251,551	2,753	54,565	36,696	524	79,139	5,191,295
Prepaid expenditures	-	450	-	-	-	-	-	-	525	975
Due from other funds	-	800,000	242,592	972,129	-	-	621	-	1,879	2,017,221
Stores inventory	-	-	-	1,101,745	-	-	-	-	-	1,101,745
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 2,930,497</u>	<u>\$ 2,966,775</u>	<u>\$ 895,702</u>	<u>\$ 7,184,961</u>	<u>\$ 939,240</u>	<u>\$ 22,953,038</u>	<u>\$ 19,564,302</u>	<u>\$ 260,832</u>	<u>\$ 23,751,981</u>	<u>\$ 81,447,328</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ 125,532	\$ 175,820	\$ 131,919	\$ 510,037	\$ 8,814	\$ 9,394	\$ 176,826	\$ -	\$ 152,001	\$ 1,290,343
Unearned revenue	500	42	118,481	15,431	-	-	-	-	-	134,454
Due to other funds	1,564	170,940	625,730	1,191,967	-	855	1,854	-	985	1,993,895
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>127,596</u>	<u>346,802</u>	<u>876,130</u>	<u>1,717,435</u>	<u>8,814</u>	<u>10,249</u>	<u>178,680</u>	<u>-</u>	<u>152,986</u>	<u>3,418,692</u>
Fund balances:										
Nonspendable	-	450	-	1,113,511	-	-	-	-	525	1,114,486
Restricted	2,802,901	2,619,523	19,572	4,354,015	930,426	22,942,789	19,385,622	260,832	23,598,470	76,914,150
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>2,802,901</u>	<u>2,619,973</u>	<u>19,572</u>	<u>5,467,526</u>	<u>930,426</u>	<u>22,942,789</u>	<u>19,385,622</u>	<u>260,832</u>	<u>23,598,995</u>	<u>78,028,636</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 2,930,497</u>	<u>\$ 2,966,775</u>	<u>\$ 895,702</u>	<u>\$ 7,184,961</u>	<u>\$ 939,240</u>	<u>\$ 22,953,038</u>	<u>\$ 19,564,302</u>	<u>\$ 260,832</u>	<u>\$ 23,751,981</u>	<u>\$ 81,447,328</u>

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES**

**ALL NON-MAJOR FUNDS**

For the Year Ended June 30, 2013

	<u>Charter Schools Fund</u>	<u>Adult Education Fund</u>	<u>Child Develop- ment Fund</u>	<u>Cafeteria Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Capital Facilities Fund</u>	<u>State School Facilities Fund</u>	<u>Special Reserve for Capital Outlay Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Revenues:										
Revenue limit sources:										
State apportionment	\$ 1,893,892	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,893,892
Federal sources	-	1,301,034	3,062,125	17,785,205	-	-	-	-	-	22,148,364
Other state sources	242,866	1,205,840	1,192,982	2,856,942	-	-	653,776	-	-	6,152,406
Other local sources	<u>14,598</u>	<u>1,272,922</u>	<u>510,465</u>	<u>4,276,878</u>	<u>(158,965)</u>	<u>10,905,940</u>	<u>93,559</u>	<u>29,672</u>	<u>2,579,730</u>	<u>19,524,799</u>
Total revenues	<u>2,151,356</u>	<u>3,779,796</u>	<u>4,765,572</u>	<u>24,919,025</u>	<u>(158,965)</u>	<u>10,905,940</u>	<u>747,335</u>	<u>29,672</u>	<u>2,579,730</u>	<u>49,719,461</u>
Expenditures:										
Certificated salaries	1,047,617	1,580,613	1,665,622	-	-	-	-	-	-	4,293,852
Classified salaries	124,412	1,029,122	947,243	7,207,936	5,224	100,858	-	-	994,660	10,409,455
Employee benefits	284,870	933,695	1,050,512	3,493,333	1,242	42,232	-	-	399,363	6,205,247
Books and supplies	127,455	325,298	154,672	10,149,597	-	10,655	34	-	15,404	10,783,115
Contract services and operating expenditures	46,039	442,958	855,501	956,902	387,485	185,365	3,596	3,338	333,793	3,214,977
Capital outlay	-	-	-	-	677,861	-	6,364,293	-	4,802,193	11,844,347
Other outgo	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,071,093</u>	<u>-</u>	<u>-</u>	<u>2,071,093</u>
Total expenditures	<u>1,630,393</u>	<u>4,311,686</u>	<u>4,673,550</u>	<u>21,807,768</u>	<u>1,071,812</u>	<u>339,110</u>	<u>8,439,016</u>	<u>3,338</u>	<u>6,545,413</u>	<u>48,822,086</u>
Excess (deficiency) of revenues over (under) expenditures	<u>520,963</u>	<u>(531,890)</u>	<u>92,022</u>	<u>3,111,257</u>	<u>(1,230,777)</u>	<u>10,566,830</u>	<u>(7,691,681)</u>	<u>26,334</u>	<u>(3,965,683)</u>	<u>897,375</u>
Other financing sources (uses):										
Operating transfers in	-	800,000	140,591	960,356	-	3,410,115	13,570,795	-	906,246	19,788,103
Operating transfers out	(20,730)	(201,665)	(232,915)	(966,347)	-	(13,550,845)	(3,410,115)	-	-	(18,382,617)
Proceeds from issuance of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,052</u>	<u>141,052</u>
Total other financing sources (uses)	<u>(20,730)</u>	<u>598,335</u>	<u>(92,324)</u>	<u>(5,991)</u>	<u>-</u>	<u>(10,140,730)</u>	<u>10,160,680</u>	<u>-</u>	<u>1,047,298</u>	<u>1,546,538</u>
Net change in fund balances	500,233	66,445	(302)	3,105,266	(1,230,777)	426,100	2,468,999	26,334	(2,918,385)	2,443,913
Fund balances, July 1, 2012	<u>2,302,668</u>	<u>2,553,528</u>	<u>19,874</u>	<u>2,362,260</u>	<u>2,161,203</u>	<u>22,516,689</u>	<u>16,916,623</u>	<u>234,498</u>	<u>26,517,380</u>	<u>75,584,723</u>
Fund balances, June 30, 2013	<u>\$ 2,802,901</u>	<u>\$ 2,619,973</u>	<u>\$ 19,572</u>	<u>\$ 5,467,526</u>	<u>\$ 930,426</u>	<u>\$ 22,942,789</u>	<u>\$ 19,385,622</u>	<u>\$ 260,832</u>	<u>\$ 23,598,995</u>	<u>\$ 78,028,636</u>

