

AGENDA FOR THE MEETING OF THE GOVERNING BOARD OF
THE SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
January 8, 2013

Immediately following the 6:00 pm meeting of the Sierra County Board of Education
Loyalton Middle School, Room 4, Loyalton, California

This meeting will be available for videoconferencing at Downieville, CA
In the case of a technological difficulty at either school site, videoconferencing will not be available.

Any individual who requires disability-related accommodations or modifications including auxiliary aids and services in order to participate in the Board meeting should contact the Superintendent or designee in writing.

Public inspection of agenda documents that are distributed to the Board less than 72 hours before the meeting, will be made available at Sierra-Plumas Joint Unified School District, 305 S. Lincoln Street, Sierraville, CA 96126 and, when feasible, attached to the online agenda at <http://www.sierracountyofficeofeducation.org> (Government Code 54957.5)

A. CALL TO ORDER

B. ROLL CALL

C. APPROVAL OF AGENDA

D. INFORMATION/DISCUSSION ITEMS

1. Correspondence
2. Superintendent's Report
 - a. Consolidation Plan
 - b. Child Nutrition (Cafeteria)
 - c. 2013-14 Budget and Staffing
3. Business Report
 - a. Board Report-Expenditures by Object 07/01/12 to 12/31/12**
 - b. Fourth Month Enrollments for the 2012-2013 School Year**
4. Staff Reports (5 minutes)
5. SPTA Report (5 minutes)
6. Board Members' Report (5 minutes)
7. Public Comment --This is an opportunity for members of the public to directly address the governing board on any item of interest that is within the subject matter jurisdiction of the governing board whether or not it is listed on the agenda. Five minutes may be allotted to each speaker and a maximum of twenty minutes to each subject matter. (Education Code 35145.5; Bylaw 9322; Government Code 54954.3)
 - a. Current location
 - b. Videoconference location

E. CONSENT CALENDAR

1. Approval of the minutes of the Regular Board meeting held December 11, 2012**
2. Approval of the bill warrants for the month of December 2012**

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3. Approval of Quarterly Report on Williams Uniform Complaints for quarter ending December 31, 2012. It is required per Education Code 35186 section (d) that a school district shall report summarized data on the nature and resolution of all complaints on a quarterly basis to the county superintendent of schools and the governing board of the school district. No complaints regarding textbooks and instructional materials, teacher vacancy or misassignment or conditions of facilities were filed with Sierra-Plumas Joint Unified School District during the quarter ending December 31, 2012.
4. Authorization to submit Consolidated Application, Part II

F. ACTION ITEMS

1. New Business
 - a. Acceptance of 2011-2012 Financial Audit**
 - b. Authorization to fill 1.0 FTE Custodian position, Loyalton High School
 - c. Adoption of Resolution No. 12-013, School Closure – Loyalton Middle School; Reconfigure Loyalton High School**
 - d. Adoption of Resolution No. 12-014, Relocate District Administration Office to Loyalton Elementary/Middle School Portable Buildings**
 - e. Authorization for Superintendent enter into a revised Contract for Professional Services for CRM Group, Kevin Nolen, Roof Replacement Project for Loyalton High School**
 - f. Adoption of Resolution No. 12-015, Approval for Bridge Financing for Loyalton High School roof project*
 - g. Discussion with possible Direction/Action regarding Out of District Attendance
 - h. Assignment of Michael Moore and Patty Hall to the Child Nutrition Committee
 - i. Approval of Teacher Computer Buy/Loan Program**
 - j. Student Accountability Report Card, Downieville Elementary School**
 - k. Student Accountability Report Card, Downieville Junior/Senior High School**
 - l. Student Accountability Report Card, Loyalton Elementary School**
 - m. Student Accountability Report Card, Loyalton Middle School**
 - n. Student Accountability Report Card, Loyalton High School**

G. ADVANCED PLANNING

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1. Next Regular Board Meeting will be held on Tuesday, February 12, 2013, at Downieville School, Downieville, California, following the 6:00 pm meeting of the Sierra County Board of Education
2. Special Board Meeting will be held on Tuesday, February 26, 2013, at Loyalton Middle School, Room 4, Loyalton, California
3. Suggested Agenda items
 - a. Title 1 School Level Parent Involvement Policy

H. PUBLIC COMMENT

At this time, we open the meeting for any public comments regarding the following Closed Session item:

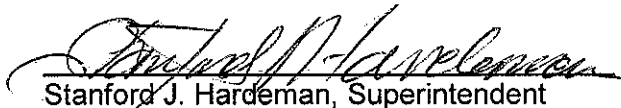
1. California Education Code §48915 and 48916, Student Stipulated Expulsion Order Revocation, Student 11-12-01

I. CLOSED SESSION

Open Session is now closed. The Board of Trustees and Mr. Stanford J. Hardeman will now move into Closed Session to consider and/or take action upon the preceding item.

J. RETURN TO OPEN SESSION

1. Report Out


Stanford J. Hardeman, Superintendent

**enclosed

*handout

^^County agenda backup

Fiscal01a

Account Object Summary-Balance

Balances through December						Fiscal Year 2012/13
Object	Description	Adopted Budget	Revised Budget	Encumbered	Expenditure	Account Balance
Fund 01 - General FD						
1100	Teachers Salaries	1,410,527.00	1,388,307.00	802,635.18	552,880.61	32,791.21
1120	Certificated Substitutes	40,368.00	46,420.00		14,230.00	32,190.00
1300	Certificated Superv/Admin Sala	282,602.00	279,449.00	139,724.76	139,724.76	.52-
1310	Teacher In Charge/Head Teacher	18,000.00	28,000.00	6,000.00	5,000.00	17,000.00
1900	Other Certificated Salaries	8,749.00	8,574.00	4,287.00	4,287.00	.00
	Total for Object 1000	1,760,246.00	1,750,750.00	952,646.94	716,122.37	81,980.69
2100	Instructional Aides Salaries	127,399.00	136,017.00	73,448.72	50,519.51	12,048.77
2200	Classified Support Salaries	324,802.00	330,488.00	126,535.11	144,626.42	59,326.47
2220	Classified Support Substitute		18,404.00		18,963.58	559.58-
2300	Classified Sup/Admin Salaries	2,700.00	2,115.00		945.00	1,170.00
2400	Clerical & Office Salaries	267,663.00	239,706.00	118,076.68	121,268.90	360.42
2900	Other Classified Salaries	24,905.00	43,090.00	13,138.63	8,211.73	21,739.64
	Total for Object 2000	747,469.00	769,820.00	331,199.14	344,535.14	94,085.72
3101	State Teachers Retirement Syst	135,489.00	136,176.00	75,401.10	55,929.48	4,845.42
3102	State Teachers Retirement Syst	825.00	825.00			825.00
3201	Public Employees Retirement Sy	6,095.00	5,605.00	3,206.76	2,263.43	134.81
3202	Public Employees Retirement Sy	81,250.00	69,161.00	31,535.64	31,499.58	6,125.78
3212	Pers Pickup-Classified Employe	12,884.00	10,128.00	4,632.00	5,028.00	468.00
3311	OASDI-Certificated Positions	3,064.00	3,855.00	1,639.62	1,449.58	765.80
3312	OASDI-Classified Positions	44,934.00	46,559.00	20,217.60	21,213.29	5,128.11
3321	Medicare-Certificated Position	25,440.00	23,441.00	12,765.66	9,841.85	833.49
3322	Medicare-Classified Positions	10,670.00	11,049.00	4,728.35	4,970.36	1,350.29
3401	Health & Welfare -Certificated	390,571.00	388,263.00	228,874.56	159,387.95	.49
3402	Health & Welfare-Classified Po	183,990.00	146,344.00	82,069.96	88,413.45	24,139.41-
3501	State Unemployment Insurance-C	20,699.00	19,215.00	10,478.88	8,995.68	259.56-
3502	State Unemployment Insurance-	8,229.00	8,469.00	3,643.18	4,282.38	543.44
3601	Workers' Compensation Insuranc	99,122.00	91,746.00	50,301.18	37,897.49	3,547.33
3602	Workers' Compensation Insuranc	40,056.00	41,633.00	17,833.88	18,751.18	5,047.94
3701	Retiree Benefits Cert.	121,060.00	121,041.00		17,538.37	103,502.63
3702	Retiree Benefits Class				2,306.74	2,306.74-
3801	PERS Reduction-Certificated		787.00	450.24	317.80	18.96
3802	PERS Reduction-Classified	10,686.00	9,302.00	4,347.06	4,368.39	586.55
3901	Other Benefits, Certificated P	399.00	418.00	251.34	1,172.94	1,006.28-
3902	Other Benefits, Classified Pos				2,174.00	2,174.00-
	Total for Object 3000	1,195,463.00	1,134,017.00	552,377.01	477,801.94	103,838.05
4100	Textbooks	9,266.00	11,615.00	498.48	1,369.09	9,747.43

Selection Filtered by User Permissions, (Org = 6, Online/Offline = N, Fiscal Year = 2013, Period = 6, Unposted JEs? = N, Assets and Liabilities? = N, Restricted Accts? = Y, Fund = 01, Object = 1-7, SACS Fund? = N, Fund Page Break? = N, Obj Lvl = 4, Obj Digits = 1, Page Break? = N)

ESCAPE ONLINE

Balances through December						Fiscal Year 2012/13
Object	Description	Adopted Budget	Revised Budget	Encumbered	Expenditure	Account Balance
Fund 01 - General FD (continued)						
4200	Books Other Than Textbooks			914.52	5,370.37	6,284.89-
4300	Materials and Supplies	86,917.00	93,848.00	14,783.69	60,488.26	18,576.05
4350	Vehicle Maint. M&S	6,500.00	6,500.00	5,764.06	553.71	182.23
4400	Non-Capital Equipment (Up to \$		31,639.00	5,161.16	30,819.62	4,341.78-
	Total for Object 4000	102,683.00	143,602.00	27,121.91	98,601.05	17,879.04
5100	Subagreement for Services	568,724.00	571,243.00	304,395.42	266,847.58	.00
5200	Travel & Conferences	34,300.00	51,526.00	5,255.27	8,112.52	38,158.21
5300	Dues & Membership	5,447.00	6,707.00	642.02	5,918.32	146.66
5400	Insurance-Fire, liability, etc	51,300.00	51,300.00		47,796.24	3,503.76
5510	Power	91,634.00	91,634.00	61,488.16	24,115.89	6,029.95
5520	Garbage	20,713.00	20,713.00	4,629.00	2,931.00	13,153.00
5530	Water	48,600.00	48,600.00	17,023.12	31,578.35	1.47-
5540	Propane	71,775.00	71,775.00	61,869.58	9,655.42	250.00
5590	Miscellaneous Utilities	15,500.00	15,500.00	11,857.22	3,142.78	500.00
5600	Rentals, Leases & Repairs	30,773.00	30,773.00	6,775.78	19,656.81	4,340.41
5800	Services & Operating Expense	53,000.00	53,000.00	29,383.86	22,416.14	1,200.00
5810	Legal Expenses			316.25	620.25-	304.00
5812	Board Election Expense	3,550.00	3,550.00			3,550.00
5840	Audit Expense	12,000.00	12,000.00	7,750.00	4,750.00	500.00-
5860	Solid Waste Tax	15,613.00	15,613.00	5,430.45	4,450.97	5,731.58
5870	Property Tax - Pliocene Mobil	328.00	328.00			328.00
5890	Miscellaneous Contracts/Servic	346,504.00	309,830.00	295,078.78	143,049.44	128,298.22-
5899	SCOE Interagency Reimburse			14,610.73	1,756.95	16,367.68-
5900	Communications	5,853.00	5,853.00	1,125.00	1,800.82	2,927.18
5910	Telephone-Monthly Service	16,839.00	16,839.00	11,752.62	1,672.55	3,413.83
5920	T Lines	4,800.00	4,800.00	1,488.84	1,211.16	2,100.00
5990	Other Communications	225.00	225.00			225.00
	Total for Object 5000	1,397,478.00	1,381,809.00	840,872.10	600,242.69	59,305.79-
6200	BUILDING & IMPROVEMENT OF BUIL	190,742.00	212,350.00	409.38	30,415.43	181,525.19
6400	Equipment		16,733.00		16,732.58	.42
	Total for Object 6000	190,742.00	229,083.00	409.38	47,148.01	181,525.61
7142	Other Tuition, Excess Cost, an	35,594.00	16,774.00			16,774.00
7310	Direct Support/Indirect Costs					.00
7616	Trans fr Gen Fund to Cafeteria	78,281.00	78,281.00			78,281.00
	Total for Object 7000	113,875.00	95,055.00	.00	.00	95,055.00

Balances through December						Fiscal Year 2012/13
Object	Description	Adopted Budget	Revised Budget	Encumbered	Expenditure	Account Balance
Fund 01 - General FD (continued)						
	Total for Expense accounts	5,507,956.00	5,504,136.00	2,704,626.48	2,284,451.20	515,058.32
	Total for Org 006, Fund 01 and Expense accounts	5,507,956.00	5,504,136.00	2,704,626.48	2,284,451.20	515,058.32

