

GOODELL,  
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SANCHEZ &  
BRIGHT, LLP

CERTIFIED  
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December 4, 2015

Christina Menicucci  
Manager Of Business Services  
Geyserville Unified School District  
1300 Moody Ln  
Geyserville, CA 95441-9670

Dear Christina:

Enclosed are eleven (11) bound copies of the annual audit report of Geyserville Unified School District for the fiscal year ended June 30, 2015. An electronic copy of the audit report will be sent to cmenicucci@gusd.com.

Also enclosed is a letter to the Board summarizing the results of the audit. Please present this letter to the Board.

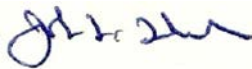
Copies of the report have been filed with the following agencies:

- Sonoma County Superintendent of Schools
- State Controller's Office
- State Department of Education

If you have any questions regarding these reports, please do not hesitate to contact us.

Very truly yours,

GOODELL, PORTER, SANCHEZ & BRIGHT, LLP



John L. Goodell  
Certified Public Accountants

JLG:la

enclosures

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
COUNTY OF SONOMA  
GEYSERVILLE, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

GEYSERVILLE UNIFIED SCHOOL DISTRICT

JUNE 30, 2015

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GEYSERVILLE UNIFIED SCHOOL DISTRICT

JUNE 30, 2015

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GEYSERVILLE UNIFIED SCHOOL DISTRICT

JUNE 30, 2015

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FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Geyserville Unified School District  
Geyserville, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Geyserville Unified School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Geyserville Unified School District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Geyserville Unified School District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

*Change in Accounting Principle*

As described in Note 9 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. The District is recognizing its share of the unfunded liability for the California State Teachers' Retirement Plan (STRS) and the California Public Employees' Retirement System Schools Pool Cost-Sharing Multiple Employer Plan (PERS) for the first time based on the most recent actuarial valuations dated June 30, 2013. The District reported a net pension liability of \$2.4 million at June 30, 2015. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and budgetary comparison information and accounting by employer for pensions on pages 48 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Geyserville Unified School District's basic financial statements. The financial and statistical information listed as supplementary 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 financial and statistical information listed as supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial and statistical information listed as supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015, on our consideration of the Geyserville Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Geyserville Unified School District's internal control over financial reporting and compliance.



GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
Certified Public Accountants

November 25, 2015



GEYSERVILLE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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The discussion and analysis of Geyserville Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole. To provide a complete understanding of the District's financial performance, please read it in conjunction with the Independent Auditor's Report on page 1, notes to the basic financial statements and the District's financial statements, as listed in the table of contents.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information is required to be presented in the MD&A

FINANCIAL HIGHLIGHTS

- In recent years, the District has faced extraordinary unprecedented challenges with cuts in State funding, however, 2013-2014 to 2014-2015 Local Control Funding Formula sources increased by \$98 thousand.
- General Fund expenditures exceeded revenues by \$79,721 The District ended the year with available reserves of \$1,533,209, higher than the State recommended reserve level of 5%.
- In complying with GASB 34, fixed assets were valued at historical cost and are reported on that basis. The total of the District's fixed assets, land, site, buildings, and equipment, valued on an acquisition cost basis was \$12,159,606. After depreciation, the June 30, 2015 book value for fixed assets totaled \$4,449,075.
- In complying with GASB 68, the District is recognizing its portion of the unfunded STRS and PERS pension liabilities for the first time in 2014-2015. These liabilities are based on the most recent actuarial valuations. Implementation of GASB 68 requires the District to restate the June 30, 2014 net position by recognizing the pension liabilities. Recognizing the liabilities decreased the June 30, 2014 total net position on the Statement of Net Position by \$2.8 million.

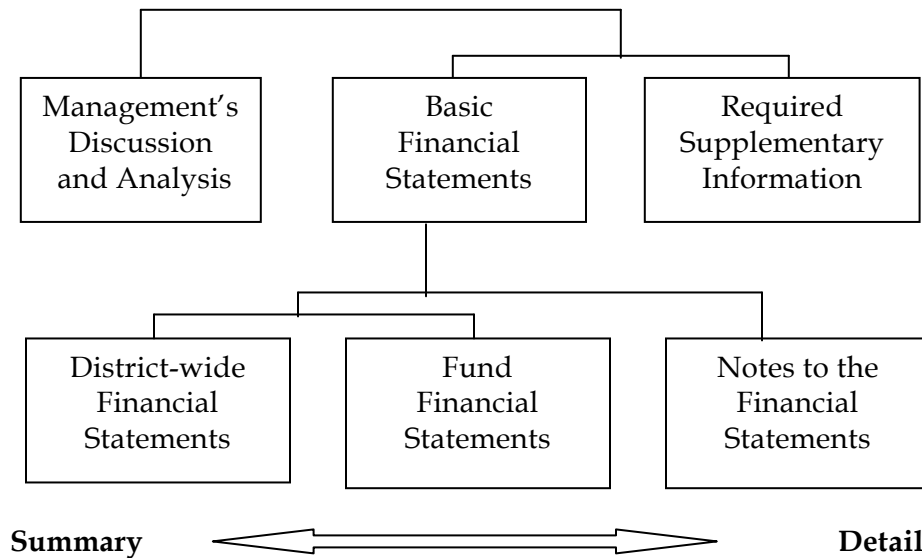
GEYSERVILLE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. These statements are organized so the reader can understand the Geyserville Unified School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**Components of the Financial Section**



The first two statements are *district-wide financial statements*, the Statement of Net Position and Statement of Activities. These statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's more significant funds with all other non-major funds presented in total in one column. A comparison of the District's general fund budget is included.

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Components of the Financial Section (Concluded)**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements.

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

These two statements provide information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These statements report information on the district as a whole and its activities in a way that helps answer the question, "How did we do financially during 2014-2015?"

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Over time, the increases or decreases in the District's net position, as reported in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses indicates the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities. One must consider many other non-financial factors, such as the quality of education provided and the safety of the schools to assess the overall health of the District.

- ◆ Increases or decreases in the net position of the District over time are indications of whether its financial position is improving or deteriorating, respectively.
- ◆ Additional non-financial factors such as condition of school buildings and other facilities, and changes to the property tax base of the District need to be considered in assessing the overall health of the District.

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**OVERVIEW OF THE FINANCIAL STATEMENTS (CONCLUDED)**

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The fund financial statements provide more detailed information about the District's most significant funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by State law. However, the District establishes other funds to control and manage money for specific purposes.

◆ **Governmental Funds**

Most of the District's activities are reported in governmental funds. The major governmental funds of the District are the General Fund, Bond Interest and Redemption Fund and Building Fund. Governmental funds focus on how money flows into and out of the funds and the balances that remain at the end of the year. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services that help determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

◆ **Fiduciary Funds**

The District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

*The School District as a Whole*

The District's net position was \$1.5 million at June 30, 2015. Of this amount \$1.5 million was unrestricted deficit. Net investment in capital assets, account for \$2.2 million of the total net position. A comparative analysis of government-wide data is presented in Table 1.

**(Table 1)**  
**Comparative Statement of Net Position**

	Governmental Activities	
	2015	2014
<b>ASSETS</b>		
Cash and investments	\$ 3,479,534	\$ 3,939,790
Receivables	102,886	346,194
Capital assets	4,449,075	4,184,209
Total assets	<u>8,031,495</u>	<u>8,470,193</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension expense	<u>180,815</u>	<u>0</u>
<b>LIABILITIES</b>		
Accounts payable and other current liabilities	277,856	176,184
Unearned revenue	849	
Net pension liability	2,388,846	
Unamortized bond premiums	66,377	70,048
Long-term liabilities	<u>3,320,297</u>	<u>3,485,297</u>
Total liabilities	<u>6,054,225</u>	<u>3,731,529</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred earnings on pension plan investments	<u>662,211</u>	<u>0</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,194,517	2,341,512
Restricted	768,769	872,655
Unrestricted (deficit)	<u>(1,467,412)</u>	<u>1,524,497</u>
Total net position	<u>\$ 1,495,874</u>	<u>\$ 4,738,664</u>

The implementation of GASB 68 in the fiscal year ended June 30, 2015, resulted in a deficit unrestricted net position.

