

**DUBLIN UNIFIED SCHOOL DISTRICT**  
Dublin, California

**FINANCIAL STATEMENTS**  
June 30, 2014

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**  
**WITH SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2014**

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**DUBLIN UNIFIED SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**  
**WITH SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
Dublin Unified School District  
Dublin, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dublin Unified School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Dublin 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 Dublin Unified School District, as of June 30, 2014, 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.

## **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 to 9 and the General Fund Budgetary Comparison Schedule on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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.

### *Supplementary Information*

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

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are 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, except for the Schedule of Financial Trends and Analysis, 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 schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014 on our consideration of Dublin Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dublin Unified School District's internal control over financial reporting and compliance.

  
Crowe Horwath LLP

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## June 30, 2014

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This section of Dublin Unified School District's annual financial report presents District management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the District's financial statements, which immediately follow this section.

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

#### ***The Financial Statements***

The financial statements presented herein include all of the activities of Dublin Unified School District (the District) using the integrated approach as prescribed by GASB Statement Number 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Fiduciary Activities* are agency funds, which only report a balance sheet and do not have a measurement focus.

*Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements* is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Dublin Unified School District.

### ***FINANCIAL HIGHLIGHTS OF THE PAST YEAR***

- The District's reserve for economic uncertainty is \$8,783,778 including \$6,558,348 from the Special Reserve fund.
- The enrollment was at high growth level of 8,384 students at end of year.
- This last year was the first year of the new Local Control Funding Formula (LCFF). It increased our funding by \$7,683,690 or 15.9% and our per ADA increase was 2.33% or \$156 per ADA

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## June 30, 2014

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### **REPORTING THE DISTRICT AS A WHOLE**

#### The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include *all* assets and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. Net position is the difference between assets and liabilities, one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the *overall health* of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, the District activities are presented as follows:

**Governmental activities** - Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, Federal, State and local grants, as well as general obligation bonds, finance these activities.

### **REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS**

#### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the Federal government and the State of California.

### **THE DISTRICT AS TRUSTEE**

#### Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary*, for funds held on behalf of others, like our funds for associated student body activities. 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2014**

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***THE DISTRICT AS A WHOLE***

*Net Position*

The District's net position were \$324,555,661 and \$321,094,023 for the fiscal years ended June 30, 2014 and 2013, respectively. Of this amount, \$8,321,185 and \$9,255,623 were unrestricted for each respective year. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net position for day-to-day operations. Our analysis below focuses on the ending net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

**Table 1**

**Governmental Activities**

	<b>2014</b>	<b>2013</b>
Current and other assets	\$ 109,626,531	\$ 114,240,999
Capital assets	494,738,291	455,308,000
<b>Total Assets</b>	<b>604,364,822</b>	<b>569,548,999</b>
Deferred loss on refunding of debt	217,907	0
<b>Total Deferred Outflows of Resources</b>	<b>217,907</b>	<b>0</b>
Current liabilities	14,012,206	8,955,576
Long-term debt	266,014,862	239,499,400
<b>Total Liabilities</b>	<b>280,027,068</b>	<b>248,454,976</b>
Net Position		
Net investment in capital assets	276,212,346	215,808,600
Restricted	40,022,130	96,029,800
Unrestricted	8,321,185	9,255,623
<b>Total Net Position</b>	<b>\$ 324,555,661</b>	<b>\$ 321,094,023</b>

The unrestricted net position of governmental activities represents the *accumulated* results of all past years' operations. It means that if we had to, we could pay off all of our bills *today* including all of our non-capital liabilities (compensated absences, as an example). We will need to closely monitor our expenditures in the future and adhere strictly to the budget to increase the net position.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2014**

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

**Table 2**

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
<b>Revenues:</b>		
Program revenues		
Charges for services	\$ 11,072,195	\$ 14,023,736
Operating grants and contributions	8,864,725	7,346,319
Capital grants and contributions	-	534,272
General Revenue:		
Federal and State aid	30,183,571	24,448,558
Property taxes	40,181,683	35,310,440
Other general revenues	831,940	805,330
<b>Total Revenues</b>	<b>91,134,114</b>	<b>82,468,655</b>
<b>Expenses:</b>		
Instruction and instruction related	54,652,304	48,413,734
Student support services	5,435,558	5,088,472
Administration	4,518,980	4,221,341
Maintenance and operations	13,725,602	8,902,934
Other	9,340,032	12,070,799
<b>Total Expenses</b>	<b>87,672,476</b>	<b>78,697,280</b>
<b>Change in Net Position</b>	<b>\$ 3,461,638</b>	<b>\$ 3,771,375</b>

Governmental Activities

The cost of all of our governmental activities was \$87,672,476 and \$78,697,280 for 2014 and 2013, respectively. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$40,181,683 and \$35,310,440 for 2014 and 2013. The cost was paid by those who benefited from the programs with \$11,072,195 and \$14,023,736 for 2014 and 2013 or by other governments and organizations who subsidized certain programs with grants and contributions \$8,864,725 and \$7,346,319 for 2014 and 2013. We paid for the remaining "public benefit" portion of our governmental activities with State funds and with other revenues, like interest and general entitlements.

In Table 3, we have presented the net cost (total cost less revenues generated by the activities) of each of the District's seven largest functions - regular program instruction, guidance and counseling, school administration, pupil transportation, administration, maintenance and operations, and other services as well as each program's *net* cost. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2014**

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**Table 3**

	<b>Net Cost of Services</b>	
	<b>2014</b>	<b>2013</b>
Instruction	\$ (41,943,555)	\$ (36,870,566)
Guidance and counseling	(1,491,676)	(1,277,875)
School Administration	(4,361,823)	(3,918,073)
Pupil Transportation	(681,075)	(448,226)
Administration	(3,973,438)	(3,775,655)
Maintenance and operations	(12,697,245)	(8,396,332)
Other	(2,586,744)	(2,106,226)
<b>Net Cost (Revenue) of Governmental Activities</b>	<b>\$ (67,735,556)</b>	<b>\$ (56,792,953)</b>

***THE DISTRICT'S FUNDS***

As the District completed this year, our governmental funds reported a combined fund balance of \$99,863,794 which is a decrease of \$8,177,937.

The primary reasons for this change:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund increased from \$12,873,068 to \$14,652,690. This increase is due to unprecedented enrollment growth and continued conservative spending.
2. Our Building Fund balance decreased from \$66,728,825 to \$47,271,010. This decrease is due to construction at Dublin High School, Murray, Dublin and Amador Elementary schools.
3. Our Capital Facilities Fund increased from \$17,574,830 to \$23,197,509 primarily due to a housing market boom in the City of Dublin.
4. Our aggregate non-major fund balance collectively decreased from \$3,381,636 to \$1,876,894.

**General Fund Budgetary Highlights**

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted as the books were closed in September 2014. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided for the General Fund in our annual report.

- Significant revenue revisions were made to the 2013/2014 Budget primarily due to the new funding formula and the elimination of state categorical programs.
- Actual expenditures decreased from the budget by \$8,709,153 due to the state economic environment and conservative spending all year. The new statewide LCFF funding formula still had much uncertainty.
- Actual LCFF sources increased beyond our original budget primarily because of strong enrollment growth.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2014**

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***CAPITAL ASSET & DEBT ADMINISTRATION***

*Capital Assets*

At June 30, 2014, the District had \$494,738,291 in a broad range of capital assets, including land, buildings, and furniture and equipment, net of accumulated depreciation. This amount represents a net increase (including additions, deductions and depreciation) of \$39,430,291.