ENROLLMENT BY SCHOOL MONTH 2012-2013

	Loyalton Elementary	Loyalton Middle	Loyalton High	Downieville Elementary	Downieville Jr/Sr High	Sierra Pass Cont	Long Term ISP	TOTAL
Ending 2011-2012	172	53	105	29	24	6	3	392
1st Day 2012-2013	158	54	113	27	26	3	8	389
2012 CBEDS	159	53	104	28	24	5	0	373

	Month	Loyalton Elementary	Loyalton Middle	Loyalton High	Downieville Elementary	Downieville Jr/Sr High	Sierra Pass Cont	Long Term ISP	TOTAL
September	1	161	54	110	28	24	6	5	388
October	2	159	53	106	29	24	6	5	382
November	3	157	50	105	28	25	9	8	382
December	4	162	51	106	28	25	8	7	387
January	5								0
February	6								0
March	7								0
April	8								0
May	9								0
June	10								0

S-PJUSD SDC Opportunity Washoe Cnty

P-1 ADA
P-2 ADA
Annual ADA

Enrollment difference from June 2012 to
fourth school month ending December 14, 2012: -5

2011-2012 P1 ADA = 389.34 2011-2012 P2 ADA = 382.81 2011 -2012 Annual ADA = 380.57
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**ENROLLMENT BY SCHOOL MONTH
2012-2013**

MINUTES FOR THE REGULAR MEETING OF THE GOVERNING BOARD OF
THE SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT

December 11, 2012

Downieville School, Downieville, California

This meeting was videoconferenced to Loyalton Middle School, Room 4, Loyalton, CA

A. CALL TO ORDER

President MIKE MOORE called the meeting to order at 6:05 pm

B. ROLL CALL

PRESENT: Mr. Mike Moore, President
Mr. Allen Wright, Vice President
Ms. Sharon Dryden, Member
Mr. Tim Driscoll, Member

ABSENT: None

VACANT: One

STAFF: Mr. Stan Hardeman, Superintendent
Ms. Rose Asquith, Business Manager
Ms. Hannah Tomatis, Administrative Assistant
Ms. Marla Stock, Site Administrator (via videoconference)
Mr. Derek Cooper, Site Administrator
Ms. Marlene Mongolo, Testing/SELPA Director (via videoconference)

C. APPROVAL OF THE AGENDA

MSCU/WRIGHT/DRYDEN

D. BOARD ORGANIZATION

1. Oath of Office
 - a. Timothy Driscoll, Board Trustee, District 3, was sworn in by Mr. Stanford J. Hardeman
2. Board Trustee, District 1, Provisional Appointment Candidate Interview
 - a. Allison Baca
 - b. Patricia Hall

Allison Baca was interviewed at 6:06 p.m.; Patricia Hall was interviewed at 6:19 pm. The board discussed the attributes of both candidates.

DRISCOLL: Commented that his business relationship with Ms. Hall may influence his vote and offered to abstain.

WRIGHT: Stated that he has had professional relationships with both candidates. He mentioned to the candidates that they consider the importance and sometimes inconvenience of driving over the pass at all times of the year. He also mentioned that whoever is chosen should be aware that District 1 concerns Alleghany and Pike, areas that need attention, as well as Downieville.

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DRYDEN: Declared that the decision will be a tough one since both candidates are fabulous. She commented that Ms. Hall's background of a career in banking would provide more of a business and financial perspective.

MOORE: Agreed that this will be a tough decision. He stated that Ms. Baca was better prepared for the interview. He commented that both candidates had excellent answers.

WRIGHT: Remarked that both are capable candidates. He appreciated Ms. Baca's comment on her objective answer on her ability to be prepared to vote for a decision that might benefit one school and not another.

DRISCOLL: Commented that he should abstain.

DRYDEN: Responded to DRISCOLL stating that if he knew the qualities of one candidate, then that information should be valuable.

DRYDEN motioned to appointment Patricia Hall as board member of Trustee #1. There was no second.

DRYDEN motioned that the provisional appointment be opened for vote. WRIGHT seconded.

ROLL CALL VOTE:

WRIGHT: Vote for Ms. Baca

DRYDEN: Vote for Ms. Hall

MOORE: Vote for Ms. Baca

DRISCOLL: Vote for Ms. Hall

MOORE: Stated that the results were tied. Called for a recess for 15 minutes to come up with additional questions and interview the candidates again.

WRIGHT: Commented that he didn't think it will change the vote.

The board recessed for 15 minutes at 6:50 pm.

The board reconvened at 7:04 pm and interviewed Allison Baca.

The board interviewed each candidate four additional questions:

- What do you see as your responsibility that goes with your role as a board member? Also, what about the personal liability involved?
- Aside from the fiscal challenges, what do you see as the other major challenges regarding our district?
- The District 1 seat has been vacated since July, what has happened recently to interest you in the position?
- Specifically, how would you promote the district's vision? How would you support the schools and the district as a whole?

The board interviewed Patricia Hall at 7:14 pm.

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The board will be acting on the same motion to vote for the provisional appointment candidate:

DRYDEN: Vote for Ms. Hall
WRIGHT: Vote for Ms. Baca
MOORE: Vote for Ms. Hall
DRISCOLL: Vote for Ms. Hall

3. **OATH OF OFFICE** – Patricia Hall, Board Trustee, District 1, was sworn in by Superintendent Stanford J. Hardeman.
4. **ELECTION OF OFFICERS FOR 2013**
 - a. President- WRIGHT motioned that MOORE be elected president. DRYDEN seconded. Motion passed unanimously.
 - b. Vice-President- WRIGHT motioned that DRISCOLL be elected Vice President. DRYDEN seconded. Motion passed unanimously.
 - c. Clerk- WRIGHT motioned that DRYDEN be elected Clerk. HALL seconded. Motion passed unanimously.

E. RECESS TO SIERRA COUNTY BOARD OF EDUCATION MEETING-7:36 pm

F. RECONVENE THE SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT GOVERNING BOARD MEETING-7:59 pm

G. INFORMATION / DISCUSSION ITEMS

1. SUPERINTENDENT’S REPORT

- a. Federal Program Monitoring Final Report – This report has given us a better idea of the minute details of mandatory programs and requirements that are ordered by the state.
- b. Loyalton Middle School Restroom Project – The district submitted a claim to the surety company as well as to the California Department of Insurance, Consumers Affairs Division. The surety company has agreed to authorize Kevin Nolen, CRM Group, to obtain estimates for making repairs. The City of Loyalton has been notified of these results. Mr. Hardeman plans to inform the City Council personally.
- c. Negotiations – The negotiations meeting resulted in adding one more evaluation step (#6), additional criteria on how staff is evaluated.
- d. District Advisory Committee –Budget reviewed.

REQUEST FROM STAFF: Marla Stock requested that Cali Griffin, Loyalton High School Ag Teacher, be given a chance to give a staff report at this time considering her time constraints.

Cali received an Outstanding Superior Ag Teacher award and will be moving forward in competition. Cali presented an award for Outstanding Administrator to Mr. Stanford J. Hardeman for supporting the agriculture department. Cali also mentioned a scheduled Ag Dept. work day Jan 4th and 5th.

- e. Sierra Schools Foundation – This foundation continues to support students’ needs and take grant applications.
- f. Cafeteria - The district is still looking into other companies/options for cafeteria. There are only two companies found that serve the frozen prepared food.

2. BUSINESS REPORT

- a. Board Report-Expenditures by Object 07/01/12 to 11/30/12
- b. Third Month Enrollments for the 2012-2013 School Year
- c. Business Office Closure for the period of December 24, 2012 through January 1, 2013

There were no comments on the Board Report-Expenditures by Object 07/01/12 to 11/30/12 or the Third Month Enrollments for the 2012-2013 School Year.

3. STAFF REPORTS

Marla Stock, Site Administrator, Loyalton High School, reported on the following activities:
Financial aid night
Seniors are receiving acceptance letters from colleges
PLC’s
FFA Computers and Accelerated Reader/Grant from the Sierra Schools Foundation
Spring Musical

Derek Cooper, Site Administrator, reported on the following activities
Downieville School– Board room
Sierra Schools Foundation – Thank you for grants towards music programs district wide
Holiday on Main

4. SPTA REPORTS

There were no reports.

5. BOARD MEMBERS’ REPORTS

WRIGHT spoke his appreciation for the work done by Bernie Stringer turning the media room at Downieville School into a meeting room.

6. PUBLIC COMMENT

President MOORE opened the meeting for public comment at 8:20 pm.
There was no public comment.
President MOORE closed the meeting for public comment at 8:20 pm.

H. CONSENT CALENDAR

The following items were included on the consent calendar:

- 1. Approval of the minutes of the Regular Board meeting held November 13, 2012

2. Approval of the bill warrants for the month of November 2012
3. Approval of Appointments:
 - a. Sarai Mendoza, Loyalton High, Noon Supervisor, effective November 20, 2012, 3.3 hours weekly
 - b. Nancy McCollum, Loyalton High, Cheerleading Advisor, Semester 2
 - c. Dorothy Hughes, Loyalton Elementary/Middle Library Aide, effective November 26, 2012, 10 hours weekly
 - d. Penny Berry, Loyalton High Music Teacher, short term assignment, 14 days, effective November 26, 2012
MSCU/WRIGHT/DRISCOLL

I. ACTION ITEMS

1. New Business
 - a. Accept letter of resignation from Laraine Sei, Loyalton Middle School Noon Supervisor, effective October 18, 2012
MSCU/ALLEN/DRYDEN
 - b. Accept letter of resignation from Laraine Sei, Loyalton Middle School Secretary, effective October 18, 2012
MSCU/WRIGHT/DRYDEN
 - c. The Public Hearing to receive comment on the Developer Fee Fund Accounting was held at 8:23 pm.
There was no comment. The Public Hearing closed at 8:24 pm.
 - d. Adoption of Resolution No. 12-012, Developer Fee Fund Accounting
MSCU/WRIGHT/DRISCOLL
ROLL CALL VOTE:
DRYDEN: AYE
DRISCOLL: AYE
HALL: ABSTAIN
MOORE: AYE
WRIGHT: AYE
 - e. The Public Hearing to allow the community to speak toward the proposed Loyalton Middle School/Loyalton High School consolidation opened at 8:24 pm. There was no public comment. The Public Hearing closed at 8:25 pm.
 - f. Discussion only: Resolution No. 12-013, School Closure – Loyalton Middle School; Reconfigure Loyalton High School
Discussion included:
Mr. Hardeman’s visit to Portola Jr/Sr High School
Plans for a student lunch/break area
Supervision
Advanced Education
Fully Credentialed Teachers
This Resolution will be brought to vote at the January 8, 2013, school board meeting.

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- g. Discussion only: Resolution No. 12-014, Relocate District Administration Office to Loyalton Elementary/Middle School Portable Buildings
Discussion included:
Mr. Hardeman and MOORE met some Sierra County officials regarding the District Office moving from Sierraville School location. If this is approved, the MOU will be amended to reflect some changes in responsibilities, such as for utilities.
This Resolution will be brought to vote at the January 8, 2013, school board meeting.
- h. Assignment of two Board Trustees to the District Advisory Committee for year 2013
WRIGHT, DRISCOLL
- i. Assignment of two Board Trustees to the Transportation Committee for year 2013
MOORE, HALL
- j. Assignment of two Board Trustees to the Negotiations Committee for year 2013
WRIGHT, MOORE
- k. Assignment of two Board Trustees to the Facilities Committee for year 2013
DRISCOLL, DRYDEN

(NOTE: It was recommended that a Child Nutrition (Cafeteria) Committee be created by the Superintendent and placed on the January agenda for board members to be assigned. MOORE and HALL volunteered. It will be placed on the January agenda.)
- l. Authorization for Superintendent to enter into a Memorandum of Understanding with BTSA Induction Program
MSCU/WRIGHT/DRISCOLL
- m. Adoption of 2012-2013 First Interim Actuals as of October 31, 2012
MSCU/WRIGHT/DRISCOLL

J. ADVANCED PLANNING

- 1. The next Regular Board Meeting will be held on January 8, 2013, Loyalton Middle School, Loyalton, California, immediately following the 6:00 pm meeting of the Sierra County Board of Education.
- 2. Suggested Agenda items:

Financial Audit Report
Consolidation Resolution
District Office Resolution
Cafeteria Committee
Site plan adoptions
Preliminary Discussion: Students attending out of district schools.

K. PUBLIC COMMENT

At 8 pm, the meeting opened for public comments regarding the following Closed Session item:

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1. Government Code §54954.5, Public Employee Discipline/Dismissal/Release

There was no public comment.

L. CLOSED SESSION

Open Session closed at 8:58 pm. The Board of Trustees moved into Closed Session to consider and/or take action upon the preceding item. Superintendent Hardeman attended the closed session. Sue Roberts' (Personnel Technician) presence was not required.

