

DUNSMUIR JOINT UNION HIGH
SCHOOL DISTRICT
COUNTY OF SISKIYOU
DUNSMUIR, CALIFORNIA

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

ROBERTSON & ASSOCIATES, CPAs
A Professional Corporation

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
ORGANIZATION
JUNE 30, 2014

The Dunsmuir Joint Union High School District (District) was established on April 17, 1911 and comprises an area located in Siskiyou County. There were no changes in the boundaries of the District during the current year. The District currently operates two schools to provide secondary educational services to pupils in grades nine through twelve.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Ms. Janice Garriqus	President	November, 2016
Dr. William Townsend	Clerk	November, 2018
Mr. Bob Saltzgaver	Trustee	November, 2018
Mr. Jimmy Palmer	Trustee	November, 2016
Mr. Chris Langston	Trustee	November, 2018

ADMINISTRATION

<u>Name</u>	<u>Title</u>	<u>Tenure</u>
Mr. Ray Kellar	Superintendent / Principal	16 Years
Ms. Kim A. Vardanega	Business Manager	36 Years

ADDRESS OF DISTRICT OFFICE

5805 High School Way
Dunsmuir, CA 96025

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
JUNE 30, 2014

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DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Dunsmuir Joint Union High School District
Dunsmuir, 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 the Dunsmuir Joint Union High School District (District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the 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 controls 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dunsmuir Joint Union High 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 and budgetary comparison information, on pages 4 through 14 and 41, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining nonmajor fund financial statements and the District's introductory section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying supplementary information as listed in the table of contents are required by the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013/2014* (published by the Education Audit Appeals Panel), are presented for purposes of additional analysis, and are not a required part of the basic financial statements.

This information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and accompanying supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 09, 2014 on our consideration of the 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 the District's internal control over financial reporting and compliance.

Robertson & Associates, CPAs

Lakeport, California
December 09, 2014

**Dunsmuir Joint Union High School District
Management's Discussion and Analysis
June 30, 2014**

INTRODUCTION

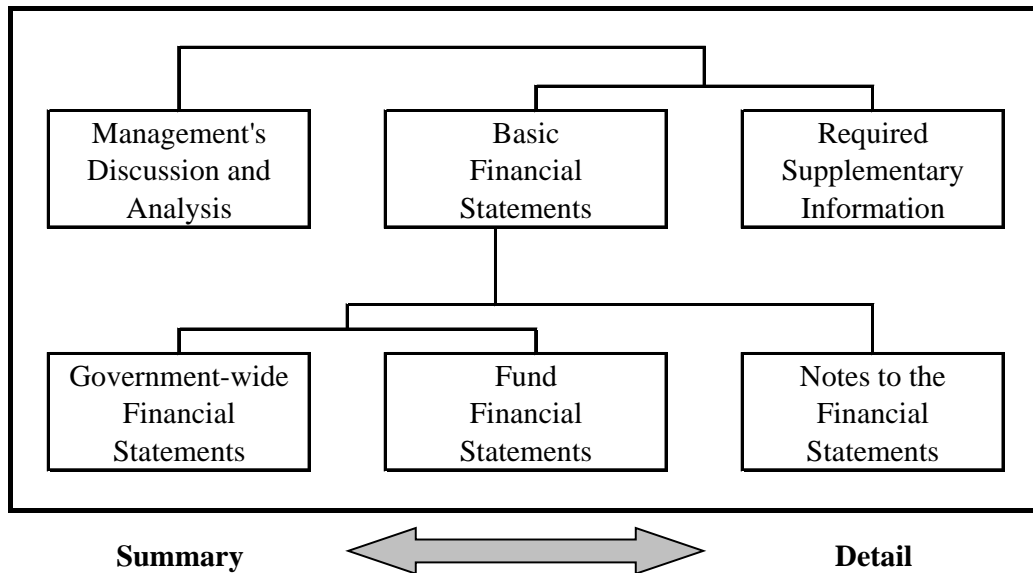
Our discussion and analysis of Dunsmuir Joint Union High School District (District's) financial performance provides an overview of the District's financial activities for the year ended June 30, 2014. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ❑ Total net position was \$7,261,503 at June 30, 2014. This was an increase of \$257,884 over the prior year's restated net position. The June 30, 2013 components of net position have been changed to conform to the June 30, 2014 presentation.
- ❑ Overall revenues were \$1,822,023, overall expenses were \$1,564,139.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



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

- ❑ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- ❑ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
 - **Governmental fund** statements tell how general government services were financed in the short term as well as what remains for future spending.

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

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively. The net position of the District has increased by 4% in the past year. This is due primarily to The Governor and Legislature passing and implementing the Local Control Funding Formula (LCFF). The District continues to watch the budget closely and function with prudent expenditures policies. The District and Board of Trustees work diligently to maintain positive operating principles while providing an excellent education to the students of the community.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in enrollment, changes in the property tax base, and changes in program funding by the Federal and State governments, and condition of facilities. The District's average daily attendance has decreased by 16 ADA in the past year. ADA has decreased due to multiple factors. Open enrollment and a non-associated Charter School, as well as a depressed local economy forcing families to relocate, has resulted in a loss of ADA. The District is in process of implementing new programs to the District and new to the area to entice students to return to Dunsmuir High School and the Dunsmuir Community Day School. These programs include Geographic Informational Systems (GIS-supported by FireWhat, Incorporated), Forest Management Academy (collaborative efforts with CALFIRE, USFS, College of the Siskiyous), articulated Culinary Arts Academy, Independent Study, Adult Education, and a variety of courses offered through College of the Siskiyous. Dunsmuir JUHSD has brought its technology into the 21st century. We have implemented the Community Eligibility Provision of the School Nutrition program offering free meals to all students. Dunsmuir JUHSD has a staff that is highly qualified and is housed in the most premier high school facility in Siskiyou County.
- The government-wide statements of the District include all governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant governmental funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs.

- Some funds are required to be established by State law and by bond covenants.
- The governing board establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues.

The District has one type of fund:

- Governmental funds – All of the District's basic services are included in governmental funds, which generally focus on: (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds' statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources than previously to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information following the governmental funds' statements that explains the relationship (or differences) between them.

The financial performance of the District is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,887,605 as compared to the prior year's ending fund balance of \$1,555,391.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's combined net position was \$7,261,503 at June 30, 2014.

	Governmental Activities		Net Change
	2014	2013	
ASSETS			
Cash and Equivalents	\$ 1,223,762	\$ 1,106,537	\$ 117,225
Investments	259,261	258,622	639
Other Current Assets	714,469	511,764	202,705
Capital Assets, Net of Accumulated Depreciation	5,424,424	5,493,747	(69,323)
TOTAL ASSETS	<u>\$ 7,621,916</u>	<u>\$ 7,370,670</u>	<u>\$ 251,246</u>
LIABILITIES			
Current Liabilities	\$ 309,887	\$ 321,532	\$ (11,645)
Long-Term Liabilities	50,526	45,519	5,007
TOTAL LIABILITIES	<u>\$ 360,413</u>	<u>\$ 367,051</u>	<u>\$ (6,638)</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	\$ 5,424,424	\$ 5,493,747	\$ (69,323)
Restricted	85,431	53,463	31,968
Unrestricted	1,751,648	1,456,409	295,239
TOTAL NET POSITION	<u>\$ 7,261,503</u>	<u>\$ 7,003,619</u>	<u>\$ 257,884</u>

The June 30, 2013 components of net position have been changed to conform with the June 30, 2014 presentation.