**Table 4**

	<b>2014</b>	<b>2013</b>
Land	\$ 207,622,043	\$ 207,622,043
Construction in progress	69,465,147	48,312,070
Building and improvements	214,664,872	198,692,537
Equipment	2,986,229	681,350
<b>Total Capital Assets, net of depreciation</b>	<b>\$ 494,738,291</b>	<b>\$ 455,308,000</b>

*Long-Term Obligations*

At the end of this year, the District had \$266,014,862 million in bonds outstanding versus \$239,499,400 million last year. The long-term obligations of the District included the following:

**Table 5**

	<b>2014</b>	<b>2013</b>
General Obligation Bonds	\$ 238,778,143	\$ 219,818,392
Accreted Interest on GO Bonds	15,652,125	14,511,413
Premium on refinancing	11,584,594	5,169,595
Early retirement incentive	0	0
<b>Total Long-Term Liabilities</b>	<b>\$ 266,014,862</b>	<b>\$ 239,499,400</b>

The District's general obligation bond received a rating of "AA-". The State limits the amount of general obligation debt that District's can issue to 2.5 percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of \$266,014,862 million is below this statutorily-imposed limit.

Other obligations include compensated absences payable and early retirement incentives. We present more detailed information regarding our long-term liabilities in Note 5 of the financial statements.

***SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2013-2014 ARE NOTED BELOW:***

The District increased the state recommended 3% reserve to 13.3%. State Budget uncertainty during the year prompted notable decreases in expenditures and assisted in generating a surplus at year end.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2014**

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***ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES***

In considering the District Budget for the 2014/2015 year, the District Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Average Daily attendance will grow by 881ADA.
2. Developer Fee collections are based on approximate number of housing units to be constructed in Eastern and Western Dublin.
3. Federal income was reduced by sequestration at about a 4% reduction.
4. State income was reduced and now allocated for in Local Control Funding Formula (LCFF).
5. For the first time in five years program alignments and salaries were increased by 5% due to the new funding formula and unexpected growth from prior year.
6. The District revenue under LCFF is now \$63,269,470 up from \$52,426,425, due to the school finance model.

Expenditures are based on the following forecasts:

	<u><b>Enrollment</b></u>
Grades kindergarten through fifth	4,726
Grades six through eight	2,095
Grades nine through twelve	2,180

The new items specifically addressed in the budget are:

1. Step and column are implemented for all bargaining units.
2. There is a 5% increase in salaries for all.

***CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT***

This financial report is designed to provide our citizens, taxpayers, students, and 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 any additional financial information, contact the Assistant Superintendent, Business Services, at Dublin Unified School District, 7471 Larkdale Avenue, Dublin, California, 94568-1599, or e-mail at [heironimusbeverly@dublinusd.org](mailto:heironimusbeverly@dublinusd.org).

## **BASIC FINANCIAL STATEMENTS**

DUBLIN UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments (Note 2)	\$ 102,885,881
Receivables	6,597,043
Prepaid expenses	51,638
Stores inventory	91,969
Non-depreciable capital assets (Note 4)	277,087,190
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>217,651,101</u>
Total assets	<u>604,364,822</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding of debt	<u>217,907</u>
<b>LIABILITIES</b>	
Accounts payable	13,857,346
Unearned revenue	154,860
Long-term liabilities (Note 5):	
Due within one year	5,862,994
Due after one year	<u>260,151,868</u>
Total liabilities	<u>280,027,068</u>
<b>NET POSITION</b>	
Net investment in capital assets	276,212,346
Restricted (Note 6)	40,022,130
Unrestricted	<u>8,321,185</u>
Total net position	<u>\$ 324,555,661</u>

See accompanying notes to financial statements.



**DUBLIN UNIFIED SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2014

	<u>General Fund</u>	<u>Building Fund</u>	<u>Capital Facilities Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and investments:						
Cash in County Treasury	\$ 10,501,389	\$ 52,506,019	\$ 23,354,036	\$ 12,856,681	\$ 2,168,188	\$ 101,386,313
Collections awaiting deposit	1,474,568	-	-	-	-	1,474,568
Cash in revolving fund	25,000	-	-	-	-	25,000
Receivables	6,318,486	142,076	13,630	9,010	113,841	6,597,043
Due from other funds	365,222	-	-	-	195,268	560,490
Prepaid expenditures	49,465	-	-	-	2,173	51,638
Stores inventory	<u>40,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,643</u>	<u>91,969</u>
Total assets	<u>\$ 18,774,456</u>	<u>\$ 52,648,095</u>	<u>\$ 23,367,666</u>	<u>\$ 12,865,691</u>	<u>\$ 2,531,113</u>	<u>\$ 110,187,021</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 3,867,938	\$ 5,289,155	\$ 170,157	\$ -	\$ 249,712	\$ 9,576,962
Unearned revenue	146,490	-	-	-	8,370	154,860
Due to other funds	<u>107,338</u>	<u>87,930</u>	<u>-</u>	<u>-</u>	<u>365,222</u>	<u>560,490</u>
Total liabilities	<u>4,121,766</u>	<u>5,377,085</u>	<u>170,157</u>	<u>-</u>	<u>623,304</u>	<u>10,292,312</u>
Fund balances:						
Nonspendable	114,791	-	-	-	53,816	168,607
Restricted	2,051,121	47,271,010	23,197,509	12,865,691	1,853,993	87,239,324
Assigned	3,703,000	-	-	-	-	3,703,000
Unassigned	<u>8,783,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,915)</u>	<u>8,752,863</u>
Total fund balances	<u>14,652,690</u>	<u>47,271,010</u>	<u>23,197,509</u>	<u>12,865,691</u>	<u>1,876,894</u>	<u>99,863,794</u>
Total liabilities and fund balances	<u>\$ 18,774,456</u>	<u>\$ 52,648,095</u>	<u>\$ 23,367,666</u>	<u>\$ 12,865,691</u>	<u>\$ 2,500,198</u>	<u>\$ 110,156,106</u>

See accompanying notes to financial statements.

DUBLIN UNIFIED SCHOOL DISTRICT

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

June 30, 2014

Total fund balances - Governmental Funds		\$ 99,863,794
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$539,420,994 and the accumulated depreciation is \$44,682,703 (Note 4).		494,738,291
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2014 consisted of (Note 5):		
General Obligation Bonds	\$ (238,778,143)	
Accreted interest	(15,652,125)	
Premium on refinancing	<u>(11,584,594)</u>	
		(266,014,862)
In governmental funds, deferred outflows of resources resulting from defeasance of debt are not recorded. In governmental activities, for advance refundings resulting in defeasance of debt reported in governmental activities, the difference between reacquisition price and the net carrying amount of the retired debt is reported as deferred outflows of resources.		217,907
Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.		<u>(4,280,384)</u>
Total net position - governmental activities		<u>\$ 324,524,746</u>

See accompanying notes to financial statements.

