

**GLENN COUNTY
OFFICE OF EDUCATION**

**County of Glenn
Willows, California**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION WITH
INDEPENDENT AUDITORS' REPORTS**

June 30, 2007

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*Glenn County
Office of Education*

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Education
Glenn County Office of Education
Willows, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glenn County Office of Education (the Office of Education) as of and for the year ended June 30, 2007, which collectively comprise the Office of Education's financial statements as listed in the table of contents. These financial statements are the responsibility of the Office of Education'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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Office of Education as of June 30, 2007, and the respective changes in financial position thereof 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 a report dated March 14, 2008, on our consideration of the Office of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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.

Management's discussion and analysis and budgetary comparison schedules listed in the table of contents are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITORS' REPORT

Continued

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Office of Education's basic financial statements. The accompanying financial information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Matson and Isom

March 14, 2008

Required Supplemental Information

INTRODUCTION

Our discussion and analysis of the Glenn County Office of Education's (the Office of Education) financial performance provides an overview of the Office of Education's financial activities for the fiscal year ended June 30, 2007. It should be read in conjunction with the Office of Education's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total net assets were \$20,733,193 at June 30, 2007. This was a decrease of \$606,727 (2.8%) over the prior year.
- Overall revenues were \$22,566,422, which was less than expenses of \$23,173,149 by \$606,727.
- Long-term debt has experienced a net decrease of \$108,829 due to scheduled payments on the certificates of participation and paying off the capital lease.

USING THIS ANNUAL REPORT

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 Office of Education. 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 Office of Education's 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 Office of Education 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.

Government-Wide Statements

The government-wide statements report information about the Office of Education as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Office of Education'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 Office of Education's net assets and how they have changed. Net assets -the difference between the assets and liabilities- is one way to measure the Office of Education's financial health or position.

- Over time, increases or decreases in the Office of Education's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Office of Education, 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 the condition of facilities.

The government-wide financial statements of the Office of Education include government activities. Most of the Office of Education's basic services are included here, such as regular education, 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 Office of Education's most significant funds-not the Office of Education as a whole. Funds are accounting devices that the Office of Education 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 Office of Education is meeting legal responsibilities for using certain revenues. The Office of Education has two kinds of funds:

- Governmental Funds - Most of the Office of Education'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 Office of Education'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 Office of Education is the trustee, or fiduciary, for assets that belong to others. For the Office of Education, the Warrant/Pass-through Fund is an agency fund. The Office of Education 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 Office of Education's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the government-wide financial statements because the Office of Education cannot use the assets to finance its operations.

FINANCIAL ANALYSIS OF THE OFFICE OF EDUCATION AS A WHOLE

Net Assets

The Office of Education's combined net assets were \$20,733,193 June 30, 2007.

Table 1: Net Assets

	Governmental Activities		Percentage Change 2006-2007
	2006	2007	
ASSETS			
Cash and investments	\$ 7,900,361	\$ 6,647,787	-15.9%
Receivables	3,273,643 (1)	3,050,321	-6.8%
Prepaid expenses	121,265	387,646	219.7%
Capital assets, net of accumulated depreciation	14,958,128 (1)	14,707,318	-1.7%
Total Assets	\$ 26,253,397	\$ 24,793,072	-5.6%
LIABILITIES			
Accounts payable and other liabilities	\$ 2,098,206	\$ 1,382,573	-34.1%
Deferred revenue	102,002	72,866	-28.6%
Long-Term debt	2,713,269	2,604,440	-4.0%
Total Liabilities	\$ 4,913,477	\$ 4,059,879	-17.4%
NET ASSETS			
Invested in capital assets, net of related debt	\$ 12,337,618 (1)	\$ 12,207,318	-1.1%
Restricted	3,690,680	3,630,276	-1.6%
Unrestricted	5,311,622 (1)	4,895,599	-7.8%
Total Net Assets	\$ 21,339,920	\$ 20,733,193	-2.8%

(1) Restated for prior-period adjustment as of June 30, 2006.

Change in Net Assets

The Office of Education's total revenues were \$22,566,422. A majority of the revenue comes from operating and capital grants (71%). Federal and state aid for specific programs accounted for another 16% of total revenues. The decrease in federal and state categorical programs from 2005-06 to 2006-07 is because there was no additional funding received for capital outlay projects in 2006-07. The decrease in other revenue is principally due to increased local contributions in lieu of districts' excess cost increases. The increase in charges for services is due to one-time grant awards, reimbursements for mandated costs, and the implementation of the state after-school program.

The total cost of all programs and services was \$23,173,149. The Office of Education's expenses are predominately related to educating and caring for students (55%). Administrative activities accounted for 11% of total costs. The remaining expenses were for plant services (maintenance and operations), community services, ancillary services, enterprise activities, pupil services, and other outgo.

Table 2: Change in Net Assets

	Governmental Activities		Percentage
	2006	2007	Change 2006-2007
REVENUES			
PROGRAM REVENUES			
Charges for services	\$ 337,613	\$ 650,683	92.7%
Federal and state categorical programs	17,547,829	16,059,301	-8.5%
GENERAL REVENUES			
Property taxes	1,002,482	1,016,171	1.4%
Federal and state aid unrestricted	3,807,612 (1)	3,774,403	-0.9%
Other	1,137,349	1,065,864	-6.3%
Total Revenues	23,832,885	22,566,422	-5.3%
EXPENSES			
Instruction	6,147,685 (1)	7,501,264	22.0%
Instruction-related	3,685,294	3,897,333	5.8%
Pupil services	1,275,202	1,293,741	1.5%
Ancillary services	76,712	128,050	66.9%
Community services	4,370,759	4,417,486	1.1%
General administration	2,231,120	2,544,029	14.0%
Maintenance and operations	497,447	560,967	12.8%
Other outgo	2,102,840	2,721,694	29.4%
Interest on long-term debt	41,503	108,585	161.6%
Total Expenses	20,428,562	23,173,149	13.4%
Change in Net Assets	\$ 3,404,323	\$ (606,727)	-117.8%

(1) Restated for prior-period adjustment as of June 30, 2006.

FINANCIAL ANALYSIS OF THE OFFICE OF EDUCATION’S FUNDS

The financial performance of the Office of Education as a whole is reflected in its governmental funds as well. As the Office of Education completed the year, its governmental funds reported a combined fund balance of \$8,628,646, below last year’s ending fund balance of \$9,092,966. The primary reasons for the decrease are due to supporting the special education program for excess costs in lieu of districts’ excess cost reimbursement to the Office of Education, the utilization of special education’s remaining fund balance, and the completion of capital outlay projects.

General Governmental Funds

	Fund Balance June 30, 2006	Fund Balance June 30, 2007	Increase (Decrease)
County School Services	\$ 4,593,045	\$ 4,398,781	\$ (194,264)
Charter Schools	346,298	66,457	(279,841)
Adult Education	73,262	52,232	(21,030)
Child Development	142,906	342,439	199,533
Deferred Maintenance	1,098,679	1,251,948	153,269
Forest Reserve	279	1,211	932
Special Reserve Special Revenue	1,732,661	1,811,340	78,679
Special Reserve for Postemployment Benefits	82,410	74,818	(7,592)
County School Facilities	1,023,426	629,420	(394,006)
Total	\$ 9,092,966	\$ 8,628,646	\$ (464,320)

County School Services Fund Budgetary Highlights

Over the course of the year, the Office of Education revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved June 30, 2007. A schedule of the Office of Education’s original and final budget amounts compared with actual revenues and expenses are provided in the supplemental section of the audited financial report.

Actual revenues were \$705,291 less than the final budget. The difference is due to a new grant award that was fully budgeted, but due to delayed implementation resulted in lower earnings, and an existing grant that was not fully earned. Actual expenses were \$2,892,083 less than the final budget, with the principle difference being the practice of the Office of Education to fully budget the expenditure of carryover while not actually expending it. The original budgeted expenditures do not reflect carryover amounts and thus were comparable to actual expenditures.

CAPITAL ASSETS AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

At June 30, 2007, the Office of Education had invested \$16,980,223 in a broad range of capital assets, including land, buildings and improvements, equipment, and vehicles. The Office of Education purchased vehicles, computer equipment, and playground equipment during the 2006-07 fiscal year. Construction in progress relates to the Office of Education's state bond supported building projects, which consist of three new buildings some of which are multiple classroom projects. There is also a play structure and modular replacement in progress by child and family services.