Changes in Net Position

	Governmental Activities		Net Change
	2014	2013	
REVENUES			
Program Revenues:			
Charges for Services	\$ 7,276	\$ 7,427	\$ (151)
Operating Grants and Contributions	221,505	225,502	(3,997)
General Revenues:			
Property Taxes	471,393	462,359	9,034
Unrestricted Federal and State Aid	1,064,724	578,892	485,832
Miscellaneous and Other Local	57,125	40,422	16,703
TOTAL REVENUES	1,822,023	1,314,602	507,421
EXPENSES			
Instruction	725,373	758,637	(33,264)
Instruction-Related Services	223,146	202,259	20,887
Pupil Services	122,565	132,497	(9,932)
General Administration	148,775	155,604	(6,829)
Plant Services	199,095	173,089	26,006
Ancillary Services	100,698	116,787	(16,089)
Transfers Between Agencies	44,487	48,076	(3,589)
TOTAL EXPENSES	1,564,139	1,586,949	(22,810)
INCREASE (DECREASE) IN NET POSITION	257,884	(272,347)	530,231
NET POSITION - BEGINNING	7,003,619	7,275,966	(272,347)
NET POSITION - ENDING	\$ 7,261,503	\$ 7,003,619	\$ 257,884

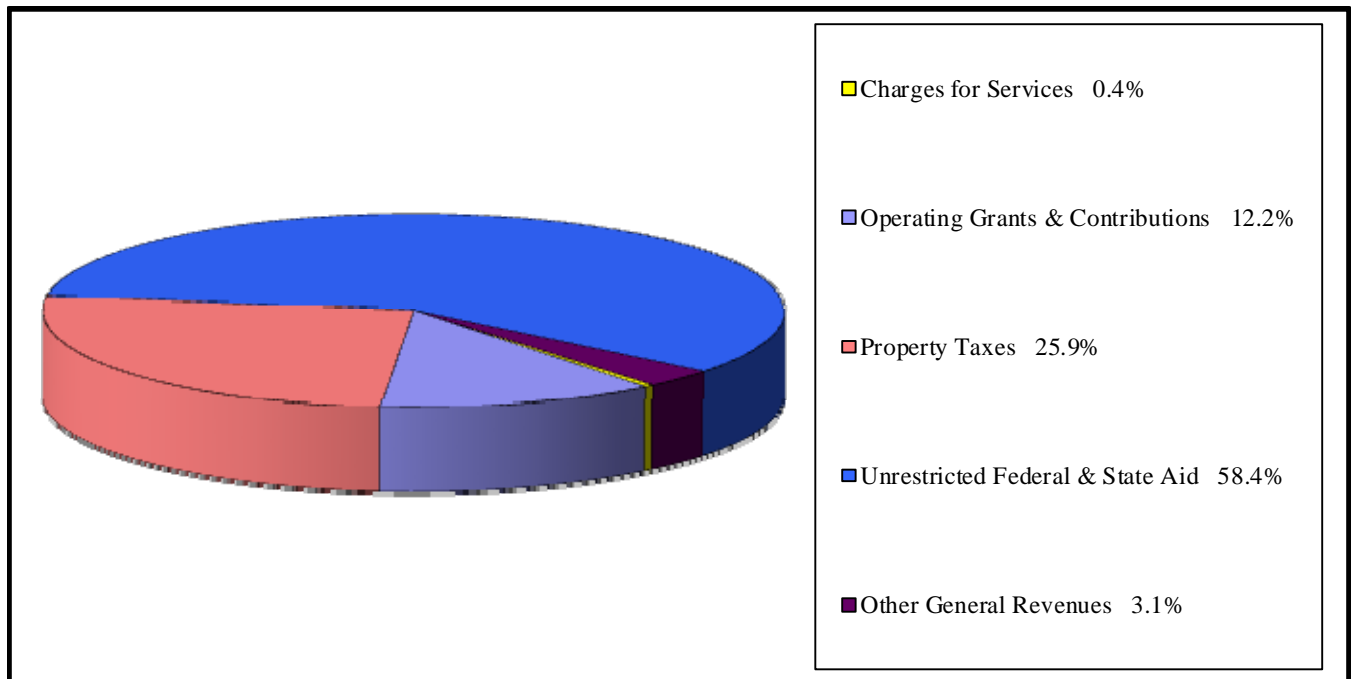
Governmental Activities

Net cost is total cost less fees generated by the related activity. The net cost reflects amounts funded by charges for services, operating grants and capital grants and contributions.

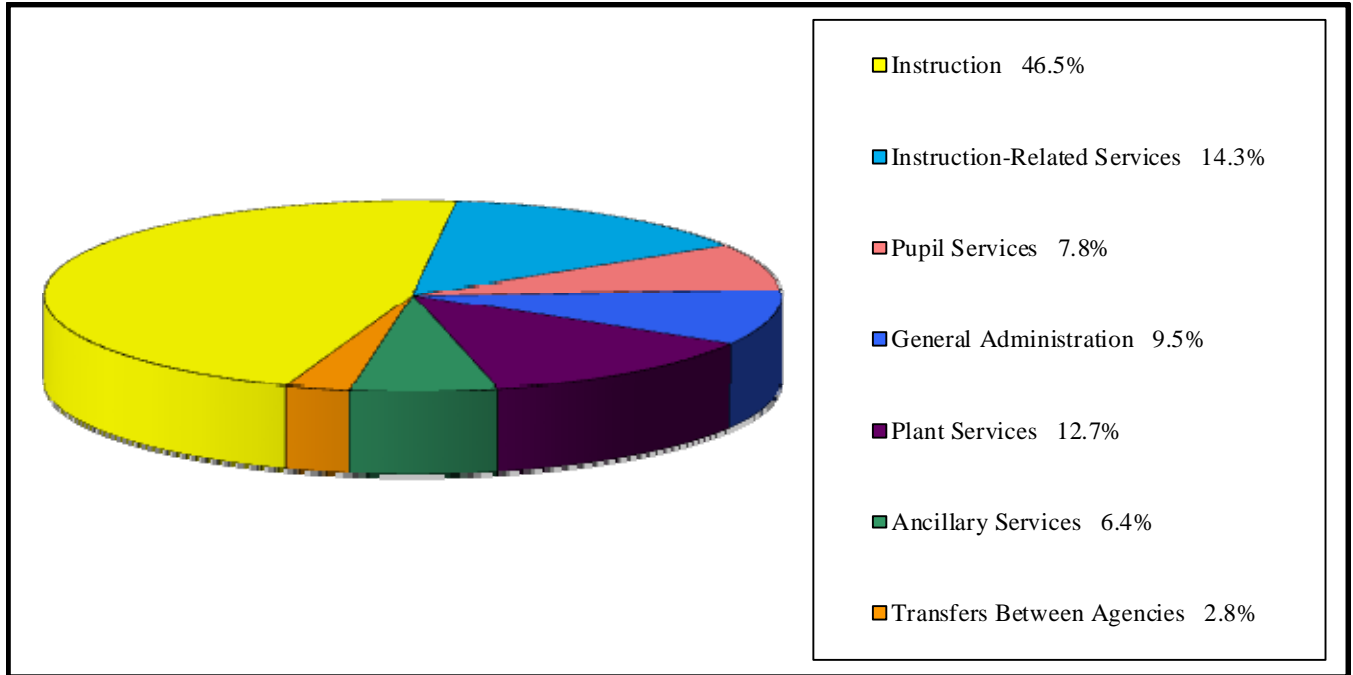
Net Cost of Services

	Net Cost of Services		Net Change
	2014	2013	
NET COST OF SERVICES			
Instruction	\$ 607,783	\$ 649,882	\$ (42,099)
Instruction-Related Services	210,051	197,036	13,015
Pupil Services	65,734	74,932	(9,198)
General Administration	143,648	149,105	(5,457)
Plant Services	182,554	173,089	9,465
Ancillary Services	81,101	71,466	9,635
Transfers Between Agencies	44,487	38,510	5,977
TOTAL NET COSTS OF SERVICES	\$ 1,335,358	\$ 1,354,020	\$ (18,662)

2013/2014 Summary of Revenues for Governmental Activities



2013/2014 Summary of Expenses for Governmental Activities



Fund Balance Comparison

The District currently maintains the following funds:

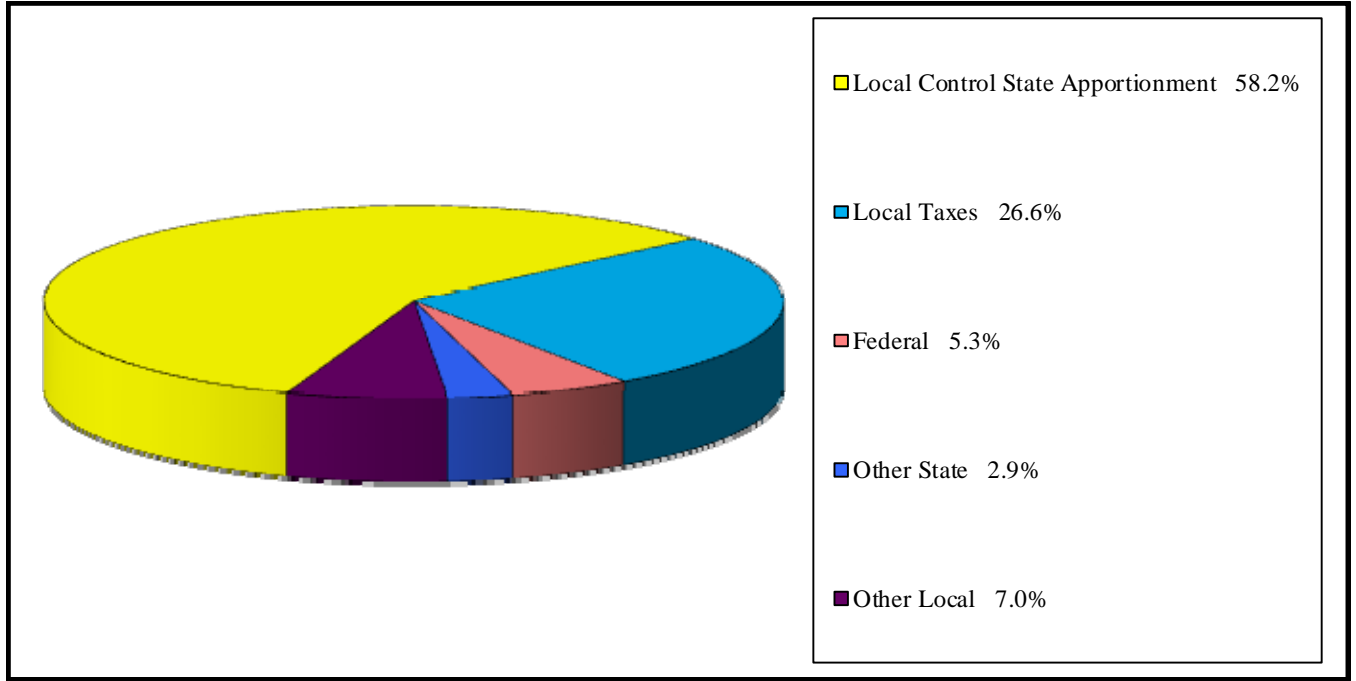
FUNDS	Ending Fund Balance		Net Change
	2014	2013	
Governmental:			
General	\$ 1,212,828	\$ 1,525,819	\$ (312,991)
Cafeteria Special Revenue	14,829	20,000	(5,171)
Capital Facilities	13,830	9,523	4,307
County School Facilities	49	49	-
Special Reserve Fund for Capital Outlay Projects	646,069	-	646,069
Total Governmental	1,887,605	1,555,391	332,214
TOTAL FUNDS	\$ 1,887,605	\$ 1,555,391	\$ 332,214

General Fund

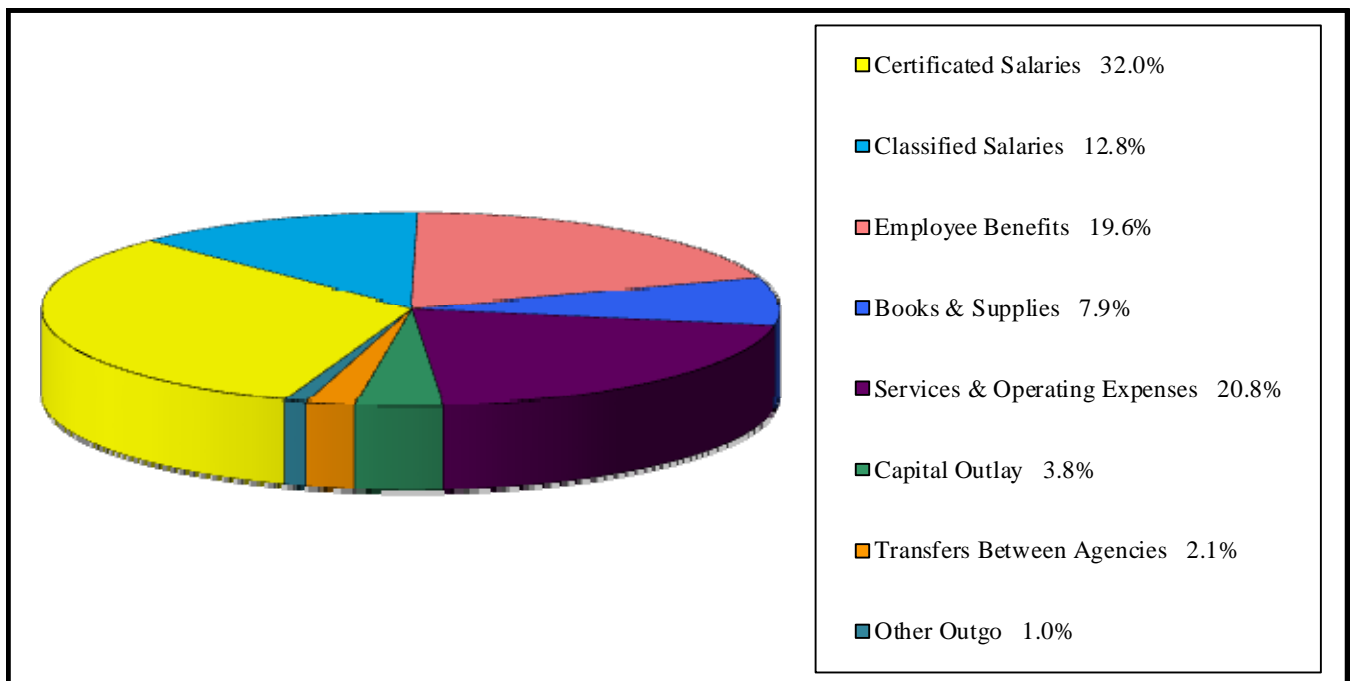
The uncertainties of LCFF funding throughout the year obligated us to continue prudent fiscal policies.

The following charts graphically depict revenues and expenditures, both by major object as well as by function.

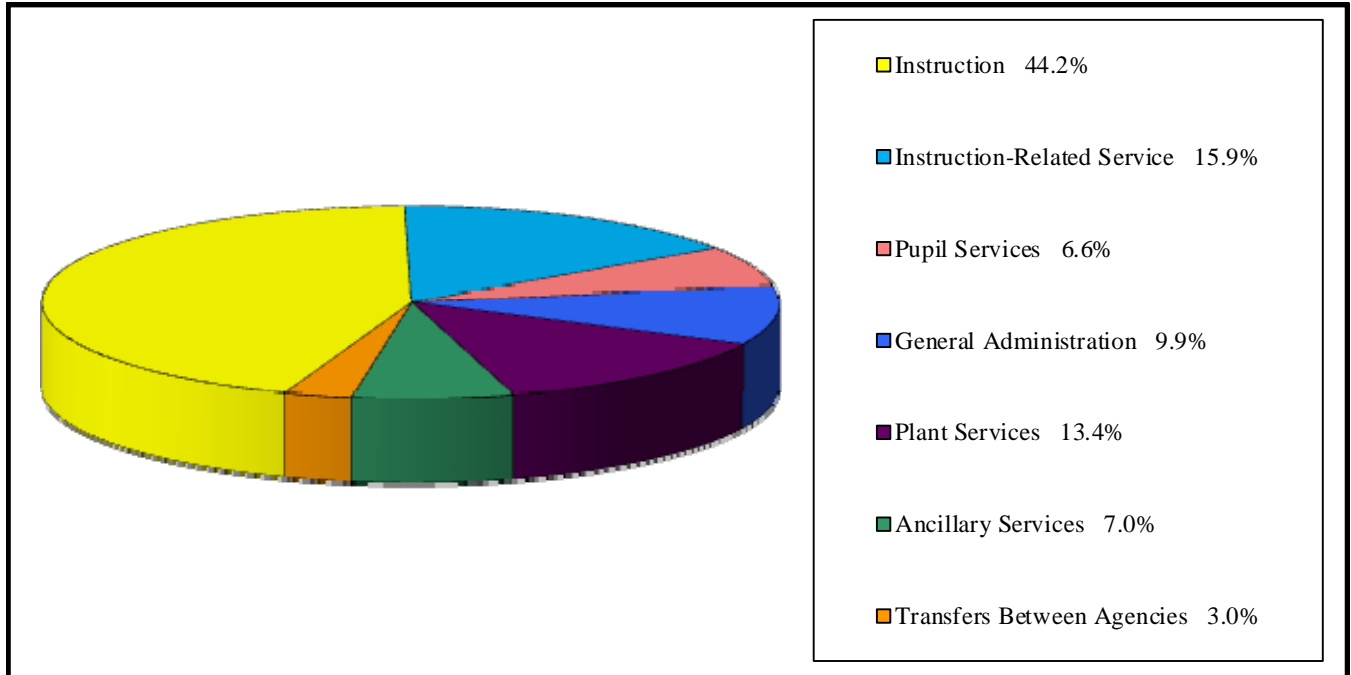
2013/2014 General Fund Revenues



2013/2014 General Fund Expenditures by Object



2013/2014 General Fund Expenditures by Function



Other Governmental Funds

Other governmental funds had the following activity and changes for the year ended June 30, 2014:

The Cafeteria Special Revenue Fund (Fund 13) - The District continues to keep a positive fund balance and operates the Cafeteria as a model ROP program. The program will be undergoing the regular administrative state review process in 2014/2015. The program continues to be fiscally solvent.