M. RETURN TO OPEN SESSION

Report Out

1. WRIGHT motioned to authorize the Release of Classified Employee, 1.0 FTE, Loyaltan High School Custodian, without benefits and with 39 month re-hire rights. DRISCOLL seconded.

ROLL CALL VOTE:

DRYDEN: AYE

DRISCOLL: AYE

HALL: AYE

MOORE: AYE

WRIGHT: AYE

Motion Passed Unanimously

MSCU/WRIGHT/DRISCOLL

ADJOURNED at 9:58 pm.

Sharon Dryden, Clerk

Stanford J. Hardeman, Superintendent

Checks Dated 12/01/2012 through 12/31/2012

Check Number	Check Date	Pay to the Order of	Fund Object	Expensed Amount	Check Amount
00078029	12/05/2012	AT&T	01-5890	29.57	
			01-5910	17.65	47.22
00078030	12/05/2012	AVAYA, INC	01-5600		245.00
00078031	12/05/2012	CURRENT ELECTRIC & ALARM, INC.	01-5600		180.00
00078032	12/05/2012	GIRARD, EDWARDS & HANCE ATTORNEYS AT LAW	01-5810		183.75
00078033	12/05/2012	RICHARD GONZALEZ & ASSOC.	01-5890		31.25
00078034	12/05/2012	GRIZZLY INDUSTRIAL, INC	01-4300		211.85
00078035	12/05/2012	HAWS, THEOBALD & AUMAN PC	01-5840		4,750.00
00078036	12/05/2012	STACEY HOOD	01-5900		16.56
00078037	12/05/2012	HUNT & SONS, INC.	01-5540	629.98	
			01-5899	209.99	839.97
00078038	12/05/2012	INLAND SUPPLY	01-4300		750.27
00078039	12/05/2012	MARIAN LAVEZZOLA	01-5600		200.00
00078040	12/05/2012	LIBERTY UTILITIES	01-5510		2,599.70
00078041	12/05/2012	MODEL DAIRY, LLC	13-4700		262.73
00078042	12/05/2012	NATIONAL OIL & BURNER CO.	01-5600		316.00
00078043	12/05/2012	NICHOLS, MELBURG & ROSSETTO	35-6200		7,200.00
00078044	12/05/2012	NWN CORPORATION	01-4400		400.00
00078045	12/05/2012	PACIFIC GAS & ELECTRIC COMPANY	01-5510		21.66
00078046	12/05/2012	RENAISSANCE LEARNING, INC.	01-5890		3,363.57
00078047	12/05/2012	SACRAMENTO COUNTY OFFICE OF ED/ ATTN: FINANCIAL SERVICES	01-5300		400.00
00078048	12/05/2012	SIERRA COUNTY HEALTH DEPARTMENT	01-5510		289.50
00078049	12/05/2012	SIERRA COUNTY TREASURER	01-5860		4,450.97
00078050	12/05/2012	ALHAMBRA	01-4300	10.34	
			01-5600	10.34	
			01-5899	6.89	27.57
00078051	12/05/2012	SIERRA VALLEY HOME CENTER	01-4300		573.33
00078052	12/05/2012	SIERRA-PLUMAS JOINT UNIFIED	01-5890	193.81	
			13-5800	16.00	209.81
00078053	12/05/2012	CDE, CASHIER'S OFFICE	13-4700		176.80
00078054	12/05/2012	SUBURBAN PROPANE	01-5540		838.55
00078055	12/05/2012	TRI COUNTY SCHOOLS INS. GR.	01-3901	1,005.38	
			01-3902	2,174.00	
			01-9535	9,505.62	
			76-9576	57,438.16	70,123.16
00078056	12/05/2012	TRUCKEE DONNER PARK & DIST.	01-5890		364.00
00078057	12/05/2012	U.S. BANK	01-4300	1,071.44	
			01-4350	706.41	
			01-4400	2,155.17	
			01-5890	34.65	
			01-5899	61.40	4,029.07
00078058	12/05/2012	VERIZON WIRELESS	01-5910		227.49
00078059	12/05/2012	WAYNE WHITE WHITE'S BUS	01-5100	107,450.00	
			01-5800	6,250.00	113,700.00
00078060	12/05/2012	ALLEN WRIGHT	01-5200		20.81

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

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Checks Dated 12/01/2012 through 12/31/2012

Check Number	Check Date	Pay to the Order of	Fund Object	Expensed Amount	Check Amount
00078061	12/12/2012	A & A HEATING, INC.	01-5600		850.00
00078062	12/12/2012	AT&T	01-5920		241.94
00078063	12/12/2012	CAL POLY	01-5200		173.00
00078064	12/12/2012	CITY OF LOYALTON	01-5530		4,551.52
00078065	12/12/2012	DIVISION OF STATE ARCHITECT	35-6200		6,805.00
00078066	12/12/2012	GOLD COUNTRY DISTRIBUTORS	13-4700		264.75
00078067	12/12/2012	GOPHER SPORTS NW 5634	01-4300		81.84
00078068	12/12/2012	HUNT & SONS, INC.	01-5590		744.62
00078069	12/12/2012	MADDEN PLUMBING & HEATING, INC.	01-5600		449.12
00078070	12/12/2012	MODEL DAIRY, LLC	13-4700		134.84
00078071	12/12/2012	NORTHEASTERN JOINT POWERS AUTHORITY	76-9571		33,675.50
00078072	12/12/2012	PACIFIC GAS & ELECTRIC COMPANY	01-5510		3,398.63
00078073	12/12/2012	PLUMAS-SIERRA RURAL ELECT.COP	01-5510	336.69	
			01-5899	112.22	448.91
00078074	12/12/2012	RANDY PRICHARD	01-5890		250.00
00078075	12/12/2012	SIERRA HARDWARE	01-4300		156.41
00078076	12/12/2012	SIERRA-PLUMAS JOINT UNIFIED	01-5890		27.00
00078077	12/12/2012	SIERRA TRANSPORTATION COMPANY, LLC	01-5100	14,760.32	
			01-5800	2,638.74	17,399.06
00078078	12/12/2012	SIERRAVILLE SERVICE & COUNTRY STORE	01-4300	13.50	
			01-5899	4.50	18.00
00078079	12/12/2012	SIERRAVILLE PUD	01-5530	92.25	
			01-5899	30.75	123.00
00078080	12/12/2012	SUBURBAN PROPANE	01-5540		2,809.90
00078081	12/12/2012	TIMBERLINE AUTO PARTS & POWER EQUIPMENT	01-4350		224.30
00078082	12/12/2012	US FOODSERVICE, INC.	13-4300	489.10	
			13-4700	3,139.82	3,628.92
00078083	12/12/2012	VOYAGER FLEET SYSTEMS INC.	01-4300	297.14	
			01-5200	223.46	
			01-9210	52.88	573.48
00078084	12/26/2012	AIRGAS, NCN	01-5600		84.00
00078085	12/26/2012	GEGRB/AMAZON	01-4100	14.10	
			01-4300	30.02	
			Unpaid Sales Tax	2.03-	42.09
00078086	12/26/2012	APPLE INC.	01-4400		21,354.50
00078087	12/26/2012	AT&T	01-5890	29.41	
			01-5910	124.89	154.30
00078088	12/26/2012	DEREK COOPER	01-5200		288.60
00078089	12/26/2012	DOWNIEVILLE PUBLIC UTILITY DIS	01-5530		122.60
00078090	12/26/2012	EDUCATIONAL DATA SYSTEMS, inc	01-4300		7.92
00078091	12/26/2012	GOLD COUNTRY DISTRIBUTORS	13-4700		175.56
00078092	12/26/2012	GRAYSON REFRIGERATION	13-4300		566.11
00078093	12/26/2012	GUITAR CENTER	01-4300	896.07	
			01-4400	1,267.43	2,163.50
00078094	12/26/2012	STAN HARDEMAN	01-5200	81.80	

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Checks Dated 12/01/2012 through 12/31/2012

Check Number	Check Date	Pay to the Order of	Fund Object	Expensed Amount	Check Amount
00078094	12/26/2012	STAN HARDEMAN	01-5899	27.26	109.06
00078095	12/26/2012	HUNT & SONS, INC.	01-5590		933.86
00078096	12/26/2012	INSTITUTE FOR EDUCATIONAL DEVE	01-5200		657.00
00078097	12/26/2012	K 12 MANAGEMENT	01-5890		5,026.00
00078098	12/26/2012	MARIAN LAVEZZOLA	01-5600		200.00
00078099	12/26/2012	RACHEL LITTLE	01-5100		239.76
00078100	12/26/2012	MADDEN PLUMBING & HEATING, INC.	01-5600		893.00
00078101	12/26/2012	MODEL DAIRY, LLC	13-4700		235.27
00078102	12/26/2012	PACIFIC GAS & ELECTRIC COMPANY	01-5510		67.13
00078103	12/26/2012	QUILL CORPORATION	01-4300		445.88
00078104	12/26/2012	RAY MORGAN COMPANY	01-5600	1,754.96	
			01-5899	123.22	1,878.18
00078105	12/26/2012	RENAISSANCE LEARNING, INC.	01-5890		657.42
00078106	12/26/2012	SCHOOL SERV. OF CALIF. INC.	01-5200		99.00
00078107	12/26/2012	SCHOOLPATHWAYS	01-5800		150.00
00078108	12/26/2012	SIERRA COUNTY HEALTH DEPARTMENT	01-5510		289.50
00078109	12/26/2012	SIERRA DISPOSAL	01-5520	750.00	
			01-5899	10.00	760.00
00078110	12/26/2012	SIERRA HARDWARE	01-4300		450.45
00078111	12/26/2012	ALHAMBRA	01-4300	12.25	
			01-5600	12.25	
			01-5899	8.17	32.67
00078112	12/26/2012	SIERRA VALLEY HOME CENTER	01-6200		59.36
00078113	12/26/2012	SIERRA MOUNTAIN PIPE & SUPPLY	01-4300		29.39
00078114	12/26/2012	SMALL SCHOOL DISTRICTS' ASSN	01-5200		70.00
00078115	12/26/2012	STAPLES CONTRACT & COMM.	01-4300	503.57	
			01-5899	167.85	671.42
00078116	12/26/2012	DEPARTMENT OF JUSTICE ACCOUNTING OFFICE	01-5890		32.00
00078117	12/26/2012	SUBURBAN PROPANE	01-5540		928.31
00078118	12/26/2012	SUPERIOR REGION CATA	01-5200		85.00
00078119	12/26/2012	US FOODSERVICE, INC.	13-4700		66.23
00078120	12/26/2012	VERIZON WIRELESS	01-5910		228.03
00078121	12/26/2012	WAYNE WHITE WHITE'S BUS	01-5890		332.85
Total Number of Checks				93	334,666.28

Fund Summary

Fund	Description	Check Count	Expensed Amount
01	General Fund	81	224,022.44
13	Cafeteria Fund	10	5,527.21
35	State School Facility Fund	2	14,005.00
76	Warrant/Pass Though (payroll)	2	91,113.66
Total Number of Checks		93	334,668.31
Less Unpaid Sales Tax Liability			2.03
Net (Check Amount)			334,666.28

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

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**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
COUNTY OF SIERRA
SIERRAVILLE, CALIFORNIA**

**AUDIT REPORT
JUNE 30, 2012**

Introductory Section

Sierra-Plumas Joint Unified School District
 Audit Report
 For The Year Ended June 30, 2012

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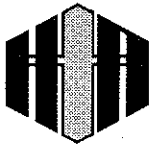
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Sierra-Plumas Joint Unified School District
Audit Report
For The Year Ended June 30, 2012

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Financial Section



Haws, Theobald & Auman, PC
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Kenneth G Theobald, CPA, M.S. Taxation
John E. Auman, CPA
Clay E. Singleton, CPA, M.S. Accountancy

Independent Auditor's Report on Financial Statements

Board of Trustees
Sierra-Plumas Joint Unified School District
Sierraville, California 96126

Members of the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sierra-Plumas Joint Unified School District as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sierra-Plumas Joint Unified School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in the notes to the financial statements, the State of California continues to experience economic hardship that directly impacts K-12 local educational agencies.

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 Sierra-Plumas Joint Unified School District as of June 30, 2012, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2012, on our consideration of Sierra-Plumas Joint 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* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sierra-Plumas Joint Unified School District's financial statements as a whole. The individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying other supplementary information is presented for purposes of additional analysis as required by the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2011-12*, published by the Education Audit Appeals Panel, and is also not a required part of the financial statements. The individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,



Haws, Theobald & Auman PC

October 5, 2012

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2012

INTRODUCTION

Our discussion and analysis of Sierra Plumas Joint Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2012. It should be read in conjunction with the District's financial statements (including notes and supplementary information), which follow this section.