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONTINUED)**

The District's net position decreased \$400 thousand this fiscal year (See Table 2). The District's expenses for instructional and pupil services represented 67% of total expenses. The purely administrative activities of the District accounted for just 8% of total costs. The remaining 25% was spent in the areas of plant services and other expenses, interest on long-term debt and other outgo. (See Figure 2).

**(Table 2)  
Comparative Statement of Change in Net Position**

	Governmental Activities	
	2015	2014
<b>Revenues</b>		
Program revenues	\$ 719,137	\$ 716,739
General revenues		
Taxes levied for general purposes	2,163,165	2,079,941
Taxes levied for debt service	264,431	242,917
Federal and State aid not restricted to specific purposes	795,657	725,943
Interest and investment earnings	21,740	23,682
Interagency revenues	1,252	13,827
Miscellaneous	65,223	117,040
Total revenues	<u>4,030,605</u>	<u>3,920,089</u>
<b>Expenses</b>		
Instruction	2,518,476	2,234,522
Instruction related services	453,760	376,052
Pupil support services	446,820	378,016
General administration	371,940	307,696
Plant services	442,999	380,611
Other	196,192	256,003
Total expenses	<u>4,430,187</u>	<u>3,932,900</u>
Increase (decrease) in net position	<u>\$ (399,582)</u>	<u>\$ (12,811)</u>

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

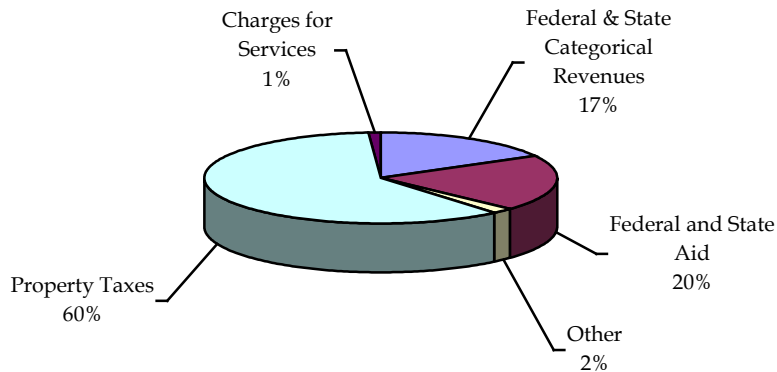
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**FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS (CONCLUDED)**

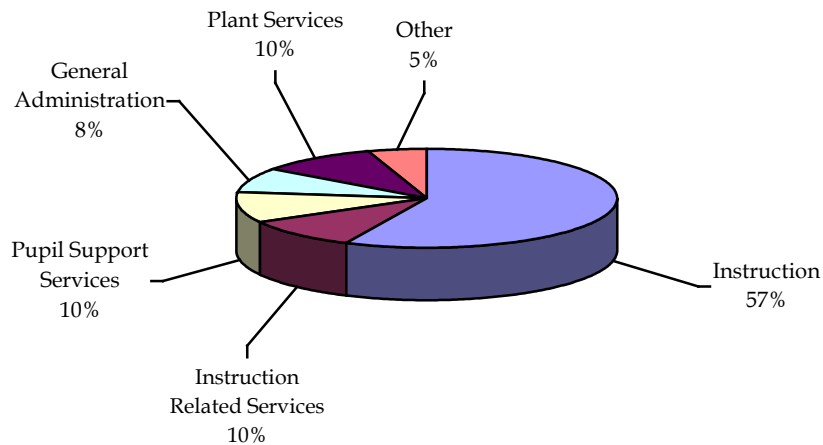
**Governmental Activities**

As reported in the Statement of Activities, the cost of all of the District's governmental activities this year was \$4.4 million. The amount that our local taxpayers financed for these activities through property taxes was \$2.4 million. Federal and State aid not restricted to specific purposes totaled over \$796 thousand. State and Federal Categorical revenue totaled over \$687 thousand, or 17% of the revenue of the entire District (See Figure 1).

**Sources of Revenue for the 2014-2015 Fiscal Year  
 Figure 1**



**Expenses for the 2014-2015 Fiscal Year  
 Figure 2**



GEYSERVILLE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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## **FINANCIAL ANALYSIS OF THE FUND STATEMENTS**

The fund financial statements focus on individual parts of the District's operations in more detail than the government-wide statements. The District's individual fund statements provide information on inflows and outflows and balances of spendable resources. The District's Governmental Funds reported a combined fund balance of \$3.4 million, a decrease of \$808 thousand from the previous fiscal year's combined ending balance of \$4.2 million. The General Fund balance decreased \$100,721.

### **General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget monthly. The significant budget adjustments fell into the following categories:

- ◆ Budget revisions to the adopted budget required after approval of the State budget.
- ◆ Budget revisions to update revenues to actual enrollment information and to update expenditures for staffing adjustments related to actual enrollments.
- ◆ Budget revisions approved throughout the year resulted in increases to Capital Outlay primarily for new construction and modernization projects.
- ◆ Other budget revisions are routine in nature, including adjustments to categorical revenues and expenditures based on final awards, and adjustments between expenditure categories for school and department budgets.

The final revised budget for the General Fund reflected a net decrease to the ending balance of \$247,787.

The District ended the year with \$1,640,466 in the General Fund ending balance. The State recommends an ending reserve for economic uncertainties of 5%. The District's ending reserve was 42.4%.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

By the end of the 2014-2015 fiscal year, the District had invested \$12.2 million in a broad range of capital assets, including school buildings, athletic facilities, administrative buildings, site improvements, vehicles, and equipment. The capital assets net of depreciation were \$4,449,075 at June 30, 2015, which is an increase of \$264,866 from the previous year.



GEYSERVILLE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**CAPITAL ASSET AND DEBT ADMINISTRATION (CONCLUDED)**

**Capital Assets (Concluded)**

**Table 3  
Comparative Schedule of Capital Assets  
(net of depreciation)  
June 30, 2015 and 2014**

	2015	2014	Difference Increase (Decrease)
Land	\$ 261,163	\$ 261,163	
Site Improvements	214,483	231,882	\$ (17,399)
Buildings	3,286,793	3,491,865	(205,072)
Machinery and Equipment	686,636	169,720	516,916
Work in Process		29,579	(29,579)
	\$ 4,449,075	\$ 4,184,209	\$ 264,866
Totals			

The capital asset additions during 2014-2015 primarily related to playground improvements. Depreciation expense was \$279 thousand for 2014-2015.

**Long-Term Debt**

At June 30, 2015, the District had \$3.3 million in long-term debt outstanding.

**Table 4  
Comparative Schedule of Outstanding Debt  
June 30, 2015 and 2014**

	2015	2014
General Obligation Bonds	\$ 3,315,000	\$ 3,480,000
Compensated Absences	5,297	5,297
	\$ 3,320,297	\$ 3,485,297
Totals		

The long-term debt paid by the District was \$165,000 in 2014-15.

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**FACTORS BEARING ON THE DISTRICT'S FUTURE**

The Local Control Funding Formula (LCFF) is aimed at correcting historical inequities while decreasing previous constraints on restricted program expenses. The formula is intended to make funding more transparent and simple. With the new flexibility also come new requirements for accountability. The Local Control Accountability Plan (LCAP) is mandated and must be aligned and adopted with the District's 2015-2016 budget. The LCAP is expected to describe how the District intends to meet annual goals for all pupils, with specific activities to address state and local priorities identified during the LCAP development process.

The LCFF is the largest unknown for the District. The new funding structure has no statutory cost of living allowance built into it and relies solely on the annual budget process at the legislative level. Planning for the "out years" will be much more difficult and volatile under the LCFF funding formula. The eight years necessary to bring the District to their target funding could be unpredictable and unstable, thereby creating a need for a larger reserve than past years. The ongoing unpredictability of the District's supplemental and concentration funding under the LCFF will also create unstable budgets even after the district's target has been met in 2020-2021.