The Capital Facilities Fund (Fund 25) - No activity other than collection of fees and interest.

The County School Facilities Fund (Fund 35) - No activity. Projects completed.

The Special Reserve Fund for Capital Outlay Projects (Fund 40) – The Dunsmuir JUHSD Board of Trustees passed Resolution 13-14-12 approving the transfer of funds to Fund 40 to meet the expenditure needs and tracking requirements for allowable expenditures for the betterment of the students overall academic achievement, meet LCAP goals, and sound fiscal practices. These items of need as outlined by the Board are:

- Development of the Wildland Management and Fire Prevention Academy
- Field and grounds repair and maintenance (tennis courts, track)
- Vehicle capital outlay
- Building expansion and improvement (gym and weight room)
- Culinary Arts Academy

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had \$5,424,424 invested, net of accumulated depreciation, in capital assets. Current year depreciation expense is \$137,167.

The District sold a surplus vehicle and purchased a new Expedition.

	Governmental Activities		Net Change
	2014	2013	
CAPITAL ASSETS			
Land Improvements	\$ 21,134	\$ 21,134	\$ -
Buildings And Improvements	5,702,677	5,702,677	-
Equipment	118,768	131,373	(12,605)
Vehicles	205,480	183,692	21,788
Accumulated Depreciation	(623,635)	(545,129)	(78,506)
NET CAPITAL ASSETS	<u>\$ 5,424,424</u>	<u>\$ 5,493,747</u>	<u>\$ (69,323)</u>

Long-Term Debt

At year end, the District had \$50,526 in long-term debt. There were no additions to the District's long-term debt in the 2013/2014 school year.

	Governmental Activities		Net Change
	2014	2013	
LONG-TERM DEBT			
Compensated Absences	\$ 50,526	\$ 45,519	\$ 5,007
TOTAL LONG-TERM DEBT	<u>\$ 50,526</u>	<u>\$ 45,519</u>	<u>\$ 5,007</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference in the original versus final budget amounts and actual versus budget amounts is primarily due to the following:

Administrator turnover, certificated staff changes, continued challenges in enrollment, increased expenditures for technology enhancement, library renovations, and negotiated a three year (13/14, 14/15, 15/16) settlement.

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The final amendment to the budget was approved November 12, 2014. A schedule of the District's General Fund original and final budget amounts compared with actual revenues and expenditures is provided with the basic financial statements in the audited financial report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- ❑ Due to a limited reauthorization under the Federal Secure Rural Schools and Community Self-Determination Act in 2008, the Dunsmuir JUHSD is estimating funding for Forest Reserve to continue through 2014/2015. The funding formula and resulting projections are based on a declining amount per ADA, with a \$10,000 minimum.
- ❑ The Dunsmuir JUHSD has applied for a CDE Specialized Secondary Program Planning Grant for Wildland Management and Fire Prevention in the amount of \$35,000 initially, with \$100,000 implementation.
- ❑ The Dunsmuir JUHSD has submitted a proposal for funding through the Department of Forestry and Fire Protection (CAL FIRE) Greenhouse Gas Reduction Fund - Forest Management Projects for Demonstration State Forest Research, Forest Pest Control, Fuels Reduction and Watershed Reforestation & Restoration in the amount of \$129,380.
- ❑ Implementation and expansion, across the curriculum, as well as the Forest Management and Fire Management Program, of GIS (Geographic Information Systems) through FireWhat Incorporated, partnered with Esri Industries. FireWhat is an emergency services technology company (www.firewhat.com).
- ❑ Proposition 39 Energy audit completed and in the process of developing and submitting the expenditure plan.
- ❑ Continued Common Core implementation.
- ❑ Continued community development will result in positive growth for Dunsmuir JUHSD.
- ❑ The Dunsmuir JUHSD opened fund 40 to support and develop programs as outlined in Resolution 13-14-12.
- ❑ Negotiations will not open until 2016/2017.
- ❑ The Dunsmuir JUHSD is in year 2 program improvement due to the state negating the qualifying factors for the district to exit the program.
- ❑ Positive results in all academic indicators show that Dunsmuir JUHSD increased proficiencies and continues with a 99.9% graduation rates.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Kim Vardanega, 5805 High School Way, Dunsmuir, CA 96025, phone 530-235-4835.

FINANCIAL SECTION

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 1,223,762
Investments	259,261
Accounts receivable	711,393
Stores inventories	1,367
Prepaid expenses	1,709
Capital assets:	
Depreciable, net of accumulated depreciation	5,424,424
Total Assets	\$ 7,621,916
LIABILITIES	
Accounts payable	\$ 304,747
Unearned revenue	5,140
Long-term debt:	
Due within one year	10,105
Due after one year	40,421
Total Liabilities	\$ 360,413
NET POSITION	
Net Investment in capital assets	\$ 5,424,424
Restricted for:	
Capital projects	13,879
Educational programs	56,723
Other purposes (expendable)	14,829
Unrestricted	1,751,648
Total Net Position	\$ 7,261,503

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

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

GOVERNMENTAL ACTIVITIES

Instruction	\$ 725,373	\$ -	\$ 117,590	\$ (607,783)
Instruction-related services:				
Supervision of instruction	10,959	-	4,247	(6,712)
Instructional library, media and technology	37,015	-	6,835	(30,180)
School site administration	175,172	-	2,013	(173,159)
Pupil services:				
Home-to-school transportation	56,288	-	6,607	(49,681)
Food services	50,916	7,276	42,886	(754)
All other pupil services	15,361	-	62	(15,299)
General administration:				
Data processing	637	-	-	(637)
All other general administration	148,138	-	5,127	(143,011)
Plant services	199,095	-	16,541	(182,554)
Ancillary services	100,698	-	19,597	(81,101)
Transfers between agencies	44,487	-	-	(44,487)
Total Governmental Activities	<u>\$ 1,564,139</u>	<u>\$ 7,276</u>	<u>\$ 221,505</u>	<u>(1,335,358)</u>

GENERAL REVENUES

Taxes and subventions:				
Property taxes levied for general purposes				471,393
Federal and state aid not restricted to specific purposes				1,064,724
Interest and investment earnings				6,064
Interagency revenues				26,792
Miscellaneous				24,269
Total General Revenues				<u>1,593,242</u>
Change in Net Position				257,884
Net Position - Beginning				<u>7,003,619</u>
Net Position - Ending				<u>\$ 7,261,503</u>

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

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and equivalents	\$ 1,204,300	\$ 19,462	\$ 1,223,762
Investments	134,008	125,253	259,261
Accounts receivable	708,020	3,373	711,393
Due from other funds	-	525,425	525,425
Stores inventories	-	1,367	1,367
Prepaid expenditures	1,709	-	1,709
Total Assets	\$ 2,048,037	\$ 674,880	\$ 2,722,917
LIABILITIES			
Accounts payable	\$ 304,644	\$ 103	\$ 304,747
Due to other funds	525,425	-	525,425
Unearned Revenue	5,140	-	5,140
Total Liabilities	835,209	103	835,312
FUND BALANCES			
Non spendable			
Cash in revolving fund	3,000	-	3,000
Stores inventories	-	1,367	1,367
Prepaid expenditures	1,709	-	1,709
Restricted	56,723	27,292	84,015
Committed			
Other commitments	251,492	-	251,492
Assigned			
Other assignments	648,469	646,118	1,294,587
Unassigned			
Reserve for economic uncertainties	69,781	-	69,781
Unassigned amount	181,654	-	181,654
Total Fund Balance	1,212,828	674,777	1,887,605
Total Liabilities and Fund Balance	\$ 2,048,037	\$ 674,880	\$ 2,722,917