DUBLIN UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2014

	<u>General Fund</u>	<u>Building Fund</u>	<u>Capital Facilities Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Local Control Funding Formula:						
State apportionment	\$ 28,757,302	\$ -	\$ -	\$ -	\$ -	\$ 28,757,302
Local sources	<u>27,057,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,057,679</u>
Total local control funding formula	<u>55,814,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,814,981</u>
Federal sources	1,351,205	-	-	-	320,596	1,671,801
Other state sources	3,650,591	-	-	73,277	21,314	3,745,182
Other local sources	<u>6,623,151</u>	<u>477,863</u>	<u>9,925,476</u>	<u>11,577,734</u>	<u>1,297,924</u>	<u>29,902,148</u>
Total revenues	<u>67,439,928</u>	<u>477,863</u>	<u>9,925,476</u>	<u>11,651,011</u>	<u>1,639,834</u>	<u>91,134,112</u>
Expenditures:						
Certificated salaries	37,792,508	-	-	-	110,699	37,903,207
Classified salaries	10,087,271	774,607	138,733	-	838,554	11,839,165
Employee benefits	8,415,065	179,504	30,009	-	242,655	8,867,233
Books and supplies	2,072,868	2,979,329	618,570	-	982,876	6,653,643
Contract services and operating expenditures	6,489,463	2,425,205	674,667	227,644	241,009	10,057,988
Capital outlay	13,265	39,313,127	2,840,818	-	1,057,914	43,225,124
Other outgo	517,750	-	-	-	30,915	548,665
Debt service:						
Principal retirement	-	-	-	4,335,249	-	4,335,249
Interest	<u>-</u>	<u>85,698</u>	<u>-</u>	<u>5,890,839</u>	<u>-</u>	<u>5,976,537</u>
Total expenditures	<u>65,388,190</u>	<u>45,757,470</u>	<u>4,302,797</u>	<u>10,453,732</u>	<u>3,504,622</u>	<u>129,406,811</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,051,738</u>	<u>(45,279,607)</u>	<u>5,622,679</u>	<u>1,197,279</u>	<u>(1,864,788)</u>	<u>(38,272,699)</u>
Other financing sources (uses):						
Operating transfers in	85,222	-	-	-	445,268	530,490
Operating transfers out	(357,338)	(87,930)	-	-	(85,222)	(530,490)
Proceeds from issuance of debt	-	25,000,000	-	17,255,000	-	42,255,000
Premium on issuance of debt	-	909,722	-	5,890,040	-	6,799,762
Refunding of long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,960,000)</u>	<u>-</u>	<u>(18,960,000)</u>
Total other financing sources (uses)	<u>(272,116)</u>	<u>25,821,792</u>	<u>-</u>	<u>4,185,040</u>	<u>360,046</u>	<u>30,094,762</u>
Net change in fund balances	1,779,622	(19,457,815)	5,622,679	5,382,319	(1,504,742)	(8,177,937)
Fund balances, July 1, 2013	<u>12,873,068</u>	<u>66,728,825</u>	<u>17,574,830</u>	<u>7,483,372</u>	<u>3,381,636</u>	<u>108,041,731</u>
Fund balances, June 30, 2014	<u>\$ 14,652,690</u>	<u>\$ 47,271,010</u>	<u>\$ 23,197,509</u>	<u>\$ 12,865,691</u>	<u>\$ 1,876,894</u>	<u>\$ 99,863,794</u>

See accompanying notes to financial statements.

**DUBLIN UNIFIED SCHOOL DISTRICT**

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

**For the Year Ended June 30, 2014**

Net change in fund balances - Total Governmental Funds		\$ (8,177,937)
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	\$ 44,556,400	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(5,126,109)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	23,295,249	
Issuance of long-term liabilities are recognized as other financing sources in the governmental funds, but increases to long-term liabilities in the statement of net position (Note 5).	(42,255,000)	
Accreted interest is not recorded in the governmental funds until it becomes due, but increases the long-term liabilities in the statement of net position (Note 5).	(1,140,712)	
Debt issuance premiums are amortized over the life of the related debt (Note 5).	(6,414,999)	
Unmatured interest on long-term liabilities is not recorded in the governmental funds until it becomes due, but increases the liabilities in the statement of net position.	(1,524,076)	
In governmental funds, deferred outflows of resources are not recognized. In the government-wide statements, deferred outflows of resources are amortized over the shortened life of the refunded or refunding debt. The amount of deferred outflow as a result of the current year refunding was \$242,119 and the current year amortization was \$24,212.	217,907	11,608,660
Change in net position of governmental activities		\$ 3,430,723

See accompanying notes to financial statements.

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**June 30, 2014**

<b>ASSETS</b>	
Cash on hand and in banks (Note 2)	<u>\$ 747,442</u>
<b>LIABILITIES</b>	
Due to student groups	<u>747,442</u>
<b>NET POSITION</b>	
Net position	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

## DUBLIN UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### Reporting Entity

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

##### Basis of Presentation - Financial Statements

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

##### Basis of Presentation - Government-Wide Financial Statements

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

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

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

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

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

Basis of Presentation - 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.

A - Major Funds

1 - General Fund:

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District, not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. For financial reporting purposes, the balance of the Special Reserve for Other Than Capital Outlay Projects Fund is included with the General Fund.

2 - Building Fund:

The Building Fund is used to account for resources used for the acquisition or construction of major capital facilities of the District.

3 - Capital Facilities Fund:

The Capital Facilities Fund is used to account for resources received from fees levied on developers or other agencies as a condition of approving a development project.

4 - Bond Interest and Redemption Fund:

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

B - Other Funds

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

The County School Facilities Fund is used to account for resources used for the acquisition of capital facilities by the District.

The Student Body Fund is a Fiduciary Fund for which the District acts as an agent. All cash activity and assets of the various student bodies of the District are accounted for in the Student Body Fund.

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

Basis of Accounting

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

Accrual

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

Modified Accrual

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

Budgets and Budgetary Accounting

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

Receivables

Receivables are made up principally of amounts due from the State of California for Local Control Funding Formula funding and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2014.

Stores Inventory

Inventories in the General and Cafeteria Funds are valued at average cost. Inventory recorded in the General and Cafeteria Funds consists mainly of school supplies and consumable supplies. Inventories are recorded as an expenditure at the time the individual inventory items are transferred from the warehouse to schools and offices.

Capital Assets

Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 2 - 50 years depending on asset types.

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District only has one item that qualifies for reporting in this category, which is the deferred loss on refunding reported in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Amortization for the year ended June 30, 2014 totaled \$24,212.

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 as such, will not be recognized as an inflow of resources (revenue) until that time. The District does not have any item of this type.

Accumulated Sick Leave

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as a operating expenditure or 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 for all STRS employees and certain PERS employees, when the employee retires.

Restricted Net Position

Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date. The restriction for unspent categorical program revenues represents the portion of net position restricted to specific program expenditures. The restrictions for special revenues and capital projects represent the portion of net position restricted for special purposes and capital outlay, respectively. The restriction for debt service represents the portion of net position available for the retirement of long-term liabilities. It is the District's policy to use restricted net position first, when allowable expenditures are incurred.

Unearned Revenue

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

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

Fund Balance Classifications

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

A - Nonspendable Fund Balance:

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

B - Restricted Fund Balance:

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

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Governing Board is required to remove any commitment from any fund balance. At June 30, 2014, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Governing Board has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Governing Board can designate personnel with the authority to assign fund balances, however, as of June 30, 2014, no such designation has occurred.

E - Unassigned Fund Balance:

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

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

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

Fund Balance Policy

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

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Governing Board. At June 30, 2014, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

Property Taxes

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

Encumbrances

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

Elimination and Reclassifications

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Estimates

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

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

New Accounting Pronouncements

In March 2012 GASB issued Statement No. 66, Technical Corrections – 2013, an amendment of GASB Statements No. 10 and No. 61. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 64, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements. This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, Districts should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement No. 54 and Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. This statement was adopted for the District's fiscal year ended June 30, 2014, with no material impact on the District.

In June 2012 GASB issued Statement No. 67, Financial Reporting for Pension Plans. This Statement replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement No. 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. This statement was adopted for the District's fiscal year ended June 30, 2014, with no material impact on the District.