Future predictions and uncertainties with the changes to the State funding formula, enrollment and aging District facilities require management to plan carefully and prudently to provide the necessary resources to meet student's needs and continue to keep pace with inflation increases over the next several years.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact, Christina Menicucci, Manager of Business Services, Geyserville Unified School District, 1300 Moody Lane, Geyserville, California, 95441.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2015

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash (Note 2)	\$ 3,479,534
Accounts Receivable (Note 3)	102,886
Capital Assets, Net of Depreciation (Note 5)	<u>4,449,075</u>
Total Assets	<u>8,031,495</u>
<b>DEFERRED OUTFLOWS OF RESOURCES (NOTE 1H)</b>	
Deferred Pension Expense	<u>180,815</u>
<b>LIABILITIES</b>	
Accounts Payable and Other Current Liabilities	277,856
Unearned Revenue (Note 1H)	849
Net Pension Liability (Note 9)	2,388,846
Unamortized Bond Premiums (Note 7)	66,377
Long-term Liabilities (Note 8)	
Due Within One Year	185,297
Due After One Year	<u>3,135,000</u>
Total Liabilities	<u>6,054,225</u>
<b>DEFERRED INFLOWS OF RESOURCES (NOTE 1H)</b>	
Deferred Earnings on Pension Plan Investments	<u>662,211</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	2,194,517
Restricted For:	
Capital Projects	77,179
Debt Service	571,428
Education Programs	106,257
Other Purposes (Expendable)	13,905
Unrestricted (Deficit)	<u>(1,467,412)</u>
Total Net Position	<u>\$ 1,495,874</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

GEYSERVILLE UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities</u>				
Instruction	\$ 2,518,476		\$ 470,707	\$ (2,047,769)
Instruction-Related Services:				
Supervision of Instruction	25,853		2,020	(23,833)
Instructional Library, Media and Technology	60,763		1,422	(59,341)
School Site Administration	367,144		11,258	(355,886)
Pupil Services:				
Home-To-School Transportation	186,598		2,331	(184,267)
Food Services	164,883	\$ 31,923	103,838	(29,122)
All Other Pupil Services	95,339		30,038	(65,301)
General Administration	371,940		6,813	(365,127)
Plant Services	442,999		58,476	(384,523)
Ancillary Services	33,833		311	(33,522)
Interest on Long-Term Debt	162,359			(162,359)
Total Governmental Activities	<u>\$ 4,430,187</u>	<u>\$ 31,923</u>	<u>\$ 687,214</u>	<u>(3,711,050)</u>
General Revenues:				
Property Taxes Levied For:				
				2,163,165
				264,431
				795,657
				21,740
				1,252
				65,223
Total General Revenues				<u>3,311,468</u>
Change (Decrease) in Net Position				(399,582)
Net Position Beginning (Restated - Note 12)				<u>1,895,456</u>
Net Position Ending				<u>\$ 1,495,874</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General Fund	Bond Interest and Redemption Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash (Note 2)	\$ 1,753,224	\$ 571,428	\$ 1,074,973	\$ 79,909	\$ 3,479,534
Accounts Receivable (Note 4)	89,490			13,396	102,886
Total Assets	<u>\$ 1,842,714</u>	<u>\$ 571,428</u>	<u>\$ 1,074,973</u>	<u>\$ 93,305</u>	<u>\$ 3,582,420</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 201,399		\$ 14,531	\$ 394	\$ 216,324
Deferred Revenue (Note 1H)	849				849
Total Liabilities	<u>202,248</u>		<u>14,531</u>	<u>394</u>	<u>217,173</u>
Fund Balances (Note 1H):					
Nonspendable	1,000				1,000
Restricted	106,257	\$ 571,428	1,060,442	91,084	1,829,211
Assigned				1,827	1,827
Unassigned	1,533,209				1,533,209
Total Fund Balances	<u>1,640,466</u>	<u>571,428</u>	<u>1,060,442</u>	<u>92,911</u>	<u>3,365,247</u>
Total Liabilities and Fund Balances	<u>\$ 1,842,714</u>	<u>\$ 571,428</u>	<u>\$ 1,074,973</u>	<u>\$ 93,305</u>	<u>\$ 3,582,420</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total fund balance - governmental funds \$ 3,365,247

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

Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets, at historical cost	\$	12,159,606	
Accumulated depreciation		(7,710,531)	
Net			4,449,075

Unamortized premiums: In governmental funds, bond premiums are recognized as revenues in the period they are received. In the government-wide statements, premiums are amortized over the life of the debt. Unamortized premiums at year-end consist of:

Deferred Asset - Bond Premiums	(66,377)
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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 unamatured interest owing at the end of the period was:

(61,532)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds	\$	3,315,000	
Net pension liabilities		2,388,846	
Compensated absences		5,297	
Total			(5,709,143)

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred outflows of resources relating to pensions	\$	180,815	
Deferred inflows of resources relating to pensions		(662,211)	
Net			(481,396)

Total net position - governmental activities \$ 1,495,874

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Bond Interest and Redemption Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Local Control Funding Formula Sources					
State Apportionments	\$ 727,079				\$ 727,079
Local Sources	<u>2,163,165</u>				<u>2,163,165</u>
Total Local Control Funding Formula Sources	2,890,244				2,890,244
Federal Revenue	132,395			\$ 93,251	225,646
Other State Revenue	304,384	\$ 304		8,269	312,957
Other Local Revenue	<u>189,550</u>	<u>267,295</u>	<u>\$ 7,469</u>	<u>63,323</u>	<u>527,637</u>
Total Revenues	<u>3,516,573</u>	<u>267,599</u>	<u>7,469</u>	<u>164,843</u>	<u>3,956,484</u>
<b>EXPENDITURES</b>					
Certificated Salaries	1,398,768				1,398,768
Classified Salaries	587,778			52,941	640,719
Employee Benefits	599,799			21,460	621,259
Books and Supplies	179,080			79,429	258,509
Services and Other					
Operating Expenditures	830,869		23,575	23,368	877,812
Capital Outlay			560,755	73,583	634,338
Debt Service:					
Principal Retirement		165,000			165,000
Interest and Fiscal Charges		<u>168,455</u>		134	<u>168,589</u>
Total Expenditures	<u>3,596,294</u>	<u>333,455</u>	<u>584,330</u>	<u>250,915</u>	<u>4,764,994</u>
Excess of Revenues Over (Under) Expenditures	<u>(79,721)</u>	<u>(65,856)</u>	<u>(576,861)</u>	<u>(86,072)</u>	<u>(808,510)</u>
Other Financing Sources (Uses):					
Operating Transfers In (Note 4)				21,000	21,000
Operating Transfers Out (Note 4)	<u>(21,000)</u>				<u>(21,000)</u>
Total Other Financing Sources (Uses)	<u>(21,000)</u>	<u>0</u>	<u>0</u>	<u>21,000</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(100,721)	(65,856)	(576,861)	(65,072)	(808,510)
Fund Balances - July 1, 2014	<u>1,741,187</u>	<u>637,284</u>	<u>1,637,303</u>	<u>157,983</u>	<u>4,173,757</u>
Fund Balances - June 30, 2015	<u>\$ 1,640,466</u>	<u>\$ 571,428</u>	<u>\$ 1,060,442</u>	<u>\$ 92,911</u>	<u>\$ 3,365,247</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net change (decrease) in fund balances - total governmental funds \$ (808,510)

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

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:

Expenditures for capital outlay:	\$	543,893	
Depreciation expense:		(279,027)	
Net:		264,866	264,866

Pensions: In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was: (27,034)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In 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: 165,000

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: 2,425

Amortization of debt issue premium: In governmental funds, if debt is issued at a premium, the premium is recognized as an Other Financing Source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period is: 3,671

Total change (decrease) in net position - governmental activities \$ (399,582)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS



GEYSERVILLE UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

	<u>Private Purpose Trusts</u>		
	<u>Meyer Scholarship Fund</u>	<u>Gore Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash (Note 2)	\$ 25,254	\$ 10,163	\$ 41,390
Total Assets	<u>\$ 25,254</u>	<u>\$ 10,163</u>	<u>\$ 41,390</u>
<b>LIABILITIES</b>			
Due to Student Groups			\$ 41,390
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 41,390</u>
<b>NET POSITION</b>			
Held in Trust	<u>\$ 25,254</u>	<u>\$ 10,163</u>	
Total Net Position	<u>\$ 25,254</u>	<u>\$ 10,163</u>	<u>\$ 0</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Private Purpose Trusts	
	Meyer Scholarship Fund	Gore Scholarship Fund
<b>ADDITIONS</b>		
Interest and Investment Earnings	\$ 149	\$ 14
Total Additions	149	14
Change in Net Position	149	14
Total Net Position - July 1, 2014	25,105	10,149
Total Net Position - June 30, 2015	\$ 25,254	\$ 10,163

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Geyserville Unified School District, this includes general operations, food service and student related activities of the District. The District has considered all potential component units in determining how to define the reporting entity, using criteria set forth in generally accepted accounting principles. The District determined that there are no potential component units that meet the criteria for inclusion within the reporting entity.

B. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District and its component units.

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

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

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current asset and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fiduciary funds are reported using the economic resources measurement focus and the modified accrual basis of accounting.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Revenues - exchange and non-exchange transactions (Concluded):

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Expenditures incurred in the unrestricted resources shall be reduced first from the committed resources, then from assigned resources and lastly, the unassigned resources.

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the State Teachers Retirement Plan (STRS) and the CalPERS Schools Pool Cost-Sharing Multiple Employer Plan (PERS) and additions to/deductions from STRS and PERS fiduciary net positions have been determined on the same basis as they are reported separately by STRS and PERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

Pensions (Concluded):

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Measurement Period	July 1, 2013 to June 30, 2014

D. Fund Accounting

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

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The District accounted for the Special Reserve Fund for Other Than Capital Outlay Projects separately, but this has been included with the General Fund to comply with GASB 54.

Bond Interest and Redemption Fund is used to account for District taxes received and expended to pay bond interest and redeem bond principal and related costs.

Building Fund is used to account for the proceeds generated from the sale of general obligation bonds.

Additionally, the District reports the following fund types:

Private Purpose Trust Funds are used to account for assets held by the District as trustee for individuals, private organizations or other governments and are therefore not available to support the District's own programs.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

Private Purpose Trust Funds (Concluded). The District maintains two private purpose trust funds:

The GORE Scholarship Fund is used to provide financial assistance to students that participate in athletic program of the District.

The Meyer Scholarship Fund provides scholarships to Geyserville New Tech Academy graduates to attend a four-year accredited college or university.

Fiduciary Funds are agency funds used to account for assets of others for which the District acts as an agent. The District maintains student body funds, which are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. Agency funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the District's 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 District's governing board satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund and Major Special Revenue Funds as required supplementary information in the financial statements.

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

F. Encumbrances

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

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Assets, Liabilities and Equity

1. Deposits and Investments

Cash balances held in commercial bank accounts are insured to \$250,000 by the Federal Deposit Insurance Corporation.

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash in the County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investments losses are proportionately shared by all funds in the pool.

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

Investments Valuation

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. However, the District's financial statements do not reflect the fair value of investments as the differences between total investment cost and fair value has been determined to be immaterial.

2. Prepaid Expenditures

Prepaid expenditures on the government-wide financial statements include the costs of issuance associated with the general obligation bonds. These costs will be amortized annually over the life of the obligation. The District has the option if reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when purchased.



GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

3. Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over an estimated useful life of 5 to 50 years depending on the asset class.

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section from deferred outflows of resources. This separate financial section, deferred outflow of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

5. Unearned Revenue

Unearned revenue on the government-wide financial statements include premiums associated with general obligation bonds and will be amortized over the life of the obligation. Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

6. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

6. Compensated Absences (Concluded)

At retirement, each classified member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

8. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

9. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

10. Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned, based primarily on the extent to which the District is bound to honor constraints on how specific amounts are to be spent:

Nonspendable Fund Balance - Includes the portions of fund balance not appropriate for expenditures.

Restricted Fund Balance - Includes amounts subject to externally imposed and legally enforceable constraints.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

10. Fund Equity (Continued)

Committed Fund Balance - Includes amounts subject to District constraints self-imposed by formal action of the District Governing Board.

Assigned Fund Balance - Includes amounts the District intends to use for a specific purpose. Assignments may be established by the District Governing Board, or the Manager of Business Services of the District.

Unassigned Fund Balance - Includes the residual balance that has not been assigned to other funds and is not restricted, committed, or assigned to specific purposes.

*Fund Balances*

The District's fund balances at June 30, 2015 consisted of the following:

	General Fund	Bond Interest and Redemption Fund	Building Fund	Other Governmental Funds	Total
Nonspendable:					
Revolving Fund	\$ 1,000				\$ 1,000
Total Nonspendable Fund Balance	1,000				1,000
Restricted For:					
Legally Restricted Categorical Funding	106,257				106,257
Purpose of Fund		\$ 571,428	\$ 1,060,442	\$ 91,084	1,722,954
Total Restricted Fund Balance	106,257	571,428	1,060,442	91,084	1,829,211
Assigned For:					
Future Facilities Maintenance and Repairs				1,827	1,827
Total Assigned Fund Balance	0	0	0	1,827	1,827
Unassigned:					
Reserve for Economic Uncertainties	544,170				544,170
Other Unassigned	989,039				989,039
Total Unassigned Fund Balance	1,533,209	0	0	0	1,533,209
Total Fund Balances	\$ 1,640,466	\$ 571,428	\$ 1,060,442	\$ 92,911	\$ 3,365,247

*Fund Balance Policy*

The District believes that sound financial management principles require that sufficient funds be retained by the District to provide a stable financial base at all times. To retain this stable financial base, the District needs to maintain unrestricted fund balance in its General Fund sufficient to fund cash flows of the District and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Continued)

10. Fund Equity (Concluded)

*Fund Balance Policy (Concluded)*

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

The District has adopted a policy to achieve and maintain unrestricted fund balance in the General Fund of 5% of total General Fund expenditures, other uses and transfers out at the close of each fiscal year, consistent with the recommended level promulgated by the State of California.

Additional detailed information, along with the complete *Fund Balance Policy* can be obtained from the District.

11. Local Control Funding Formula/Property Tax

The District's local control funding formula revenue is received from a combination of local property taxes, state apportionments, and other local sources.

The 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. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

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.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local control funding formula sources by the District.

The California Department of Education reduces the District's entitlement by the District local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Assets, Liabilities and Equity (Concluded)

11. Local Control Funding Formula/Property Tax (Concluded)

The District's Base Local Control Funding Formula Revenue is the amount of general-purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

I. Impact of Recently Issued Accounting Principles

The GASB issued Statement 68, *Accounting and Financial Reporting for Pensions* in June 2012 to amend Statements 27 and 50 and improve accounting and financial reporting by state and local governments for pensions. The Statement details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan. The Statement is effective beginning in fiscal year 2014-2015.

The GASB issued Statement 69, *Government Combinations and Disposals of Government Operations* in January 2013 to provide guidance for reporting mergers, acquisitions, transfers of operations, and disposals of government operations. The District does not have activities affected by the Standard and therefore the adoption of GASB 69 does not impact the District's financial statements. The Statement is effective beginning in fiscal year 2014-2015.

The GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* which amends Statement 68 by requiring that, at transition, a government should recognize a beginning deferred outflow of resources for its pension contributions made after the measurement date of the beginning net pension liability. The Statement is effective beginning in fiscal year 2014-2015.

The GASB issued Statement 72, *Fair Value Measurement and Application* in February 2015 to enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using consistent and accepted valuation techniques. The Statement is effective beginning in fiscal year 2015-2016.

The GASB issued Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* in June 2015. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The Statement is effective beginning in fiscal year 2015-2016.

The GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* in June 2015. The Statement will require enhanced note disclosures and schedules of required supplementary information that will be presented for other post-employment benefit plans (OPEB) to enhance the decision-usefulness of the financial reports of those OPEB plans. The Statement is effective beginning in fiscal year 2015-2016.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

I. Impact of Recently Issued Accounting Principles (Concluded)

The GASB issued Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in June 2015. The requirements of this Statement will improve the decision-usefulness of financial information and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire OPEB liability and a more comprehensive measure of OPEB expense. The Statement is effective beginning in fiscal year 2017-2018.

The GASB issued Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* superseding Statement No. 55 in June 2015. The GAAP hierarchy consists of the sources of accounting principles used to prepare financial statements in conformity with GAAP and the framework for selecting those principles. As a result of implementing this Standard, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. The Statement is effective beginning in fiscal year 2015-2016.