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

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2014

	Detail	Total
Total fund balances - governmental funds		\$ 1,887,605
<p>Amounts reported for governmental activities in the Statement of Net Position differ from amounts reported in governmental funds as follows:</p>		
<p>Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Historical cost of capital assets	\$ 6,048,059	
Accumulated depreciation	(623,635)	
		5,424,424
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities, net of unamortized premiums, discounts, and deferred charges, are included in the Statement of Net Position.</p>		
Compensated absences		(50,526)
Total net position, governmental activities		\$ 7,261,503

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

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Local control sources:			
State apportionments	\$ 1,028,190	\$ -	\$ 1,028,190
Local sources	471,393	-	471,393
Federal	92,939	27,424	120,363
Other state	50,897	15,421	66,318
Other local	124,067	11,692	135,759
Total Revenues	<u>1,767,486</u>	<u>54,537</u>	<u>1,822,023</u>
EXPENDITURES			
Instruction	630,995	-	630,995
Instruction related services:			
Supervision of instruction	10,959	-	10,959
Instructional library, media, and technology	37,015	-	37,015
School site administration	179,256	-	179,256
Pupil services:			
Home-to-school transportation	79,114	-	79,114
Food services	-	59,479	59,479
All other pupil services	15,361	1,623	16,984
General administration:			
All other general administration	141,943	-	141,943
Plant services	190,978	-	190,978
Ancillary services	100,698	-	100,698
Transfers between agencies	42,388	-	42,388
Total Expenditures	<u>1,428,707</u>	<u>61,102</u>	<u>1,489,809</u>
Excess (deficiency) of revenues over (under) expenditures	<u>338,779</u>	<u>(6,565)</u>	<u>332,214</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	651,770	651,770
Operating transfers out	(651,770)	-	(651,770)
Total Other Financing Sources (Uses)	<u>(651,770)</u>	<u>651,770</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(312,991)	645,205	332,214
Fund Balance - Beginning	<u>1,525,819</u>	<u>29,572</u>	<u>1,555,391</u>
Fund Balance - Ending	<u>\$ 1,212,828</u>	<u>\$ 674,777</u>	<u>\$ 1,887,605</u>

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

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	Detail	Total
Total change in fund balances - governmental funds		\$ 332,214
<p>Amounts reported for governmental activities differ from amounts reported in governmental funds as follows:</p>		
<p>Capital Outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay	\$ 67,844	
Depreciation expense	(137,167)	
		(69,323)
<p>Increases in the liability for compensated absences are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. In the statement of activities, compensated absences are recognized as expenses when earned.</p>		
Increases to compensated absences		(5,007)
Change in net position of governmental activities		\$ 257,884

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

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

A. General Statement

The Dunsmuir Joint Union High School District (District) is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Trustees (Board) elected by registered voters of the District, which comprises an area in Southern Siskiyou County. The District was established in 1911 and serves students in grades nine through twelve.

B. Accounting Policies

The District prepares its basic financial statements in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA) and complies with the policies and procedures of the Department of Education's *California School Accounting Manual*.

C. Reporting Entity

The Board is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is therefore a financial reporting entity as defined by the GASB in its Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 39, *Determining Whether Certain Organizations Are Component Units*.

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity. The criteria include, but are not limited to: whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), the scope of public service, and a special financing relationship.

The District has determined that no outside entity meets the above criteria, and therefore, no agency has been included as a component unit in the District's general-purpose financial statements. In addition, the District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Future Implementation of New Accounting Pronouncements

The following is a summary of the upcoming GASB Statements that may have an impact on the District's future reporting at the time of this report in order of implementation date:

Statement Number	Title	Effective for Periods beginning after:	Description
GASB 69	Government Combinations and Disposals of Government Operations	December 15, 2013	This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.
GASB 68	Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27	June 15, 2014	<p>This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statement Nos. 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.</p> <p>This Statement and Statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.</p> <p>This Statement requires single and agent employers to present in required supplementary information the following information, determined as of the measurement date, for each of the 10 most recent fiscal years.</p>
GASB 71	Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment to GASB Statement No. 68.	June 15, 2014	<p>The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. 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.</p> <p>This Statement amends paragraph 137 of Statement 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 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.</p>

The provisions of these Statements generally are required to be applied retroactively for all periods presented. Early application, if allowable, was not adopted.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Basis of Presentation

1. Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses, as appropriate.

The emphasis in fund financial statements is on the major funds in the governmental activities categories. Non-major funds by category are summarized in to a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements.

The District's accounts are organized into major and non-major governmental funds as follows:

a. Major Governmental Funds

The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Non-major Governmental Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains the following non-major special revenue fund:

The *Cafeteria Fund* is used to account for revenues and expenditures associated with the District's food service program.

Capital Projects Funds are used to account for the acquisition and construction of all major governmental capital assets. The District maintains the following non-major capital projects fund:

The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

The *County School Facilities Fund* is used to account for State apportionments provided from State School Facility Program funding and the expenditures relating to the acquisition, construction, or renovation of approved capital facilities projects.

The *Special Reserve Fund for Capital Outlay Projects* is used to account for the financial resources used for the acquisition or construction of major capital projects.

F. Basis of Accounting

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

1. Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectable within the current period or with 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California Districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state aid apportionments, the California Department of Education has defined available as collectible within one year.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions are those in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

2. Unearned Revenue

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

3. Expenses/Expenditures

Under the accrual basis of accounting, expenses are recognized at the time they are incurred. However, the measurement focus of governmental fund accounting is on decreases in the net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized on governmental fund financial statements.

G. Budgets and Budgetary Accounting

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

These budgets are revised by the District's governing board and District superintendent during the year to give consideration to unanticipated revenue and expenditures. The original and final revised budgets for the General Fund are presented as required supplementary information in these financial statements.

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

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Encumbrances

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

I. Assets, Liabilities, and Equity

1. Cash and Equivalents

The District considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

2. Receivables

Accounts receivable in governmental fund types consist primarily of receivables from federal, state and local governments for various programs.

3. Stores Inventories

Inventories are recorded using the purchases method, in that inventory acquisitions are initially charged as expenditures when acquired. The inventory (asset) account is adjusted to the physical count at year-end. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not “available for appropriation and expenditure” even though they are a component of net current assets.

4. Prepaid Expenditures

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

5. Capital Assets

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. The Cafeteria Fund has a \$1,000 depreciation level as opposed to the District wide. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset’s lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis and an annual convention over the following estimated useful lives:

Land improvements	20
Buildings and improvements	20 - 50
Equipment	5 - 15
Vehicles	8 - 30

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Compensated Absences

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

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

7. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. The District reports long-term obligations of governmental funds at face value in the government-wide financial statements.

8. Fund Balance Classifications

The governmental fund financial statements present fund balances based on a classification hierarchy that depicts the extent to which the District is bound by spending constraints imposed on the use of its resources. The classifications used in the governmental fund financial statements are as follows:

a. Nonspendable Fund Balance

The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory and prepaid items. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact.

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 statements.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Committed Fund Balance

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the highest level of decision-making authority. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

d. Assigned Fund Balance

The assigned fund balance classification reflects amounts that the District intends to be used for specific purposes. Assignments may be established either by the Board of Trustees or by a designee of the Board of Trustees, and are subject to neither the restricted nor committed levels of constraint.

Constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the highest level of decision-making authority. The action may be delegated to another body or official.

e. Unassigned Fund Balance and Minimum Fund Balance Policy

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.

The Reserve for Economic Uncertainties maintained by the District pursuant to the Criteria and Standards for fiscal solvency adopted by the State Board of Education is a stabilization-like arrangement of the "minimum fund balance policy" type. The Reserve for Economic Uncertainties does not meet the criteria to be reported as either restricted or committed because it is not an externally enforceable legal requirement, and because even where the Reserve for Economic Uncertainties is established by formal action of the District's highest level of decision-making authority, the circumstances in which the Reserve for Economic Uncertainties might be spent are by their nature neither specific nor non-routine. For this reason, the Reserve for Economic Uncertainties is reported as unassigned fund balance.