FINANCIAL HIGHLIGHTS

- Total net assets were \$7,547,831 at June 30, 2012. This was a decrease of \$534,829 from the prior year. Net asset decreased from the prior year due to lower federal and state revenue.
- Overall revenues were \$5,268,405 which was more than expenses of \$5,803,234 by \$534,829.
- The general fund reported a fund balance this year of \$3,574,629.
- The total cost of the District's programs decreased by \$283,430 from last year.
- Long-term debt has increased by \$41,603 due to the current year addition of other post employment benefits.
- The District's P-2 ADA decreased from 394 in fiscal year 2010-2011, down to 383 ADA in fiscal year 2011-2012, a decrease of 2.8%.
- On the Statement of Revenues, Expenditures, and Changes in Fund Balance, total current year expenditures and other uses exceeded total current revenues and other sources by \$368,346.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 4% of general fund expenditures, transfers out, and other uses. During fiscal year 2011-2012, General Fund expenditures and other financing uses totaled \$5,357,138. At June 30, 2012, the District has available reserves of \$3,307,143 in the General Fund, which represents a reserve of 61.7%.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- **Fund financial statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
 - **Governmental funds** statements tell how general government services were financed in the short term as well as what remains for future spending.
 - **Fiduciary fund** statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements. A comparison of the district's budget for the year is included.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net assets and how they have changed. Net assets, the difference between the 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 assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the District include governmental activities. Most of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has two kinds of funds:

- Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the government funds statements that explains the relationship (or differences) between them.
- Fiduciary funds - the District is the trustee, or fiduciary, for assets that belong to others; for the district, the student body activities fund is an agency fund. The District is responsible for ensuring that assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use the assets to finance its operations.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Assets

The District's combined net assets were \$7,547,831 at June 30, 2012. See Table 1.

Many factors contributed to the change in net assets. However, certain events of the last year stand out beyond the others. One event was the mold abatement cost at Loyalton High School. The District's Facility Hardship application was approved by the State Allocation Board at its October 2012 meeting.

**Table 1:
Net Assets**

	Governmental Activities		Total Percentage
	2012	2011	Change 2012-2011
Assets			
Cash & Investments	\$ 3,779,106	\$ 3,931,465	-3.88%
Accounts Receivable	210,934	352,985	-40.24%
Prepaid Expenses	11,761	2,000	488.05%
Capital Assets, Net of Accumulated Depreciation	4,197,621	4,322,501	-2.89%
TOTAL ASSETS	8,199,422	8,608,951	-4.76%
Liabilities			
Accounts Payable	453,299	354,350	27.92%
Deferred Revenue	9,933	25,185	-60.56%
Short-Term Debt	127,339	119,725	6.36%
Long-Term Debt	61,020	27,032	125.73%
TOTAL LIABILITIES	651,591	526,292	23.81%
Net Assets			
Invested in Capital Assets, Net of Related Debt	4,191,342	4,310,249	-2.76%
Restricted	47,809	132,762	-63.99%
Unrestricted (deficit)	3,308,680	3,639,649	-9.09%
TOTAL NET ASSETS	\$ 7,547,831	\$ 8,082,660	-6.62%

Changes in Net Assets

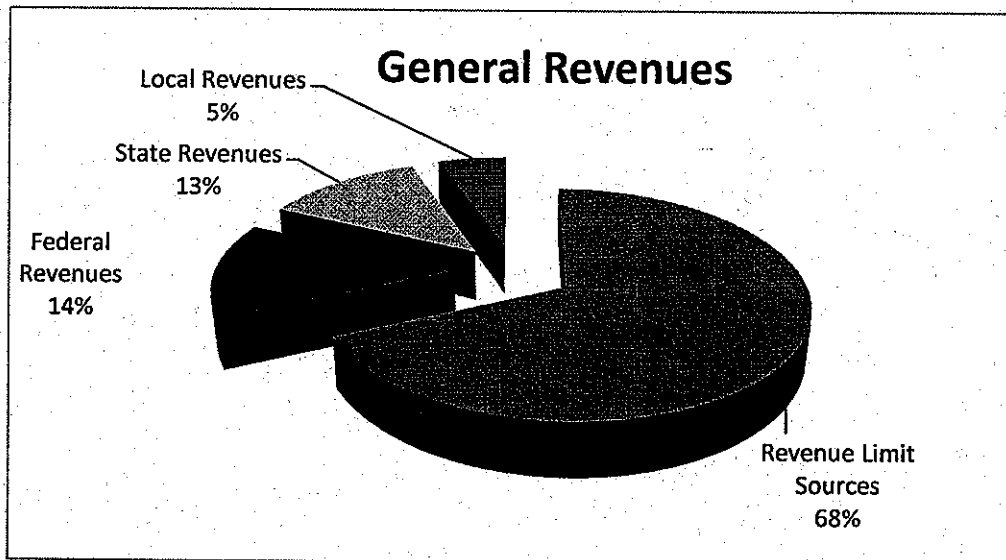
The District's total revenues were \$5,268,405. A majority of the revenue comes from Revenue Limit and property taxes (58.2%). Federal and state aid for specific programs accounted for another 13.8% of total revenues. Revenues decreased from the prior year, because of declining enrollment, the increase to the revenue limit deficit factor imposed by the State and reduction in Federal resources.

Programs revenues financed 14% of the cost of providing the services listed above, while the remaining 86% was financed by the general revenues of the District.

The total cost of all programs and services was \$5,803,234. The District's expenses are predominately related to educating and caring for students (68.8%). Administrative activities accounted for just 14.1% of total costs. The remaining expenses were for plant services (maintenance and operations), ancillary services, and other outgo. Program expenses decreased from the prior year, mostly due to near completion of capital projects.

**Table 2:
Changes in Net Assets**

Operating Grants & Contributions	729,750	872,989	-16.41%
General Revenues			
Revenue Limit Sources	3,067,795	3,251,551	-5.65%
Federal Revenues	624,584	799,328	-21.86%
State Revenues	566,414	651,977	-13.12%
Local Revenues	247,048	621,094	-60.22%
TOTAL REVENUES	<u>5,268,405</u>	<u>6,228,576</u>	-15.42%
Program Expenses			
Instruction	2,659,413	2,648,205	0.42%
Instruction-Related Services	528,742	647,795	-18.38%
Pupil Services	806,778	834,886	-3.37%
Ancillary Services	45,153	42,907	5.23%
General Administration	819,274	738,183	10.99%
Plant Services	943,247	981,459	-3.89%
Other Outgo	627	193,229	-99.68%
TOTAL EXPENSES	<u>5,803,234</u>	<u>6,086,664</u>	-4.66%
INCREASE IN NET ASSETS	<u>\$ (534,829)</u>	<u>\$ 141,912</u>	-476.87%



Governmental Activities

Table 3 presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

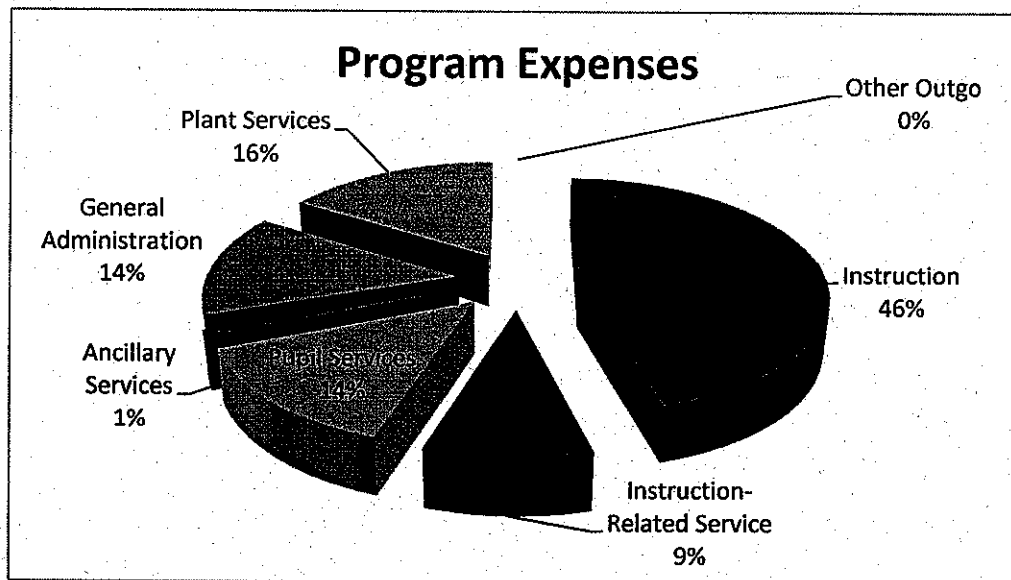
The cost of all governmental activities this year was \$5,803,234.

The amount that our taxpayers paid for these activities through property taxes was \$2,575,488.

Some of the costs were paid directly from people who directly benefited from the programs \$32,814 (Charges for Services) or by grants and contributions \$729,750.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
Instruction	\$ 2,659,413	\$ 2,648,205	\$ 2,353,700	\$ 2,270,845
Instruction-Related Service	528,742	647,795	465,104	556,059
Pupil Services	806,778	834,886	616,745	634,307
Ancillary Services	45,153	42,907	39,613	36,576
General Administration	819,274	738,183	719,738	627,967
Plant Services	943,247	981,459	845,143	863,055
Other Outgo	627	193,229	627	193,229
TOTAL	\$ 5,803,234	\$ 6,086,664	\$ 5,040,670	\$ 5,182,038



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The overall financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$3,538,569, which is a decline from last year's ending fund balance of \$3,906,915, see Table 4.

Table 4
Comparative Schedule of Fund Balances

	Fund Balances		Increase/(Decrease)
	June 30, 2012	June 30, 2011	
General	\$3,574,629	\$3,791,660	\$ (217,031)
Cafeteria	-	-	-
Deferred Maintenance	-	-	-
Special Revenue - Special Reserve	-	-	-
Capital Facilities	-	59,350	(59,350)
County School Facilities	(42,660)	-	(42,660)
Capital Projects - Special Reserve	6,600	55,905	(49,305)
TOTAL	\$ 3,538,569	\$ 3,906,915	\$ (368,346)

General Fund Budgetary Highlights

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved August 2012. A schedule of the District's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the District had invested \$4,197,621 in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles. During the year, the District invested in technology equipment and facility improvement. See Table 5. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table 5
Capital Assets

	Governmental Activities		Total Percentage Change
	2012	2011	2012-2011
Land	\$ 182,692	\$ 182,692	0.00%
Construction in Progress	133,142	\$ 10,410	100.00%
Buildings & Improvements	7,702,482	7,670,078	0.42%
Machinery and Equipment	605,839	578,867	4.66%
Totals at Historical Cost	8,624,155	8,442,047	2.16%
Total Accumulated Depreciation	(4,426,534)	(4,119,546)	7.45%
NET CAPITAL ASSETS	\$ 4,197,621	\$ 4,322,501	-2.89%

The District's fiscal year 2013 budget projects spending of \$1.3 million to replace the roof at Loyalton High School. Sixty percent of the capital project will be funded by the State Facility Hardship program. The District is seeking financial assistance through the State's Financial Hardship Program for the remaining 40%. Investment for technology infrastructure improvements will be funded with unrestricted funds.

Long-Term Debt

At year end, the District had \$188,359 in debt, consisting of Compensated Absences, Post Employment Benefits, and Capital Lease obligation, as shown in Table 6. The District added \$41,603 in debt during

the fiscal year. More detailed information about the District's debt is presented in the notes to the financial statements.