The GASB issued Statement 77, *Tax Abatement Disclosures* in August 2015. The Statement requires disclosure of tax abatement information to make these transactions more transparent to financial statement users. Users will be better equipped to understand how tax abatements affect a government's future ability to raise resources and the impact those abatements have on a government's financial position and economic condition. The Statement is effective beginning in fiscal year 2016-2017.

The Office of Management and Budget issued the guidance *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance for Federal Awards) on December 29, 2013 which supersedes and streamlines requirements from eight different circulars into one document. The new administrative requirements and cost principles are required to be implemented for all federal awards made after December 26, 2014. The Uniform Guidance for Federal Awards will not affect the District until fiscal year 2015-2016 as all 2014-2015 federal awards occurred prior to December 26, 2014.

NOTE 2 - CASH

A. Summary of Cash

The following is a summary of cash at June 30, 2015:

<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
<u>\$3,479,534</u>	<u>\$ 76,807</u>	<u>\$3,556,341</u>

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 - CASH (CONTINUED)

A. Summary of Cash (Concluded)

The District had the following cash at June 30, 2015:

	Fair Value	Carrying Amount	Credit Quality Rating
Cash in Commercial Banks	\$ 51,553	\$ 51,553	Not Rated
Cash in Revolving Fund	1,000	1,000	Not Rated
Cash in County Treasury	3,507,448	3,503,788	Not Rated
Total Cash	\$ 3,560,001	\$ 3,556,341	

B. Policies and Practices

The District is authorized by State statutes and in accordance with the District's Investment Policy (Policy) to invest in the following:

- Securities issued or guaranteed by the Federal Government or its agencies
- State Local Agency Investment Fund (LAIF)
- Insured and/or collateralized certificates of deposit

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The District's investments comply with the established policy.

Cash in Commercial Banks

Cash balances held in commercial bank accounts are insured to \$250,000 by the Federal Deposit Insurance Corporation. These amounts are held within various financial institutions. As of June 30, 2015 the carrying amount of the District's accounts was \$52,553, all of which was insured.

Cash in County Treasury

In accordance with *Education Code* Section 41001, the District maintains substantially all of its cash with the County Treasury as an involuntary participant of a common investment pool, which totaled \$1,779,550,181. The fair market value of this pool as of that date, as provided by the pool sponsor, was \$1,781,409,279. Interest is deposited into participating funds. The balance available for withdrawal is based on the accounting records maintained by the county treasurer, which is recorded on the amortized cost basis.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 - CASH (CONTINUED)

C. Risk Disclosures

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures.

**Interest Rate Risk** - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and having the pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

At June 30, 2015 the District had the following investment maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less than 1</u>	<u>1 to 4</u>	<u>More than 4</u>
County Treasury	<u>\$3,507,448</u>	<u>\$1,324,413</u>	<u>\$2,100,611</u>	<u>\$82,424</u>

**Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The county is restricted by Government Code Section 53635 pursuant to Section 53601 to invest only 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. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not exposed to credit risk.

**Custodial Credit Risk** - Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.



GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 - CASH (CONCLUDED)

C. Risk Disclosures (Concluded)

Concentration of Credit Risk - This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

Foreign Currency Risk - This is the risk that exchange rate will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015 consist of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Federal Government			
Categorical Aid Programs	\$ 45,632	\$ 12,348	\$ 57,980
State Government			
Categorical Aid Programs	17,480	1,048	18,528
Lottery	21,914		21,914
Total State Government	39,394	1,048	40,442
Local Government	453		453
Miscellaneous	4,011		4,011
Total Accounts Receivable	<u>\$ 89,490</u>	<u>\$ 13,396</u>	<u>\$ 102,886</u>

NOTE 4 - INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - INTERFUND TRANSACTIONS (CONCLUDED)

Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2015, there were no individual fund interfund receivable and payable balances.

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the 2014-2015 fiscal year

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds:		
General Fund		\$ 21,000
Non-Major Governmental Funds:		
Cafeteria Fund	\$ 21,000	
Total	<u>\$ 21,000</u>	<u>\$ 21,000</u>

The District transferred \$21,000 from the General Fund to the Cafeteria fund to supplement program income and provide positive cash flow.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015, is shown below:

	Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 261,163			\$ 261,163
Work in progress	29,579		\$ 29,579	0
Total capital assets, not being depreciated	<u>290,742</u>		<u>29,579</u>	<u>261,163</u>
Capital assets being depreciated:				
Buildings	9,582,790			9,582,790
Improvements of sites	1,287,389			1,287,389
Equipment	454,792	\$ 573,472		1,028,264
Total capital assets, being depreciated	<u>11,324,971</u>	<u>573,472</u>	<u>0</u>	<u>11,898,443</u>
Less accumulated depreciation for:				
Buildings	6,090,925	205,072		6,295,997
Improvements of sites	1,055,507	17,399		1,072,906
Equipment	285,072	56,556		341,628
Total accumulated depreciation	<u>7,431,504</u>	<u>279,027</u>	<u>0</u>	<u>7,710,531</u>
Total capital assets, being depreciated, net	<u>3,893,467</u>	<u>294,445</u>	<u>0</u>	<u>4,187,912</u>
Governmental activities capital assets, net	<u>\$ 4,184,209</u>	<u>\$ 294,445</u>	<u>\$ 29,579</u>	<u>\$ 4,449,075</u>

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:

Instruction	\$	214,851
Home-to School Transportation		8,371
Food Services		5,581
Other Pupil Services		2,790
Other General Administration		13,951
Plant Services		33,483
		279,027
Total	\$	279,027

NOTE 6 - GENERAL OBLIGATION BONDS

The outstanding general obligation bonded debt of the Geyserville Unified School District at June 30, 2015, is:

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2014	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2015
7/19/07	4.40	5/1/21	\$ 1,055,000	\$ 595,000		\$ 75,000	\$ 520,000
8/12/08	4.875-5.00	8/1/33	3,250,000	2,885,000		90,000	2,795,000
Total			\$ 4,305,000	\$ 3,480,000	\$ 0	\$ 165,000	\$ 3,315,000

The total annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 2015 are as follows:

Year Ended June 30	Principal	Interest	Total
2016	\$ 180,000	\$ 161,405	\$ 341,405
2017	180,000	152,915	332,915
2018	185,000	144,395	329,395
2019	200,000	135,625	335,625
2020	205,000	126,165	331,165
2021-2025	745,000	503,055	1,248,055
2026-2030	820,000	320,625	1,140,625
2031-2034	800,000	99,938	899,938
Totals	\$ 3,315,000	\$ 1,644,123	\$ 4,959,123

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 7 - UNAMORTIZED BOND PREMIUM**

The District sold Series 2008 General Obligation Bonds at a premium in excess of issuance costs of \$91,766. The premium is being amortized using the straight-line method over the life of the related bond issue as a reduction in annual interest expense. The unamortized bond premium is reported in the liability section of the Government-Wide Statement of Net Position. The annual amortization of the bond premiums is as follows:

The annual amortization of bond premium is as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2016	\$ 3,671
2017	3,671
2018	3,671
2019	3,671
2020	3,671
2021-2025	18,353
2026-2030	18,353
2031-2034	<u>11,318</u>
Total	<u>\$ 66,379</u>

**NOTE 8 - LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2015, is shown below.

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 3,480,000		\$ 165,000	\$ 3,315,000	\$ 180,000
Compensated Absences	<u>5,297</u>			<u>5,297</u>	<u>5,297</u>
Totals	<u>\$ 3,485,297</u>	<u>\$ 0</u>	<u>\$ 165,000</u>	<u>\$ 3,320,297</u>	<u>\$ 185,297</u>

The compensated absences will be paid by the General Fund. Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues.

**NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS**

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

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

*Pension Plan Fiduciary Net Position.* The plans fiduciary net positions disclosed in this report may differ from the plan assets reported in the funding actuarial valuations reported due to several reasons. First, for the accounting valuations, items such as deficiency reserves, fiduciary self-insurance and OPEB expense are included in fiduciary net positions. These amounts are excluded for rate setting purposes in the funding actuarial valuations. In addition, differences may result from early closing and final reconciled reserves.