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The Board intends to maintain a minimum fund balance of 5% of the District's General Fund expenditures, if a fund balance drops below 5%, it shall be recovered as a rate of 1% minimally, each year.

The District's policy regarding the order in which spendable fund balances are spent when more than one classification is available for a specific purpose is that they are spent in restricted, committed, assigned, and then unassigned order.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

9. Property Taxes

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

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual amounts could differ from those estimates.

NOTE 2. CASH, EQUIVALENTS AND INVESTMENTS

Cash, Equivalents and Investments at June 30, 2014 are classified in the accompanying financial statements as follows:

	Governmental Activities
Cash and Equivalents	
Pooled Funds:	
Cash in county treasury	\$ 1,207,454
Deposits:	
Cash on hand and in banks	13,308
Cash in revolving fund	3,000
Total Cash and Equivalents	\$ 1,223,762
Investments:	
Local Agency Investment Fund	\$ 259,261
Total Investments	\$ 259,261

A. Cash in County Treasury

In accordance with *Education Code* 41001, the District maintains substantially all of its cash in the Siskiyou County Treasury (the Treasury). The Treasury pools these funds with those of other districts in the County and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned quarterly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 2. CASH, EQUIVALENTS AND INVESTMENTS (Continued)

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, Investments were stated at cost.

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

The Treasury is restricted by *Government Code* Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

B. Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the District by the *California Government Code* Section 53601. This table also identifies certain provisions of the *California Government Code* that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds or Notes	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	n/a	20%	10%
Mortgage Pass through Securities	5 years	20%	None
Joint Power Authority Pools	5 years	20%	None
County Pooled Investment Funds	n/a	None	None
Local Agency Investment Funds (LAIF)	n/a	None	None

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2. CASH, EQUIVALENTS AND INVESTMENTS (Continued)

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates. As of June 30, 2014, the weighted average maturity of the investments contained in the Treasury investment pool was 995 days.

D. Credit Risk

Generally, credit risk, is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

E. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk for deposits.

Cash balances in banks and revolving funds are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2014, the District's bank balances were fully insured.

F. Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The *California Government Code* and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 3. INTERFUND TRANSACTIONS

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

A. Interfund Receivables/Payables (Due From/Due To)

As of June 30, 2014, interfund receivables and payables were as follows:

<u>Due from</u>	<u>Due to</u>	<u>Amount</u>	<u>Purpose</u>
Special Reserve Fund for Capital Outlay Projects	General Fund	\$ 521,000	To transfer resources for future capital outlay projects.
Cafeteria Fund	General Fund	<u>4,425</u>	To cover operating deficit of Cafeteria program.
Total		<u>\$ 525,425</u>	

All interfund receivables and payables are scheduled to be paid within one year.

B. Interfund Transfers

Permanent reallocations of resources between funds of the reporting District are classified as interfund transfers. As of June 30, 2014, interfund transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
Special Reserve Fund for Capital Outlay Projects	General Fund	\$ 646,000	To transfer resources for future capital outlay projects.
Cafeteria Fund	General Fund	<u>5,770</u>	To cover operating deficit of Cafeteria program.
Total		<u>\$ 651,770</u>	

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 4. CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2014, are shown below:

	Balance July 1, 2013	Additions	Decreases	Balance June 30, 2014
Capital Assets Being Depreciated:				
Land improvements	\$ 21,134	\$ -	\$ -	\$ 21,134
Buildings and improvements	5,702,677	-	-	5,702,677
Equipment	131,373	33,895	(46,500)	118,768
Vehicles	183,692	33,949	(12,161)	205,480
Total Capital Assets Being Depreciated	6,038,876	67,844	(58,661)	6,048,059
Less Accumulated Depreciation for:				
Land improvements	(14,655)	(499)	-	(15,154)
Buildings and improvements	(298,449)	(114,246)	-	(412,695)
Equipment	(107,717)	(8,506)	46,500	(69,723)
Vehicles	(124,308)	(13,916)	12,161	(126,063)
Total Accumulated Depreciation	(545,129)	(137,167)	58,661	(623,635)
Total Capital Assets Being Depreciated, Net	5,493,747	(69,323)	-	5,424,424
Total Governmental Activities Capital Assets, Net	\$ 5,493,747	\$ (69,323)	\$ -	\$ 5,424,424

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 113,223
Instruction related services:	
School site administration	2,068
Pupil services:	
Home-to-school transportation	10,953
Food services	3,041
General administration:	
Data processing	637
Plant services	7,245
Total Depreciation Expense	\$ 137,167

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 5. COMPENSATED ABSENCES

Accumulated vacation is not accrued in governmental funds. It must be paid to an employee upon termination, but it is generally applied in the year earned or a succeeding year. The District has reported an estimated liability in the amount of \$50,526 relative to compensated absences earned but not used at June 30, 2014. Expenditures related to this liability are accounted for in the fund in which the related salaries are recorded.

NOTE 6. GENERAL LONG-TERM DEBT – SCHEDULE OF CHANGES

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

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due within One Year
Compensated absences	\$ 45,519	\$ 5,007	\$ -	\$ 50,526	\$ 10,105
Totals	<u>\$ 45,519</u>	<u>\$ 5,007</u>	<u>\$ -</u>	<u>\$ 50,526</u>	<u>\$ 10,105</u>

Compensated absences are liquidated by the General Fund.

NOTE 7. RESTRICTED NET POSITION

The government-wide statement of net position reports \$85,431 of restricted net position, of which none is restricted by enabling legislation.

NOTE 8. RESTATEMENT

The June 30, 2013 components of net position have been changed to conform to the June 30, 2014 presentation.

Net Position	June 30, 2013 Reported	Restatement	July 1, 2013 Restated
Invested in capital assets, net of related debt	\$ 5,493,747	\$ -	\$ 5,493,747
Restricted	303,124	(249,661)	53,463
Unrestricted	1,206,748	249,661	1,456,409
Totals	<u>\$ 7,003,619</u>	<u>\$ -</u>	<u>\$ 7,003,619</u>

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9. ASSOCIATED STUDENT BODY

The activities of the District's Associated Student Body (ASB) are reported within the General Fund as ancillary services and in the restricted ending fund balance. A standalone accounting system is maintained at the school site level and monitored by the District's business office. The high school operates on an organized basis.

NOTE 10. JOINT POWERS AGREEMENTS

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year ending June 30, 2014, the District participated in several joint powers agreements (JPAs) to manage these risks. There were no significant reductions in coverage during the year. Settled claims have not exceeded coverage in any of the past three years.

The various JPAs and the services they provide the District are as follows:

- Northern California Schools Insurance Group (NCSIG)
- Northeastern Joint Powers Authority (NEJPA)
- Self-Insured Schools of California (SISC)
- Schools Excess Liability Fund (SELF)
- Siskiyou Regional Occupational Program (SROP)

With the exception of the SROP, the JPAs arrange for and provide property, liability, workers' compensation, medical, dental, and vision insurance and excess liability coverage for its members. The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes. The JPAs are governed by boards consisting of representatives from the member agencies. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member district pays premiums commensurate with the level of coverage or service requested, and shares surpluses and deficits proportionate to its participation in the JPA. With the exception of the SROP, current financial information pertaining to the JPAs listed above can be requested from each JPA.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 10. JOINT POWERS AGREEMENTS (Continued)

The SROP provides Regional Occupational Program educational services to the residents of participating districts that are 16 years of age or older, including high school students, out-of-school youths, and adults.

Condensed audited financial information for the Governmental Activities of the SROP is as follows at June 30, 2014:

Total Assets	\$ 223,304
Total Liabilities	\$ 523
Net Position	222,781
Total Liabilities and Net Position	\$ 223,304
Total Revenue	\$ 711,037
Total Expenditures	713,285
Net decrease in Net Position	\$ (2,248)

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS

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

A. State Teachers' Retirement System

1. Plan Description and Provisions

The District contributes to the 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, 100 Waterfront Place, West Sacramento, CA 95605.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

2. Funding Policy

Active plan members are required to contribute 8.0% 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 STRS Teachers' Retirement Board. The required employer contribution rate for the year 2013/2014 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contribution to STRS for the years ending June 30, 2014, 2013, and 2012, were \$27,097, \$35,410, and \$41,666 respectively, and equal 100% of the required contributions for each year.