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**

**For the Year Ended June 30, 2013**

	<b>Balance July 1, <u>2012</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b>Balance June 30, <u>2013</u></b>
<b><u>Student Body Funds</u></b>				
<u>Elk Grove High School</u>				
Assets:				
Cash on hand and in banks	\$ 250,638	\$ 1,043,631	\$ 954,106	\$ 340,163
Inventory	<u>5,424</u>	<u>77,734</u>	<u>77,021</u>	<u>6,137</u>
	<u>\$ 256,062</u>	<u>\$ 1,121,365</u>	<u>\$ 1,031,127</u>	<u>\$ 346,300</u>
Liabilities:				
Due to students/student groups	<u>\$ 256,062</u>	<u>\$ 1,121,365</u>	<u>\$ 1,031,127</u>	<u>\$ 346,300</u>
<u>Florin High School</u>				
Assets:				
Cash on hand and in banks	\$ 279,534	\$ 404,818	\$ 415,097	\$ 269,255
Inventory	<u>1,856</u>	<u>18,429</u>	<u>19,789</u>	<u>496</u>
	<u>\$ 281,390</u>	<u>\$ 423,247</u>	<u>\$ 434,886</u>	<u>\$ 269,751</u>
Liabilities:				
Due to students/student groups	<u>\$ 281,390</u>	<u>\$ 423,247</u>	<u>\$ 434,886</u>	<u>\$ 269,751</u>
<u>Franklin High School</u>				
Assets:				
Cash on hand and in banks	\$ 340,013	\$ 1,109,313	\$ 1,167,037	\$ 282,289
Inventory	<u>-</u>	<u>65,942</u>	<u>65,942</u>	<u>-</u>
	<u>\$ 340,013</u>	<u>\$ 1,175,255</u>	<u>\$ 1,232,979</u>	<u>\$ 282,289</u>
Liabilities:				
Due to students/student groups	<u>\$ 340,013</u>	<u>\$ 1,175,255</u>	<u>\$ 1,232,979</u>	<u>\$ 282,289</u>

(Continued)

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**ALL AGENCY FUNDS**  
(Continued)  
**For the Year Ended June 30, 2013**

	<b>Balance July 1, <u>2012</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b>Balance June 30, <u>2013</u></b>
<b><u>Student Body Funds</u></b>				
(Continued)				
<u>Laguna Creek High School</u>				
Assets:				
Cash on hand and in banks	\$ 316,756	\$ 270,948	\$ 317,131	\$ 270,573
Inventory	<u>15,076</u>	<u>47,057</u>	<u>46,120</u>	<u>16,013</u>
	<u>\$ 331,832</u>	<u>\$ 318,005</u>	<u>\$ 363,251</u>	<u>\$ 286,586</u>
Liabilities:				
Due to students/student groups	<u>\$ 331,832</u>	<u>\$ 318,005</u>	<u>\$ 363,251</u>	<u>\$ 286,586</u>
<u>Monterey Trail High School</u>				
Assets:				
Cash on hand and in banks	\$ 235,713	\$ 554,036	\$ 557,136	\$ 232,613
Inventory	<u>-</u>	<u>50,972</u>	<u>50,972</u>	<u>-</u>
	<u>\$ 235,713</u>	<u>\$ 605,008</u>	<u>\$ 608,108</u>	<u>\$ 232,613</u>
Liabilities:				
Due to students/student groups	<u>\$ 235,713</u>	<u>\$ 605,008</u>	<u>\$ 608,108</u>	<u>\$ 232,613</u>
<u>Pleasant Grove High School</u>				
Assets:				
Cash on hand and in banks	\$ 293,848	\$ 1,360,023	\$ 1,374,777	\$ 279,094
Inventory	<u>725</u>	<u>69,965</u>	<u>70,690</u>	<u>-</u>
	<u>\$ 294,573</u>	<u>\$ 1,429,988</u>	<u>\$ 1,445,467</u>	<u>\$ 279,094</u>
Liabilities:				
Due to students/student groups	<u>\$ 294,573</u>	<u>\$ 1,429,988</u>	<u>\$ 1,445,467</u>	<u>\$ 279,094</u>

(Continued)

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**ALL AGENCY FUNDS**  
(Continued)  
**For the Year Ended June 30, 2013**

	<b>Balance July 1, <u>2012</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b>Balance June 30, <u>2013</u></b>
<b><u>Student Body Funds</u></b>				
(Continued)				
<u>Sheldon High School</u>				
Assets:				
Cash on hand and in banks	\$ 432,595	\$ 785,998	\$ 840,825	\$ 377,768
Inventory	<u>4,012</u>	<u>48,668</u>	<u>49,345</u>	<u>3,335</u>
	<u>\$ 436,607</u>	<u>\$ 834,666</u>	<u>\$ 890,170</u>	<u>\$ 381,103</u>
Liabilities:				
Due to students/student groups	<u>\$ 436,607</u>	<u>\$ 834,666</u>	<u>\$ 890,170</u>	<u>\$ 381,103</u>
<u>Valley High School</u>				
Assets:				
Cash on hand and in banks	\$ 99,169	\$ 266,073	\$ 312,296	\$ 52,946
Inventory	<u>3,235</u>	<u>47,356</u>	<u>49,131</u>	<u>1,460</u>
	<u>\$ 102,404</u>	<u>\$ 313,429</u>	<u>\$ 361,427</u>	<u>\$ 54,406</u>
Liabilities:				
Due to students/student groups	<u>\$ 102,404</u>	<u>\$ 313,429</u>	<u>\$ 361,427</u>	<u>\$ 54,406</u>
<u>Cosumnes Oaks High School</u>				
Assets:				
Cash on hand and in banks	\$ 241,058	\$ 844,987	\$ 849,983	\$ 236,062
Inventory	<u>-</u>	<u>34,435</u>	<u>34,435</u>	<u>-</u>
	<u>\$ 241,058</u>	<u>\$ 879,422</u>	<u>\$ 884,418</u>	<u>\$ 236,062</u>
Liabilities:				
Due to students/student groups	<u>\$ 241,058</u>	<u>\$ 879,422</u>	<u>\$ 884,418</u>	<u>\$ 236,062</u>

(Continued)



**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**ALL AGENCY FUNDS**  
(Continued)  
**For the Year Ended June 30, 2013**