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

New Accounting Pronouncements (Continued)

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

In November 2013 GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68 and are effective for the District's fiscal year ending June 30, 2015. Management has not determined what impact this GASB statement will have on its financial statements.

**2. CASH AND INVESTMENTS**

Cash and investments at June 30, 2014 consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Pooled Funds:		
Cash in County Treasury	\$ 101,386,313	\$ -
Deposits:		
Cash on hand and in banks	1,474,568	747,442
Cash in revolving fund	<u>25,000</u>	<u>-</u>
Totals	<u>\$ 102,885,881</u>	<u>\$ 747,442</u>

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

Pooled Funds

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

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the Treasurer's Pooled Investment Fund does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the Alameda County Treasurer may invest in derivative securities. However, at June 30, 2014 the Alameda County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Deposits - Custodial Credit Risk

*Governmental Activities*

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2014, the carrying amount of the District's accounts was \$2,247,010 and the bank balances were \$2,275,988. Of the bank balances, \$262,820 was insured by the FDIC and \$2,013,168 was uninsured, but remained collateralized.

Interest Rate Risk

The District allows investments with Federal Government Issues that have a maturity date of five years or less. At June 30, 2014, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

The District may invest as permitted by state law all or part of the special revenue fund of the District or any surplus monies not required for immediate District operations. Such investments shall be limited to securities in Government Code 16430, 53601, and 53635. At June 30, 2014, the District had no significant credit risk.

Concentration of Credit Risk

The District limits investments with Federal Government Issues which may not exceed 1/5 of the investable fund, Time Certificates of Deposit which may not exceed \$100,000 per financial institution and State of California Issues which may not exceed 1/5 of the investable fund. At June 30, 2014, the District had no concentration of credit risk.

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**3. INTERFUND TRANSACTIONS**

Interfund Activity

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

Interfund Receivables/Payables

Individual fund interfund receivable and payable balances at June 30, 2014 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 365,222	\$ 107,338
Building	-	87,930
Non-Major Funds:		
Cafeteria	-	325,222
Adult Education	10,000	40,000
Deferred Maintenance	185,268	-
Totals	\$ 560,490	\$ 560,490

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 2013-2014 fiscal year were as follows:

Transfer from the General Fund to the Adult Education Fund for support of the adult education program.	\$ 110,000
Transfer from the General Fund to the Cafeteria Fund for support for food service operations.	150,000
Transfer from the General Fund to the Deferred Maintenance Fund for deferred maintenance operations.	97,338
Transfer from Cafeteria Fund to General Fund for indirect costs support.	85,222
Transfer from Building Fund to Deferred Maintenance Fund for deferred maintenance operations.	87,930
	\$ 530,490

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**4. CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2014 is shown below:

	Balance July 1, <u>2013</u>	Transfers and <u>Additions</u>	Transfers and <u>Deductions</u>	Balance June 30, <u>2014</u>
Non-depreciable:				
Land	\$207,622,043	\$ -	\$ -	\$207,622,043
Work-in-process	48,312,070	42,216,372	(21,063,295)	69,465,147
Depreciable:				
Improvement of sites	3,787,374	-	-	3,787,374
Buildings	232,584,312	-	21,063,295	253,647,607
Equipment	<u>2,558,795</u>	<u>2,340,028</u>	<u>-</u>	<u>4,898,823</u>
Totals, at cost	<u>494,864,594</u>	<u>44,556,400</u>	<u>-</u>	<u>539,420,994</u>
Less accumulated depreciation:				
Improvement of sites	(2,849,674)	(192,406)	-	(3,042,080)
Buildings	(34,829,475)	(4,898,554)	-	(39,728,029)
Equipment	<u>(1,877,445)</u>	<u>(35,149)</u>	<u>-</u>	<u>(1,912,594)</u>
Total accumulated depreciation	<u>(39,556,594)</u>	<u>(5,126,109)</u>	<u>-</u>	<u>(44,682,703)</u>
Capital assets, net	<u>\$455,308,000</u>	<u>\$ 39,430,291</u>	<u>\$ -</u>	<u>\$494,738,291</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 4,810,464
School Site administration	1,534
Food services	8,355
Data processing	4,081
General administration	242,612
Plant services	<u>59,063</u>
Total depreciation expense	<u>\$ 5,126,109</u>

**5. LONG-TERM LIABILITIES**

General Obligation Bonds

On March 22, 2005, the District issued 2004 General Obligation Bonds, Election of 2004 Series "A" totaling \$39,500,000. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The Bonds bear interest rates from 3.0% to 5.0% and were scheduled to mature through August 1, 2029.

On September 13, 2005, the District issued 2005 Refunding General Obligation Bonds, totaling \$21,030,000 to advance refund the Series 1994, 1998 and 1999 General Obligation Bonds. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The Bonds bear interest rates from 3.5% to 6.0% and were scheduled to mature through August 1, 2023.

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

General Obligation Bonds (Continued)

On July 17, 2007, the District issued 2004 General Obligation Bonds, Election of 2004 Series "B" totaling \$50,000,000. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The Bonds bear interest rates from 4.0% to 5.0% and are scheduled to mature through August 1, 2029.

On July 17, 2007, the District issued 2004 General Obligation Bonds, Election 2004 Series "C" totaling \$14,998,934. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The Bonds bear interest rates from 5.11% to 5.38% and are scheduled to mature through August 1, 2032.

On September 7, 2009, the District issued 2004 General Obligation Bonds, Election 2004 Series "D" totaling \$9,235,858. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The Bonds bear interest rates from 5.82% to 10.12% and are scheduled to mature through August 1, 2034.

On September 7, 2009, the District issued 2004 General Obligation Bonds, Election 2004 Series "E" totaling \$26,763,908. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The Bonds bear interest rates from 6.45% to 11.10% and are scheduled to mature through August 1, 2044.

On October 20, 2010, the District issued 2010 General Obligation Refunding Bonds totaling \$16,470,000. The proceeds were used to advance refund remaining \$16,605,000 of the District's 2002 General Obligation Refunding Bonds. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The bonds bear interest at rates ranging from 2.00% to 3.00%, and are scheduled to mature through August 1, 2021. As a result of the transaction, the refunded bonds are considered defeased and have been removed from the District's financial statements.

On May 3, 2011, the District issued 2011 General Obligation Bond Anticipation Notes, totaling \$25,000,000. The notes are being issued as Qualified School Construction Bonds in anticipation of the issuance of a series of General Obligation Bonds, which are expected to be issued prior to the maturity of the notes. Repayment of the bonds will be made from the proceeds of the issuance of the general obligation bonds, or ad valorem taxes levied upon all property within the District to the extent available for that purpose. The notes bear interest at 4.761%, and are scheduled to mature on May 1, 2016.

On October 3, 2012, the District issued 2012 General Obligation Refunding Bonds totaling \$30,085,000. The proceeds were used to currently refund a portion of the outstanding balance of the District's 2005 General Obligation Bonds, Election of 2004 Series "A". Repayment of the 2012 GO Refunding Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The bonds bear interest at rates ranging from 2.5% to 4.0%, and are scheduled to mature through August 1, 2029. After the refunding, one payment remained outstanding on the 2005 Series A Bonds totaling \$570,000, which was paid on August 1, 2013.

On March 7, 2013, the District issued Election of 2012 Series "A" General Obligation Bonds totaling \$32,380,000, to finance new construction and modernization of school facilities. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The Bonds bear interest rates from 2.0% to 5.0% and are scheduled to mature through August 1, 2043.