	Governmental Activities		Percentage
	2006	2007	Change 2006-2007
Land	\$ 1,175,985 (1)	\$ 1,175,985	0.0%
Buildings and improvements	5,064,590 (1)	10,351,791	104.4%
Equipment	886,725	961,975	8.5%
Vehicles	727,316	773,816	6.4%
Construction in progress	8,864,050 (1)	3,716,656	-58.1%
Total Capital Assets	\$ 16,718,666	\$ 16,980,223	1.6%

(1) Restated for prior-period adjustment as of June 30, 2006.

The Office of Education's 2007-08 budget projects spending of \$547,768 for capital projects, primarily for site improvements and building costs. These expenditures are related to the Office of Education's state bond supported building projects. The Office of Education anticipates the completion of these projects during the 2007-2008 fiscal year.

Long-Term Debt

At June 30, 2007, the Office of Education had \$2,604,440 in debt, consisting of compensated absences and certificates of participation. The Office of Education reduced capital leases by \$82,510 and certificates of participation by \$38,000 during the fiscal year. Compensated absences increased by \$11,681 during the fiscal year.

	2006	2007	Percentage
			Change 2006-2007
Compensated absences	\$ 92,759	\$ 104,440	12.6%
Capital leases	82,510	-	-100.0%
Certificates of participation	2,538,000	2,500,000	-1.5%
Total Long-Term Debt	\$ 2,713,269	\$ 2,604,440	-4.0%

FACTORS BEARING ON THE OFFICE OF EDUCATION'S FUTURE

At the time these financial statements were prepared and audited, the Office of Education 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 Office of Education. Although no changes are currently anticipated, the federal budget was recently adopted; and the state could implement midyear budget cuts as it did during the 2007 fiscal year.
- 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 Office of Education. Health care premiums are predicted to continue to increase in the foreseeable future.
- The budget assumptions used to prepare the budget for 2008 included a 4.53% cost of living allowance (COLA), and salary step and column increase were based upon actual cost.

CONTACTING THE OFFICE OF EDUCATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the Office of Education's finances and to demonstrate the Office of Education's accountability for the money it receives. For questions regarding this report or for additional financial information, please contact Randy Jones, Director of Business Services, at (530) 934-6575 ext. 3050.

Basic Financial Statements

STATEMENT OF NET ASSETS*Glenn County
Office of Education*

June 30, 2007	Governmental Activities
ASSETS	
Cash and investments	\$ 6,647,787
Accounts receivable	719,073
Due from other governments	2,331,248
Prepaid expenses	387,646
Nondepreciated capital assets	4,892,641
Depreciated capital assets	12,087,582
Accumulated depreciation	(2,272,905)
Total Assets	\$ 24,793,072
LIABILITIES	
Accounts payable and other current liabilities	\$ 1,382,573
Deferred revenues	72,866
Long-term obligations	
Due within one year	25,000
Due beyond one year	2,579,440
Total Liabilities	\$ 4,059,879
NET ASSETS	
Invested in capital assets - net of related debt	\$ 12,207,318
Restricted for capital projects	1,881,368
Restricted for educational programs	1,748,908
Unrestricted	4,895,599
Total Net Assets	\$ 20,733,193

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

STATEMENT OF ACTIVITIES

*Glenn County
Office of Education*

Year Ended June 30, 2007	Program Revenues			Net (Expense) Revenue and Change in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT					
Governmental activities					
Instruction	\$ 7,501,264	\$ 316,919	\$ 4,103,508	\$ 33,812	\$ (3,047,025)
Instruction - related services	3,897,333	95,293	2,589,711	-	(1,212,329)
Pupil services	1,293,741	68,957	746,842	-	(477,942)
Ancillary services	128,050	12	1,427	-	(126,611)
Community services	4,417,486	44,982	4,441,996	-	69,492
General administration	2,544,029	53,557	1,122,105	-	(1,368,367)
Plant services	560,967	9,571	353,765	-	(197,631)
Other outgo	2,721,694	61,392	2,666,135	-	5,833
Interest on long-term debt	108,585	-	-	-	(108,585)
Total Governmental Activities	\$ 23,173,149	\$ 650,683	\$ 16,025,489	\$ 33,812	(6,463,165)
GENERAL REVENUES					
					1,016,171
Property taxes - levied for general purposes					3,774,403
Federal and state aid not restricted to specific purposes					249,964
Unrestricted investment earnings					386,884
Interagency revenues					429,016
Miscellaneous					
Total General Revenues and Transfers					5,856,438
Change in Net Assets					(606,727)
Net Assets - As Previously Reported					21,703,387
Prior Period Adjustments					(363,467)
Net Assets - As Restated					21,339,920
Net Assets - End of Year					\$ 20,733,193

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

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

*Glenn County
Office of Education*

June 30, 2007	<u>County School Services Fund</u>	<u>Charter Schools Fund</u>	<u>Child Development Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Special Reserve Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and investments	\$ 2,342,027	\$ 452,636	\$ 211,125	\$ 1,251,948	\$ 1,666,663	\$ 723,388	\$ 6,647,787
Accounts receivable	430,060	110,514	170,999	-	-	7,500	719,073
Due from other governments	1,815,651	20,516	435,868	-	-	59,213	2,331,248
Due from other funds	679,031	8,351	170,679	-	208,814	53,763	1,120,638
Prepaid expenditures	328,782	900	21,920	-	-	-	351,602
Total Assets	<u>\$ 5,595,551</u>	<u>\$ 592,917</u>	<u>\$ 1,010,591</u>	<u>\$ 1,251,948</u>	<u>\$ 1,875,477</u>	<u>\$ 843,864</u>	<u>\$ 11,170,348</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable and other current liabilities	\$ 903,530	\$ 197,675	\$ 229,602	\$ -	\$ -	\$ 17,391	\$ 1,348,198
Due to other funds	232,718	328,785	426,206	-	64,137	68,792	1,120,638
Deferred revenue	60,522	-	12,344	-	-	-	72,866
Total Liabilities	<u>1,196,770</u>	<u>526,460</u>	<u>668,152</u>	<u>-</u>	<u>64,137</u>	<u>86,183</u>	<u>2,541,702</u>
FUND BALANCES							
Reserved for revolving fund	6,000	-	2,000	-	-	-	8,000
Reserved for prepaid expenditures	328,782	900	21,920	-	-	-	351,602
Reserved for other purposes	1,311,389	-	-	-	-	-	1,311,389
Unreserved - reported in general fund	2,752,610	-	-	-	-	-	2,752,610
Unreserved - reported in special revenue funds	-	65,557	318,519	1,251,948	1,811,340	128,261	3,575,625
Unreserved - reported in capital projects funds	-	-	-	-	-	629,420	629,420
Total Fund Balances	<u>4,398,781</u>	<u>66,457</u>	<u>342,439</u>	<u>1,251,948</u>	<u>1,811,340</u>	<u>757,681</u>	<u>8,628,646</u>
Total Liabilities and Fund Balances	<u>\$ 5,595,551</u>	<u>\$ 592,917</u>	<u>\$ 1,010,591</u>	<u>\$ 1,251,948</u>	<u>\$ 1,875,477</u>	<u>\$ 843,864</u>	<u>\$ 11,170,348</u>

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

**RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO GOVERNMENT-WIDE
NET ASSETS**

*Glenn County
Office of Education*

June 30, 2007

Total Fund Balances – Governmental Funds	\$ 8,628,646
<p>Amounts reported for assets and liabilities for governmental activities in the statement of net assets are different from amounts reported in governmental funds because:</p>	
<p>Capital assets: In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets and accumulated depreciation.</p>	
Capital assets at historical cost	\$ 16,980,223
Accumulated depreciation	<u>(2,272,905)</u>
	14,707,318
<p>Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs included in prepaid expense on the statement of net assets are:</p>	
	36,044
<p>Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:</p>	
	(34,375)
<p>Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:</p>	
Compensated absences	104,440
Certificates of participation	<u>2,500,000</u>
	<u>(2,604,440)</u>
Total Net Assets – Governmental Activities	\$ 20,733,193