	<b>Balance July 1, <u>2012</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b>Balance June 30, <u>2013</u></b>
<b><u>Student Body Funds</u></b>				
(Continued)				
 <u>Edward Harris, Jr. Middle School</u>				
Assets:				
Cash on hand and in banks	\$ 65,100	\$ 179,896	\$ 174,469	\$ 70,527
Inventory	-	<u>27,658</u>	<u>27,658</u>	-
	<u>\$ 65,100</u>	<u>\$ 207,554</u>	<u>\$ 202,127</u>	<u>\$ 70,527</u>
Liabilities:				
Due to students/student groups	<u>\$ 65,100</u>	<u>\$ 207,554</u>	<u>\$ 202,127</u>	<u>\$ 70,527</u>
 <u>Toby Johnson Middle School</u>				
Assets:				
Cash on hand and in banks	\$ 276,909	\$ 354,984	\$ 325,334	\$ 306,559
Inventory	-	<u>35,694</u>	<u>35,694</u>	-
	<u>\$ 276,909</u>	<u>\$ 390,678</u>	<u>\$ 361,028</u>	<u>\$ 306,559</u>
Liabilities:				
Due to students/student groups	<u>\$ 276,909</u>	<u>\$ 390,678</u>	<u>\$ 361,028</u>	<u>\$ 306,559</u>
 <u>Joseph Kerr Middle School</u>				
Assets:				
Cash on hand and in banks	\$ 149,788	\$ 168,068	\$ 177,773	\$ 140,083
Inventory	77	<u>12,192</u>	<u>12,192</u>	77
	<u>\$ 149,865</u>	<u>\$ 180,260</u>	<u>\$ 189,965</u>	<u>\$ 140,160</u>
Liabilities:				
Due to students/student groups	<u>\$ 149,865</u>	<u>\$ 180,260</u>	<u>\$ 189,965</u>	<u>\$ 140,160</u>

(Continued)

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**ALL AGENCY FUNDS**  
(Continued)  
**For the Year Ended June 30, 2013**

	<b>Balance July 1, <u>2012</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b>Balance June 30, <u>2013</u></b>
<b><u>Student Body Funds</u></b>				
(Continued)				
<u>Harriet Eddy Middle School</u>				
Assets:				
Cash on hand and in banks	\$ 3,596	\$ 188,954	\$ 186,045	\$ 6,505
Inventory	-	<u>22,937</u>	<u>22,937</u>	-
	<u>\$ 3,596</u>	<u>\$ 211,891</u>	<u>\$ 208,982</u>	<u>\$ 6,505</u>
Liabilities:				
Due to students/student groups	<u>\$ 3,596</u>	<u>\$ 211,891</u>	<u>\$ 208,982</u>	<u>\$ 6,505</u>
<u>James Rutter Middle School</u>				
Assets:				
Cash on hand and in banks	\$ 57,493	\$ 262,326	\$ 268,818	\$ 51,001
Inventory	<u>369</u>	<u>26,363</u>	<u>25,676</u>	<u>1,056</u>
	<u>\$ 57,862</u>	<u>\$ 288,689</u>	<u>\$ 294,494</u>	<u>\$ 52,057</u>
Liabilities:				
Due to students/student groups	<u>\$ 57,862</u>	<u>\$ 288,689</u>	<u>\$ 294,494</u>	<u>\$ 52,057</u>
<u>Katherine L. Albiani Middle School</u>				
Assets:				
Cash on hand and in banks	\$ 163,783	\$ 342,887	\$ 351,617	\$ 155,053
Inventory	-	<u>53,067</u>	<u>53,067</u>	-
	<u>\$ 163,783</u>	<u>\$ 395,954</u>	<u>\$ 404,684</u>	<u>\$ 155,053</u>
Liabilities:				
Due to students/student groups	<u>\$ 163,783</u>	<u>\$ 395,954</u>	<u>\$ 404,684</u>	<u>\$ 155,053</u>

(Continued)

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**ALL AGENCY FUNDS**  
(Continued)  
**For the Year Ended June 30, 2013**

	<b>Balance July 1, <u>2012</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b>Balance June 30, <u>2013</u></b>
<b><u>Student Body Funds</u></b>				
(Continued)				
<u>Samuel Jackman Middle School</u>				
Assets:				
Cash on hand and in banks	\$ 18,453	\$ 98,626	\$ 84,527	\$ 32,552
Inventory	<u>902</u>	<u>6,181</u>	<u>6,367</u>	<u>716</u>
	<b><u>\$ 19,355</u></b>	<b><u>\$ 104,807</u></b>	<b><u>\$ 90,894</u></b>	<b><u>\$ 33,268</u></b>
Liabilities:				
Due to students/student groups	<u>\$ 19,355</u>	<u>\$ 104,807</u>	<u>\$ 90,894</u>	<u>\$ 33,268</u>
<u>Pinkerton Middle School</u>				
Assets:				
Cash on hand and in banks	\$ 31,340	\$ 249,773	\$ 226,392	\$ 54,721
Inventory	<u>-</u>	<u>24,280</u>	<u>24,280</u>	<u>-</u>
	<b><u>\$ 31,340</u></b>	<b><u>\$ 274,053</u></b>	<b><u>\$ 250,672</u></b>	<b><u>\$ 54,721</u></b>
Liabilities:				
Due to students/student groups	<u>\$ 31,340</u>	<u>\$ 274,053</u>	<u>\$ 250,672</u>	<u>\$ 54,721</u>
<u>T. R. Smedberg Middle School</u>				
Assets:				
Cash on hand and in banks	\$ 137,879	\$ 157,650	\$ 170,647	\$ 124,882
Inventory	<u>-</u>	<u>25,267</u>	<u>25,267</u>	<u>-</u>
	<b><u>\$ 137,879</u></b>	<b><u>\$ 182,917</u></b>	<b><u>\$ 195,914</u></b>	<b><u>\$ 124,882</u></b>
Liabilities:				
Due to students/student groups	<u>\$ 137,879</u>	<u>\$ 182,917</u>	<u>\$ 195,914</u>	<u>\$ 124,882</u>

(Continued)

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**ALL AGENCY FUNDS**  
(Continued)  
**For the Year Ended June 30, 2013**