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

General Obligation Bonds (Continued)

On November 13, 2013, the District issued 2013 General Obligation Refunding Bonds totaling \$17,255,000. The proceeds were used to advance refund the District's 2005 Refunding General Obligation Bonds. Repayment of the 2013 General Obligation Refunding Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The bonds bear interest at rates ranging from 2.0% to 5.0%, and are scheduled to mature through August 1, 2023. As of June 30, 2014, \$18,960,000 of 2005 Refunding General Obligation Bonds outstanding are considered defeased.

Although the issuance of the 2013 General Obligation Refunding Bonds resulted in the recognition of an accounting loss of \$242,119 for the year ended June 30, 2014, the District in effect reduced its aggregate debt service payments by \$2.39 million over the next ten years, and obtained an economic gain of \$2.07 million.

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

Old debt service cash flows	\$ 24,334,525
New debt service cash flows	<u>21,944,204</u>
Cash flow difference	<u>\$ 2,390,321</u>
Present value of old debt service cash flows	\$ 21,498,914
Present value of new debt service cash flows	<u>19,429,763</u>
Economic gain	<u>\$ 2,069,151</u>

On January 28, 2014, the District issued 2014 General Obligation Bond Anticipation Notes totaling \$25,000,000, to finance the acquisition and construction of educational facilities and projects. The General Obligation Bond Anticipation Notes are issued in anticipation of issuance of a series of the District's General Obligation Bonds approved by voters in 2012. The Bonds bear interest at 5.0% and are scheduled to mature on February 1, 2019.

The following is a schedule of outstanding General Obligation Bonds:

<u>Series</u>	<u>Balance</u> <u>July 1,</u> <u>2013</u>	<u>Current</u> <u>Year</u> <u>Proceeds</u>	<u>Current</u> <u>Year</u> <u>Maturities</u>	<u>Balance</u> <u>June 30,</u> <u>2014</u>
2004 GO Bonds, Series A	\$ 570,000	\$ -	\$ (570,000)	\$ -
2005 Refunding Bonds	19,565,000	-	(19,565,000)	-
2004 GO Bonds, Series B	48,500,000	-	(300,000)	48,200,000
2004 GO Bonds, Series C	14,048,626	-	(865,249)	13,183,377
2004 GO Bonds, Series D	9,235,858	-	-	9,235,858
2004 GO Bonds, Series E	26,763,908	-	-	26,763,908
2010 Refunding Bonds	13,670,000	-	(1,325,000)	12,345,000
2011 GO Bond Anticipation Notes	25,000,000	-	-	25,000,000
2012 Refunding GO Bond	30,085,000	-	(670,000)	29,415,000
Elections 2012, Series A	32,380,000	-	-	32,380,000
2013 Refunding Bonds	-	17,255,000	-	17,255,000
2014 GO Bond Anticipation Notes	<u>-</u>	<u>25,000,000</u>	<u>-</u>	<u>25,000,000</u>
Totals	<u>\$ 219,818,392</u>	<u>\$ 42,255,000</u>	<u>\$ (23,295,249)</u>	<u>\$ 238,778,143</u>

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

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

General Obligation Bonds (Continued)

The General Obligation Bonds are scheduled to mature as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 5,298,807	\$ 9,107,080	\$ 14,405,887
2016	31,100,931	9,242,906	40,343,837
2017	5,500,786	8,403,601	13,904,387
2018	6,280,649	8,492,139	14,772,788
2019	31,325,000	7,869,838	39,194,838
2020-2024	41,666,571	29,938,629	71,605,200
2025-2029	40,757,037	27,001,413	67,758,450
2030-2034	28,394,984	51,627,369	80,022,353
2035-2039	22,457,536	68,655,102	91,112,638
2040-2044	24,313,265	70,879,868	95,193,133
2045	<u>1,682,577</u>	<u>14,252,423</u>	<u>15,935,000</u>
	<u>\$ 238,778,143</u>	<u>\$ 305,470,368</u>	<u>\$ 544,248,511</u>

Accreted Interest

<u>Series</u>	<u>Balance July 1, 2013</u>	<u>Accretion</u>	<u>Payments</u>	<u>Balance June 30, 2014</u>
2004 GO Bonds, Series C	\$ 4,950,255	\$ 555,888	\$ (324,751)	\$ 5,181,392
2004 GO Bonds, Series D	2,385,423	226,628	-	2,612,051
2004 GO Bonds, Series E	<u>7,175,735</u>	<u>682,947</u>	<u>-</u>	<u>7,858,682</u>
Total Accreted Interest	<u>\$ 14,511,413</u>	<u>\$ 1,465,463</u>	<u>\$ (324,751)</u>	<u>\$ 15,652,125</u>

Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2014 is shown below:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds	\$ 219,818,392	\$ 42,255,000	\$ 23,295,249	\$ 238,778,143	\$ 5,298,807
Accreted interest	14,511,413	1,465,463	324,751	15,652,125	281,193
Premium on refinancing	<u>5,169,595</u>	<u>6,799,762</u>	<u>384,763</u>	<u>11,584,594</u>	<u>282,994</u>
Totals	<u>\$ 239,499,400</u>	<u>\$ 50,520,225</u>	<u>\$ 24,004,763</u>	<u>\$ 266,014,862</u>	<u>\$ 5,862,994</u>

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund.

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
(Continued)

**6. NET POSITION / FUND BALANCES**

Restricted net position consisted of the following at June 30, 2014:

	<u>Governmental Activities</u>
Unspent categorical program revenues	\$ 2,051,121
Special revenues	334,975
Capital projects	24,770,343
Debt service	<u>12,865,691</u>
	<u><u>\$ 40,022,130</u></u>

Fund balances, by category, at June 30, 2014 consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
<b>Nonspendable:</b>						
Revolving cash fund	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Stores inventory	40,326	-	-	-	51,643	91,969
Prepaid expenditures	<u>49,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,173</u>	<u>51,638</u>
Subtotal nonspendable	<u>114,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,816</u>	<u>168,607</u>
<b>Restricted:</b>						
Unspent categorical revenues	2,051,121	-	-	-	-	2,051,121
Adult Education	-	-	-	-	6,128	6,128
Food services	-	-	-	-	75,095	75,095
Deferred maintenance	-	-	-	-	199,936	199,936
Capital projects	-	47,271,010	23,197,509	-	1,572,834	72,041,353
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,865,691</u>	<u>-</u>	<u>12,865,691</u>
Subtotal restricted	<u>2,051,121</u>	<u>47,271,010</u>	<u>23,197,509</u>	<u>12,865,691</u>	<u>1,853,993</u>	<u>87,239,324</u>
<b>Assigned:</b>						
Restricted grants/entitlements	513,058	-	-	-	-	513,058
Dublin High School intervention program	1,500,000	-	-	-	-	1,500,000
Instructional materials	<u>1,689,942</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,689,942</u>
Subtotal assigned	<u>3,703,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,703,000</u>
<b>Unassigned:</b>						
Designated for economic uncertainty	1,969,809	-	-	-	-	1,969,809
Undesignated	<u>6,813,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,813,969</u>
Subtotal unassigned	<u>8,783,778</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,783,778</u>
<b>Total fund balances</b>	<u><u>\$ 14,652,690</u></u>	<u><u>\$ 47,271,010</u></u>	<u><u>\$ 23,197,509</u></u>	<u><u>\$ 12,865,691</u></u>	<u><u>\$ 1,907,809</u></u>	<u><u>\$ 99,894,709</u></u>

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**7. EMPLOYEE RETIREMENT SYSTEMS**

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

Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

*Plan Description*

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

*Funding Policy*

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 11.442% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2012, 2013 and 2014 were \$1,003,501, \$1,118,785 and \$1,223,863 respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

*Plan Description*

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

*Funding Policy*

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2013-2014 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2012, 2013 and 2014 were \$2,487,356, \$2,691,946 and \$3,116,565 respectively, and equal 100% of the required contributions for each year. On June 24, 2014 the Governor signed Assembly Bill 1469 which will increase the member contribution to 19.1% over the next seven years.