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

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

*Glenn County
Office of Education*

Year Ended June 30, 2007	County School Services Fund	Charter Schools Fund	Child Development Fund	Deferred Maintenance Fund	Special Reserve Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 1,016,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,016,199
State revenue	8,690,530	713,174	1,318,452	78,622	-	416,048	11,216,826
Federal revenue	3,919,973	-	3,263,438	-	-	411,211	7,594,622
Interest and investment earnings	167,025	26,181	7,337	49,288	73,724	8,435	331,990
Other local revenue	1,484,835	229,857	559,098	-	-	132,995	2,406,785
Total Revenues	15,278,562	969,212	5,148,325	127,910	73,724	968,689	22,566,422
EXPENDITURES							
Current							
Instruction	5,744,195	800,461	-	-	-	347,846	6,892,502
Instruction-related services	3,078,389	132,894	323,097	-	-	270,166	3,804,546
Pupil services	1,259,618	-	-	-	-	-	1,259,618
Ancillary services	128,050	-	-	-	-	-	128,050
Community services	271,563	-	4,138,924	-	-	-	4,410,487
General administration	2,063,514	-	421,838	-	-	26,944	2,512,296
Plant services	398,040	-	126,269	48,726	-	4,841	577,876
Transfers between agencies	2,413,069	17,600	-	-	-	291,025	2,721,694
Debt service							
Principal	120,510	-	-	-	-	-	120,510
Interest and other charges	108,159	-	-	-	-	-	108,159
Capital outlay	-	-	67,186	-	-	427,818	495,004
Total Expenditures	15,585,107	950,955	5,077,314	48,726	-	1,368,640	23,030,742
Excess (Deficiency) of Revenues							
Over Expenditures	(306,545)	18,257	71,011	79,184	73,724	(399,951)	(464,320)
OTHER FINANCING SOURCES (USES)							
Interfund transfers in	484,756	17,675	217,853	74,085	208,814	62,862	1,066,045
Interfund transfers out	(372,475)	(315,773)	(89,331)	-	(203,859)	(84,607)	(1,066,045)
Total Other Financing Sources (Uses)	112,281	(298,098)	128,522	74,085	4,955	(21,745)	-
Net Change in Fund Balances	(194,264)	(279,841)	199,533	153,269	78,679	(421,696)	(464,320)
Fund Balances - Beginning of Year	4,593,045	346,298	142,906	1,098,679	1,732,661	1,179,377	9,092,966
Fund Balances - End of Year	\$ 4,398,781	\$ 66,457	\$ 342,439	\$ 1,251,948	\$ 1,811,340	\$ 757,681	\$ 8,628,646

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

**RECONCILIATION OF NET CHANGE
IN FUND BALANCES TO
CHANGE IN NET ASSETS**

June 30, 2007

*Glenn County
Office of Education*

Total Net Change in Fund Balances – Governmental Funds	\$ (464,320)
<p>Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:</p>	
<p>Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:</p>	
Expenditures for capital outlay	\$ 267,547
Depreciation expense	<u>(512,367)</u>
	(244,820)
<p>Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:</p>	
	120,510
<p>Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:</p>	
	523
<p>Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:</p>	
	(11,681)
<p>Cost write-off for canceled capital projects: If a planned capital project is canceled and will not be completed, costs previously capitalized as construction in progress must be written off to expense. Costs written off for canceled projects were:</p>	
	<u>(5,990)</u>
Balance Forward	\$ (605,778)

**RECONCILIATION OF NET CHANGE
IN FUND BALANCES TO
CHANGE IN NET ASSETS**

*Glenn County
Office of Education*

June 30, 2007

Balance Brought Forward	\$ (605,778)
<p>Debt issuance costs: In governmental funds, debt issuance costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issuance costs are amortized over the life of the debt. No issuances costs were incurred during the period. Prior year issuance costs amortized for the period are:</p>	
Issue costs amortized for the period	(949)
<u>Change in Net Assets of Governmental Activities</u>	<u>\$ (606,727)</u>

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

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting Policies

The Office of Education accounts for its financial transactions in accordance with the policies and procedures of the Department of Education’s *California School Accounting Manual*. The Office of Education’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Office of Education has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Office of Education has chosen not to do so. The more significant accounting policies established in GAAP and used by the Office of Education are discussed below.

Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized by funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Office of Education or meets the following criteria:

Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

County School Services Fund is the general operating fund of the Office of Education. It is used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds are established to account for the proceeds from specific resources that are restricted to the financing of particular activities.

1. Charter Schools Fund is used to report separately the activities of William Finch Charter School.
2. Adult Education Fund is used to account separately for federal, state, and local revenues and the expenditure of those funds to operate adult education programs (*California Education Code* Sections 52616[b] and 52501).
3. Child Development Fund is used to account separately for federal, state, and local revenues and the expenditure of those funds to operate child development programs (*California Education Code* Section 8328).
4. Deferred Maintenance Fund is used to account separately for state apportionments and Office of Education contributions for deferred maintenance purposes. Expenditures in this fund are for major repairs or replacements as identified in the plan approved by the State Allocation Board (*California Education Code* Sections 17582-17587).
5. Forest Reserve Fund is used to account separately for federal forest reserve funds received by the Office of Education for distribution to school districts and community college districts (*California Education Code* Section 2300; *California Government Code* Section 29484).
6. Special Reserve Fund is used to provide for the accumulation of resources designated for general operating purposes.
7. Special Reserve Fund for Postemployment Benefits is used to account for amounts earmarked for the future cost of retiree benefits but not contributed irrevocably to a separate trust for a retiree benefit plan.

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities.

1. County School Facilities Fund is used to receive apportionments from the State School Facilities Fund authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*California Education Code* Section 17070).

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

Major Governmental Funds

- County School Services Fund
- Charter Schools Fund
- Child Development Fund
- Deferred Maintenance Fund
- Special Reserve Special Revenue Fund

Nonmajor Governmental Funds

- Adult Education Fund
- Forest Reserve Fund
- Special Reserve Fund for Postemployment Benefits
- County School Facilities Fund

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-like activities are presented using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.

In the fund financial statements, governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Budgets and Budgetary Accounting

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

These budgets are revised by the Office of Education’s Governing Board and Office of Education Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the County School Services Fund and each major special revenue fund as required supplemental information.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The Office of Education employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Cash, Cash Equivalents, and Investments

The Office of Education’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with *California Education Code* Section 41001, the Office of Education maintains substantially all of its cash in the Glenn County Treasury as part of the common investment pool. The county is restricted by *California Government Code* Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes, or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Investments in the county pool are valued using the amortized cost method (which approximates fair value) and includes accrued interest. The pool has deposits and investments with a weighted-average maturity of less than one year. As of June 30, 2007, the fair value of the county pool is 100.01% of the carrying value and is deemed to not represent a material difference. Information regarding the amount of dollars invested in derivatives with the county was not available. The county investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code* Section 27130. The Office of Education is considered to be an involuntary participant in the external investment pool.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The change in the fair value of investments was insignificant during the year ended June 30, 2007, and there was no significant unrealized gain or loss on investments held at June 30, 2007.

Accounts Receivable and Due From Other Governments

Accounts receivable represent amounts due from private persons, firms, or corporations based on contractual agreements or amounts billed but not received as of June 30, 2007. Amounts due from other governments include entitlements and grants from federal, state, and local governments that the Office of Education has earned or been allocated but has not received as of June 30, 2007.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net assets.

Prepaid Expenses

Prepaid expenses consist of operating expenses for which payment is due in advance and are expensed when the benefit is received.

Deferred Charges

On the government-wide financial statements, bond issuance costs are deferred as prepaid expenses and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. In the governmental funds, these costs are reported as expenditures when the related liability is incurred.

Fixed Assets

The accounting treatment over property, plant, and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the Office of Education as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives in years by type of asset is as follows:

Buildings and improvements	25
Equipment	5-20
Vehicles	8

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

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.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures.

Compensated Absences

The liability for earned but unused vacation leave is recorded as long-term debt for compensated absences in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Equity Classifications

Government-Wide 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 any bonds, leases, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulation 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.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved with unreserved further split between designated and undesignated.

Revenue Limit and Property Tax

The Office of Education’s revenue limit is received from a combination of local property taxes, state apportionments, and other local sources.

Glenn County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. Secured property taxes attach as an enforceable lien on property as of January 1. Property taxes on the secured roll are due on December 10 and April 10 and become delinquent after December 10 and April 10, respectively.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

Property taxes are recorded as local revenue limit sources by the Office of Education. California Department of Education reduces the Office of Education’s entitlement by the Office of Education’s local property tax revenue. The balance is paid from the state’s General Fund and is referred to as the state apportionment. The Office of Education’s base revenue limit is the amount of general purpose tax revenue, per average daily attendance (ADA), that the Office of Education is entitled to by law. This amount is multiplied by the second period ADA to derive the Office of Education’s total entitlement.