	<b>Balance July 1, <u>2012</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b>Balance June 30, <u>2013</u></b>
<b><u>Student Body Funds</u></b>				
(Continued)				
<u>Elementary and Other Schools</u>				
Assets:				
Cash on hand and in banks	\$ 1,279,723	\$ 3,568,019	\$ 3,547,091	\$ 1,300,651
Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 1,279,723</u></b>	<b><u>\$ 3,568,019</u></b>	<b><u>\$ 3,547,091</u></b>	<b><u>\$ 1,300,651</u></b>
Liabilities:				
Due to students/student groups	<b><u>\$ 1,279,723</u></b>	<b><u>\$ 3,568,019</u></b>	<b><u>\$ 3,547,091</u></b>	<b><u>\$ 1,300,651</u></b>
<b><u>Total Agency Funds</u></b>				
Assets:				
Cash on hand and in banks	\$ 4,673,388	\$ 12,211,010	\$ 12,301,101	\$ 4,583,297
Inventory	<u>31,676</u>	<u>694,197</u>	<u>696,583</u>	<u>29,290</u>
	<b><u>\$ 4,705,064</u></b>	<b><u>\$ 12,905,207</u></b>	<b><u>\$ 12,997,684</u></b>	<b><u>\$ 4,612,587</u></b>
Liabilities:				
Due to students/student groups	<b><u>\$ 4,705,064</u></b>	<b><u>\$ 12,905,207</u></b>	<b><u>\$ 12,997,684</u></b>	<b><u>\$ 4,612,587</u></b>

# ELK GROVE UNIFIED SCHOOL DISTRICT

## ORGANIZATION

June 30, 2013

Elk Grove Unified School District was established in 1959 through the unification of smaller school districts. The District is a political subdivision of the State of California. The District covers 320 square miles within the City of Elk Grove, the City of Sacramento, the City of Rancho Cordova and unincorporated areas of Sacramento County. The District operates 39 elementary schools (grades K-6), nine middle schools (grades 7-8), nine comprehensive high schools (grades 9-12), three continuation high schools, one special education school, one adult school, one independent studies program, one charter school and one virtual school.

The Board of Education of Elk Grove Unified School District governs all activities related to public education within the jurisdiction of the District. The Board receives funding from local, State and federal government sources and must comply with the concomitant requirements of these funding source entities. Elk Grove Unified School District is governed by an elected seven member Board of Education. The board members represent seven geographic areas and are elected at large for four year terms and elections are held every two years. The Board has the decision making authority and is accountable for all fiscal matters relating to the District.

### GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Chet Madison, Sr.	President	November 2016
Jeanette J. Amavisca	Clerk	November 2014
Priscilla Cox	Member	November 2014
Carmin S. Forcina	Member	November 2016
Steve Ly	Member	November 2016
Anthony "Tony" Perez	Member	November 2016
Bobbie Singh-Allen	Member	November 2014

The Superintendent of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for managing the District's day-to-day operations and supervising the work of other key District administrators. Key members of the District's staff are as follows:

### ADMINISTRATION

Steven M. Ladd, Ed. D.  
Superintendent

Mark Cerutti  
Associate Superintendent, Education Services

Donna Cherry  
Associate Superintendent, Elementary ( Pre K-6) Education

Glen De Graw  
Associate Superintendent, Human Resources

Richard Fagan  
Associate Superintendent, Finance and School Support

Christina Penna  
Associate Superintendent, Secondary (7-12) Education

Robert Pierce  
Associate Superintendent, Facilities and Planning

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**For the Year Ended June 30, 2013**

	<b><u>Original Second Period Report</u></b>	<b><u>Audited Second Period Report*</u></b>	<b><u>Annual Report</u></b>
Elementary:			
Kindergarten	4,154	4,148	4,160
First through Third	13,129	13,130	13,136
Fourth through Eighth	22,507	22,530	22,481
Special Education	766	765	813
Home and Hospital	<u>13</u>	<u>13</u>	<u>16</u>
Total Elementary	<u>40,569</u>	<u>40,586</u>	<u>40,606</u>
Secondary:			
Regular Classes	17,121	17,123	16,960
Special Education	509	508	526
Continuation Education	638	638	624
Home and Hospital	<u>12</u>	<u>12</u>	<u>14</u>
Total Secondary	<u>18,280</u>	<u>18,281</u>	<u>18,124</u>
Classes for Adults:			
Not currently enrolled	<u>389</u>	<u>391</u>	<u>432</u>
Total District	<u>59,238</u>	<u>59,258</u>	<u>59,162</u>
Charter School - Non Classroom-Based:			
Secondary Education	<u>266</u>	<u>266</u>	<u>272</u>

\* The audited amount includes the revision for audit finding 2013-03 along with other District revisions.

See accompanying notes to supplementary information.

**ELK GROVE UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL TIME**

**For the Year Ended June 30, 2013**

	<u>Statutory 1986-87 Minutes Require- ment</u>	<u>Reduced 1986-87 Minutes Require- ment</u>	<u>Statutory 1982-83 Minutes Require- ment</u>	<u>Reduced 1982-83 Actual Minutes</u>	<u>2012-13 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
<b><u>DISTRICT</u></b>								
Kindergarten	36,000	35,000	31,500	30,625	36,000	175	166	In Compliance
Grade 1	50,400	49,000	40,250	39,132	52,240	175	166	In Compliance
Grade 2	50,400	49,000	40,250	39,132	52,240	175	166	In Compliance
Grade 3	50,400	49,000	40,250	39,132	52,240	175	166	In Compliance
Grade 4	54,000	52,500	42,000	40,833	54,040	175	166	In Compliance
Grade 5	54,000	52,500	42,000	40,833	54,040	175	166	In Compliance
Grade 6	54,000	52,500	42,000	40,833	54,040	175	166	In Compliance
Grade 7	54,000	52,500	42,000	40,833	60,950	175	166	In Compliance
Grade 8	54,000	52,500	42,000	40,833	60,950	175	166	In Compliance
Grade 9	64,800	63,000	52,500	51,042	64,822	175	N/A	In Compliance
Grade 10	64,800	63,000	52,500	41,042	64,822	175	N/A	In Compliance
Grade 11	64,800	63,000	52,500	51,042	64,822	175	N/A	In Compliance
Grade 12	64,800	63,000	52,500	51,042	64,968	175	N/A	In Compliance
<b><u>CHARTER SCHOOL (NON-CLASSROOM BASED)</u></b>								
Grade 7	54,000	52,457	N/A	N/A	N/A	178	N/A	N/A
Grade 8	54,000	52,457	N/A	N/A	N/A	178	N/A	N/A
Grade 9	64,800	62,949	N/A	N/A	N/A	178	N/A	N/A
Grade 10	64,800	62,949	N/A	N/A	N/A	178	N/A	N/A