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**8. JOINT POWERS AGREEMENTS**

Alameda County Schools Insurance Group

The District is a member with other school districts of a Joint Powers Authority, Alameda County Schools Insurance Group (ACSIG). ACSIG arranges for and provides workers' compensation insurance for its members. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The following is a summary of financial information for ACSIG at June 30, 2013 (the most current information available):

Total assets	\$	36,481,667
Total liabilities	\$	41,481,473
Net position	\$	(4,999,806)
Total revenue	\$	133,028,088
Total expenses	\$	126,807,961
Change in net position	\$	6,220,127

Schools Excess Liability Fund

The District is also a member with other school districts of a Joint Powers Authority, School Excess Liability Fund (SELF), for the purpose of providing excess insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The following is a summary of the financial information for SELF at June 30, 2014 (in thousands):

Total assets	\$	162,746
Total liabilities	\$	118,853
Net position	\$	43,893
Total revenues	\$	11,812
Total expenses	\$	4,199
Change in net position	\$	7,613

The relationship between Dublin Unified School District and the Joint Powers Authorities is such that the Joint Powers Authorities are not component units of the District for financial reporting purposes.

**9. COMMITMENTS AND CONTINGENCIES**

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

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the District's financial statements or results of operations.

Construction Commitments

As of June 30, 2014, the District had approximately \$29,900,000 in outstanding commitments on construction contracts.

**REQUIRED SUPPLEMENTARY INFORMATION**

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Year Ended June 30, 2014**

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local control funding formula sources:				
State apportionment	\$ 28,269,249	\$ 28,850,511	\$ 28,757,302	\$ (93,209)
Local sources	<u>24,157,179</u>	<u>28,069,698</u>	<u>27,057,679</u>	<u>(1,012,019)</u>
Total local control funding formula	<u>52,426,428</u>	<u>56,920,209</u>	<u>55,814,981</u>	<u>(1,105,228)</u>
Federal sources	1,331,131	1,682,116	1,351,205	(330,911)
Other state sources	4,343,356	3,696,735	3,650,591	(46,144)
Other local sources	<u>6,271,733</u>	<u>6,832,558</u>	<u>6,623,151</u>	<u>(209,407)</u>
Total revenues	<u>64,372,648</u>	<u>69,131,618</u>	<u>67,439,928</u>	<u>(1,691,690)</u>
Expenditures:				
Certificated salaries	39,674,592	41,001,348	37,792,508	3,208,840
Classified salaries	10,238,523	10,217,744	10,087,271	130,473
Employee benefits	9,040,995	9,276,182	8,415,065	861,117
Books and supplies	1,794,008	3,676,134	2,072,868	1,603,266
Contract services and operating expenditures	7,977,998	9,392,485	6,489,463	2,903,022
Capital outlay	4,700	15,700	13,265	2,435
Other outgo	<u>337,387</u>	<u>517,750</u>	<u>517,750</u>	<u>-</u>
Total expenditures	<u>69,068,203</u>	<u>74,097,343</u>	<u>65,388,190</u>	<u>8,709,153</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(4,695,555)</u>	<u>(4,965,725)</u>	<u>2,051,738</u>	<u>7,017,463</u>
Other financing sources (uses):				
Operating transfers in	4,000,000	701,203	85,222	(615,981)
Operating transfers out	<u>-</u>	<u>(616,981)</u>	<u>(357,338)</u>	<u>259,643</u>
Total other financing (uses)	<u>4,000,000</u>	<u>84,222</u>	<u>(272,116)</u>	<u>(356,338)</u>
Net change in fund balances	(695,555)	(4,881,503)	1,779,622	6,661,125
Fund balance, July 1, 2013	<u>12,873,068</u>	<u>12,873,068</u>	<u>12,873,068</u>	<u>-</u>
Fund balance, June 30, 2014	<u>\$ 12,177,513</u>	<u>\$ 7,991,565</u>	<u>\$ 14,652,690</u>	<u>\$ 6,661,125</u>

See accompanying note to required supplementary information.

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

**1. PURPOSE OF SCHEDULES**

A - Budgetary Comparison Schedule

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

**SUPPLEMENTARY INFORMATION**

**DUBLIN UNIFIED SCHOOL DISTRICT**

**COMBINING BALANCE SHEET**

**ALL NON-MAJOR FUNDS**

**June 30, 2014**

	<b>Adult Education Fund</b>	<b>Cafeteria Fund</b>	<b>Deferred Maintenance Fund</b>	<b>County Schools Facilities Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Cash in County Treasury	\$ 41,106	\$ 339,187	\$ 14,657	\$ 1,773,238	\$ 2,168,188
Receivables	3,532	108,835	11	1,463	113,841
Due from other funds	10,000	-	185,268	-	195,268
Prepaid expenditures	689	1,484	-	-	2,173
Stores inventory	<u>-</u>	<u>51,643</u>	<u>-</u>	<u>-</u>	<u>51,643</u>
Total assets	<u>\$ 55,327</u>	<u>\$ 501,149</u>	<u>\$ 199,936</u>	<u>\$ 1,774,701</u>	<u>\$ 2,531,113</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 140	\$ 47,705	\$ -	\$ 201,867	\$ 249,712
Due to other funds	40,000	325,222	-	-	365,222
Unearned revenue	<u>8,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,370</u>
Total liabilities	<u>48,510</u>	<u>372,927</u>	<u>-</u>	<u>201,867</u>	<u>623,304</u>
Fund balances:					
Nonspendable	689	53,127	-	-	53,816
Restricted	<u>31,317</u>	<u>80,821</u>	<u>199,936</u>	<u>1,572,834</u>	<u>1,884,908</u>
Total fund balances	<u>32,006</u>	<u>133,948</u>	<u>199,936</u>	<u>1,572,834</u>	<u>1,938,724</u>
Total liabilities and fund balances	<u>\$ 80,516</u>	<u>\$ 506,875</u>	<u>\$ 199,936</u>	<u>\$ 1,774,701</u>	<u>\$ 2,562,028</u>