3. Plan Outlook Affecting Future Contributions

In September 2013, the California State Auditor issued an updated assessment of high-risk issues facing the California State Teacher's Retirement System (CalSTRS). In summary, the report states:

The funding status of the Defined Benefit Program of the California State Teachers' Retirement System (CalSTRS) has not improved, and it remains on the high-risk list. One of the major risks to CalSTRS' funding is that its board does not have the authority to set contribution rates. The inability to adjust contributions, as well as poor investment returns due to economic recessions, have caused the funding ratio of the CalSTRS Defined Benefit Program to decrease from 98 percent in 2001 to 67 percent in 2012, well below the 80 percent considered fiscally sound. At the current contribution rate and actuarially estimated rate of return on investments, the Defined Benefit Program's funding ratio will continue to drop and assets will eventually be depleted.

4. Funding Plan

Assembly Bill 1469, signed into law by Governor Edmund G. Brown Jr., as part of the 2014-15 budget, increases member, employer and state contributions over the next several years and sets the program on a sustainable course.

Member contribution increases are as follows:

Effective Date	Prior Member Contribution Rate	Rate Changes Under AB 1469	
		2% at 60 Members	2% at 62 Members*
July 1, 2014	8.00%	8.15%	8.15%
July 1, 2015	8.00%	9.20%	8.56%
July 1, 2016	8.00%	10.25%	9.21%

* Rate imposed on 2% at 62 members is based on the normal cost of benefits for the Defined Benefit Program. The contribution rate in future years assumes no change in normal cost.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer contribution increases are as follows:

Effective Date	Prior Employer Contribution Rate	Increases Under AB 1469	
		Increase	Total
July 1, 2014	8.25%	1.25%	9.50%
July 1, 2015	8.25%	2.85%	11.10%
July 1, 2016	8.25%	4.45%	12.70%
July 1, 2017	8.25%	6.05%	14.30%
July 1, 2018	8.25%	7.65%	15.90%
July 1, 2019	8.25%	9.25%	17.50%
July 1, 2020	8.25%	10.85%	19.10%
July 1, 2046	8.25%	Increase from prior rate ceases in 2046-47	

AB 1469 increases the state's contribution attributable to the benefits in effect in 1990 but does not change the base rate of 2.017 percent. Thus, the state contribution rates, which in Fiscal Year 2013-14 were 3.041 percent, will increase over the next three years to a total of 6.328 percent. When contributions for purchasing power protection are included, the state's total contribution rate in 2016-17 will be 8.828 percent.

B. California Public Employees' Retirement System

1. Plan Description and Provisions

The District contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Room 1820, Sacramento, CA 95811.

2. 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 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 years ending June 30, 2014, 2013, and 2012 were \$18,619, \$26,542 and \$26,214 respectively and equal 100% of the required contributions for each year.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE 11. EMPLOYEE RETIREMENT SYSTEMS (Continued)

3. Plan Outlook Affecting Future Contributions

In April 2013, the CalPERS board approved raising employer contribution rates up to 50 percent to fully fund the pension system's obligations in 30 years. The overhaul in the smoothing and amortization of assets will be used to set contribution rates beginning in the 2015/2016 fiscal year. CalPERS is currently estimated to be 70 percent funded, below the 80 percent considered fiscally sound.

4. Funding Plan

On March 10, 2014 CalPERS issued Circular Letter No.: 200-014-14 which projects the future employer contribution rates as follows:

Projected Future Employer Contribution Rates						
2014 - 15	2015 - 16	2016 - 17	2017 - 18	2018 - 19	2019 - 20	2019 - 20
11.77%	12.60%	15.00%	16.60%	18.20%	19.90%	20.40%

C. Social Security

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

D. On Behalf Payment

The State of California makes contributions to STRS and PERS on behalf of the District. These payments consist of State General Fund contributions to STRS and contributions to PERS for the year ended June 30, 2014. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures; however, guidance received from the California Department of Education advises local education agencies not to record these amounts in the Annual Financial and Budget Report. These amounts also have not been recorded in these financial statements.

NOTE 12. STATE TEACHERS' RETIREMENT SYSTEM EARLY RETIREMENT INCENTIVE PROGRAM

The District did not enter into any early retirement incentive agreements during 2013/2014, pursuant to California Education Code, Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 13. COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund of other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2014.

B. Litigation

As of June 30, 2014 the District is not currently involved in any litigation.

C. Commitments

As of June 30, 2014 the District had no material commitments outstanding.

NOTE 14. SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the District through December 09, 2014 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Favorable (Unfavorable)
REVENUES				
Local control sources:				
State apportionments	\$ 289,174	\$ 1,028,746	\$ 1,028,190	\$ (556)
Local sources	596,731	470,769	471,393	624
Federal	89,770	100,223	92,939	(7,284)
Other state	261,332	50,897	50,897	-
Other local	117,078	121,745	124,067	2,322
Total Revenues	1,354,085	1,772,380	1,767,486	(4,894)
EXPENDITURES				
Certificated salaries	486,498	465,110	456,121	8,989
Classified salaries	169,760	182,887	182,887	-
Employee benefits	273,289	298,156	280,112	18,044
Books and supplies	116,660	206,076	112,932	93,144
Services and other operating expenditures	222,609	313,337	297,551	15,786
Capital outlay	63,500	90,188	54,617	35,571
Transfers between agencies	-	30,445	30,445	-
Other outgo	9,486	14,042	14,042	-
Total Expenditures	1,341,802	1,600,241	1,428,707	171,534
Excess (deficiency) of revenues over expenditures before other financing Sources (uses)	12,283	172,139	338,779	166,640
OTHER FINANCING SOURCES (USES)				
Transfers in	-	10,000	-	(10,000)
Transfers out	-	(651,770)	(651,770)	-
Total Other Financing Sources (Uses)	-	(641,770)	(651,770)	(10,000)
Net Increase (Decrease) in Fund Balance	12,283	(469,631)	(312,991)	156,640
Fund Balance - Beginning	1,525,819	1,525,819	1,525,819	-
Fund Balance - Ending	\$ 1,538,102	\$ 1,056,188	\$ 1,212,828	\$ 156,640

See accompanying notes to required supplementary information.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. PURPOSE OF REQUIRED SUPPLEMENTARY INFORMATION

A. Budgetary Comparison Schedule

Budgetary comparison schedules are required to be presented for the General Fund and each major special revenue fund that has a legally adopted budget. The originally adopted and final revised budgets are presented for such funds. 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 Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Trustees to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code.

NOTE 2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2014, there were no excess expenditures over appropriations.

SUPPLEMENTARY INFORMATION SECTION

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS FINANCIAL STATEMENT
COMBINING BALANCE SHEET
JUNE 30, 2014

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Other Governmental Funds
ASSETS					
Cash and equivalents	\$ 5,595	\$ 13,818	\$ 49	\$ -	\$ 19,462
Investments	253	-	-	125,000	125,253
Accounts receivable	3,292	12	-	69	3,373
Due from other funds	4,425	-	-	521,000	525,425
Stores inventories	1,367	-	-	-	1,367
Total Assets	\$ 14,932	\$ 13,830	\$ 49	\$ 646,069	\$ 674,880
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 103	\$ -	\$ -	\$ -	\$ 103
Total Liabilities	103	-	-	-	103
Fund Balance:					
Non spendable					
Stores inventories	1,367	-	-	-	1,367
Restricted	13,462	13,830	-	-	27,292
Assigned					
Other assignments	-	-	49	646,069	646,118
Total Fund Balance	14,829	13,830	49	646,069	674,777
Total Liabilities and Fund Balance	\$ 14,932	\$ 13,830	\$ 49	\$ 646,069	\$ 674,880