See accompanying notes to supplementary information.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2013**

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
Special Education Cluster:			
84.027A	Special Education: IDEA Mental Health Services, Part B	14468	\$ 728,466
84.027	Special Education: Basic Grant Entitlement PL 101-476	13379	7,821,171
84.027A	Special Education: IDEA Preschool Local Entitlement, Part B, Section 611	13682	440,062
84.173A	Special Education: IDEA Preschool Staff Development, Part B, Section 619	13431	2,475
84.173	Special Education: IDEA Preschool Grant, Part B	13430	<u>205,479</u>
	Subtotal Special Education Cluster		<u>9,197,653</u>
NCLB: Title I Program:			
84.010	NCLB: Title I: Basic Grants Low-Income and Neglected	14329	11,930,297
84.010	NCLB: Title I, Part D, Subpart 2, Local Delinquent Programs	14357	37,044
84.010	NCLB: Title I, Part A, Program Improvement LEA Corrective Action, Moderate Performance Problems	14956	<u>1,176,537</u>
	Subtotal NCLB: Title I Program		<u>13,143,878</u>
NCLB: Title II Program:			
84.367	NCLB: Title II: Teacher Quality	14341	1,788,525
84.367	NCLB: Title II, Part A, Administrator Training	14344	<u>18,750</u>
	Subtotal NCLB: Title II Program		<u>1,807,275</u>
Title III Program:			
84.365	Title III: Immigrant Education Program	14346	1,271
84.365	Title III: Limited English Proficient Student Program	14346	<u>1,165,844</u>
	Subtotal Title III Program		<u>1,167,115</u>
Adult Education Program:			
84.002A	Adult Education: Adult Basic Education & ESL	14508	159,248
84.002	Adult Education: English Literacy & Civics Education	14109	139,666
84.002	Adult Education: Institutionalized Adults	13971	81,194
84.002	Adult Education: Adult Secondary Education/GED	13978	54,806
84.002	Adult Education: State Leadership Projects	13970	<u>2</u>
	Subtotal Adult Education Cluster		<u>434,916</u>
Carl D. Perkins Career and Technical Education Program:			
84.048	Carl D. Perkins Career and Technical Education, Secondary, Section 131	14894	408,884
84.048	Carl D. Perkins Career and Technical Education, Secondary, Section 132	13923	<u>115,367</u>
	Subtotal Carl D. Perkins Career and Technical Education Program		<u>524,251</u>

(Continued)



**ELK GROVE UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
(Continued)

**For the Year Ended June 30, 2013**

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through California Department of Education (Continued)</u>			
	NCLB: Title II Programs:		
84.366	NCLB: Title II: Part B, CaMSP	14512	\$ 936,230
84.366B	California Math & Science Cohort 9	14512	585,288
	Subtotal NCLB: Title II Programs		<u>1,521,518</u>
84.181	Special Education: IDEA Early Intervention Grants, Part C	23761	53,605
84.357	NCLB: Title I, Part B, Reading First Special Education	14911	4,350
84.287	NCLB: Title IV, Part B, 21st Century Community Learning Centers Program	14681	2,086,887
84.158	Department of Rehabilitation: Workability II, Transitions Partnership	10006	262,179
84.060	Indian Education	10011	46,795
84.215X	Teaching American History	-	252,126
84.196	NCLB: Title X McKinney-Vento Homeless Children Assistance Grants	14332	59,516
84.334A	Other Federal: California State Gear Up Program	10088	117,555
84.318	NCLB: Title II: Part D, Enhancing Education Through Technology	14368	<u>1,490</u>
	Total U.S. Department of Education		<u>30,681,109</u>
<u>U.S. Department of Labor - Passed through California Department of Education</u>			
17.260	SETA: One Stop, Adults	-	332,886
17.258	SETA: Workforce Skills Preparation Services	-	79,898
17.259	SETA: One Stop, Universal Services	-	70,378
17.259	SETA: One Stop, Out of School Services	-	168,280
17.259	SETA: One Stop, Dislocated Workers	-	<u>441</u>
	Total U.S. Department of Labor		<u>651,883</u>
<u>U.S. Department of Energy - Passed through California Department of Education</u>			
81.122	Electricity Delivery and Energy Reliability, Research, Development and Analysis	-	<u>831,140</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
	Head Start Program:		
93.600	Head Start - Basic	10016	2,590,242
93.600	Head Start - PA 20	10016	9,572
93.600	Head Start: Expansion	10016	<u>11,388</u>
	Subtotal Head Start Program		<u>2,611,202</u>

(Continued)

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
(Continued)  
**For the Year Ended June 30, 2013**

<b>Federal Catalog Number</b>	<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expend- itures</b>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education (Continued)</u>			
93.596	Child Development: Federal Child Care Center Based	13609	\$ 450,922
93.778	Dept of Health Services (DHCS): Medi-Cal Billing Option	10013	1,295,929
93.674	Chafee Foster Care Independence Program	-	<u>105,050</u>
Total U.S. Department of Health and Human Services			<u>4,463,103</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
10.555	Child Nutrition: School Programs	13390	17,757,167
10.582	Child Nutrition: Fresh Fruit & Vegetable Program	14968	25,370
10.574	Child Nutrition: Team Nutritional Grants	01188	2,669
10.551	Cancer Prevention & Nutrition	-	<u>362,307</u>
Total U.S. Department of Agriculture			<u>18,147,513</u>
<u>U.S. Department of Justice - Passed through California Department of Education</u>			
16.821	Juvenile Justice Reform and Reinvestments Demonstration Program	-	<u>67,660</u>
<u>U.S. Department of Transportation - Passed through California Department of Education</u>			
20.205	Safe Routes to Schools	-	<u>12,326</u>
<u>U.S. Department of Homeland Security - Passed through California Department of Education</u>			
97.010	Citizenship and Integrity Grant	-	<u>31,207</u>
<u>U.S. Corporation for National and Community Service - Passed through California Department of Education</u>			
94.004	CalServe: Learn and Serve America	14339	<u>2,051</u>
Total Federal Programs			<u>\$ 54,887,992</u>

See accompanying notes to supplementary information.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT**  
**WITH AUDITED FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2013**

There were no audit adjustments proposed to any funds of the District.