Revenue – Nonexchange Transactions

Nonexchange transactions, in which the Office of Education receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Office of Education must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Office of Education on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Expenditures and Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental funds – by character

- Current (further classified by function)
- Debt service
- Capital outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

2. CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2007:

	<u>Maturities</u>	<u>Fair Value</u>
DEPOSITS (1)		\$ 8,000
INVESTMENTS THAT ARE NOT SECURITIES (2)		
County treasurer's investment pool	5.2 months average	<u>6,639,787</u>
Total Cash and Investments Per Government-Wide Statement of Net Assets		<u>\$ 6,647,787</u>

- (1) **Deposits** The carrying amount of deposits includes checking accounts, savings accounts, nonnegotiable certificates of deposit, and money market accounts at financial institutions, if any.
- (2) **Investments That are Not Securities** A “security” is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

Credit Risk – Investments

California Government Code Section 53601 limits investments in commercial paper to “prime” quality of the highest ranking, or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. The Office of Education has no investment policy that would further limit its investment choices. The Office of Education’s investment in the county investment pool is unrated.

Concentration of Credit Risk – Investments

California Government Code Section 53635 places the following concentration limits on the county investment pool:

No more than 40% may be invested in eligible commercial paper; no more than 10% may be invested in the outstanding commercial paper of any single issuer; and no more than 10% of the outstanding commercial paper of any single issuer may be purchased.

California Government Code Section 53601 places the following concentration limits on the Office of Education’s investments:

No more than 5% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 10% of the outstanding commercial paper of any single issuer may be purchased; no more than 30% may be invested in the bankers’ acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in repurchase agreements or reverse repurchase agreements; and no more than 30% may be invested in medium-term notes.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

*Glenn County
Office of Education*

Interest Rate Risk – Investments

California Government Code Section 53601 limits the Office of Education’s investments to maturities of five years. The Office of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Investments grouped by maturity date at June 30, 2007, are as follows:

Investment	Less Than One Year
County treasurer's investment pool	\$ 6,639,787

3. INTERFUND TRANSACTIONS AND BALANCES

Interfund Receivables/Payables

Interfund receivable and payable balances in the fund financial statements are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amounts</u>
County School Services	Charter School	\$ 119,971
County School Services	Adult Education	36,343
County School Services	Child Development	426,131
County School Services	Special Reserve Speical Revenue	64,137
County School Services	Special Reserve for Postemployment Benefits	32,449
Charter School	County School Services	8,351
Adult Education	County School Services	32,256
Adult Education	Child Development	75
Child Development	County School Services	170,679
Special Reserve Special Revenue	Charter School	208,814
Special Reserve for Postemployment Benefits	County School Services	21,432
Total		\$ 1,120,638

The specific purposes of the interfund balances are as follows:

To reimburse the County School Services Fund for 2006-07 expenditures incurred by the Charter School Fund which were disbursed from the County School Services Fund;

To reimburse the County School Services Fund for 2006-07 expenditures related to maintenance and operations and indirect charges incurred by the Adult Education Fund which were disbursed from the County School Services Fund;

To reimburse the County School Services Fund for 2006-07 indirect charges due from the Child Development Fund;

To deposit unrestricted funds from the Special Reserve Special Revenue Fund into the County School Services Fund for excess SELPA costs;

To reimburse the County School Services Fund from the Special Reserve Fund for Postemployment Benefits for health and welfare benefits disbursed from the County School Services Fund;

To deposit final current year distributions from the County School Services Fund into the Charter School Fund;

To deposit final current year distributions from the County School Services Fund into the Adult Education Fund and to reimburse child care costs;

To reimburse the Adult Education Fund for 2006-07 child care expenditures incurred by the Child Development Fund which were disbursed from the Adult Education Fund;

To reimburse the Child Development Fund for 2006-07 expenditures related to program administration, postemployment benefits, and student meals incurred by the County School Services Fund which were disbursed from the Child Development Fund;

To deposit unrestricted funds from the Charter School Fund into the Special Reserve Special Revenue Fund to fund the county community school reserve; and

To deposit funds from the County School Services Fund into the Special Reserve Fund for Postemployment Benefits to fund future postemployment benefits.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2007

*Glenn County
Office of Education***Interfund Transfers**

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended.

Interfund transfers are as follows:

Transfer Out	Transfer In	Amounts
Special Reserve Special Revenue	County School Services	\$ 203,859
Special Reserve for Postemployment Benefits	County School Services	32,449
Charter School	County School Services	106,959
County School Services	Child Development	217,853
County School Services	Deferred Maintenance	74,085
Child Development	County School Services	89,331
Forest Reserve	County School Services	43,761
County School Services	Adult Education	41,430
Adult Education	County School Services	8,397
County School Services	Charter School	17,675
Charter School	Special Reserve Special Revenue	208,814
County School Services	Special Reserve for Postemployment Benefits	21,432
Total		\$ 1,066,045

Transfers are used for the following:

To move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and

To use unrestricted revenues collected in the County School Services Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

No transfers are inconsistent with the activities of the funds making the transfer.

4. CAPITAL ASSETS

Capital asset activity is as follows:

	Balance July 1, 2006	Prior-Period Adjustment	Adjusted July 1, 2006	Additions	Deductions	Balance June 30, 2007
GOVERNMENTAL ACTIVITIES						
NONDEPRECIATED CAPITAL ASSETS						
Land	\$ 745,922	\$ 430,063	\$ 1,175,985	\$ -	\$ -	\$ 1,175,985
Construction in progress	9,464,174	(600,124)	8,864,050	145,797	5,293,191	3,716,656
Total Nondepreciated Capital Assets	<u>10,210,096</u>	<u>(170,061)</u>	<u>10,040,035</u>	<u>145,797</u>	<u>5,293,191</u>	<u>4,892,641</u>
DEPRECIATED CAPITAL ASSETS						
Buildings	5,144,640	(119,071)	5,025,569	5,287,201	-	10,312,770
Site improvements	39,021	-	39,021	-	-	39,021
Equipment	886,725	-	886,725	75,250	-	961,975
Vehicles	727,316	-	727,316	46,500	-	773,816
Total Depreciated Capital Assets	<u>6,797,702</u>	<u>(119,071)</u>	<u>6,678,631</u>	<u>5,408,951</u>	<u>-</u>	<u>12,087,582</u>
Totals at Historical Cost	<u>\$17,007,798</u>	<u>\$ (289,132)</u>	<u>\$16,718,666</u>	<u>\$ 5,554,748</u>	<u>\$ 5,293,191</u>	<u>\$ 16,980,223</u>
LESS ACCUMULATED DEPRECIATION						
Buildings	\$ 1,029,466	\$ -	\$ 1,029,466	\$ 389,433	\$ -	\$ 1,418,899
Site improvements	1,561	-	1,561	1,561	-	3,122
Equipment	263,960	-	263,960	74,094	-	338,054
Vehicles	465,551	-	465,551	47,279	-	512,830
Total Accumulated Depreciation	<u>1,760,538</u>	<u>-</u>	<u>1,760,538</u>	<u>512,367</u>	<u>-</u>	<u>2,272,905</u>
Total Depreciated Capital Assets - Net	<u>5,037,164</u>	<u>(119,071)</u>	<u>4,918,093</u>	<u>4,896,584</u>	<u>-</u>	<u>9,933,748</u>
Governmental Activities Capital Assets - Net	<u>\$15,247,260</u>	<u>\$ (289,132)</u>	<u>\$14,958,128</u>	<u>\$ 5,042,381</u>	<u>\$ 5,293,191</u>	<u>\$ 14,826,389</u>

Depreciation expense was charged to governmental activities as follows:

GOVERNMENTAL ACTIVITIES	
Instruction	\$ 333,848
Instruction-related services	94,806
Pupil services	34,431
Community services	6,947
General administration	34,688
Plant services	7,647
Total Depreciation Expense - Governmental Activities	<u>\$ 512,367</u>

5. CAPITAL LEASES

The Office of Education leased a school bus valued at \$82,510 under agreements which provided for title to pass upon expiration of the lease period. The Office of Education paid the lease in full during 2006-07. The amount of interest cost incurred during the year ended June 30, 2007, was \$4,250, all of which was charged to expenses. The Office of Education received no sublease rental revenues nor paid any contingent rentals for this equipment.

6. CERTIFICATES OF PARTICIPATION

In September 2005, the Glenn County Office of Education issued certificates of participation (COP) in the amount of \$2,538,000, with an interest rate of 4.125%. As of June 30, 2007, the principal balance outstanding was \$2,500,000. The amount of interest cost incurred during the year ended June 30, 2007, was \$103,909, all of which was charged to expenses.