A. State Teachers' Retirement System (STRS)

*Plan Description.* The Geyserville Unified School District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The State of California is a Nonemployer Contributing Entity to STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. Although CalSTRS is the administrator of the STRS, the state is the sponsor of the STRS and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRS. 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 CalSTRS, 100 Waterfront Place, West Sacramento, California 95610.

*Benefit.* STRS provides defined benefit program benefits under two formulas: 2% at 60 for members hired on or before December 31, 2012 and 2% at 62 for members hired after that date. Both formulas define hire as the date at which the member was hired to perform service that could be creditable to CalSTRS. The benefit under each formula is calculated as 2% per year of creditable service. The 2% at 60 formula uses final compensation to calculate the benefit. The 2% at 62 formula uses an average of the highest compensation for three consecutive years to calculate the benefit.

*Funding Policy.* Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method. Active plan members are required to contribute 8.15% of their salary and the Geyserville Unified School District and the State are required to contribute actuarially determined rates. The actuarial methods and assumptions used for determining the rates are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25% and for fiscal year 2014-2015 8.88% of annual payroll. The required State contribution rate for fiscal year 2014-2015 was 5.68%. The Geyserville Unified School District's contributions to STRS for the fiscal years ending June 30, 2015, 2014 and 2013 were \$105,118, \$97,604, and \$91,395, respectively, and equal 100% of the required contributions for each year.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

A. State Teachers' Retirement System (STRS) (Continued)

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2015 the District reported a liability of \$1,753,110 for its proportionate share of the net pension liability for STRS. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013. The District's proportion of the net pension liability was based on a projection of the District's and the State of California's (non-employer contributing entity) long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2014, the District's proportion of contributions was 0.0400 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$168,639 which included the State's required on-behalf contribution. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Outflows and Inflows of Resources:		
Difference between expected and actual experience	-	-
Changes in Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	\$ 431,700
Changes in proportion and differences between District contributions and proportionate share of contributions	-	12,065
District contributions subsequent to measurement date of June 30, 2014	<u>\$ 104,502</u>	<u>-</u>
Totals	<u>\$ 104,502</u>	<u>\$ 443,765</u>

*Actuarial Assumptions.* The total pension liability for STRS was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

A. State Teachers' Retirement System (STRS) (Continued)

*Actuarial Assumptions (Concluded).*

Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment rate of return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series table adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis for more information.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance –PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on Board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the Board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	47%	4.50%
Private Equity	12%	6.20%
Real Estate	15%	4.35%
Inflation Sensitive	5%	3.20%
Fixed Income	20%	0.20%
Cash/Liquidity	1%	0.00%

\* 10-year geometric average

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

A. State Teachers' Retirement System (STRS) (Concluded)

*Discount Rate.* The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming the contributions, benefit payments, and administrative expense occurred midyear. Based on those assumptions, the STRS's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payment to determine the total pension liability.

Presented below is the District's proportionate share of the net pension liability of employers and the state using the current discount rate of 7.60 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one to three percent lower or one to three percent higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability of Employers</u>
3% Decrease (4.60%)	\$ 5,355,750
2% Decrease (5.60%)	3,917,190
1% Decrease (6.60%)	2,732,640
Current Discount Rate (7.60%)	1,753,110
1% Increase (8.60%)	936,360
2% Increase (9.60%)	250,080
3% Increase (10.60%)	(328,770)

B. California Public Employees Retirement System (CalPERS)

*Plan Description.* The Geyserville Unified School District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Room 1820, Sacramento, CA 95814.

*Funding Policy.* Active plan members were required to contribute 6.974% of their salary and the Geyserville Unified School District was required to contribute an actuarially annually determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration.



GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

B. California Public Employees Retirement System (CalPERS) (Continued)

*Funding Policy (Concluded).* The required employer contribution rate for fiscal 2013-2014 was 11.442% and for fiscal year 2014-2015 11.771% of annual payroll. The contribution requirements of the plan members are established by State statute. The Geyserville Unified School District's employer contributions to CalPERS for the fiscal year ending June 30, 2015, 2014 and 2013 were \$75,697, \$67,378 and \$63,566, respectively and equal 100% of the required contributions for each year.

*Benefits.* CalPERS provides defined benefit program benefits based on members' years of service, age, final compensation and benefit formula. Members become fully vested in their retirement benefits earned to date after five years of credited service.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2015, the District reported a liability of \$635,736 for its proportionate share of the net pension liability for CalPERS. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the state, actuarially determined. At June 30, 2014, the District's proportion of contributions was 0.0532 percent.

For the year ended June 30, 2015, the District recognized pension expense of \$75,697. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Deferred Outflows and Inflows of Resources:		
Difference between expected and actual experience	-	-
Changes in Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	\$ 218,446
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
District contributions subsequent to measurement date of June 30, 2014	<u>\$ 75,697</u>	<u>-</u>
Totals	<u>\$ 75,697</u>	<u>\$ 218,446</u>

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

B. California Public Employees Retirement System (CalPERS) (Continued)

*Actuarial Assumptions.* For the year ended June 30, 2014, the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and the June 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry age normal
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

CalPERS uses a mortality table based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.50 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool.

The following presents the net pension liability of the Plan as of June 30, 2014, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

<u>Discount Rate</u>	<u>Plan's Net Pension Liability</u>
1% Decrease (6.50%)	\$ 1,112,112
Current Discount Rate (7.50%)	632,520
1% Increase (8.50%)	231,772

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

B. California Public Employees Retirement System (CalPERS) (Concluded)

*Discount Rate (Concluded).* The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>New Strategic Asset Class</u>	<u>Real Return Allocation</u>	<u>Real Return Years 1-10<sup>1</sup></u>	<u>Years 11+<sup>2</sup></u>
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Cash/Liquidity	2%	(0.55)%	(1.05)%

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use Social Security.

D. On Behalf Payment

The District was recipients of on-behalf payments made by the State of California to the State Teachers Retirement System (STRS). These payments consist of State general fund contributions of \$63,521 to STRS (5.68% of salaries subject to STRS).

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2015.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONCLUDED)

B. State and Federal Allowances, Awards and Grants

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

C. Joint Ventures

The District participates in a joint venture under a joint power agreement (JPA) with Redwood Empire School's Insurance Group. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The JPA arranges for and/or provides coverage for its members. The JPA is governed by a board consisting of a representative from each member district. The board controls the operations of its JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the JPA.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2015, the District contracted with Redwood Empire Schools Insurance Group (RESIG) Insurance Company for property and liability insurance coverage and RESIG Insurance Company for theft insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant change in coverage from the prior year.

B. Workers' Compensation

For fiscal year 2015, the District participated in the Redwood Empire Schools Insurance Group (RESIG), an insurance purchasing pool. The intent of the RESIG is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the RESIG. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the RESIG. Each participant pays its workers' compensation premium based on its individual rate.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 11 - RISK MANAGEMENT (CONCLUDED)

B. Workers' Compensation (Concluded)

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the RESIG. Participation in the RESIG is limited to districts that can meet the RESIG selection criteria.