See accompanying notes to supplementary information.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**

**For the Year Ended June 30, 2013**

**(UNAUDITED)**

	<b>(Budgeted)</b>			
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
<u>General Fund</u>				
Revenues and other financing sources	\$ 473,799,971	\$ 473,312,077	\$ 473,067,670	\$ 475,833,429
Expenditures	483,163,408	480,633,677	452,834,081	446,418,326
Other uses and transfers out	<u>1,705,797</u>	<u>1,916,447</u>	<u>1,901,423</u>	<u>2,157,979</u>
Total outgo	<u>484,869,205</u>	<u>482,550,124</u>	<u>454,735,504</u>	<u>448,576,305</u>
Change in fund balance	<u>\$ (11,069,234)</u>	<u>\$ (9,238,047)</u>	<u>\$ 18,332,166</u>	<u>\$ 27,257,124</u>
Ending fund balance	<u>\$ 63,464,801</u>	<u>\$ 74,534,035</u>	<u>\$ 83,772,082</u>	<u>\$ 65,439,916</u>
Available reserves	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 9,500,000</u>	<u>\$ 9,543,675</u>
Designated for economic uncertainties	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 9,500,000</u>	<u>\$ 9,543,675</u>
Undesignated fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Available reserves as percentages of total outgo	<u>2.1%</u>	<u>2.1%</u>	<u>2.1%</u>	<u>2.1%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 201,851,721</u>	<u>\$ 207,290,096</u>	<u>\$ 202,416,795</u>	<u>\$ 207,013,442</u>
Average daily attendance at P-2 (excluding adult and Charter School)	<u>58,948</u>	<u>58,867</u>	<u>58,796</u>	<u>58,922</u>

The General Fund fund balance has increased by \$36,351,243 over the past three years. The fiscal year 2013-2014 budget, as originally adopted, projects an decrease of \$11,069,234. For a district this size (budgeted ADA in excess of 30,000), the state recommends available reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo). The District has met this requirement.

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

Total long-term liabilities have increased by \$276,654 over the past two years, as shown in Note 7 to the basic financial statements.

Average daily attendance has decreased by 55 over the past two years. An increase of 81 ADA is projected for the 2013-14 fiscal year.

See accompanying notes to supplementary information.

**ELK GROVE UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS**

**For the Year Ended June 30, 2013**

<u>Charter Schools Chartered by District</u>	<b>Included in District Financial Statements, or <u>Separate Report</u></b>
Elk Grove Charter School	Included as Charter Schools Fund
California Montessori Project - Elk Grove Campus	Separate Report

See accompanying notes to supplementary information.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FIRST 5 REVENUES AND EXPENSES**

**For the Year Ended June 30, 2013**

	<u>First 5/ School Readiness</u>	<u>All Other Programs</u>	<u>Total Child Development Fund</u>
Revenues:			
Federal revenue sources	\$ -	\$ 3,062,125	\$ 3,062,125
State revenue sources	-	1,192,982	1,192,982
Local revenues sources	<u>474,186</u>	<u>36,279</u>	<u>510,465</u>
 Total revenues	 <u>474,186</u>	 <u>4,291,386</u>	 <u>4,765,572</u>
Expenses:			
Certificated salaries	208,648	1,456,974	1,665,622
Classified salaries	66,202	881,041	947,243
Employee benefits	96,085	954,427	1,050,512
Books and supplies	63,597	91,075	154,672
Contract services and operating expenditures	<u>39,654</u>	<u>815,847</u>	<u>855,501</u>
 Total expenses	 <u>474,186</u>	 <u>4,199,364</u>	 <u>4,673,550</u>
 Excess of revenues over expenses	 <u>-</u>	 <u>92,022</u>	 <u>92,022</u>
Other financing sources (uses):			
Operating transfers in	-	140,591	140,591
Operating transfers out	<u>-</u>	<u>(232,915)</u>	<u>(232,915)</u>
 Total other financing sources (uses)	 <u>-</u>	 <u>(92,324)</u>	 <u>(92,324)</u>
 Net change in fund balances	 -	 (302)	 (302)
 Fund balances, July 1, 2012	 <u>-</u>	 <u>19,874</u>	 <u>19,874</u>
 Fund balances, June 30, 2013	 <u>\$ -</u>	 <u>\$ 19,572</u>	 <u>\$ 19,572</u>

See accompanying notes to supplementary information.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**

**1. PURPOSE OF SCHEDULES**

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

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

C - Schedule of Expenditure of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with A-133, and is prepared using the modified accrual basis of accounting.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2013.

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 54,715,060
Add: Medi-Cal Billing Funds spent from prior year awards	93.778	37,281
NCLB: Title I, Part A, Basic Grants Low- Income and Neglected Funds spent from prior year awards	84.010	160,621
NCLB: Title II, Part A, Teacher Quality spent from prior year awards	84.367	79,660
Less: Advanced Placement Funds not spent	-	(31,139)
NJROTC Funds not spent	-	(1,144)
Air Force ROTC Funds not spent	-	<u>(72,347)</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 54,887,992</u>

**ELK GROVE UNIFIED SCHOOL DISTRICT**

**NOTES TO SUPPLEMENTARY INFORMATION**

(Continued)

**1. PURPOSE OF SCHEDULES (Continued)**

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

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

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides trend information on the District's financial condition over the past three years and its anticipated condition for the 2013-2014 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

F - Schedule of Charter Schools

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

G - Schedule of First 5 Revenues and Expenses

This schedule provides information about the First 5 Sacramento County Program.

**2. EARLY RETIREMENT INCENTIVE PROGRAM**

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the year ended June 30, 2013, the District did not adopt this program.



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

Board of Education  
 Elk Grove Unified School District  
 Elk Grove, California

**Report on Compliance with State Laws and Regulations**

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

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	No, see below
Instructional Materials:		
General requirements	8	Yes
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	No, see below
Class Size Reduction Program:		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	No, see below
Districts with only one school serving K-3	4	No, see below
After School Education and Safety Program:		
General requirements	4	Yes
After school	5	Yes
Before school	6	No, see below
Contemporaneous Records of Attendance, for charter schools	1	Yes
Mode of Instruction, for charter schools	1	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	Yes
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	3	Yes
Annual Instructional Minutes - Classroom-Based, for charter schools	4	No, see below

The School District is not a County Office of Education; therefore, we did not perform any procedures related to County Office of Education Instructional Time Incentives.