The certificates mature through 2046 as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 25,000	\$ 102,609	\$ 127,609
2009	30,000	101,475	131,475
2010	30,000	100,238	130,238
2011	30,000	99,000	129,000
2012	30,000	97,763	127,763
2013-2017	175,000	468,497	643,497
2018-2022	215,000	428,072	643,072
2023-2027	270,000	378,469	648,469
2028-2032	330,000	316,594	646,594
2033-2037	400,000	241,519	641,519
2038-2042	495,000	149,634	644,634
2043-2046	470,000	39,806	509,806
Total	\$ 2,500,000	\$ 2,523,676	\$ 5,023,676

7. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2007</u>	<u>Amounts Due Within One Year</u>
GOVERNMENTAL ACTIVITIES					
Compensated absences	\$ 92,759	\$ 11,681	\$ -	\$ 104,440	\$ -
Capital leases	82,510	-	82,510	-	-
Certificates of participation	2,538,000	-	38,000	2,500,000	25,000
Total	\$ 2,713,269	\$ 11,681	\$ 120,510	\$ 2,604,440	\$ 25,000

8. DESIGNATED FUND BALANCES

Fund balances as of June 30, 2007, are designated for the following purpose:

	County School Services	Charter Schools	Child Development	Deferred Maintenance	Special Reserve Special Revenue	Other Governmental Funds
Designated for special purposes	\$ 150,000	\$ 65,557	\$ 318,519	\$ 1,251,948	\$ 1,811,340	\$ 757,681
Designated for economic uncertainties	850,000	-	-	-	-	-
Total Designated	1,000,000	65,557	318,519	1,251,948	1,811,340	757,681
Undesignated	1,752,610	-	-	-	-	-
Total Unreserved	\$ 2,752,610	\$ 65,557	\$ 318,519	\$ 1,251,948	\$ 1,811,340	\$ 757,681

9. JOINT POWERS AUTHORITIES

The Office of Education participates in joint ventures under joint powers agreements with the following joint power authorities (JPAs): Golden State Risk Management Authority (GSRMA), Schools Excess Liability Fund (SELF), and Tri-Counties School Insurance Group (TCSIG). The relationship between the Office of Education and the JPAs is such that the JPAs are not component units of the Office of Education for financial reporting purposes.

The JPAs arrange for and provide property, liability, workers' compensation, health care, and excess liability coverage for their members. Each JPA is governed by a board consisting of representatives from the members. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the boards. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the JPA. The Office of Education's share of year-end assets, liabilities, or fund equity is not calculated by the JPAs. Separately issued financial statements can be requested from each JPA. Condensed financial information of the JPAs for the year ended June 30, 2006, is as follows:

	GSRMA	SELF	TCSIG
Total assets	\$ 8,876,312	\$ 219,228,961	\$ 20,938,138
Total liabilities	6,242,571	191,182,670	10,690,186
Net Assets (Liabilities)	\$ 2,633,741	\$ 28,046,291	\$ 10,247,952
Operating revenues	\$ 4,378,479	\$ 60,028,271	\$ 57,464,060
Operating expenses	3,410,663	38,865,579	49,004,020
Other income (expenses)	277,192	3,660,501	531,845
Excess Revenues (Expenses)	\$ 1,245,008	\$ 24,823,193	\$ 8,991,885

10. COMMITMENTS AND CONTINGENCIES**Federal and State Allowances, Awards, and Grants**

The Office of Education has received federal and state 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 reimbursements will not be material.

11. RISK MANAGEMENT

The Office of Education is exposed to various risks, including loss or damage to property, general liability, and injuries to employees. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years. No significant reductions in insurance coverage from the prior year have been made. As described above, the Office of Education participates in risk pools under joint power agreements for property, liability, workers' compensation, health care, and excess liability coverage.

12. 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 California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

California State Teachers' Retirement System (CalSTRS)*Plan Description*

The Office of Education contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by CalSTRS. 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. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from the CalSTRS, 7919 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0% of their salary. The required employer contribution rate for fiscal year 2006-07 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The Office of Education's contributions to CalSTRS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$426,279, \$474,101, and \$358,092, respectively, and equaled 100% of the required contributions for each year.

California Public Employees Retirement System (CalPERS)***Plan Description***

The Office of Education 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 CalPERS, 400 Q Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7.0% of their salary, and the Office of Education 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 the 2006-07 fiscal year was 9.124%. The contribution requirements of the plan members are established by state statute. The Office of Education's contributions to CalPERS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$438,280, \$387,204, and \$346,516, respectively, and equaled 100% of the required contribution for each year.

13. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In addition to the pension benefits described above, the Office of Education provides postemployment health care benefits to all employees who retire from the Office of Education on or after attaining the age of 55 with at least 15 consecutive years of service. On June 30, 2007, four retirees met these eligibility requirements.

The Office of Education pays \$748 per month toward the cost of medical, dental, and vision premiums for two years following retirement. Expenditures are recognized as incurred. During the fiscal year ended June 30, 2007, expenditures of \$20,122 were recognized for postemployment health care.

14. PRIOR-PERIOD ADJUSTMENTS

Net assets in the statement of net assets as of July 1, 2006, have been decreased by \$289,132 as a result of an overstatement of construction in progress of \$600,124, an overstatement of buildings of \$119,071, and an understatement of land of \$430,063 as of June 30, 2006. This adjustment has no effect on revenue or expense during the 2006-07 fiscal year.

Net assets in the statement of net assets as of July 1, 2006, have also been decreased by \$74,335 as a result of an overstatement of accounts receivable as of June 30, 2006. This adjustment has no effect on revenue or expense during the 2006-07 fiscal year.

Required Supplemental Information

**BUDGETARY COMPARISON SCHEDULE –
COUNTY SCHOOL SERVICES FUND**

*Glenn County
Office of Education*

Year Ended June 30, 2007	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final	GAAP Basis	
REVENUES				
Property taxes	\$ 890,464	\$ 844,344	\$ 1,016,199	\$ 171,855
State revenue	7,511,227	9,064,336	8,690,530	(373,806)
Federal revenue	3,929,500	4,271,831	3,919,973	(351,858)
Interest and investment earnings	100,800	100,800	167,025	66,225
Other local revenue	1,490,599	1,702,542	1,484,835	(217,707)
Total Revenues	13,922,590	15,983,853	15,278,562	(705,291)
EXPENDITURES				
Current				
Instruction	5,229,885	6,562,970	5,744,195	818,775
Instruction - related services	2,951,904	3,668,139	3,078,389	589,750
Pupil services	1,269,806	1,335,592	1,259,618	75,974
Ancillary services	115,022	135,022	128,050	6,972
Community services	233,838	331,376	271,563	59,813
General administration	2,120,760	3,271,461	2,063,514	1,207,947
Plant services	350,670	531,963	398,040	133,923
Transfers between agencies	2,044,307	2,419,963	2,413,069	6,894
Debt service				
Principal	137,188	94,596	120,510	(25,914)
Interest and other charges	41,877	126,108	108,159	17,949
Total Expenditures	14,495,257	18,477,190	15,585,107	2,892,083
Excess (Deficiency) of Revenues Over Expenditures				
	(572,667)	(2,493,337)	(306,545)	2,186,792
OTHER FINANCING SOURCES (USES)				
Transfers in	223,849	518,075	484,756	(33,319)
Transfers out	(354,012)	(418,697)	(372,475)	46,222
Total Other Financing Sources (Uses)	(130,163)	99,378	112,281	12,903
Net Change in Fund Balances	(702,830)	(2,393,959)	(194,264)	2,199,695
Fund Balances - Beginning of Year	4,593,045	4,593,045	4,593,045	-
Fund Balances - End of Year	\$ 3,890,215	\$ 2,199,086	\$ 4,398,781	\$ 2,199,695

See the accompanying notes to this budgetary comparison schedule.

**BUDGETARY COMPARISON SCHEDULE –
CHARTER SCHOOLS FUND**

*Glenn County
Office of Education*

Year Ended June 30, 2007	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
State revenue	\$ 687,251	\$ 711,003	\$ 713,174	\$ 2,171
Interest and investment earnings	2,000	25,897	26,181	284
Other local revenue	203,033	226,652	229,857	3,205
Total Revenues	892,284	963,552	969,212	5,660
EXPENDITURES				
Current				
Instruction	664,243	851,045	800,461	50,584
Instruction - related services	125,077	139,154	132,894	6,260
Transfers between agencies	20,000	20,000	17,600	2,400
Total Expenditures	809,320	1,010,199	950,955	59,244
Excess (Deficiency) of Revenues Over Expenditures				
	82,964	(46,647)	18,257	64,904
OTHER FINANCING SOURCES (USES)				
Transfers in	14,611	16,333	17,675	1,342
Transfers out	(97,575)	(315,983)	(315,773)	210
Total Other Financing Sources (Uses)	(82,964)	(299,650)	(298,098)	1,552
Net Change in Fund Balances	-	(346,297)	(279,841)	66,456
Fund Balances - Beginning of Year	346,298	346,298	346,298	-
Fund Balances - End of Year	\$ 346,298	\$ 1	\$ 66,457	\$ 66,456

See the accompanying notes to this budgetary comparison schedule.

