

**WILLOWS UNIFIED SCHOOL DISTRICT**  
**Office of the Superintendent**

**Date: 12/18/09**

**Request For Placement on Board Agenda:**

**AGENDA TOPIC: Independent Auditors Financial Report for  
Willows Unified School District Fiscal Year  
2008/09**

**PRESENTER: Betty Skala, Director of Business Services**

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**Background Information:**

In accordance with Education Code section 41020.3, the governing board of Willows Unified School District (WUSD) must review and accept the prior year financial audit report. WUSD received an unqualified opinion as to the fair representation of the District's annual financial statements as of June 30, 2009.

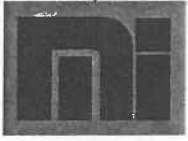
Along with the opinion, the audit can be evaluated on findings of internal control and the number of audit adjustments required. WUSD received two findings for fiscal year 2008-09. One finding related to student body and the need to have sign off by the site principals on bank reconciliations and the second finding requires if a class has 20% of the pupils were English learners must be authorized to instruct limited English proficient pupils. Both findings have been addressed and procedures are in place for 2009-10.

No audit adjustments were necessary to be recorded into our 2009-10 financials.

Details of these findings and audit adjustments will be presented at the board meeting.

**Recommendations:**

The administration requests the Board accept the fiscal year 2008-09 audit report as prepared by Matson and Isom, Certified Public Accountants.

**matson and isom**

Founded in 1962 by  
Robert M. Matson  
and W. Howard Isom

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November 20, 2009

**Board of Trustees  
Willows Unified School District**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Willows Unified School District (the District) for the year ended June 30, 2009, and have issued our report thereon dated November 10, 2009. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated July 14, 2009. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Findings**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2009. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Audit adjustments proposed by us and recorded by the District, if any, are identified in the Reconciliation of Annual Financial and Budget Report with Audited Financial Statements, which appears in the Other Supplemental Information Section of the District's financial statements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

A schedule is enclosed with this letter if there are any uncorrected misstatements in the financial statements for which management has determined that their effects are immaterial, both individually and in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 10, 2009.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the District's Board of Trustees and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Matson and Isom*

**Willows Unified School District**  
**Schedule of Interim Adjusting Journal Entries**  
**SACS**  
**June 30, 2009**

IJE No.	Description	Standardized Account Code Structure Layout							Index	Debit	Credit
		Fund xx	Res. xxxx	Proj Yr x	Goal xxxx	Funct xxxx	Obj xxxx	Sch xxx			
	Equipment	13	5310	0	0000	3700	6400	001		3,028.12	
	Services and other operating	13	7810	0	0000	3700	5890	0001			3,028.12
	<i>To reclassify equipment portion of meal time purchase that was coded to services and other operating.</i>										

**Interim Audit Adjustment  
Previously Recorded in General Ledger**

**Willows Unified School District  
Schedule of Uncorrected Misstatements**

**DO NOT RECORD IN GENERAL LEDGER**

Year Ended June 30, 2009

**Statement of  
Net Assets**

Understatement of due from other governments

\$ 16,588