See accompanying notes to supplementary information.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
OTHER GOVERNMENTAL FUNDS FINANCIAL STATEMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Other Governmental Funds
REVENUES					
Federal	\$ 27,424	\$ -	\$ -	\$ -	\$ 27,424
Other state	15,421	-	-	-	15,421
Other local	7,316	4,307	-	69	11,692
Total Revenues	50,161	4,307	-	69	54,537
EXPENDITURES					
Books and supplies	43,161	-	-	-	43,161
Services and other operating expenditures	4,714	-	-	-	4,714
Capital outlay	13,227	-	-	-	13,227
Total Expenditures	61,102	-	-	-	61,102
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	(10,941)	4,307	-	69	(6,565)
OTHER FINANCING SOURCES (USES)					
Transfers in	5,770	-	-	646,000	651,770
Total Other Financing Sources (Uses)	5,770	-	-	646,000	651,770
Net Increase (Decrease) in Fund Balance	(5,171)	4,307	-	646,069	645,205
Fund Balance - Beginning	20,000	9,523	49	-	29,572
Fund Balance - Ending	\$ 14,829	\$ 13,830	\$ 49	\$ 646,069	\$ 674,777

See accompanying notes to supplementary information.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2014

Original - Second Period Report

	Grades 9 - 12	Total
Regular Average Daily Attendance	62	62
Average Daily Attendance Totals	62	62

Original - Annual Report

	Grades 9 - 12	Total
Regular Average Daily Attendance	62	62
Average Daily Attendance Totals	62	62

See accompanying notes to supplementary information.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE YEAR ENDED JUNE 30, 2014

Grade Level	1986-87		1982-83		2013/2014	Number of Days Traditional Calendar ¹	Status
	Minutes Requirement	Minutes Reduced	Actual Minutes	Minutes Reduced	Actual Minutes		
Grade nine	64,800	63,000	42,875	41,684	65,705	180	In Compliance
Grade ten	64,800	63,000	42,875	41,684	65,705	180	In Compliance
Grade eleven	64,800	63,000	42,875	41,684	65,705	180	In Compliance
Grade twelve	64,800	63,000	42,875	41,684	65,705	180	In Compliance

¹ The District did not utilize a multitrack calendar during the 2013/2014 year.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

General Fund:	(Budgeted) *			
	2014/2015	2013/2014	2012/2013	2011/2012
Revenues and Other Financing Sources	\$ 1,718,298	\$ 1,767,486	\$ 1,261,975	\$ 1,993,894
Expenditures	1,857,172	1,428,707	1,759,578	2,579,026
Other Uses and Transfers Out	28,859	651,770	-	5,638
Total Outgo	1,886,031	2,080,477	1,759,578	2,584,664
Change in Fund Balance	(167,733)	(312,991)	(497,603)	(590,770)
Ending Fund Balance	\$ 1,045,095	\$ 1,212,828	\$ 1,525,819	\$ 2,023,422
Available Reserves ¹	\$ 164,347	\$ 251,435	\$ 1,246,971	\$ 1,414,498
Reserve for Economic Uncertainties	\$ 68,718	\$ 69,781	\$ 935,378	\$ 744,267
Unassigned Fund Balance	\$ 95,629	\$ 181,654	\$ 311,593	\$ 670,231
Available Reserves as a percentage of Total Outgo	8.7%	12.1%	70.9%	54.7%
Total Long-Term Debt	\$ 40,421	\$ 50,526	\$ 45,519	\$ 45,561
Average Daily Attendance at P-2 ²	65	62	79	78

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

The General Fund balance has decreased by \$810,594 over the past two years. The District has incurred an operating deficit in all of the past three years. The 2014/2015 General Fund budget projects a decrease of \$167,733 (-13.8%).

For a District of this size, the state recommends available reserves of at least 5% of total General Fund expenditures, transfers out, and other uses (other outgo).

Total long-term debt has increased by \$4,965 over the past two years.

Average daily attendance has decreased by 16 ADA over the past two years. The ADA is anticipated to increase 3 ADA during the fiscal year 2014/2015.

* The 2014/2015 budget is included for analytical purposes only and has not been subjected to audit.

¹ Available reserves consists of all unassigned fund balances and reserves for economic uncertainty that are contained within the governmental funds. Unassigned fund balances are typically only reported in the General Fund. However, other governmental funds may report negative unassigned fund balances and are included in the reported available reserves.

² Average Daily Attendance at P-2 excludes ROP and Adult Education ADA.

See accompanying notes to supplementary information.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND
BUDGET REPORT (SACS) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Special Reserve Fund for Other Than Capital Outlay Projects *	Deferred Maintenance Fund *
June 30, 2014 Annual Financial and Budget Report (SACS) Fund Balance	\$ 312,867	\$ 648,469	\$ 251,492
Adjustments and Reclassifications:			
Reclassification for financial statement presentation	899,961	(648,469)	(251,492)
June 30, 2014 Audited Financial Statement Fund Balance	\$ 1,212,828	\$ -	\$ -

* This audit reclassification is made for financial presentation purposes only, pursuant to GASB 54 which, when applied, does not recognize these funds as special revenue fund types. Therefore, the fund balances are consolidated with the General Fund. However, the District is permitted under current State law to account for these funds as a special revenue fund type for interim reporting and budgeting purposes.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1. PURPOSE OF SUPPLEMENTARY INFORMATION

A. Other Governmental Funds Financial Statements

These statements provide information on the Dunsmuir Joint Union High School District's (District) Governmental non-major funds, by object.

B. 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 the District. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

C. Schedule of Instructional Time

Districts must maintain their instructional minutes at either their 1982/1983 actual minutes or the 1986/1987 standard required minutes, whichever is greater, as required by *Education Code* Section 46201. However, pursuant to the provisions of Education Code Section 46201.2(b), for fiscal years 2013-14 and 2014-15, the minimum instructional time is reduced by the equivalent of 5 instructional days.

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

D. Schedule of Financial Trends and Analysis

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

E. Reconciliation of Annual Financial and Budget Report (SACS) with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

F. Schedule of Charter School

This schedule represents a complete listing of all charter schools authorized by the District and indicates whether their financial activities and balances have been included in the District's annual audited financial statements for the year ended June 30, 2014. The District has not authorized any Charter Schools; therefore this schedule has not been included for 2013/2014.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Dunsmuir Joint Union High School District
Dunsmuir, 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 Dunsmuir Joint Union High School District (District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 09, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robertson & Associates, CPAs

Lakeport, California
December 09, 2014

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Dunsmuir Joint Union High School District
Dunsmuir, California

Compliance

We have audited Dunsmuir Joint Union High School District (District)'s compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14*, published by the Education Audit Appeals Panel, that could have a material effect on each of the District's state programs for the year ended June 30, 2014.

Management's Responsibility

Compliance with the applicable compliance requirements is the responsibility of the District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with the applicable compliance requirements based on our compliance audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a material effect on the programs identified in the below schedule occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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

Description	Procedures in the Audit Guide	Procedures Performed
Local Education Agencies Other Than Charter Schools:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Not Applicable
Independent Study	23	Not Applicable
Continuation Education	10	Not Applicable
Instructional Time:		
School Districts	10	Yes
Instructional Materials General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Not Applicable
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
School Districts, County Office of Education and Charter Schools:		
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Not Applicable
After School Education and Safety Program:		
General Requirements	4	Not Applicable
After School	5	Not Applicable
Before School	6	Not Applicable
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Charter Schools:		
Contemporaneous Records of Attendance	8	Not Applicable
Mode of Instruction	1	Not Applicable
Nonclassroom-Based Instruction/Independent Study	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	3	Not Applicable
Annual Instructional Minutes - Classroom Based	4	Not Applicable
Charter School Facility Grant Program	1	Not Applicable

Opinion on State Programs

In our opinion, the Dunsmuir Joint Union High School District complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2014.

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 referred to above. Accordingly, this report is not suitable for any other purpose.

Robertson & Associates, CPAs

Lakeport, California
December 09, 2014

FINDINGS AND RESPONSES SECTION

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014

Financial Statement Findings

There were no findings or questioned costs relative to the financial statements.

Federal Award Findings and Questioned Costs

There were no findings or questioned costs relative to federal awards or programs.

State Award Findings and Questioned Costs

There were no findings or questioned costs relative to state awards or programs.

DUNSMUIR JOINT UNION HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Finding/Recommendation	Current Status	District Explanation, If Not Implemented
2013-001 The District's General Fund has incurred deficit spending in two of the last three fiscal years. The General Fund available reserves are above the State recommended reserves for a district of this size. The District should continue to closely monitor its budget and available reserves.	Implemented	