**BUDGETARY COMPARISON SCHEDULE –
CHILD DEVELOPMENT FUND**

*Glenn County
Office of Education*

Year Ended June 30, 2007	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	GAAP Basis	Final Budget - Positive (Negative)
REVENUES				
State revenue	\$ 1,382,376	\$ 1,523,301	\$ 1,318,452	\$ (204,849)
Federal revenue	3,451,553	3,548,249	3,263,438	(284,811)
Interest and investment earnings	4,030	8,265	7,337	(928)
Other local revenue	392,100	586,735	559,098	(27,637)
Total Revenues	5,230,059	5,666,550	5,148,325	(518,225)
EXPENDITURES				
Current				
Instruction - related services	337,709	387,383	323,097	64,286
Community services	4,266,776	4,470,849	4,138,924	331,925
General administration	439,615	457,273	421,838	35,435
Plant services	137,081	140,282	126,269	14,013
Capital outlay	156,000	465,504	67,186	398,318
Total Expenditures	5,337,181	5,921,291	5,077,314	843,977
Excess (Deficiency) of Revenues Over Expenditures				
	(107,122)	(254,741)	71,011	325,752
OTHER FINANCING SOURCES (USES)				
Transfers in	164,736	214,862	217,853	2,991
Transfers out	(57,614)	(100,499)	(89,331)	11,168
Total Other Financing Sources (Uses)	107,122	114,363	128,522	14,159
Net Change in Fund Balances	-	(140,378)	199,533	339,911
Fund Balances - Beginning of Year	142,906	142,906	142,906	-
Fund Balances - End of Year	\$ 142,906	\$ 2,528	\$ 342,439	\$ 339,911

See the accompanying notes to this budgetary comparison schedule.

**BUDGETARY COMPARISON SCHEDULE –
DEFERRED MAINTENANCE FUND**

*Glenn County
Office of Education*

Year Ended June 30, 2007	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	GAAP Basis	Final Budget - Positive (Negative)
REVENUES				
State revenue	81,948	81,948	78,622	(3,326)
Interest and investment earnings	\$ 15,000	\$ 15,000	\$ 49,288	\$ 34,288
Total Revenues	<u>96,948</u>	<u>96,948</u>	<u>127,910</u>	<u>30,962</u>
EXPENDITURES				
Current				
Plant services	178,896	175,521	48,726	126,795
Total Expenditures	<u>178,896</u>	<u>175,521</u>	<u>48,726</u>	<u>126,795</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(81,948)</u>	<u>(78,573)</u>	<u>79,184</u>	<u>157,757</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	81,948	78,573	74,085	(4,488)
Total Other Financing Sources (Uses)	<u>81,948</u>	<u>78,573</u>	<u>74,085</u>	<u>(4,488)</u>
Net Change in Fund Balances	-	-	153,269	153,269
Fund Balances - Beginning of Year	<u>1,098,679</u>	<u>1,098,679</u>	<u>1,098,679</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 1,098,679</u>	<u>\$ 1,098,679</u>	<u>\$ 1,251,948</u>	<u>\$ 153,269</u>

See the accompanying notes to this budgetary comparison schedule.

**BUDGETARY COMPARISON SCHEDULE –
SPECIAL RESERVE SPECIAL REVENUE FUND**

*Glenn County
Office of Education*

Year Ended June 30, 2007	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest and investment earnings	\$ 25,910	\$ 25,910	\$ 73,724	\$ 47,814
Total Revenues	<u>25,910</u>	<u>25,910</u>	<u>73,724</u>	<u>47,814</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>25,910</u>	<u>25,910</u>	<u>73,724</u>	<u>47,814</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	70,773	259,715	208,814	(50,901)
Transfers out	-	(203,859)	(203,859)	-
Total Other Financing Sources (Uses)	<u>70,773</u>	<u>55,856</u>	<u>4,955</u>	<u>(50,901)</u>
Net Change in Fund Balances	<u>96,683</u>	<u>81,766</u>	<u>78,679</u>	<u>(3,087)</u>
Fund Balances - Beginning of Year	<u>1,732,661</u>	<u>1,732,661</u>	<u>1,732,661</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 1,829,344</u>	<u>\$ 1,814,427</u>	<u>\$ 1,811,340</u>	<u>\$ (3,087)</u>

See the accompanying notes to this budgetary comparison schedule.

**NOTES TO THE BUDGETARY
COMPARISON SCHEDULES**
June 30, 2007

*Glenn County
Office of Education*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Office of Education’s Governing Board annually adopts budgets for the County School Services Fund and each major special revenue fund of the Office of Education. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying budgetary comparison schedule of the County School Services Fund and the special revenue funds presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2007, expenditures exceeded appropriations by the following amount:

	County School Services Fund
FUNCTION	
Debt service - principal	\$ 25,914

These excess expenditures were offset by unexpended appropriations in other categories.

OTHER SUPPLEMENTAL INFORMATION SECTION

**LOCAL EDUCATION AGENCY ORGANIZATION
STRUCTURE**

June 30, 2007

*Glenn County
Office of Education*

The Glenn County Office of Education is located in Glenn County. There were no changes in the boundaries of the Office of Education during the current year. The Office of Education is currently operating one opportunity school and one adult education program. Glenn County Office of Education is the sponsoring local educational agency for one charter school.

GOVERNING BOARD

Name	Office	Term Expires
Ray Gollnick	President	2008
Catherine Hanes	Member	2012
Linda Miller	Member	2008
James Mason	Member	2012
Julia Larson	Member	2008

ADMINISTRATION

Arturo Barrera
Superintendent

Randy Jones
Director of Business Services

Roy Applegate
Deputy Superintendent

Mary Ann Hagan
Assistant Superintendent

Ann Lambert
Assistant Superintendent

Merrilee Johnson
Assistant Superintendent

SCHEDULE OF AVERAGE DAILY ATTENDANCE

June 30, 2007

*Glenn County
Office of Education*

Report of Schools and Classes Maintained	Annual Report
ELEMENTARY	
Juvenile halls, homes, and camps	3
Opportunity schools and full-day opportunity classes	29
Elementary Totals	32
HIGH SCHOOL	
Juvenile halls, homes, and camps	20
Opportunity schools and full-day opportunity classes	1
Regional occupational centers/programs	349
Handicapped adults	24
Adults (E.C. Section 52616.21)	150
High School Totals	544
ADA Totals	576

County Operated Special Day Classes	Second Period Report	Annual Report
ELEMENTARY		
Special day classes		
SDC	68	68
SDC extended year	4	3
Nonpublic, Nonsectarian schools	1	1
Elementary Totals	73	72
HIGH SCHOOL		
Special day classes		
SDC	52	52
SDC extended year	1	1
Nonpublic, Nonsectarian schools	1	1
High School Totals	54	54
ADA Totals	127	126

See the accompanying notes to the other supplemental information.

SCHEDULE OF AVERAGE DAILY ATTENDANCE

June 30, 2007

*Glenn County
Office of Education*

Funded Through Block Grant	Second Period Report	Annual Report
WILLIAM FINCH CHARTER SCHOOL		
Kindergarten	4	4
Grades 1 through 3	18	19
Grades 4 through 6	28	28
Grades 7 and 8	28	29
Elementary Totals	78	80
HIGH SCHOOL		
Grades 9 through 12	65	64
Totals (All Full-Time Independent Study)	143	144

See the accompanying notes to the other supplemental information.

SCHEDULE OF INSTRUCTIONAL TIME

Year Ended June 30, 2007

*Glenn County
Office of Education*

	1986-87 Minutes Requirement	2006-07 Actual Minutes	Traditional Calendar Days	Multitrack Calendar Days	Status
Kindergarten	36,000	36,000	180	N/A	Complied
Grade 1	50,400	50,508	180	N/A	Complied
Grade 2	50,400	50,508	180	N/A	Complied
Grade 3	50,400	50,508	180	N/A	Complied
Grade 4	54,000	54,090	180	N/A	Complied
Grade 5	54,000	54,090	180	N/A	Complied
Grade 6	54,000	54,090	180	N/A	Complied
Grade 7	54,000	54,090	180	N/A	Complied
Grade 8	54,000	54,090	180	N/A	Complied
Grade 9	64,800	64,610	180	N/A	Did not comply
Grade 10	64,800	64,610	180	N/A	Did not comply
Grade 11	64,800	64,610	180	N/A	Did not comply
Grade 12	64,800	64,610	180	N/A	Did not comply

See the accompanying notes to the other supplemental information.