**Table 6
Long-Term Debt**

	Governmental Activities		Total Percentage Change
	2012	2011	2011-2012
Compensated Absences	\$ 16,426	\$ 16,597	-1.03%
Post Employment Benefits	165,654	117,907	40.50%
Capital Lease	6,279	12,252	-48.75%
TOTAL LONG-TERM DEBT	\$ 188,359	\$ 146,756	28.35%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health:

- The uncertainty of federal and state funding can have a profound impact on the financial health of the District. Although no changes are currently anticipated, the federal and the state governments could implement budget cuts.
- The continuing increases in premiums for health care insurance and worker's compensation could have a significant effect on the future financial health of the District. The 2013 premium for health insurance increased by 2% over the 2012 premium. The worker's compensation rate increased by a half percent over the 2012 rate. Health care premiums are predicted to continue to increase into the foreseeable future.
- The budget assumptions used to prepare the budget for 2013 included a 3.24% cost of living allowance (COLA), a revenue limit deficit factor of 22.272%, and salary step and column increase of 3%.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact:

Rose Asquith
Sierra-Plumas Joint Unified School District
305 S. Lincoln St.
Sierraville, CA 96126

Basic Financial Statements

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
ASSETS:	
Cash in County Treasury	\$ 3,776,206
Cash in Revolving Fund	2,900
Accounts Receivable	8,652
Due from Grantor Governments	202,282
Other Current Assets	11,761
Capital Assets:	
Land	182,692
Buildings, Net	3,760,981
Equipment, Net	120,806
Work in Progress	133,142
Total Assets	<u>8,199,422</u>
LIABILITIES:	
Accounts Payable	346,410
Due to Grantor Governments	106,889
Deferred Revenues	9,933
Noncurrent Liabilities:	
Due within one year	127,339
Due in more than one year	61,020
Total Liabilities	<u>651,591</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	4,191,342
Restricted For:	
Federal and State Programs	47,809
Unrestricted	3,308,680
Total Net Assets	<u>\$ 7,547,831</u>

The accompanying notes are an integral part of this statement.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
PRIMARY GOVERNMENT:				
Government Activities:				
<i>Instruction</i>	\$ 2,659,414	\$ 2,373	\$ 303,340	\$ (2,353,701)
<i>Instruction-Related Services</i>	528,742	494	63,144	(465,104)
<i>Pupil Services</i>	806,778	28,372	161,661	(616,745)
<i>Ancillary Services</i>	45,153	43	5,497	(39,613)
<i>General Administration</i>	819,274	773	98,763	(719,738)
<i>Plant Services</i>	943,247	759	97,345	(845,143)
<i>Other Outgo</i>	627			(627)
Total Governmental Activities	5,803,235	32,814	729,750	(5,040,671)
Total Primary Government	\$ 5,803,235	\$ 32,814	\$ 729,750	(5,040,671)
General Revenues:				
<i>Revenue Limit Sources</i>				3,067,795
<i>Federal Revenues</i>				624,764
<i>State Revenues</i>				566,414
<i>Local Revenues</i>				246,869
<i>Transfers</i>				
Total General Revenues				4,505,842
Change in Net Assets				(534,829)
Net Assets - Beginning				8,082,660
Net Assets - Ending				\$ 7,547,831

The accompanying notes are an integral part of this statement.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
<i>Cash in County Treasury</i>	\$ 3,769,606	\$ 6,600	\$ 3,776,206
<i>Cash in Revolving Fund</i>	2,900		2,900
<i>Accounts Receivable</i>	7,649	1,003	8,652
<i>Due from Grantor Governments</i>	158,246	44,036	202,282
<i>Due from Other Funds</i>	77,257		77,257
<i>Prepaid Expenditures</i>	11,761		11,761
Total Assets	\$ 4,027,419	\$ 51,639	\$ 4,079,058
LIABILITIES AND FUND BALANCE:			
Liabilities:			
<i>Accounts Payable</i>	\$ 335,968	\$ 10,442	\$ 346,410
<i>Due to Grantor Governments</i>	106,889		106,889
<i>Due to Other Funds</i>		77,257	77,257
<i>Deferred Revenue</i>	9,933		9,933
Total Liabilities	452,790	87,699	540,489
Fund Balance:			
Nonspendable Fund Balances:			
<i>Revolving Cash</i>	2,900		2,900
<i>Prepaid Items</i>	11,761		11,761
Restricted Fund Balances	47,809		47,809
Committed Fund Balances:			
<i>Committed for Other Purposes</i>	162,356	6,600	168,956
Assigned Fund Balances	42,660	20,607	63,267
Unassigned:			
<i>Reserve for Economic Uncertainty</i>	1,302,675		1,302,675
<i>Other Unassigned</i>	2,004,468	(63,267)	1,941,201
Total Fund Balance	3,574,629	(36,060)	3,538,569
Total Liabilities and Fund Balances	\$ 4,027,419	\$ 51,639	\$ 4,079,058

The accompanying notes are an integral part of this statement.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012

Total fund balances - governmental funds balance sheet	\$ 3,538,569
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not reported in the funds.	4,197,621
Payables for capital leases which are not due in the current period are not reported in the funds.	(6,279)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(16,426)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	<u>(165,654)</u>
Net assets of governmental activities - Statement of Net Assets	<u>\$ 7,547,831</u>

The accompanying notes are an integral part of this statement.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Revenue Limit Sources:			
<i>State Apportionments</i>	\$ 492,307	\$	\$ 492,307
<i>Local Sources</i>	2,575,488		2,575,488
<i>Federal Revenue</i>	742,003	76,044	818,047
<i>Other State Revenue</i>	1,074,867	6,706	1,081,573
<i>Other Local Revenue</i>	255,443	45,548	300,991
Total Revenues	<u>5,140,108</u>	<u>128,298</u>	<u>5,268,406</u>
Expenditures:			
<i>Instruction</i>	2,491,915		2,491,915
<i>Instruction - Related Services</i>	518,722		518,722
<i>Pupil Services</i>	651,066	155,712	806,778
<i>Ancillary Services</i>	45,153		45,153
<i>General Administration</i>	811,330		811,330
<i>Plant Services</i>	796,869	102,773	899,642
Debt Service:			
<i>Principal</i>		5,973	5,973
<i>Interest</i>		627	627
Total Expenditures	<u>5,315,055</u>	<u>265,085</u>	<u>5,580,140</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(174,947)</u>	<u>(136,787)</u>	<u>(311,734)</u>
Other Financing Sources (Uses):			
<i>Transfers In</i>		101,549	101,549
<i>Transfers Out</i>	(42,084)	(59,465)	(101,549)
<i>Other Uses</i>		(56,612)	(56,612)
Total Other Financing Sources (Uses)	<u>(42,084)</u>	<u>(14,528)</u>	<u>(56,612)</u>
Net Change in Fund Balance	(217,031)	(151,315)	(368,346)
Fund Balance, July 1	3,791,660	115,255	3,906,915
Fund Balance, June 30	<u>\$ 3,574,629</u>	<u>\$ (36,060)</u>	<u>\$ 3,538,569</u>

The accompanying notes are an integral part of this statement.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds	\$ (368,346)
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	182,108
The depreciation of capital assets used in governmental activities is not reported in the funds.	(306,988)
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	5,973
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	171
Other post employment benefits are reported as the amount earned in the SOA but as the amount paid in the funds.	<u>(47,747)</u>
Change in net assets of governmental activities - Statement of Activities	<u>\$ (534,829)</u>

The accompanying notes are an integral part of this statement.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT**STATEMENT OF FIDUCIARY NET ASSETS****FIDUCIARY FUNDS**

JUNE 30, 2012

	Foundation Trust Fund	Agency Fund
		Student Body Fund
ASSETS:		
<i>Cash in County Treasury</i>	\$ 18,056	\$
<i>Cash on Hand and in Banks</i>		44,654
<i>Investments</i>	41,758	
Total Assets	\$ 59,814	\$ 44,654
LIABILITIES:		
<i>Accounts Payable</i>	\$ 1,500	\$
<i>Due to Student Groups</i>		44,654
Total Liabilities	1,500	44,654
NET ASSETS:		
<i>Held in Trust</i>	58,314	
Total Net Assets	\$ 58,314	\$

The accompanying notes are an integral part of this statement.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT*STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**PRIVATE-PURPOSE TRUST FUND**FOR THE YEAR ENDED JUNE 30, 2012*

	Foundation Trust Fund
Additions:	
Investment Income	\$ 2,444
Net (Decrease) in Fair Value of Investments	(5,794)
Total Additions	<u>(3,350)</u>
Deductions:	
Professional Services	1,500
Total Deductions	<u>1,500</u>
Change in Net Assets	(4,850)
Net Assets-Beginning of the Year	63,164
Net Assets-End of the Year	<u>\$ 58,314</u>

The accompanying notes are an integral part of this statement.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

A. Summary of Significant Accounting Policies

Sierra-Plumas Joint Unified School District (District) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's "California School Accounting Manual." The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

1. Reporting Entity

The District's combined financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

The District also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the District to determine if its omission from the reporting entity would result in financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) The economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the District, its component units or its constituents; and 2) The District or its component unit is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) Such economic resources are significant to the District.

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB Statement.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

The District reports the following major governmental funds:

General Fund. This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

In addition, the District reports the following fund types:

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are received. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers revenues collected within 60 days after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. 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 as of June 30.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

4. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

These budgets are revised by the District's Board of Trustees and district superintendent during the year to give consideration to unanticipated income and expenditures. It is the final revised budget that is presented in the financial statements.

Formal budgetary integration was used as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object code.

5. Assets, Liabilities, and Equity

a. Deposits and Investments

Cash balances held in banks and in revolving funds are insured to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

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

The county is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the county are either secured by federal depository insurance or are collateralized.

Information regarding the amount of dollars invested in derivatives with Sierra County Treasury was not available.

b. Stores Inventories and Prepaid Expenditures

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at cost and consist of expendable supplies held for consumption. Reported inventories are equally offset as non-spendable fund balance, which indicates that these amounts are not "spendable" even though they are a component of net current assets.

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

c. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

d. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

e. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. The current portion of the liabilities is recognized in the general fund at year end.

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

f. Deferred Revenue

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

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net assets.

h. Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31. The Counties of Sierra and Plumas bill and collect the taxes for the District.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

i. Equity Classifications

Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

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

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to 10% of general fund operating expenditures plus an additional \$750,000 for operations in fiscal year 2012/2013. If a fund balance drops below 5%, it shall be recovered at a minimum rate of 1% each year.

Government-Wide Financial Statements

Equity is classified as net assets and displayed in three components:

Invested in Capital Assets, Net of Related Debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of debt borrowings that are attributable to the acquisition, construction, or improvement of those assets.

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YEAR ENDED JUNE 30, 2012

Restricted Net Assets consists of net assets with restrictions placed on the use either by external groups such as contributors, grantors, laws or regulations of other governments, or law through constitutional provisions or enabling legislation.

Unrestricted Net Assets consists of all other net assets that do not meet the definition of "restricted" or "invested" in capital assets, net of related debt.

j. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Actual results could differ from those estimates.

k. Subsequent Event Evaluation

Management has evaluated subsequent events through October 5, 2012, the date the financial statements were available to be issued.

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
County School Facilities	\$ (42,660)	Pending funding application hearing with the State Allocation Board on October 24, 2012

C. Excess of Expenditures Over Appropriations

As of June 30, 2012, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
General Fund: Books and supplies	\$ 2,382

Cafeteria Fund: Expenditures exceeded budget due to minor cost overruns.

D. Cash and Investments

1. Cash in County Treasury:

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Sierra County Treasury as part of the common investment pool (\$14,515,775 as of June 30, 2012). The fair

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

value of the District's portion of this pool as of that date, as provided by the pool sponsor, was \$3,794,262. Assumptions made in determining the fair value of the pooled investment portfolios are available from the County Treasurer.

2. Cash on Hand, in Banks, and in Revolving Fund

Cash balances on hand and in banks (\$44,654 as of June 30, 2012) and in the revolving fund (\$2,900) are insured up to \$250,000 by the Federal Depository Insurance Corporation. All cash held by the financial institution is fully insured or collateralized.

3. Investments:

The District owns 1,110 shares of Exelon Corporation common stock, donated to the District for the benefit of Loyaltan High School students. The value of this stock fluctuates on a daily basis and may lose value. The stock is maintained in the Foundation Trust Fund and does not follow the District's investment policy.

The District's Trust Fund investment at June 30, 2012 is shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Exelon Corporation Common Stock (1,110 Sh)	N/A	\$ 41,758
Total Investments		<u>\$ 41,758</u>

5. Investment Accounting Policy

The District is required by GASB Statement No. 31 to disclose its policy for determining which investments, if any, are reported at amortized cost. The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

The District's investments in external investment pools are reported at an amount determined by the fair value per share of the pool's underlying portfolio, unless the pool is 2a7-like, in which case they are reported at share value. A 2a7-like pool is one which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

E. Capital Assets

Capital asset activity for the year ended June 30, 2012, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 182,692		\$	\$ 182,692
Work in progress	10,410	122,732		133,142
Total capital assets not being depreciated	<u>193,102</u>	<u>122,732</u>		<u>315,834</u>
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	7,670,078	32,404		7,702,482
Equipment	578,867	26,972		605,839
Total capital assets being depreciated	<u>8,248,945</u>	<u>59,376</u>		<u>8,308,321</u>
Less accumulated depreciation for:				
Buildings and Improvements	(3,722,084)	(219,417)		(3,941,501)
Equipment	(397,462)	(87,571)		(485,033)
Total accumulated depreciation	<u>(4,119,546)</u>	<u>(306,988)</u>		<u>(4,426,534)</u>
Total capital assets being depreciated, net	<u>4,129,399</u>	<u>(247,612)</u>		<u>3,881,787</u>
Governmental activities capital assets, net	<u>\$ 4,322,501</u>	<u>\$ (124,880)</u>		<u>\$ 4,197,621</u>

Depreciation was charged to functions as follows:

Instruction	\$ 63,311
Instruction-Related Services	10,020
General Administration	7,944
Other Outgo	225,713
	<u>\$ 306,988</u>

F. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at June 30, 2012, consisted of the following:

Due To Fund	Due From Fund	Amount	Purpose
General Fund	Other Governmental Funds	\$ 12,827	Reimburse expenses
General Fund	Special Reserve for Cap Outlay	21,770	Reimburse portable expenses
General Fund	County School Facility fund	42,660	Reimburse roof expenses
	Total	<u>\$ 77,257</u>	

All amounts due are scheduled to be repaid within one year.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

2. Transfers To and From Other Funds

Transfers to and from other funds at June 30, 2012, consisted of the following:

Transfers From	Transfers To	Amount	Reason
General Fund	Other Governmental Funds	\$ 41,709	Reimburse expenses
General Fund	Special Reserve for Cap Outlay	375	Supplement other funds sources
Capital Facility Fund	County School Facility fund	59,465	Supplement other funds sources
	Total	<u>\$ 101,549</u>	

G. Long-Term Obligations

1. Long-Term Obligation Activity

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2012, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Capital leases	\$ 12,252	\$	\$ 5,973	\$ 6,279	\$ 6,279
Compensated absences	16,597		171	16,426	
Other Post Employment Ben	117,907	47,747		165,654	121,060
Total governmental activities	<u>\$ 146,756</u>	<u>\$ 47,747</u>	<u>\$ 6,144</u>	<u>\$ 188,359</u>	<u>\$ 127,339</u>

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	General
Capital Leases	Governmental	Special Reserve for Capital Outlay
Other Post Employment Ben	Governmental	General

2. Debt Service Requirements

Debt service requirements on long-term debt at June 30, 2012, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2013	\$ 127,339	\$ 322	\$ 127,661
2014	61,020		61,020
Totals	<u>\$ 188,359</u>	<u>\$ 322</u>	<u>\$ 188,681</u>

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of June 30, 2012, as follows:

<u>Year Ending June 30:</u>	
2013	\$ 6,600
2014	6,600
Total Minimum Rentals	<u>13,200</u>
Less Amounts Representing Interest	<u>(948)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 12,252</u>
Rental Expenditures in 2012	<u>\$ 6,600</u>

H. Joint Ventures (Joint Powers Agreements)

The District participates in three Joint Powers Agreements (JPA's), the Sierra Self Insurance Group, the Tri-Counties Schools Insurance Group, and the Northeastern JPA. The insurance groups arrange for and provide property, liability, health and worker's compensation insurance for their members. The District pays premiums comensurate with the level of coverage requested. These are partial self-insurance programs.