The District does not offer an Early Retirement Incentive Program; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District does not have any Juvenile Court Schools, therefore, we did not perform any procedures related to Juvenile Court Schools

The District does not participate in Option Two of the Class Size Reduction Program; therefore, we did not perform any procedures related to CSR - Option Two.

The District does not have only one school serving grades K through 3; therefore, we did not perform any procedures relating to one school service grades K through 3.

The District did not offer a Before School Education and Safety Program; therefore, we did not perform any procedures relating to the Before School Education and Safety Program.

The District does not offer classroom-based instruction for charter schools; therefore, we did not perform any procedures related to Mode of Instruction and Annual Instructional Minutes - Classroom-Based, for charter schools.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of state laws and regulations.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance with state laws and regulations of Elk Grove Unified School District. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State of California's Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Elk Grove 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 with state laws and regulations. However, our audit does not provide a legal determination of Elk Grove Unified School District's compliance.

### **Basis for Qualified Opinion on Compliance with State Laws and Regulations**

As described in Finding 2013-03 in the accompanying Schedule of Audit Findings and Questioned Costs, Elk Grove Unified School District did not comply with requirements regarding Kindergarten Continuance. Compliance with such requirements is necessary, in our opinion, for Elk Grove Unified School District to comply with state laws and regulations applicable to these programs.

## **Qualified Opinion on Compliance with State Laws and Regulations**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Elk Grove Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2013. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Elk Grove Unified School District had not complied with the state laws and regulations.

### **Other Matter**

Elk Grove Unified School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

### **Purpose of this Report**

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



Crowe Horwath LLP

Sacramento, California  
November 19, 2013

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

Board of Education  
Elk Grove Unified School District  
Elk Grove, 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 Elk Grove Unified School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Elk Grove Unified School District's basic financial statements, and have issued our report thereon dated November 19, 2013.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Elk Grove 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 Elk Grove Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Elk Grove 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

We identified certain matters involving internal control that we communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2013-01 and 2013-02.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elk Grove Unified School District's financial statements are free of 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*.

## District Response to Finding

Elk Grove Unified School District's responses to the findings identified in our audit are included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's responses and, accordingly, express no opinion on them.

## Purpose of this Report

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



Crowe Horwath LLP

Sacramento, California  
November 19, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE FIRST 5  
SACRAMENTO COUNTY PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH A PROGRAM-SPECIFIC AUDIT

Board of Education  
Elk Grove Unified School District  
Elk Grove, California

**Report on Compliance for First 5 Sacramento County Program**

We have audited Elk Grove Unified School District's compliance with the types of compliance requirements described in the Program Guidelines for the First 5 Sacramento County Program that have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2013.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its First 5 Sacramento County Program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for Elk Grove Unified School District's First 5 Sacramento County Program 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the First 5 Sacramento County Program occurred. An audit includes examining, on a test basis, evidence about Elk Grove 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. However, our audit does not provide a legal determination of Elk Grove Unified School District's compliance with those requirements.

**Opinion on First 5 Sacramento County Program**

In our opinion, Elk Grove Unified School District complied, in all material respects, with the compliance requirements referred to above that have a direct and material effect on its First 5 Sacramento County Program for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of Elk Grove 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 Elk Grove Unified School District's internal control over compliance with requirements that could have a direct and material effect on its First 5 Sacramento County Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the First 5 Sacramento County Program and to test and report on internal control over compliance in accordance with the First 5 Sacramento County Program Guidelines, 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 Elk Grove 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.

### Purpose of this Report

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 First 5 Sacramento County Program Guidelines. Accordingly, this report is not suitable for any other purpose.



Crowe Horwath LLP

Sacramento, California  
November 19, 2013

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE

Board of Education  
Elk Grove Unified School District  
Elk Grove, California

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

We have audited Elk Grove 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 Elk Grove Unified School District's major federal programs for the year ended June 30, 2013. Elk Grove 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 of Elk Grove 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 Elk Grove 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 Elk Grove Unified School District's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Elk Grove 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 Elk Grove 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 Elk Grove 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 Elk Grove 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.

### Purpose of this Report

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.



Crowe Horwath LLP

Sacramento, California  
November 19, 2013

## **FINDINGS AND RECOMMENDATIONS**

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2013**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency(ies) identified not considered  
to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements  
noted? \_\_\_\_\_ Yes   X   No

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency(ies) identified not considered  
to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.027A, 84.173, 84.173A 84.287	Special Education Cluster NCLB: Title IV, Part B, 21st Century Community Learning
84.367	NCLB: Title II, Teacher Quality and Administrator Training
10.555	Child Nutrition: School Programs

Dollar threshold used to distinguish between Type A  
and Type B programs: \$ 1,646,640

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

**STATE AWARDS**

Type of auditor's report issued on compliance for  
state programs: Qualified

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2013**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2013-01 DEFICIENCY - STUDENT BODY ACCOUNTING (30000)**

Criteria

Internal Controls - Safeguarding of Assets

Condition

At various school sites selected for testing the following issues were noted:

- There was no indication that inventory counts were reviewed to determine propriety as to character and quantities.
- A profit and loss statement for the student store is not prepared.
- A monthly report of financial transactions of the various club accounts is not prepared and submitted to the school principal.
- Receipts are not issued when funds are turned into the Secretary.
- Deposits are not supported by detailed schedules defining the number of items receipted and the unit price per item.
- There is no evidence of dual signatures on check disbursements.
- No evidence of approval of fund-raising activities.
- No evidence of student store inventory counts being performed.
- No evidence of student store profit and loss statements being reviewed.

Effect

There exists a risk that ASB funds could potentially be misappropriated.

Cause

Adequate internal control procedures have not been consistently followed.

Fiscal Impact

Not determinable.

## ELK GROVE UNIFIED SCHOOL DISTRICT

### SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

(Continued)

Year Ended June 30, 2013

#### 2013-01 DEFICIENCY - STUDENT BODY ACCOUNTING (30000) (Continued)

##### Recommendations

School sites should implement the proper control procedures in order to protect ASB funds from misappropriation:

- Student store inventory, profit-loss and monthly activity summaries should be performed regularly and reviewed/approved by the Principal or other designated site personnel.
- Monthly report of financial transaction of the various club accounts should be prepared and submitted to the school Principal for review and approval.
- Receipts should be issued and signed when funds are deposited into the front office.
- Deposits should be supported by detailed schedules defining the number of items receipted and unit price per item.
- Check disbursements should require two signatures and evidence of such should be retained.
- Formal approval for fundraising activities by the Principal or other designated site personnel be performed.