DUBLIN UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

ALL NON-MAJOR FUNDS

For the Year Ended June 30, 2014

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Total
Revenues:					
Federal sources	\$ -	\$ 320,596	\$ -	\$ -	\$ 320,596
Other state sources	-	21,314	-	-	21,314
Other local sources	<u>61,479</u>	<u>1,231,058</u>	<u>37</u>	<u>5,350</u>	<u>1,297,924</u>
Total revenues	<u>61,479</u>	<u>1,572,968</u>	<u>37</u>	<u>5,350</u>	<u>1,639,834</u>
Expenditures:					
Certificated salaries	110,699	-	-	-	110,699
Classified salaries	24,864	811,800	-	1,890	838,554
Employee benefits	20,885	221,543	-	227	242,655
Books and supplies	11,447	543,553	4,417	423,459	982,876
Contract services and operating expenditures	1,381	28,035	43,462	168,131	241,009
Capital outlay	<u>-</u>	<u>-</u>	<u>10,464</u>	<u>1,047,450</u>	<u>1,057,914</u>
Total expenditures	<u>169,276</u>	<u>1,604,931</u>	<u>58,343</u>	<u>1,641,157</u>	<u>3,473,707</u>
Deficiency of revenues under expenditures	<u>(107,797)</u>	<u>(31,963)</u>	<u>(58,306)</u>	<u>(1,635,807)</u>	<u>(1,833,873)</u>
Other financing sources (uses):					
Operating transfers in	110,000	150,000	185,268	-	445,268
Operating transfers out	<u>-</u>	<u>(85,222)</u>	<u>-</u>	<u>-</u>	<u>(85,222)</u>
Total other financing sources (uses)	<u>135,189</u>	<u>70,504</u>	<u>185,268</u>	<u>-</u>	<u>360,046</u>
Change in fund balances	27,392	38,541	126,962	(1,635,807)	(1,473,827)
Fund balances, July 1, 2013	<u>4,614</u>	<u>95,407</u>	<u>72,974</u>	<u>3,208,641</u>	<u>3,381,636</u>
Fund balances, June 30, 2014	<u>\$ 32,006</u>	<u>\$ 133,948</u>	<u>\$ 199,936</u>	<u>\$ 1,572,834</u>	<u>\$ 1,907,809</u>

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**

**For the Year Ended June 30, 2014**

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2014</b>
<u>Kolb Elementary School</u>				
Assets:				
Cash on hand and in banks	\$ -	\$ 30,915	\$ 25,189	\$ 5,726
Liabilities:				
Due to student groups	\$ -	\$ 30,915	\$ 25,189	\$ 5,726
<u>Frederiksen Elementary School</u>				
Assets:				
Cash on hand and in banks	\$ 3,818	\$ 15,319	\$ 16,329	\$ 2,808
Liabilities:				
Due to student groups	\$ 3,818	\$ 15,319	\$ 16,329	\$ 2,808
<u>Dougherty Elementary School</u>				
Assets:				
Cash on hand and in banks	\$ 4,470	\$ 115,749	\$ 108,262	\$ 11,957
Liabilities:				
Due to student groups	\$ 4,470	\$ 115,749	\$ 108,262	\$ 11,957
<u>Fallon Middle School</u>				
Assets:				
Cash on hand and in banks	\$ 84,447	\$ 247,233	\$ 246,861	\$ 84,819
Liabilities:				
Due to student groups	\$ 84,447	\$ 247,233	\$ 246,861	\$ 84,819
<u>Wells Middle School</u>				
Assets:				
Cash on hand and in banks	\$ 168,354	\$ 363,749	\$ 382,508	\$ 149,595
Liabilities:				
Due to student groups	\$ 168,354	\$ 363,749	\$ 382,508	\$ 149,595
<u>Dublin High School</u>				
Assets:				
Cash on hand and in banks	\$ 373,684	\$ 1,179,914	\$ 1,078,013	\$ 475,585
Liabilities:				
Due to student groups	\$ 373,684	\$ 1,179,914	\$ 1,078,013	\$ 475,585

(Continued)

DUBLIN UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

(Continued)

For the Year Ended June 30, 2014

	<b>Balance July 1, <u>2013</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b>Balance June 30, <u>2014</u></b>
<u>Valley High School</u>				
Assets:				
Cash on hand and in banks	\$ 16,088	\$ 8,544	\$ 7,680	\$ 16,952
Liabilities:				
Due to student groups	\$ 16,088	\$ 8,544	\$ 7,680	\$ 16,952
<b>Total Student Body</b>				
Assets:				
Cash on hand and in banks	\$ 650,861	\$ 1,961,423	\$ 1,864,842	\$ 747,442
Liabilities:				
Due to student groups	\$ 650,861	\$ 1,961,423	\$ 1,864,842	\$ 747,442

**DUBLIN UNIFIED SCHOOL DISTRICT**

**ORGANIZATION**

**June 30, 2014**

Dublin Unified School District was established in 1988 and comprises an area of approximately 15 square miles located in Alameda County. The District operates 6 elementary schools, 2 middle schools, 1 high school, a continuation high school, an independent study program and an adult education program. There were no changes in the boundaries of the District during the current year.

**GOVERNING BOARD**

<b>Name</b>	<b>Office</b>	<b>Term Expires</b>
Sean Kenney	President	2014
Amy Miller	Vice President	2016
Greg Tomlinson	Trustee	2016
Dan Cunningham	Trustee	2016
Megan Rouse	Trustee	2014

**ADMINISTRATION**

Dr. Stephen L. Hanke, Ed.D.  
Superintendent

Mr. Timothy McCarty  
Assistant Superintendent, Educational Services

Ms. Valerie Williams  
Assistant Superintendent, Human Resources

Ms. Beverly Heironimus, CPA  
Assistant Superintendent, Business Services

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**For the Year Ended June 30, 2014**

	<b><u>Second Period Report</u></b>	<b><u>Annual Report</u></b>
Elementary:		
Transitional Kindergarten through Third	3,047	3,066
Fourth through Sixth	2,000	2,007
Seventh and Eighth	<u>1,147</u>	<u>1,144</u>
Total Elementary	<u>6,194</u>	<u>6,217</u>
Secondary:		
Ninth through Twelfth	<u>1,938</u>	<u>1,934</u>
	<u><u>8,132</u></u>	<u><u>8,151</u></u>

See accompanying notes to supplementary information.

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**For the Year Ended June 30, 2014**

<u>Grade Level</u>	<u>Statutory 1986-87 Minutes Require- ment</u>	<u>Reduced 1986-87 Minutes Require- ment</u>	<u>2013-2014 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	35,000	41,464	180	In Compliance
Grade 1	50,400	49,000	54,600	180	In Compliance
Grade 2	50,400	49,000	54,600	180	In Compliance
Grade 3	50,400	49,000	54,600	180	In Compliance
Grade 4	54,000	52,500	54,600	180	In Compliance
Grade 5	54,000	52,500	54,600	180	In Compliance
Grade 6	54,000	52,500	60,470	180	In Compliance
Grade 7	54,000	52,500	60,470	180	In Compliance
Grade 8	54,000	52,500	60,470	180	In Compliance
Grade 9	64,800	63,000	64,854	180	In Compliance
Grade 10	64,800	63,000	64,854	180	In Compliance
Grade 11	64,800	63,000	64,854	180	In Compliance
Grade 12	64,800	63,000	64,854	180	In Compliance

See accompanying notes to supplementary information.

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2014**

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic Local Assistance, Part B	13379	\$ 671,851
84.027	Special Ed: IDEA Mental Health Allocation, Part B	14468	81,371
84.173	Special Ed: IDEA Preschool Grants, Part B	13430	27,942
84.027A	Special Ed: IDEA Preschool Local Entitlement, Pt. B	13682	59,931
84.173A	Special Ed: IDEA Preschool Staff Development	13431	<u>403</u>
	Subtotal Special Education Cluster		<u>841,498</u>
	Title III Programs:		
84.365	NCLB: Title III, Limited English Proficiency	14346	32,822
84.365	NCLB: Title III, Immigrant Education Program	15146	<u>18,713</u>
	Subtotal Title III Programs		<u>51,535</u>
84.010	NCLB: Title I, Part A, Basic Grants Low Income	14329	303,866
84.330	NCLB Title I, Part G: Advanced Placement (AP) Test Fee Reimbursement Program	N/A	3,284
84.367	NCLB: Title II, Part A, Improving Teacher Quality	14341	<u>97,202</u>
	Total U.S. Department of Education		<u>1,297,385</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
93.778	Department of Health Services: Medi-Cal Billing Option	10013	<u>30,930</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
10.555	Child Nutrition - School Programs	14198	<u>320,596</u>
	Total Federal Programs		<u>\$ 1,648,911</u>

See accompanying notes to supplementary information.