NOTE 12 - RESTATEMENT OF NET POSITION

The amounts previously reported as Governmental Activities Net Position at June 30, 2014 on the Government-Wide Statement of Net Position have been restated due to implementing Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The June 30, 2014, Net Position is being restated to recognize the net effect resulting from recognition of Deferred Outflows of Pension costs and related pension liability as follows:

	<u>Government-Wide Financial Statements</u>
Net Position, June 30, 2014 as originally reported	\$ 4,738,664
Retroactive recognition of the District's share of unfunded pension liabilities for STRS and PERS	<u>(2,843,208)</u>
Net Position, June 30, 2014 as restated	<u>\$ 1,895,456</u>

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 25, 2015, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET (GAAP) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts (GAAP Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Control Funding Formula Sources:				
State Apportionments	\$ 704,869	\$ 748,214	\$ 727,079	\$ (21,135)
Local Sources	2,126,519	2,134,576	2,163,165	28,589
Total Local Control Funding Formula Sources	2,831,388	2,882,790	2,890,244	7,454
Federal Revenue	112,277	153,174	132,395	(20,779)
Other State Revenue	151,000	231,069	304,384	73,315
Other Local Revenue	164,366	205,038	189,550	(15,488)
Total Revenues	3,259,031	3,472,071	3,516,573	44,502
<b>EXPENDITURES</b>				
Certificated Salaries	1,386,602	1,448,134	1,398,768	49,366
Classified Salaries	583,140	595,814	587,778	8,036
Employee Benefits	556,044	621,284	599,799	21,485
Books and Supplies	170,932	211,152	179,080	32,072
Services and Other				
Operating Expenditures	637,570	779,914	830,869	(50,955)
Other Outgo	35,000	35,000	0	35,000
Total Expenditures	3,369,288	3,691,298	3,596,294	95,004
Excess of Revenues Over (Under) Expenditures	(110,257)	(219,227)	(79,721)	139,506
Other Financing Sources (Uses): Operating Transfers Out	(28,560)	(28,560)	(21,000)	7,560
Excess of Revenues Over (Under) Expenditures and Other Uses	(138,817)	(247,787)	(100,721)	147,066
Fund Balances - July 1, 2014	1,667,920	1,741,187	1,741,187	0
Fund Balances - June 30, 2015	<u>\$ 1,529,103</u>	<u>\$ 1,493,400</u>	<u>\$ 1,640,466</u>	<u>\$ 147,066</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

GEYSERVILLE UNIFIED SCHOOL DISTRICT

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

	<u>2015</u>
District's proportion of the net pension liability	0.0030%
District's proportionate share of the net pension liability	\$ 1,753,110
District's covered-employee payroll	\$ 1,185,999
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	148%
Plan fiduciary net position as a percentage of the total pension liability	77%

**Public Employee Retirement System (CalPERS)**

District's proportion of the net pension liability	0.0056%
District's proportionate share of the net pension liability	\$ 635,736
District's covered-employee payroll	\$ 589,042
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	108%
Plan fiduciary net position as a percentage of the total pension liability	83%



GEYSERVILLE UNIFIED SCHOOL DISTRICT  
 SCHEDULES OF THE DISTRICT CONTRIBUTIONS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

	2015
Contractually required contribution	\$ 97,604
Contributions in relation to the contractually required contribution	97,604
Contribution deficiency (excess)	\$ 0
District's covered-employee payroll	\$ 1,185,999
Contributions as a percentage of covered-employee payroll	8.230%

**Public Employee Retirement System (CalPERS)**

Contractually required contribution	\$ 67,378
Contributions in relation to the contractually required contribution	67,378
Contribution deficiency (excess)	\$ 0
District's covered-employee payroll	\$ 589,042
Contributions as a percentage of covered-employee payroll	11.439%

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - PURPOSE OF SCHEDULES

A. Budgetary Comparison Schedule

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

The excess of expenditures over appropriations in individual governmental funds at June 30, 2015 are as follows:

<u>Fund</u>	<u>Excess</u>
Major Governmental Funds:	
General Fund	
Contract Services	\$ 50,955
Building Fund	
Contract Services	8,035
Non-Major Governmental Funds:	
Cafeteria Fund	
Classified Salaries	1,415
Food and Supplies	5,287
Debt Service-Interest	134
Capital Facilities Fund	
Capital Outlay	30,808

Unanticipated expenditures occurred for which the budgets were not revised. The District did not prepare a budget for the Bond Interest and Redemption Fund because it is accounted for by Sonoma County.

B. Schedules of District's Proportionate Share of the Net Pension Liability

These schedules present information on the District's portion of the Net Pension Liability of CalSTRS and the Net Pension Liability of CalPERS in compliance with GASB 68.

GEYSERVILLE UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONCLUDED)

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - PURPOSE OF SCHEDULES (CONCLUDED)

B. Schedules of District's Proportionate Share of the Net Pension Liability (Concluded)

These will be 10-year schedules. However, this is the first year of implementation of GASB 68 and the information in these schedules is not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is available.

C. Schedules of District Contributions

These schedules provide information about the District's required and actual contributions to CalSTRS and CalPERS during the year.

These will be 10-year schedules. However, this is the first year of implementation of GASB 68 and the information in these schedules is not required to be presented retroactively. Years will be added to these schedules in future fiscal years until 10 years of information is available.

SUPPLEMENTARY INFORMATION SECTION

GEYSERVILLE UNIFIED SCHOOL DISTRICT

GEYSERVILLE, CALIFORNIA

JUNE 30, 2015

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ORGANIZATION

The Geyserville Unified School District was established in 1920 and unified in 1958. The District is in Geyserville, California. The District currently operates one elementary school, one middle school, high school and a continuation school. There were no changes in District boundaries during the current year.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Anna Felciano	President	November, 2016
Monica Vanoni	Trustee	December, 2016
Mike Kalbfleisch	Trustee	December, 2016
Sara Lopez	Trustee	November, 2018
Kim Petersen-Nelson	Trustee	December, 2016

ADMINISTRATION

Jim Johnson  
Superintendent

Christina Menicucci  
Manager of Business Services

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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	Second Period Report	Annual Report
Regular ADA		
Transitional Kindergarten through Third	81	81
Fourth through Sixth	53	54
Seventh and Eighth	29	29
Ninth through Twelfth	80	79
ADA Totals	243	243

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

GEYSERVILLE UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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<u>Grade Level</u>	<u>Minutes Requirement</u>	<u>Minutes Requirement As Reduced</u>	<u>2014-2015 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	35,000	61,884	180	In Compliance
Grade 1	50,400	49,000	52,799	180	In Compliance
Grade 2	50,400	49,000	52,799	180	In Compliance
Grade 3	50,400	49,000	55,654	180	In Compliance
Grade 4	54,000	52,500	55,654	180	In Compliance
Grade 5	54,000	52,500	55,654	180	In Compliance
Grade 6	54,000	52,500	56,018	180	In Compliance
Grade 7	54,000	52,500	56,018	180	In Compliance
Grade 8	54,000	52,500	56,018	180	In Compliance
Grade 9	64,800	63,000	65,136	180	In Compliance
Grade 10	64,800	63,000	65,136	180	In Compliance
Grade 11	64,800	63,000	65,136	180	In Compliance
Grade 12	64,800	63,000	65,136	180	In Compliance

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has not met its local control funding formula target.

Districts that participate in Longer Day Incentive Funding or that met or exceed their local control funding formula target, must provide at least the number of instructional minutes specified in Education Code Section 46201(b) or 46207(a), shown as the minutes requirement above.

For the 2014-2015 school year, a school district may reduce up to five days of instruction or equivalent number of minutes without incurring penalties pursuant to Education Code Sections 46201.2(b) and 46207(c).

GEYSERVILLE UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit. There were no charter schools in the Geyserville Unified School District.

SEE NOTES TO SUPPLEMENTARY INFORMATION



GEYSERVILLE UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF UNAUDITED ACTUALS  
WITH AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2015, Annual Unaudited Actual Financial Report Fund Balance	\$ 1,096,296	\$ 544,170
Adjustments and Reclassifications Increasing (Decreasing) the Fund Balance:		
To conform with GAAP, activity reported separately by the District in certain Special Revenue Funds is reported in the General Fund in these financial statements.	544,170	(544,170)
Net Adjustments and Reclassifications	544,170	(544,170)
June 30, 2015, Audited Financial Statement Fund Balance	\$ 1,640,466	\$ 0

Auditor's Comments

The District did not report activity for the GORE Scholarship Private Purpose Trust on Form Annual Unaudited Actual Financial Report.

The audited financial statements of all other funds were in agreement with the Unaudited Actuals for the year ended June 30, 2015.