An executive committee consisting of representatives from each member's District governs the JPA's. The governing boards control the operations of their JPA's independent of any influence by the District beyond the District's representation on the governing boards.

The JPA's are independently accountable for their fiscal matters. The insurance groups maintain their own accounting records. The budget is not subject to any approval other than that of the executive committee. The relationship between the District and the JPA's is such that the JPA's are not component units of the District for financial reporting purposes.

Condensed financial information for the JPA's for June 30, 2012 was not available as of our report date.

I. Employee Retirement Systems

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

PERS:

Plan Description

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

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

Funding Policy

Active plan members are required to contribute 7% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011-12 was 10.923% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal year ending June 30, 2012, 2011 and 2010 were \$78,544, \$75,686 and \$66,298, respectively, and equal 100% of the required contributions for each year.

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 CalSTRS, 100 Waterfront Place, West Sacramento, California 95605.

Funding Policy

Active plan members are required to contribute 8% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011-12 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 year ending June 30, 2012, 2011 and 2010 were \$133,633, \$151,918 and \$175,115, respectively, and equal 100% of the required contributions for each year. The amount contributed by the State on behalf of the District was \$73,660.

J. Commitments and Contingencies

Litigation

The District is not involved in any litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial statements.

State and Federal Allowances, Awards, and Grants

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

K. Related Party Transaction

Sierra County Office of Education (the "County Office") serves only the Sierra-Plumas Joint Unified School District. As a result, the two entities are housed in the same building and share a common administration, including board members, and share office space and personnel. For the year ended June 30, 2012, the District charged the County Office \$27,629 for one half of the board members' health benefits; \$63,301 for the cost to operate one opportunity class, \$14,701 for the cost to operate career technical education classes, and \$90,048 for business related services. During the same period of time, the County Office charged the District \$230,420 for business related services and the cost of the nurse.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

L. Other Post Employment Benefits

During the fiscal year ending June 30, 2009, the District implemented Governmental Accounting Standards Board Statement No. 45 Accounting and Reporting for Postemployment Benefits Other than Pensions, for certain postemployment health care benefits provided by the District. The requirements of this Statement were implemented prospectively, and accordingly, for financial reporting purposes, no liability is reported for the postemployment health care and life insurance benefits liability at the date of transition. The recognition of the liability accumulated from prior years will be phased in over 30 years.

Plan Description and Eligibility Requirements

The District provides certain postretirement healthcare benefits, as established by board policy, to eligible employees who retire from the District on or after attaining age 55 with at least 25 years of service including at least 5 years of service with the District.

Medical Benefits: The District subsidizes single rate health insurance premiums, at the time of retirement, for the retiree's chosen medical plan until he/she reaches age 65, at which point coverage ceases. The retiree is responsible for self-paying any increases to his/her own future premiums while under age 65 and for paying 100% of all premiums for spouses or dependents of any age.

Dental Benefits: The District fully subsidizes the cost for the retiree's coverage until he/she reaches age 65, after which the retiree may continue coverage with no subsidy. The retiree is responsible for self-paying any costs associated with his/her coverage past age 65, plus the costs for spouses or dependents of any age.

Vision Benefits: The District fully subsidizes the single rate for retiree's coverage until he/she reaches age 65, at which point coverage ceases. No coverage is available for spouses or dependents of any age.

All contracts with District employees will be renegotiated periodically in the future, thus costs and benefits are subject to change. Benefits and contribution requirements for the Other Post Employment Benefits (OPEB) plan are established by various labor agreements.

For the District, OPEB benefits are administered by District personnel. No separate financial statements are issued.

The number of participants as of July 1, 2011, the effective date of the triennial OPEB valuation is 41 active employees and 6 retirees for a total of 47 participants.

Funding Policy

The District currently pays for post employment healthcare benefits on a pay-as-you-go basis. The District is considering creating a Trust Fund to accumulate assets for future retiree obligations. Due to the requirements of GASB No. 45, assets intended to fund future obligations are not considered to offset the unfunded benefit obligation until the assets are transferred to an irrevocable trust designed to pay for future OPEB costs. Currently, these financial statements assume that funding on a pay-as-you-go basis will continue.

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 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 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. Significant actuarial methods and assumptions are as follows:

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

Plan Type	Projected Unit Method
Actuarial Valuation Date	July 1, 2011
Amortization Method	Level Percentage of Projected Payroll
Remaining Amortization Period	26 Years
Actuarial Assumptions:	
Investment Rate of Return	2.00%
Projected Salary Increases	1.00%
Healthcare Inflation Rate	5.00%

Annual OPEB Cost and Net OPEB Obligations

The following table shows 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:

Description	June 30, 2012
Normal Cost (service cost for one year)	\$ 70,725
Amortization of Unfunded Actuarial Accrued Liability	50,335
Interest on Normal Cost and Amortization	
Annual Required Contribution (ARC)	121,060
Interest on Net OPEB Obligation	
Adjustment to Annual Required Contribution	
Annual OPEB Cost (Expense)	121,060
Contribution toward the OPEB Cost (Expense Reduction)	(73,313)
Increase (Decrease) in Net OPEB Obligation	47,747
Net OPEB Obligation, Beginning of the Year	117,908
Net OPEB Obligation, End of the Year	\$ 165,655

The District's annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2011 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 113,751	\$ 45,753	40.22%	\$ 75,733
June 30, 2011	\$ 113,751	\$ 71,576	62.92%	\$ 117,908
June 30, 2012	\$ 121,060	\$ 73,313	60.56%	\$ 165,655

Funding Status and Funding Progress

The required schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

The funded status of the plan as of June 30, 2012 and the two preceding years are as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded ALL (UALL) (b-a)	Funded Ratio a/b	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
6/30/10	\$ -	\$ 883,923	\$ 883,923	0.00%	\$ 2,487,297	35.54%
6/30/11	\$ -	\$ 883,923	\$ 883,923	0.00%	\$ 2,487,297	35.54%
6/30/12	\$ -	\$ 1,175,680	\$ 1,175,680	0.00%	\$ 2,807,181	41.88%

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

M. Concentration of Funding Risk

Due to the nature of the District's operating environment, the District is dependent on Federal and State funding to maintain the current level of services to its students. A significant recession beginning in December 2007 has created a climate of uncertainty for the Federal and State governments. As governmental agencies look to balance budgets and improve cash flow, funding for the District's programs may be at risk of being restructured, reduced, or eliminated.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT

EXHIBIT B-1

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Revenue Limit Sources:				
State Apportionments	\$ 800,694	\$ 791,350	\$ 492,307	\$ (299,043)
Local Sources	2,274,392	2,234,610	2,575,488	340,878
Federal Revenue	922,859	754,609	742,003	(12,606)
Other State Revenue	1,194,225	1,063,525	1,074,867	11,342
Other Local Revenue	225,981	259,478	255,443	(4,035)
Total Revenues	<u>5,418,151</u>	<u>5,103,572</u>	<u>5,140,108</u>	<u>36,536</u>
Expenditures:				
Current:				
Certificated Salaries	1,759,357	1,755,981	1,755,714	267
Classified Salaries	760,468	799,880	748,129	51,751
Employee Benefits	1,178,962	1,209,573	1,193,047	16,526
Books And Supplies	170,282	205,024	207,406	(2,382)
Services And Other Operating Expenditures	1,654,027	1,552,954	1,334,544	218,410
Capital Outlay	100,000	140,000	76,215	63,785
Total Expenditures	<u>5,623,096</u>	<u>5,663,412</u>	<u>5,315,055</u>	<u>348,357</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(204,945)</u>	<u>(559,840)</u>	<u>(174,947)</u>	<u>384,893</u>
Other Financing Sources (Uses):				
Transfers Out	(152,738)	(233,451)	(42,084)	191,367
Total Other Financing Sources (Uses)	<u>(152,738)</u>	<u>(233,451)</u>	<u>(42,084)</u>	<u>191,367</u>
Net Change in Fund Balance	<u>(357,683)</u>	<u>(793,291)</u>	<u>(217,031)</u>	<u>576,260</u>
Fund Balance, July 1			3,791,660	3,791,660
Fund Balance, June 30	\$ (357,683)	\$ (793,291)	\$ 3,574,629	\$ 4,367,920

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT

EXHIBIT C-1

CAFETERIA FUND
 SPECIAL REVENUE FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Federal Revenue</i>	\$ 60,000	\$ 76,044	\$ 16,044
<i>Other State Revenue</i>	5,500	6,706	1,206
<i>Other Local Revenue</i>	19,500	31,901	12,401
Total Revenues	<u>85,000</u>	<u>114,651</u>	<u>29,651</u>
Expenditures:			
Current:			
<i>Certificated Salaries</i>	4,924	4,923	1
<i>Classified Salaries</i>	68,266	68,266	
<i>Employee Benefits</i>	32,638	31,288	1,350
<i>Books And Supplies</i>	54,553	48,753	5,800
<i>Services And Other Operating Expenditures</i>	8,013	3,130	4,883
Total Expenditures	<u>168,394</u>	<u>156,360</u>	<u>12,034</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(83,394)</u>	<u>(41,709)</u>	<u>41,685</u>
Other Financing Sources (Uses):			
<i>Transfers In</i>	83,394	41,709	(41,685)
Total Other Financing Sources (Uses)	<u>83,394</u>	<u>41,709</u>	<u>(41,685)</u>
Net Change in Fund Balance			
Fund Balance, July 1			
Fund Balance, June 30	<u>\$</u>	<u>\$</u>	<u>\$</u>

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT

EXHIBIT C-2

CAPITAL FACILITIES FUND
 CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Other Local Revenue</i>	\$	\$ 115	\$ 115
Total Revenues		115	115
Expenditures:			
Current:			
<i>Services And Other Operating Expenditures</i>	250		250
Total Expenditures	250		250
Excess (Deficiency) of Revenues Over (Under) Expenditures	(250)	115	365
Other Financing Sources (Uses):			
<i>Transfers Out</i>		(59,465)	(59,465)
Total Other Financing Sources (Uses)		(59,465)	(59,465)
Net Change in Fund Balance	(250)	(59,350)	(59,100)
Fund Balance, July 1		59,350	59,350
Fund Balance, June 30	\$ (250)	\$	\$ 250

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT

EXHIBIT C-3

COUNTY SCHOOL FACILITIES FUND
 CAPITAL PROJECTS FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2012

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Total Revenues	\$ _____	\$ _____	\$ _____
Expenditures:			
<i>Capital Outlay</i>	209,122	102,125	106,997
Total Expenditures	209,122	102,125	106,997
Excess (Deficiency) of Revenues Over (Under) Expenditures	(209,122)	(102,125)	106,997
Other Financing Sources (Uses):			
<i>Transfers In</i>	209,122	59,465	(149,657)
Total Other Financing Sources (Uses)	209,122	59,465	(149,657)
Net Change in Fund Balance		(42,660)	(42,660)
Fund Balance, July 1			
Fund Balance, June 30	\$ _____	\$ (42,660)	\$ (42,660)

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SPECIAL RESERVE FUND FOR CAPITAL OUTLAY PROJECTS
CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

EXHIBIT C-4

	Budget	Actual	Variance Positive (Negative)
Revenues:			
<i>Other Local Revenue</i>	\$ 44,066	\$ 13,532	\$ (30,534)
Total Revenues	44,066	13,532	(30,534)
Expenditures:			
<i>Capital Outlay</i>	30,158		30,158
Debt Service:			
<i>Principal</i>	5,973	5,973	
<i>Interest</i>	627	627	
Total Expenditures	36,758	6,600	30,158
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,308	6,932	(376)
Other Financing Sources (Uses):			
<i>Transfers In</i>		375	375
<i>Other Uses</i>	(56,613)	(56,612)	1
Total Other Financing Sources (Uses)	(56,613)	(56,237)	376
Net Change in Fund Balance	(49,305)	(49,305)	
Fund Balance, July 1		55,905	55,905
Fund Balance, June 30	\$ (49,305)	\$ 6,600	\$ 55,905

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT

LOCAL EDUCATION AGENCY

ORGANIZATION STRUCTURE

JUNE 30, 2012

The Sierra-Plumas Joint Unified School District was established in 1951, and comprises an area of approximately 1,600 square miles located in Plumas and Sierra Counties. There were no changes in the boundaries of the District during the current year. The District is currently operating two elementary schools, one middle school, two high schools, and one continuation high school.