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

Year Ended June 30, 2007

*Glenn County
Office of Education*

Page 1 of 2

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
FEDERAL PROGRAMS			
U.S. DEPARTMENT OF EDUCATION			
Passed Through California Department of Education			
California Alternative Performance Assessment (CAPA)	84.369	14488	\$ 170
NCLB - Title I, Part A, Basic Grants	84.010	13797	133,362
NCLB - Title I, Part D, Subpart 2, Local Delinquent	84.010	14357	37,489
NCLB - Title II, Part A, Teacher Quality	84.367	14341	15,059
NCLB - Title II, Part A, Principal Training	84.367	14344	1,800
NCLB - Title III, Limited English Proficiency Student Program	84.365	10084	1,704
NCLB - Title IV, Part A, Drug-Free Schools	84.186	14347	6,920
NCLB - Title X, Education for Homeless Children and Youth	84.196	14332	104,727
NCLB - Drug-Free Schools: Program Development	84.186	14378	40,655
Special Education - IDEA Basic Local Assistance	84.027	13379	906,500
Special Education - IDEA Preschool	84.173	13430	40,885
Special Education - IDEA Preschool Local Entitlement	84.027	13682	54,449
Special Education - IDEA Mental Health Allocation	84.027	14468	40,383
Special Education - IDEA Preschool Staff Development	84.173	13431	2,000
Special Education - IDEA Early Intervention	84.181	23761	34,422
Department of Rehabilitation - Workability II, Transition Partnership	84.158	10006	98,785
Vocational Programs - Vocational and Applied Technical Preparation, Title II, Section 203	84.243	13929	1,750
Vocational Programs - Vocational and Applied Technical Secondary IC, Section 131	84.048	13924	50,881
Vocational programs - Adult, Section 132	84.048	13923	3,670
Adult Education: Adult Basic Education and ESL	84.002	14508	8,325
Adult Education: English Literacy and Civics Education	84.002	14109	15,000
Adult Education: Adult Secondary Education	84.002	13978	3,150
Adult Education: Family Literacy	84.002	13977	3,825
NCLB - Title IV, 21st Century Community Learning Center	84.287	14681	211,922
Passed Through Butte County Department of Education			
NCLB - Title I, Migrant Education	84.011	14838	7,000
Passed Through Tehama County Department of Education			
Early Childhood Education Professional Development	84.349	No PCA	20,598
NCLB - Title I, Part A, Basic School Support	84.010	13797	1,584
Direct Program			
Fund for the Improvement of Education	84.215X	No PCA	222,818
Total U.S. Department of Education			<u>2,069,833</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through California Department of Education			
Child and Adult Care Food	10.558	13393	106,204
Passed Through Colusa County Office of Education			
Schools and Roads - Grants to Counties	10.666	10044	11,939
Passed Through CSU, Chico Research Foundation			
Nutrition Services Incentive	10.570	No PCA	20,739
Direct Program			
Schools and Roads - Grants to Counties	10.666	10044	322,847
Total U.S. Department of Agriculture			<u>461,729</u>
Balance Forward			<u>\$ 2,531,562</u>

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

Year Ended June 30, 2007

*Glenn County
Office of Education*

Page 2 of 2

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Balance Carried Forward			\$ 2,531,562
U.S. DEPARTMENT OF THE INTERIOR			
Passed Through Tehama County Office of Education			
Fish and wildlife management assistance	15.608	No PCA	19
Passed Through Colusa County Office of Education			
Fish and wildlife management assistance	15.608	No PCA	521
Direct Program			
Fish and wildlife management assistance	15.608	No PCA	4,426
Total U.S. Department of the Interior			4,966
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Education			
Child Development - Quality Improvement Activities	93.575	13942	111,288
Child Development - Federal Alternative Payment	93.596	13694	274,829
Child Development - Local Planning Councils	93.575	13946	92,893
Child Development - Federal Alternative Payment - Stage II	93.575	13880	310,359
Child Development - Federal Alternative Payment - Stage III	93.575	13881	165,617
Child Development - School-Age Child Care Resource	93.575	13941	1,871
Child Development - Federal Resource and Referral	93.575	13934	87,306
Child Development - Infant/Toddler Child Care Resource	93.575	13942	2,884
Child Development - Centralized Eligibility List	93.575	14776	24,894
Direct Program			
Head Start-PA25	93.600	10016	2,058,956
Head Start-PA22	93.600	10016	37,953
Passed Through State of California			
Medi-Cal Administrative Activities (MAA)	93.UNKNOWN	10060	1,699,347
Passed Through CSU, Chico Research Foundation			
Special Programs for the Aging - Title III, Part B - Grants for Services	93.044	No PCA	16,896
Special Programs for the Aging - Title III, Part C - Nutrition	93.045	No PCA	137,546
Total U.S. Department of Health and Human Services			5,022,639
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Office of Traffic Safety			
State and Community Highway Safety	20.600	No PCA	35,455
Total Expenditures of Federal Awards			\$ 7,594,622

See the accompanying notes to the other supplemental information.

**SCHEDULE OF FINANCIAL TRENDS
AND ANALYSIS**

*Glenn County
Office of Education*

<u>Year Ended June 30</u>	<u>(Budget) 2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
COUNTY SCHOOL SERVICES FUND				
Revenues and Other Financial Sources	\$ 16,541,433	\$ 15,763,318	\$ 16,057,011	\$ 11,604,423
Expenditures	16,483,845	15,585,107	16,371,503	10,909,402
Other uses and transfers out	355,072	372,475	867,687	473,604
Total Outgo	<u>16,838,917</u>	<u>15,957,582</u>	<u>17,239,190</u>	<u>11,383,006</u>
Change in Fund Balance	\$ (297,484)	\$ (194,264)	\$ (1,182,179)	\$ 221,417
Ending Fund Balance	<u>4,101,297</u>	<u>4,398,781</u>	<u>4,593,045</u>	<u>5,775,224</u>
Available Reserves	<u>2,804,734</u>	<u>2,752,610</u>	<u>4,545,657</u>	<u>4,118,668</u>
Designated for Economic Uncertainties	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>
Undesignated Fund Balance	<u>1,804,734</u>	<u>1,752,610</u>	<u>3,525,273</u>	<u>3,118,668</u>
Available Reserves as a Percentage of Total Outgo	<u>17%</u>	<u>17%</u>	<u>26%</u>	<u>36%</u>
Total Long-Term Debt	<u>2,579,440</u>	<u>2,604,440</u>	<u>2,713,269</u>	<u>75,375</u>
Average Daily Attendance at Annual	<u>696</u>	<u>696</u>	<u>726</u>	<u>730</u>

The County School Services Fund balance has decreased by \$1,376,443 over the past two years. The fiscal year 2007-08 budget projects a decrease of \$297,484 (6.7%). For an office of education this size, the state recommends available reserves of at least 3% of total County School Services Fund expenditures, transfers out, and other uses (total outgo).

The Office of Education has incurred an operating deficit in two of the past three years and anticipates incurring an operating deficit during the 2007-08 fiscal year. Total long-term debt has increased by \$2,529,065 over the past two years.

Average daily attendance has decreased by 34 over the past two years. No additional growth in ADA is anticipated during fiscal year 2007-08.

See the accompanying notes to the other supplemental information.

**RECONCILIATION OF ANNUAL FINANCIAL
AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS**

*Glenn County
Office of Education*

Year Ended June 30, 2007

The fund balances for all funds, as reported in the annual financial and budget report, equal the corresponding balances in the audited financial statements.

See the accompanying notes to the other supplemental information.

SCHEDULE OF CHARTER SCHOOLS

Year Ended June 30, 2007

*Glenn County
Office of Education*

Charter schools sponsored by the Office of Education that are included in the audit of the Office of Education:

William Finch Charter School

See the accompanying notes to the other supplemental information.

SCHEDULE OF EXCESS SICK LEAVE

Year Ended June 30, 2007

*Glenn County
Office of Education*

The Office of Education does not provide more than 12 days in a school year to any of the following California State Teachers' Retirement System (CalSTRS) Members:

Superintendent

Other high level administrators

Teachers

See the accompanying notes to the other supplemental information.

1. PURPOSE OF SCHEDULES**Schedule of Average Daily Attendance**

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

Schedule of Instructional Time

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

Schedule of Expenditures of Federal Awards

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

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of each fund, as reported in the annual financial and budget report, to the audited financial statements.