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

**For the Year Ended June 30, 2014**

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

See accompanying notes to supplementary information.

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**For the Year Ended June 30, 2014**

**UNAUDITED**

	<b>(Budget)</b> <b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b><u>General Fund</u></b>				
Revenues and other financing sources	<u>\$ 79,275,248</u>	<u>\$ 67,525,150</u>	<u>\$ 58,228,197</u>	<u>\$ 55,335,908</u>
Expenditures	79,311,259	65,388,190	57,087,756	53,049,930
Other uses and transfers out	<u>456,987</u>	<u>357,338</u>	<u>40,000</u>	<u>-</u>
Total outgo	<u>79,768,246</u>	<u>65,745,528</u>	<u>57,127,756</u>	<u>53,049,930</u>
Change in fund balance	<u>\$ (492,998)</u>	<u>\$ 1,779,622</u>	<u>\$ 1,100,441</u>	<u>\$ 2,285,978</u>
Ending fund balance	<u>\$ 14,159,692</u>	<u>\$ 14,652,690</u>	<u>\$ 12,873,068</u>	<u>\$ 11,772,627</u>
Available reserves	<u>\$ 4,209,962</u>	<u>\$ 8,783,778</u>	<u>\$ 2,861,720</u>	<u>\$ 2,456,988</u>
Designated for economic uncertainties	<u>\$ 3,988,412</u>	<u>\$ 1,969,809</u>	<u>\$ 2,852,417</u>	<u>\$ 2,449,991</u>
Undesignated fund balances	<u>\$ 221,550</u>	<u>\$ 6,813,969</u>	<u>\$ 9,303</u>	<u>\$ 6,997</u>
Available reserves as percentages of total outgo	<u>5.3%</u>	<u>13.4%</u>	<u>5.0%</u>	<u>4.6%</u>
<b><u>All Funds</u></b>				
Total long-term liabilities	<u>\$260,151,868</u>	<u>\$266,014,862</u>	<u>\$239,499,400</u>	<u>\$203,509,142</u>
Average daily attendance at P-2	<u>8,708</u>	<u>8,132</u>	<u>7,191</u>	<u>6,580</u>

The General Fund fund balance has increased by \$5,166,041 over the past three years. The District projects a decrease of \$492,998 for the fiscal year ending June 30, 2015. For a district this size, the state requires available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2014, the District has met this requirement.

The District has incurred operating surpluses in each of the past three years, but anticipates an operating deficit during the 2014-2015 fiscal year.

Total long-term liabilities have increased by \$62,505,720 over the past two years, primarily due to the issuance of bond indebtedness. See Note 5 to the financial statements.

Average daily attendance has increased by 1,552 over the past two years and is anticipated to increase by 576 ADA during the year ending June 30, 2015.

See accompanying notes to supplementary information.

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF CHARTER SCHOOLS**  
**For the Year Ended June 30, 2014**

**Included in District  
Financial Statements, or  
Separate Report**

**Charter Schools Chartered by District**

The District does not sponsor any charter schools.

See accompanying notes to supplementary information.

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**

**1. PURPOSE OF SCHEDULES**

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

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

C - Schedule of Expenditure of Federal Awards

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2014.

<u>Description</u>	<u>CFDA Number</u>	<u>Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 1,671,801
Less: Medi-Cal Billing Funds not spent	93.778	<u>(22,890)</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 1,648,911</u>

D - Reconciliation of Unaudited Actual Report with Audited Financial Statements

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

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides trend information on fund balances, revenues, expenditures and average daily attendance, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

(Continued)

**DUBLIN UNIFIED SCHOOL DISTRICT**

**NOTES TO SUPPLEMENTARY INFORMATION**

(Continued)

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

F - Schedule of Charter Schools

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

**2. EARLY RETIREMENT INCENTIVE PROGRAM**

Education Code Section 14503 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2014, the District did not offer an Early Retirement Incentive Program.

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

Governing Board  
 Dublin Unified School District  
 Dublin, California

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

We have audited Dublin Unified School District's compliance with the types of compliance requirements described in the State of California's Standards and Procedures for Audits of California K-12 Local Educational Agencies (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2014.

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	No, see below
Continuation Education	10	Yes
Instructional Time	10	Yes
Instructional Materials general requirements	8	Yes
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	No, see below
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	No, see below
After School Education and Safety Program:		
General requirements	4	No, see below
After school	5	No, see below
Before school	6	No, see below
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding		
Formula Pupil Counts	3	Yes
Contemporaneous Records of Attendance, for charter schools	8	No, see below
Mode of Instruction, for charter schools	1	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	3	No, see below
Annual Instructional Minutes - Classroom-Based, for charter schools	4	No, see below
Charter School Facility Grant Program	1	No, see below

The District's reported ADA for Independent Study was below the level that requires testing, therefore we did not perform any testing of Independent Study.

The District did not enter into any new Early Retirement Incentive Programs in the current year, therefore we did not perform any procedures related to Early Retirement Incentive Programs.

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

The District did not receive California Clean Energy Jobs Act during the year.

The District does not participate in the After School Safety and Education Program, therefore we did not perform any procedures related to After School Safety and Education Program.

The District does not operate any charter schools, therefore we did not perform any procedures required by Article 4 of the Audit Guide.

### ***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 as listed above of Dublin Unified School District. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State of California's Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Dublin Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of Dublin Unified School District's compliance.

### ***Opinion with State Laws and Regulations***

In our opinion, Dublin Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2014. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Dublin Unified School District had not complied with the state laws and regulations.

### ***Purpose of this Report***

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

  
Crowe Horwath LLP

Sacramento, California  
December 1, 2014

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

Governing Board  
Dublin Unified School District  
Dublin, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dublin Unified School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Dublin Unified School District's basic financial statements, and have issued our report thereon dated December 1, 2014.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dublin 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 Dublin Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Dublin Unified School District's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Dublin 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Crowe Horwath LLP

Sacramento, California  
December 1, 2014

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

Governing Board  
Dublin Unified School District  
Dublin, California

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

We have audited Dublin Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Dublin Unified School District's major federal programs for the year ended June 30, 2014. Dublin Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Dublin Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dublin Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Dublin Unified School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Dublin Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## **Report on Internal Control Over Compliance**

Management of Dublin Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dublin Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dublin Unified School District's internal control over compliance.

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

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

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Crowe Horwath LLP

Sacramento, California  
December 1, 2014

## **FINDINGS AND RECOMMENDATIONS**

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2014**

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

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

**FEDERAL AWARDS**

Internal control over major programs:

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

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.027A, 84.173, 84.173A 84.010 10.555	Special Education Cluster NCLB: Title I, Part A, Basic Grants Low Income Child Nutrition - School Programs

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

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

**STATE AWARDS**

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

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2014**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2014**

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

No matters were reported.

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2014**

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

No matters were reported.

**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**

**DUBLIN UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**Year Ended June 30, 2014**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
2013-01  For each of the fiscal years ended June 30, 2011 and 2012, District management has not electronically signed and certified the required data collection form, as required by OMB Circular A-133, Sections .300 and .320.  District management should develop procedures to ensure that the Data Collection Form is electronically certified upon notification from the Federal Audit Clearinghouse.	Implemented.	