Governing Board

<u>Name</u>	<u>Office</u>	<u>Term and Term Expiration</u>
Mike Moore	President	4 years expiring December 2014
Sharon Dryden	Vice President	4 years expiring December 2014
Todd York	Clerk	4 years expiring December 2012
Allen Wright	Member	4 years expiring December 2014
Vacant	Member	None

Administration

Stan Hardeman
Superintendent

Rose Asquith
Business Manager

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
YEAR ENDED JUNE 30, 2012

TABLE D-1

	Second Period Report		Annual Report	
	Original	Revised	Original	Revised
Elementary:				
Kindergarten	26.45	26.45	26.37	26.37
Grades 1 through 3	80.18	80.18	79.26	79.26
Grades 4 through 6	93.06	93.06	92.83	92.83
Grades 7 and 8	54.74	54.74	54.36	54.36
Elementary totals	254.43	254.43	252.82	252.82
High School:				
Grades 9 through 12, regular classes	127.23	127.23	125.20	125.20
Continuation education	1.15	1.15	2.57	2.57
High school totals	128.38	128.38	127.77	127.77
ADA totals	382.81	382.81	380.59	380.59
	Summer School	Hours of Attendance		
	Elementary	N/A		
	High School	N/A		

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.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
YEAR ENDED JUNE 30, 2012

TABLE D-2

Grade Level	1982-83 Actual Minutes	1982-83 Adjusted & Reduced	1986-87 Minutes Requirement	1986-87 Adjusted & Reduced	2011-12 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	N/A	N/A	36,000	35,000	37,680	180	-	In Compliance
Grade 1	N/A	N/A	50,400	49,000	53,050	180	-	In Compliance
Grade 2	N/A	N/A	50,400	49,000	53,050	180	-	In Compliance
Grade 3	N/A	N/A	50,400	49,000	53,050	180	-	In Compliance
Grade 4	N/A	N/A	54,000	52,500	57,460	180	-	In Compliance
Grade 5	N/A	N/A	54,000	52,500	57,475	180	-	In Compliance
Grade 6	N/A	N/A	54,000	52,500	57,475	180	-	In Compliance
Grade 7	N/A	N/A	54,000	52,500	65,260	180	-	In Compliance
Grade 8	N/A	N/A	54,000	52,500	65,260	180	-	In Compliance
Grade 9	N/A	N/A	64,800	63,000	66,320	180	-	In Compliance
Grade 10	N/A	N/A	64,800	63,000	66,320	180	-	In Compliance
Grade 11	N/A	N/A	64,800	63,000	66,320	180	-	In Compliance
Grade 12	N/A	N/A	64,800	63,000	66,320	180	-	In Compliance

Districts, including basic aid districts, must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by Education Code Section 46201. This schedule is required of all districts, including basic aid districts.

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 instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
YEAR ENDED JUNE 30, 2012

TABLE D-3

General Fund	Budget 2013 (see note 1)	2012	2011	2010
Revenues and other financial sources	\$ 4,924,114	\$ 5,094,467	\$ 6,307,188	\$ 6,139,801
Expenditures	5,436,675	5,276,758	5,447,299	5,988,464
Other uses and transfers out	78,281	42,084	58,578	348,487
Total outgo	5,514,956	5,318,842	5,505,877	6,336,951
Change in fund balance (deficit)	(590,842)	(224,375)	801,311	(197,150)
Ending fund balance	\$ 2,985,836	\$ 3,567,285	\$ 3,791,660	\$ 2,990,349
Available reserves (see note 2)	\$ 2,588,564	\$ 3,299,799	\$ 3,340,441	\$ 2,985,911
Available reserves as a percentage of total outgo (see note 3)	46.9%	62.0%	60.7%	47.1%
Total long-term debt	\$ 196,613	\$ 188,359	\$ 146,756	\$ 104,614
Average daily attendance at P-2	384	383	394	423

This schedule discloses the district's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the district's ability to continue as a going concern for a reasonable period of time.

The District's reserves remain well above guidelines established by the State Department of Education. However, due to the State of California's economic problems, the district should be diligent in maintaining its reserves.

NOTES:

- 1 Budget 2013 is included for analytical purposes only and has not been subjected to audit.
- 2 Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainties contained within the General Fund.
- 3 On behalf payments have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2012, 2011 and 2010.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET
REPORT WITH AUDITED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2012

TABLE D-4

	General Fund	County School Service Fund
June 30, 2012, annual financial and budget report fund balances	\$ 3,567,285	\$ (63,267)
Adjustments and reclassifications:		
Increasing/(decreasing) the fund balance:		
Accounts receivable understatement	27,951	
Due from other funds overstatement	(20,607)	
Due to other funds overstatement		20,607
Net adjustments and reclassifications	<u>7,344</u>	<u>20,607</u>
June 30, 2012, audited financial statement fund balances	<u><u>3,574,629</u></u>	<u><u>(42,660)</u></u>

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS report to the audited financial statements. Funds that required no adjustment are not presented.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
YEAR ENDED JUNE 30, 2012

TABLE D-5

No charter schools are chartered by Sierra-Plumas Joint Unified School District.

<u>Charter Schools</u>	<u>Included In Audit?</u>
None	N/A

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

TABLE D-6

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION			
Direct Program:			
Small Rural School Achievement Program	84.358	N/A	\$ 20,467
Passed Through State Department of Education:			
Title I - Basic Grants *	84.010	14329	73,818
Vocational Education	84.048	14894	2,680
Title X McKinney-Vento Homeless Assist *	84.196	14332	171
Title II - Improving Teacher Quality	84.367	14341	20,273
ARRA Education Jobs Fund	84.410	25152	36,462
Total Passed Through State Department of Education			<u>133,404</u>
Total U. S. Department of Education			<u>153,871</u>
U. S. DEPARTMENT OF AGRICULTURE			
Passed Through :			
Rural Development Grant	10.766	N/A	30,000
Passed Through Sierra County Office of Education:			
Forest Reserve *	10.665	N/A	557,874
Passed Through State Department of Education:			
School Breakfast Program *	10.553	13525	16,170
National School Lunch Program *	10.555	13523	59,873
Food Distribution	10.558	13534	12,798
Total Passed Through State Department of Education			<u>88,841</u>
Total U. S. Department of Agriculture			<u>676,715</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 830,586</u>

* Indicates clustered program under OMB Circular A-133 Compliance Supplement

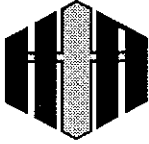
The accompanying notes are an integral part of this schedule.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Sierra-Plumas Joint Unified School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

Other Independent Auditor's Reports



Haws, Theobald & Auman, PC
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Kenneth G Theobald, CPA, M.S. Taxation
John E. Auman, CPA
Clay E. Singleton, CPA, M.S. Accountancy

Independent Auditor's Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Board of Trustees
Sierra-Plumas Joint Unified School District
Sierraville, California 96126

Members of the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sierra-Plumas Joint Unified School District as of and for the year ended June 30, 2012, which collectively comprise the Sierra-Plumas Joint Unified School District's basic financial statements and have issued our report thereon dated October 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Sierra-Plumas Joint Unified School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Sierra-Plumas Joint Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sierra-Plumas Joint Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sierra-Plumas Joint Unified School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2 to be material weaknesses.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-1- to 2012-4 to be significant deficiencies.

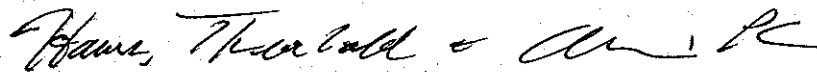
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sierra-Plumas Joint 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*.

Sierra-Plumas Joint Unified School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Sierra-Plumas Joint Unified School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Haws, Theobald & Auman PC

October 5, 2012



Haws, Theobald & Auman, PC
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Kenneth G Theobald, CPA, M.S. Taxation
John E. Auman, CPA
Clay E. Singleton, CPA, M.S. Accountancy

Independent Auditor's Report

Report on Compliance with Requirements That Could Have a Direct and Material Effect on each Major Program and on Internal Control Over Compliance In Accordance With OMB Circular A-133

Board of Trustees
Sierra-Plumas Joint Unified School District
Sierraville, California 96126

Members of the Board of Trustees:

Compliance

We have audited Sierra-Plumas Joint 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 Sierra-Plumas Joint Unified School District's major federal programs for the year ended June 30, 2012. Sierra-Plumas Joint 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Sierra-Plumas Joint Unified School District's management. Our responsibility is to express an opinion on Sierra-Plumas Joint Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Sierra-Plumas Joint 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. Our audit does not provide a legal determination of Sierra-Plumas Joint Unified School District's compliance with those requirements.

In our opinion, Sierra-Plumas Joint Unified School District complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of Sierra-Plumas Joint Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Sierra-Plumas Joint Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Sierra-Plumas Joint Unified School District's internal control over compliance.

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Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

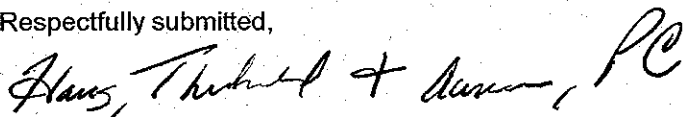
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-1 to 2012-2 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-1 to 2012-2 to be significant deficiencies.

Sierra-Plumas Joint Unified School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Sierra-Plumas Joint Unified School District's responses and, accordingly, we express no opinion on the responses.

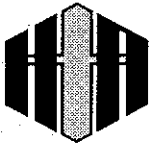
This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Haws, Theobald & Auman PC

October 5, 2012



Independent Auditor's Report

Report on State Compliance

Board of Trustees
 Sierra-Plumas Joint Unified School District
 Sierraville, California 96126

Members of the Board of Trustees:

We have audited the basic financial statements of the Sierra-Plumas Joint Unified School District ("District") as of and for the year ended June 30, 2012 and have issued our report thereon dated October 5, 2012. 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. We have also audited the District's compliance with the requirements specified in the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2011-12*, published by the Education Audit Appeals Panel, applicable to the District's statutory requirements identified below for the year ended June 30, 2012. Compliance with the requirements referred to above is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

The auditing standards referred to above require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the state laws and regulations applicable to the items in the schedule below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

<u>Description</u>	<u>Procedures In Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	No (See Below)
Continuation Education	10	No (See Below)
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	N/A
Instructional Materials, General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	N/A

GANN Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement - Receipt of Funds	1	Yes
Juvenile Court Schools	8	N/A
Exclusion of Pupils - Pertussis Immunization	2	Yes
Class Size Reduction Program (Including In Charter Schools):		
General Requirements	7	Yes
Option One Classes	3	Yes
Option Two Classes	4	N/A
Only One School Serving Grades K-3	4	N/A
After School Education and Safety Program:		
General Requirements	4	N/A
After School	5	N/A
Before School	6	N/A
Contemporaneous Records of Attendance, For Charter Schools	3	N/A
Mode of Instruction, For Charter Schools	1	N/A
Nonclassroom-Based Instruction/Independent Study, For Charter Schools	15	N/A
Determination of Funding for Nonclassroom-Based Instruction, For Charter Schools	3	N/A
Annual Instructional Minutes - Classroom Based, For Charter Schools	4	N/A

The term "N/A" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

We did not perform testing for Independent Study or Continuation Education because the ADA was below the level that requires testing.

In our opinion, Sierra-Plumas Joint Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the statutory requirements listed in the schedule above for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with the State's audit guide, *Standards and Procedures for Audits of California K-12 Local Education Agencies 2011-12*, published by the Education Audit Appeals Panel and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-4.

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

Respectfully submitted,



Haws, Theobald & Auman PC

October 5, 2012

Findings and Recommendations Section

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.665	Forest Reserve

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

Auditee qualified as low-risk auditee? Yes No

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

3. State Awards

Internal control over state programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are
are not considered to be material weaknesses? X Yes None Reported

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

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

B. Yellow Book/Financial Statement Findings

Internal Control - Material Weakness

Finding 2012-1 Lack of Segregation of Duties (CDDC#30000)

Criteria upon which audit finding is based (Legal Citation)

Yellow Book paragraphs 5.10 - 5.14 and Appendix I, SAS No. 109.