Schedule of Charter Schools

This schedule lists all charter schools sponsored by the Office of Education and indicates whether or not the charter school is included in the audit of the Office of Education.

Schedule of Excess Sick Leave

This schedule discloses whether excess sick leave, as that term is defined in subdivision (c) of *California Education Code* Section 22170.5, is expressly authorized or is accrued for the Office of Education's employees who are members of the California State Teachers' Retirement System (CalSTRS).

2. EARLY RETIREMENT INCENTIVE PROGRAM

The Office of Education did not enter into any early retirement incentive agreements during 2006-07, pursuant to *California Education Code* Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

OTHER REPORTS SECTION



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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glenn County Office of Education (the Office of Education) as of and for the year ended June 30, 2007, which collectively comprise the Office of Education's basic financial statements and have issued our report thereon dated March 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Office of Education'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 Office of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Office of Education's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Office of Education's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Office of Education's financial statements that is more than inconsequential will not be prevented or detected by the Office of Education's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Office of Education's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Continued

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Office of Education'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*.

This report is intended solely for the information and use of the Board of Trustees, management, the California Department of Education, the State Controller's Office, the California Department of Finance, 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.

Matson and Isom

March 14, 2008



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education
Glenn County Office of Education
Willows, California

Compliance

We have audited the compliance of Glenn County Office of Education (the Office of Education) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Office of Education's major federal programs are identified in the summary of audit 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 the Office of Education's management. Our responsibility is to express an opinion on the Office of Education'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, which could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about the Office of Education'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 Office of Education's compliance with those requirements.

In our opinion, the Office of Education complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the Office of Education 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 the Office of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Office of Education's internal control over compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Continued

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, the California Department of Education, the State Controller's Office, the California Department of Finance, 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.

Matson and Isom

March 14, 2008



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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Glenn County Office of Education
Willows, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Glenn County Office of Education (the Office of Education) as of and for the year ended June 30, 2007, which collectively comprise the Office of Education's basic financial statements and have issued our report thereon dated March 14, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2006-07*, published by the Education Audit Appeals Panel. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

The Office of Education's management is responsible for the Office of Education's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the Office of Education's compliance with the state laws and regulations applicable to the following:

Description	Procedures in Audit Guide	Procedures Performed
Attendance reporting	8	Yes
Kindergarten continuance	3	No
Independent study	23	No
Continuation education	10	No
Adult education	9	Yes
Regional occupational centers and programs	6	Yes
Instructional time		
School districts	6	Not applicable
County offices of education	3	Yes
Community day schools	9	No
Morgan-Hart class size reduction program	7	No
Instructional materials		
General requirements	12	Yes
Kindergarten through grade 8 only	1	Yes
Grades 9 through 12 only	1	Yes
Ratios of administrative employees to teachers	1	No
Early retirement incentive program	4	No
Gann limit calculation	1	Yes

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Continued

Description	Procedures in Audit Guide	Procedures Performed
School construction funds		
School district bonds	3	No
State school facilities funds	1	Yes
Alternative pension plans	2	No
Excess sick leave	3	Yes
Notice of right to elect California State Teacher Retirement System (CalSTRS) membership	1	Yes
Proposition 20 lottery funds (Cardenas Textbook Act of 2000)	2	Yes
State lottery funds (California State Lottery Act of 1984)	2	Yes
California school age families education (Cal-SAFE) program	3	No
School accountability report card	3	Yes
Class size reduction (including in charter schools)		
General requirements	7	No
Option one classes	3	No
Option two classes	4	No
Districts or charter schools with only one school serving kindergarten through grade 3	4	Not applicable
Charter schools:		
Contemporaneous records of attendance	1	Yes
Mode of instruction	1	No
Nonclassroom-based instruction/independent study	15	Yes
Determination of funding for nonclassroom-based instruction	3	Yes
Annual instructional minutes - classroom based	3	No

Kindergarten continuance steps (c) and (d) were not performed because the Office of Education did not retain any pupils in kindergarten during 2006-07 who had already completed one school year in kindergarten. The audit procedure related to ratios of administrative employees to teachers does not apply to Offices of Education.

Since the Office of Education did not participate in the following programs during 2006-07, all steps related to them were not performed:

- Independent study
- Continuation education
- Community day schools
- Morgan-Hart class size reduction program
- Early retirement incentive program
- School district bonds
- Alternative pension plans
- California school age families education (Cal-SAFE) program
- Class size reduction option one classes
- Class size reduction option two classes

Since the Office of Education did not sponsor any charter schools that offered classroom based instruction during 2006-07, all steps related to the following were not performed:

- Mode of instruction
- Annual instructional minutes - classroom based

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Continued

Based on our audit, for the items tested, we found the Office of Education complied with the state laws and regulations referred to above, except as described in the schedule of findings and questioned costs. Further, based on our examination for items not tested, nothing came to our attention to indicate that the Office of Education had not complied with state laws and regulations, except as described in the accompanying schedule of findings and questioned costs as item 07-1.

This report is intended solely for the information and use of the Board of Trustees, management, the California Department of Education, the State Controller's Office, the California Department of Finance, 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.

Matson and Isom

March 14, 2008

FINDINGS AND QUESTIONED COSTS SECTION

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

June 30, 2007

*Glenn County
Office of Education*

**SECTION I
SUMMARY OF AUDIT RESULTS**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported

Type of auditors' report issued on compliance for major program	Unqualified
--	-------------

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

Identification of major programs

CFDA No. 93.600	Head Start
CFDA No. 93.575	Child Care and Development Block Grant
CFDA No. 93.596	Child Care Mandatory and Matching Funds
CFDA No. 84.027	Special Education – IDEA Basic Local Assistance
CFDA No. 84.173	Special Education – IDEA Preschool

Threshold for distinguishing types A and B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for state programs	Qualified

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

June 30, 2007

*Glenn County
Office of Education*

**SECTION II FINDINGS
FINANCIAL STATEMENTS AUDIT**

None.

**SECTION III FINDINGS
FEDERAL AWARDS AUDIT**

None.

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

June 30, 2007

*Glenn County
Office of Education*

**SECTION IV FINDINGS
STATE AWARDS AUDIT**

STATE COMPLIANCE (Incentives for Longer Instructional Day)

40000 (07-1)

Reportable Condition

Condition

During our test work over compliance with longer instructional day incentive funding, it was noted that the instructional minutes were 190 minutes short of the required 64,800 minutes for grades nine through twelve at Willows Unified School District, where the Office of Education operates a special day program.

Criteria

To qualify for instructional time incentive funding, the Office of Education must offer at least the amount of instructional time specified in Education Code Section 46201.

Effect

The office of Education is subject to an instructional time penalty for not offering the 64,800 minutes required for grades nine through twelve at Willows Unified School District. The Office of Education is required to return to the California Department of Education funding totaling \$26.66 that was received from principal apportionments. The amount is calculated by multiplying 15.43 ADA by the result of the following:

Number of minutes short	190
Divided by number of required minutes	64,800
Multiplied by special education incidence multiplier (IM) rate	\$589.36

Recommendation

We recommend that the Office of Education increase instructional minutes for grades 9 through 12 at Willows Unified School District to the minimum required of 64,800 in order to be in compliance with the state requirements to receive the longer instructional day incentive funding. We also recommend the Office of Education return funding totaling \$26.66 to the California Department of Education.

Response

The Office of Education's administration will adopt procedures during 2007-08 to comply with the recommendation.

CORRECTIVE ACTION PLAN

June 30, 2007

*Glenn County
Office of Education*

Not applicable: there are no current year findings related to federal awards.

**SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS**

June 30, 2007

*Glenn County
Office of Education*

INTERNAL CONTROL (Deficit Spending)

30000 (06-1)

Significant Deficiency

Condition/Recommendation

The prior auditor recommended that the Office of Education continue to closely monitor its budget.

Current Status

Fully implemented.

INTERNAL CONTROL (GASB 34 Financial Reporting Model)

30000 (06-2)

Significant Deficiency

Condition/Recommendation

The prior auditor recommended that the Office of Education develop additional accounting procedures in order to facilitate the conversion of the financial data from a modified accrual, fund accounting basis to a full accrual, government-wide basis.

Current Status

Fully implemented.

ATTENDANCE

10000 (06-3)

Significant Deficiency

Condition/Recommendation

The prior auditor recommended that the Office of Education review their policies and procedures over adult education and ROP attendance accounting in order to improve internal controls so that immaterial ADA discrepancies are discovered in a timely manner.

Current Status

Fully implemented.