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budget 2015-2016	2014-2015	2013-2014	2012-2013
<u>General Fund</u>				
Revenues and Other Financial Sources	\$ 3,283,674	\$ 3,516,573	\$ 3,477,601	\$ 3,220,281
Expenditures	3,672,168	3,596,294	3,344,968	3,018,469
Other Uses and Transfers Out	20,319	21,000	0	24,996
Total Outgo	3,692,487	3,617,294	3,344,968	3,043,465
Change in Fund Balance (Deficit)	(408,813)	(100,721)	132,633	176,816
Ending Fund Balance	\$ 1,162,382	\$ 1,640,466	\$ 1,741,187	\$ 1,608,554
Available Reserves	\$ 1,129,398	\$ 1,533,209	\$ 1,602,255	\$ 1,603,269
Reserve for Economic Uncertainties	\$ 1,129,398	\$ 544,170	\$ 540,965	\$ 537,854
Unassigned Fund Balance	\$ 0	\$ 989,039	\$ 1,061,290	\$ 1,065,415
Available Reserves as a Percentage of Total Outgo	30.6%	42.4%	47.9%	52.7%
Total Long-Term Debt	\$ 3,135,000	\$ 3,320,297	\$ 3,485,297	\$ 3,643,542
Average Daily Attendance at P-2	243	243	249	258

The General Fund balance has increased by \$31,892 over the past three years. The fiscal year 2015-2016 budget projects a decrease of \$208,728. For a District this size, the State recommends available reserves of at least 5 percent of total general fund expenditures, transfers out and other uses (total outgo). Available reserves consist of all unassigned fund balances and all funds reserved for economic uncertainty contained within the General Fund.

Total long-term debt has decreased by \$323,245 during the past two years. Average daily attendance decreased six (6) during 2014-2015.

The amounts presented as 2015-16 budget are provided for additional analysis. We have not audited the amounts presented.

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR FUNDS  
 JUNE 30, 2015

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
<b>ASSETS</b>					
Cash	\$ 513	\$ 77,498	\$ 21	\$ 1,877	\$ 79,909
Accounts Receivable	13,396				13,396
<b>Total Assets</b>	<b><u>\$ 13,909</u></b>	<b><u>\$ 77,498</u></b>	<b><u>\$ 21</u></b>	<b><u>\$ 1,877</u></b>	<b><u>\$ 93,305</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 4	\$ 340		\$ 50	\$ 394
<b>Total Liabilities</b>	<b><u>4</u></b>	<b><u>340</u></b>		<b><u>50</u></b>	<b><u>394</u></b>
Fund Balances:					
Restricted	13,905	77,158	\$ 21		91,084
Assigned				\$ 1,827	1,827
<b>Total Fund Balances</b>	<b><u>13,905</u></b>	<b><u>77,158</u></b>	<b><u>21</u></b>	<b><u>1,827</u></b>	<b><u>92,911</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 13,909</u></b>	<b><u>\$ 77,498</u></b>	<b><u>\$ 21</u></b>	<b><u>\$ 1,877</u></b>	<b><u>\$ 93,305</u></b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
<b>REVENUES</b>					
Federal Revenue	\$ 93,251				\$ 93,251
Other State Revenue	8,269				8,269
Other Local Revenue	31,923	\$ 31,342		\$ 58	63,323
<b>Total Revenues</b>	<b>133,443</b>	<b>31,342</b>		<b>58</b>	<b>164,843</b>
<b>EXPENDITURES</b>					
Classified Salaries	52,941				52,941
Employee Benefits	21,460				21,460
Books and Supplies	74,187	5,242			79,429
Services and Other					
Operating Expenditures	7,368			16,000	23,368
Capital Outlay		30,808		42,775	73,583
Debt Service:					
Interest and Fiscal Charges	134				134
<b>Total Expenditures</b>	<b>156,090</b>	<b>36,050</b>		<b>58,775</b>	<b>250,915</b>
Excess of Revenues Over (Under) Expenditures	(22,647)	(4,708)	\$ 0	(58,717)	(86,072)
Other Financing Sources:					
Operating Transfers In	21,000				21,000
Excess of Revenues and Other Sources Over Expenditures	(1,647)	(4,708)	0	(58,717)	(65,072)
Fund Balances - July 1, 2014	15,552	81,866	21	60,544	157,983
Fund Balances - June 30, 2015	<u>\$ 13,905</u>	<u>\$ 77,158</u>	<u>\$ 21</u>	<u>\$ 1,827</u>	<u>\$ 92,911</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS - STUDENT BODY  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Geyserville Elementary School</u>				
<u>Student Activities</u>				
<b>ASSETS</b>				
Cash	\$ 9,168	\$ 9,258	\$ 7,610	\$ 10,816
<b>LIABILITIES</b>				
Due to Student Groups	\$ 9,168	\$ 9,258	\$ 7,610	\$ 10,816
<u>Geyserville New Tech Academy</u>				
<u>Student Activities</u>				
<b>ASSETS</b>				
Cash	\$ 27,688	\$ 20,987	\$ 18,101	\$ 30,574
<b>LIABILITIES</b>				
Due to Student Groups	\$ 27,688	\$ 20,987	\$ 18,101	\$ 30,574
<u>Total - All Agency Funds</u>				
<b>ASSETS</b>				
Cash	\$ 36,856	\$ 30,245	\$ 25,711	\$ 41,390
<b>LIABILITIES</b>				
Due to Student Groups	\$ 36,856	\$ 30,245	\$ 25,711	\$ 41,390

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

This schedule presents information on the amount of instructional time and number of days offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46208. The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day, and has not met its local control funding formula target.

C. Schedule of Charter Schools

This schedule is provided to list all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

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

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account group as reported on the Unaudited Actual Financial Report to the audited financial statements.

E. Schedule of Financial Trends and Analysis

This schedule is presented to improve the evaluation and reporting of the going concern status of the District.

F. Combining Statements and Individual Fund Schedules

Combining statements and individual fund schedules are presented for purposes of additional analysis, and are not a required part of the District's basic financial statements. These statements and schedules present more detailed information about the financial position and financial activities of the District's individual funds.

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

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

Board of Trustees  
Geyserville Unified School District  
Geyserville, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Geyserville Unified School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Geyserville Unified School District's basic financial statements and have issued our report thereon dated November 25, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Geyserville Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Geyserville Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Geyserville Unified School District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
Certified Public Accountants

November 25, 2015

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

Board of Trustees  
Geyserville Unified School District  
Geyserville, California

We have audited Geyserville Unified School District's compliance with the types of compliance requirements described in the 2014-2015 *Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on each of Geyserville Unified School District's State government programs as noted below for the year ended June 30, 2015.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance with State laws and regulations of Geyserville Unified School District's State government programs based on our audit of the types of compliance requirements referred to below. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 2015-2015 *Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the applicable State laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about Geyserville Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination of Geyserville Unified School District's compliance with those requirements.

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

<u>Description</u>	<u>Procedures Performed</u>
<b>Local Education Agencies Other Than Charter Schools:</b>	
Attendance	Yes
Teacher Certification and Mis-assignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (See Below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes

<u>Description</u>	<u>Procedures Performed</u>
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupational Centers or Programs Maintenance of Effort	Yes
Adult Education Maintenance of Effort	Not Applicable
<b>School Districts, County Office of Education and Charter Schools:</b>	
California Clean Energy Jobs Act	No (See Below)
After School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	Not Applicable
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
<b>Charter Schools:</b>	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Non Classroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Non Classroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Procedures were not performed for Independent Study attendance because the average daily attendance generated by the program was below the level required for testing.

Partial procedures were performed for California Clean Energy Jobs Act because the District is in the preliminary phase and has only incurred planning expenditures.

**Opinion on Each State Government Program**

In our opinion, Geyserville Unified School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its State government programs for the year ended June 30, 2015.

**Purpose of this Report**

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2015-2015 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.



GOODELL, PORTER, SANCHEZ & BRIGHT, LLP  
 Certified Public Accountants

November 25, 2015

## FINDINGS AND RESPONSES SECTION

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_ Yes     x  No  
Significant deficiency(ies) identified  
that are not considered to be material  
weaknesses? \_\_\_ Yes     x  None reported

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

State Awards

Internal control over state programs:  
Material weakness(es) identified? \_\_\_ Yes     x  No  
Significant deficiency(ies) identified  
that are not considered to be material  
weaknesses? \_\_\_ Yes     x  None reported

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

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**Section II - Financial Statements Findings**

No matters are reported.

**Section III - Federal Compliance Findings and Responses**

No matters are reported.

**Section IV - State Compliance Findings and Responses**

No matters are reported.

GEYSERVILLE UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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There were no findings or recommendations considered reportable conditions determined as a result of the audit of Geyserville Unified School District for the year ended June 30, 2014.