Finding (Condition)

An inadequate segregation of duties exists.

Amount of Questioned costs, How Computed and Prevalence

None.

Effect

The District has exposure to risk of financial statement misstatement and the potential risk of fraud.

Cause

Due to the number of personnel assigned to duties that involve access to the general ledger and other accounting records and who also have custody of and responsibility for handling cash and other assets, an inadequate segregation of duties exists.

Recommendation

We recommend that the District employees and Board maintain diligence for the potential risks of not having an adequate segregation of duties.

District's Response

The District concurs with this finding.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

B. Yellow Book/Financial Statement Findings (Continued)

Internal Control - Material Weakness

Finding 2012-2 Financial Reporting (CDDC#30000)

Criteria upon which audit finding is based (Legal Citation)

In accordance with Statement on Auditing Standards No. 115 (SAS 115), the District is responsible for preparing complete and accurate financial statements and footnote disclosures in accordance with Generally Accepted Accounting Principles (GAAP).

Finding (Condition)

Similar to many other small school districts, the District does not have policies and procedures in place to ensure that complete and accurate financial statements, MD&A and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

Amount of Questioned Costs, How Computed and Prevalence

None.

Effect

There is a risk that a material financial statement misstatement may exist and not be prevented or detected by the District's system of internal control.

Cause

This condition has always existed at the District, and is being reported in accordance with SAS 115.

Recommendation

We recommend that the District consider the cost benefit of hiring an accountant familiar with GAAP or contracting with an independent CPA firm to compile financial statements in conformity with GAAP.

District's Response

The District has determined that the costs of correcting this control weakness outweigh the benefits to be received. The District will continue to rely on the independent auditor to prepare its annual financial statements.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

B. Yellow Book/Financial Statement Findings (Continued)

Internal Control - Significant Deficiency

Finding 2012-3 Control over Student Body Funds(CDDC#30000)

Criteria upon which audit finding is based (Legal Citation)

District student body fund policies and procedures.

Finding (Condition)

During our testing of the Loyaltan Middle School Student Body we noted that student body expenses were not adequately documented, and the Loyaltan Middle School cash receipts were not always adequately supported with proper documentation, such as two-person cash counts. Additionally, cash receipts were not always deposited to a financial institution in a timely manner.

Amount of Questioned Costs, How Computed and Prevalence

No questioned costs.

6 of 9 disbursements tested were not adequately documented.

7 of 7 receipts tested were not recorded, counted and deposited appropriately.

Effect

The District has exposure to risk of financial statement misstatement and the potential risk of fraud.

Cause

District personnel were not fully aware of appropriate policies and procedures.

Recommendation

We recommend that the District fully implement its student body activity policies and procedures.

District's Response

The District concurs with this recommendation.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

C. State Award Findings and Questioned Costs

Finding 2012-4 Classroom Teacher Salaries (CDDC#61000)

Criteria upon which audit finding is based (Legal Citation)
Education Code Sections 41372 and 41374.

Finding (Condition)

The District did not meet current expense of education requirements for expenditure for salaries of classroom teachers as set forth in Education Code Section 41372.

Amount of Questioned costs, How Computed and Prevalence

None. A waiver of Education Code Section 41372 was granted by the Sierra County Office of Education.

Effect

There is no impact on the District since the waiver was approved.

Cause

The District believed it met the criteria for exemption from these provisions.

Recommendation

The District should adjust its classroom salaries and benefits to meet the provisions of Education Code Section 41372.

District's Response

The District concurs with this finding.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2012

D. Federal Award Findings and Questioned Costs

Internal Control - Material Weakness

See Yellow Book Findings 2011-1 and 2011-2. Findings also relate to the major programs listed below:

Program Name: Forest Reserve

Federal Agency: U.S. Department of Agriculture

Award Year: 2010-2011

Catalog Number: 10.665

Name of Pass-Through Entity: Sierra County Office of Education

Internal Control - Significant Deficiencies Not Material Weaknesses

None.

Material Non-Compliance with Laws and Regulations

None.

Non-Material Non-Compliance with Laws and Regulations

None.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2012

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
<u>Finding 2011-1</u> Lack of Segregation of Duties	Not Implemented.	See current year finding 2012-1
<u>Finding 2011-2</u> Financial Reporting	Not Implemented.	See current year finding 2012-2
<u>Finding 2011-3</u> Control over Student Body Funds	Not Implemented.	See current year finding 2012-3
<u>Finding 2011-4</u> Classroom Teacher Salaries	Not Implemented.	See current year finding 2012-4
<u>Finding 2011-5</u> Incomplete SARC Reporting	Implemented.	

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2012

Person Monitoring Corrective Action Plan

County Superintendent, Stan Hardeman

Finding 2012-1 Lack of Segregation of Duties (CDDC#30000)

Finding (Condition)

Due to the number of employees an inadequate segregation of duties exists.

Corrective Action Planned

Due to the number of employees of the District it is not possible for the District to cost effectively mitigate this finding. The District cannot, with its current budget hire an adequate number of employees to insure that custody of assets and accountability for assets is separated.

The District does, however, believe that being aware of this weakness will insure that existing employees and Board members will maintain diligence to potential risks of not having an adequate segregation of duties.

Expected Completion Date

Ongoing.

Finding 2012-2 Financial Reporting (CDDC#30000)

Finding (Condition)

The District is responsible for preparing complete and accurate financial statements, footnote disclosures, and management's discussion and analysis in accordance with Generally Accepted Accounting Principles (GAAP).

Corrective Action Planned

The District has determined that the costs of correcting this control weakness outweigh the benefits to be received. The District will continue to rely on the independent auditor to prepare its annual financial statements.

Expected Completion Date

Ongoing.

Finding 2012-3 Control over Student Body Funds(CDDC#30000)

Finding (Condition)

During our testing of the Loyaltan Middle School Student Body we noted that student body expenses were not adequately documented, and the Loyaltan Middle School cash receipts were not always adequately supported with proper documentation, such as two-person cash counts. Additionally, cash receipts were not always deposited to a financial institution in a timely manner.

Corrective Action Planned

The District will provide professional training to student body clerks. In addition, the District office personnel will periodically review student body transactions to ensure that student body receipts have proper documentation and are authorized transactions.

Expected Completion Date

June 30, 2013.

SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2012

Finding 2012-4 Classroom Teacher Salaries (CDDC#61000)

Finding(Condition)

The District did not meet current expense of education requirements for expenditure for salaries of classroom teachers as set forth in Education Code Section 41372.

Corrective Action Planned

A waiver of Education Code Section 41372 was granted by the Sierra County Office of Education.

Expected Completion Date

Completed.

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
RESOLUTION NO. 12-013**

**SCHOOL CLOSURE - LOYALTON MIDDLE SCHOOL
RECONFIGURE LOYALTON HIGH SCHOOL**

WHEREAS, Loyalton Middle School is funded through the Average Daily Attendance formula; and

WHEREAS, said resolution authorizes and directs the Superintendent and Administration to reconfigure Loyalton Middle School and Loyalton High School as a 7-12 Junior-Senior High School; and

WHEREAS, per Education Code 17387, Sierra-Plumas Joint Unified School District (S-PJUSD) Governing Board approved the appointment of a School Closure Advisory Committee, Resolution 11-021, dated May 8, 2012; and

WHEREAS, the committee comprised of Laurie Peterman, Parent; Steve Folsom, Parent; Tim Driscoll, Parent; Camille Alfred, Teacher; Sue Gressel, Teacher; Marla Stock, Site-Administrator; Derek Cooper, Site Administrator; Rose Asquith, Business Manager; and

WHEREAS, the committee recommends the S-PJUSD administration office move to the Loyalton Elementary School site and house in available portables. The committee also recommends that S-PJUSD combine Loyalton Middle School and Loyalton High School and house students, grades 7 through 12, at Loyalton High School beginning with the 2013-2014 school year. Communication with staff, parents, & the community should start as soon as possible. Grades 7-8 are to have their own culture and, if possible, implement a mentoring program; and

WHEREAS, the Sierra-Plumas Joint Unified School District Governing Board mission is to provide the best available education opportunities to all students in Sierra County; and

WHEREAS, the Loyalton High School WASC accreditation will not be affected and the consolidation will provide more offerings to students in grades 7 - 12, and

WHEREAS, enrollment has declined at Loyalton Middle School and Loyalton High School. Enrollment in 2006-2007 was 207, in fiscal year 2011-2012 it was 161. Enrollment projected for fiscal year 2013-2014 is 150; and

NOW, THEREFORE BE IT RESOLVED, that the Sierra-Plumas Joint Unified School District Governing Board agrees to close Loyalton Middle School and reconfigure Loyalton High School to grades 7-12.

BE IT FURTHER RESOLVED that the Governing Board authorizes and directs the Superintendent and Administration to reconfigure Loyalton Middle School and Loyalton High School as a 7-12 Junior Senior High School.

Passed and adopted at the board meeting of the Sierra-Plumas Unified School Governing Board held on January 8, 2013, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

VACANT:

**SIERRA-PLUMAS JOINT UNIFIED SCHOOL DISTRICT
RESOLUTION NO. 12-014**

**RELOCATE DISTRICT ADMINISTRATION OFFICE TO LOYALTON
ELEMENTARY/MIDDLE SCHOOL PORTABLE BUILDINGS**

WHEREAS, the Sierra-Plumas Joint Unified School District Governing Board mission is to provide the best available education opportunities to all students in Sierra County; and

WHEREAS, Sierra-Plumas Joint Unified School District Administration Office is located in Sierraville, CA, 14 miles from the Loyalton Schools; and

WHEREAS, said resolution authorizes and directs the Superintendent and Administration to relocate the District's administration office to Loyalton Elementary School property and house in available portable buildings; and

WHEREAS, Sierra-Plumas Joint Unified School District (S-PJUSD) Governing Board approved the appointment of a School Closure Advisory Committee, Resolution 11-021, dated May 8, 2012; and

WHEREAS, the committee comprised of Laurie Peterman, Parent; Steve Folsom, Parent; Tim Driscoll, Parent; Camille Alfred, Teacher; Sue Gressel, Teacher; Marla Stock, Site-Administrator; Derek Cooper, Site Administrator; Rose Asquith, Business Manager; and

WHEREAS, the committee recommends the S-PJUSD administration office move to the Loyalton Elementary School site and house in available portables. Communication with staff, parents, & the community should start as soon as possible; and

WHEREAS, the proposed relocation of the district office as of June 30, 2012, will combine District's resources and provide a net reduction in expense of \$75,000 for fiscal year 2012-2013 and approximately \$100,000 for future years; and

NOW, THEREFORE BE IT RESOLVED, that the Sierra-Plumas Joint Unified School District Governing Board agrees to relocate the District Administration Office to Loyalton Elementary School portable buildings.

Passed and adopted at the board meeting of the Sierra-Plumas Unified School Governing Board held on January 8, 2013, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
VACANT:



**CRM GROUP
CONSTRUCTION RESOURCE MANAGEMENT**

D. KEVIN NOLEN
710-400 SUNNYSIDE RD. JANESVILLE, CA 96114
TEL: 530-260-3009 KEVIN@CRMGROUPCA.COM (LOWER CASE)

**Exhibit A-3
Contract for Professional Services**

SCOPE

Provide Construction Management Services at Sierra-Plumas Unified School District for the project design development, State agency application process, pre-construction, and construction phases of the Re-Roof Project at Loyalton High School. Project based on the estimated construction costs of \$1,083,532. Fee structure will begin as described below:

SCHEDULE OF FEES

Professional Services

Construction Costs:\$1,083,532.00

Construction Management:

Pre-Construction Services @ 3.0% (- \$5,000 credit & Final)....\$23,088.00
Construction Services @ 2.0% (- \$5,000 credit).....\$16,671.00

Fee Schedule:

Pre-Construction Services @ \$3,848.00/mo...1/25/13 – 6/25/13
Construction Services @ \$2,778.50/mo.....7/25/13 – 12/25/13
Final Payment upon Completion.....\$4,418.00

Contract For Professional Services (cont.):

Notes:

1. This estimate is based on management of: replacement of the Existing Roof with a new Roof System as per design by Nichols, Melburg, & Rossetto Architects.
2. Fees are based on a Lease/Lease-back contract delivery method with project completion including closeout by December, 2013.
3. Fees are subject to change according to delays beyond my control, final scope and construction costs including economy-of-scale that may result in a much smaller project and therefore, the possibility of a larger fee. Increases to the project construction costs shall require increase to this agreement at current fee structure (percentage).
4. Invoices for services to be paid by the 25th of each month as billed for services.
5. Final Payment (10%) to be withheld until Notice of Completion is filed.

Approval:

By: _____

Title: _____

Project Address: _____

Date: _____

Acceptance for CRM Group:

By:  _____

Title: owner _____

Date: 1/2/13 _____

This cost estimate shall be valid for a period of 30 days after date of issue.