##### Corrective Action Plan

The District continues to administer District-wide guidelines in conjunction with the Fiscal Crisis Management Assistance Team (FCMAT) Associated Student Body Accounting Manual, Fraud Prevention Guide and Desk Reference. In addition, at the request of the District an in-service workshop was provided by the District's external auditors on October 22, 2013, to all Secondary administrators and support staff.

The establishment of the new Fiscal Services Compliance Specialist position, which was filled on December 3, 2012, initiated site visits to go over proper handling of ASB monies, ASB accounting and provide a greater level of support to site personnel.

The frequency of meetings between District Fiscal Services staff and secondary school site controllers has increased to three times a year. A specific "Fiscal Compliance" e-mail account has been created to provide a more efficient communication model for site staff to submit questions and Fiscal Staff to respond. In addition, a database of frequently asked questions and helpful tips has been created as an on-going reference to communicate best practices to site staff.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2013**

**2013-02 DEFICIENCY - VACATION ACCRUAL (3000)**

Criteria

Vacation accrual is governed by collective bargaining contracts as well as board policies 4162, 4262 and 4362. All contracts and board policies prohibit accumulation of vacation days in excess of the stated maximums.

Condition

As of June 30, 2013, there are approximately 672 employees who exceed the maximum days permitted by policy, by a total of approximately 17,268 excess days, representing an excess vacation accrual of \$2,971,486.

Effect

Increased liability to the District, to be paid in future years based on overaccrual.

Cause

The District is not enforcing policy and contract language regarding vacation accrual.

Fiscal Impact

As of June 30, 2013, the excess vacation accrual is \$2,971,486.

Recommendations

The District should enforce the requirements set in the collective bargaining contracts and District policy.

Corrective Action Plan

The District is continuing to work on a way to enforce the accrual policy and limit hours that can be accrued by stopping the accrual when it reaches a maximum level. The issue will be discussed during 2013/2014 negotiations with employee groups.

**ELK GROVE UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2013**

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**ELK GROVE UNIFIED SCHOOL DISTRICT**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

(Continued)

**Year Ended June 30, 2013**

**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

**2013-03 DEFICIENCY - KINDERGARTEN CONTINUANCE (40000)**

Criteria

Pursuant to Education Code Section 46300(g) In computing the average daily attendance of a school district, there shall be included the attendance of pupils in kindergarten after they have completed one school year in kindergarten or pupils in a transitional kindergarten program after they have completed one year in that program if one of the following conditions is met: (A) The school district has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by the department and signed by the pupil's parent or guardian, that the pupil may continue in kindergarten for not more than one additional school year.

Condition

In performing compliance procedures there were seven instances noted in which the "Consent Retain Pupil in Kindergarten" form lacked appropriate pre-approval from the student's parent/guardian.

Effect

The effect of the error is an overstatement of 6.27 ADA.

Cause

Internal control procedures were not properly implemented by the District.

Fiscal Impact

Fiscal impact of \$42,063 based on overstatement of 6.27 ADA and Revenue Limit Base of \$6,713.90 per ADA.

Recommendation

The District should revise and resubmit the Second Period and Annual Reports of Attendance to reflect the disallowed ADA.

Corrective Action Plan

The District revised and resubmitted the Second Period and Annual Reports of Attendance, and will implement internal control procedures to ensure that Kindergarten Continuance forms are completed in compliance with state requirements.



**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**

**ELK GROVE UNIFIED SCHOOL DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

**Year Ended June 30, 2013**

<b>Finding/Recommendation</b>	<b>Current Status</b>	<b>District Explanation If Not Implemented</b>
<p>2012-01</p> <ul style="list-style-type: none"> <li>• At the various school sites selected for testing, the following was noted:</li> <li>• Sub receipts are not used for the initial receipt of cash.</li> <li>• Deposits are not supported by detailed schedules defining the number of items receipted and the unit price per item.</li> <li>• Deposits are not being made timely.</li> <li>• Fundraiser monies were not turned into the office for deposit and were used to directly pay for fundraiser expenses.</li> <li>• No evidence of approval of fundraising activities.</li> <li>• Monthly report of financial transactions and profit and loss statements are not reviewed by school site personnel.</li> <li>• Bank reconciliations were not performed timely. In many instances, the bank reconciliations were done two or three months after receipt of the bank statement.</li> <li>• Bank reconciliations did not contain evidence of review and/or approval by an individual independent of the reconciliation process.</li> <li>• There is no evidence of dual signatures on check disbursements.</li> <li>• A log of receipt books issued to the clubs is not maintained.</li> <li>• There is no evidence that student store inventories had been performed and/or reviewed.</li> </ul>	<p>Partially implemented.</p>	<p>See current year finding 2013-01.</p>
<p>School sites should implement the proper control procedures in order to protect ASB funds from misappropriation:</p> <ul style="list-style-type: none"> <li>• Sub receipts should be used for the initial receipt of cash.</li> <li>• A log of receipt books issued to the clubs should be maintained.</li> <li>• All monies collected should be turned into the office for deposit and not directly spent to pay unapproved expenses.</li> </ul>		

**ELK GROVE UNIFIED SCHOOL DISTRICT**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

**Year Ended June 30, 2013**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
<p>2012-01 (Continued)</p> <ul style="list-style-type: none"> <li>• All expenses should be supported by invoices or receipts.</li> <li>• Deposits should be supported by detailed schedules defining the number of items received and the price per item.</li> <li>• Check disbursements should require two authorized signers</li> <li>• Check copies should be available upon request to verify this process is being followed.</li> <li>• All revenue producing activities should be formally authorized by appropriate personnel.</li> <li>• Student store inventory, profit-loss and monthly activity summaries should also be performed regularly and reviewed/approved by the Principal or other designated site personnel.</li> <li>• Bank Reconciliations should be reviewed by the Principal or other designated site personnel in a timely manner.</li> </ul>		
<p>2012-02</p> <p>As of June 30, 2012, there are approximately 492 employees who exceed the maximum days permitted by policy, by a total of approximately 13,531 excess days, representing an excess vacation accrual of \$2,251,496.</p> <p>The District should enforce the requirements set in the collective bargaining contracts and District policy.</p>	<p>Not implemented.</p>	<p>See current year finding 2013-02.</p>