

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
COUNTY OF MARIN  
BOLINAS, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2014**



**BOLINAS-STINSON UNION SCHOOL DISTRICT**

**JUNE 30, 2014**

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**BOLINAS-STINSON UNION SCHOOL DISTRICT**

**JUNE 30, 2014**

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## FINANCIAL SECTION



**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Bolinás-Stinson Union School District  
Bolinás, 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 Bolinás-Stinson Union School 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bolinas-Stinson Union School District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, the budgetary comparison information on page 39, and schedule of funding progress on page 42 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 Bolinas-Stinson Union School District's basic financial statements. The combining non-major governmental fund financial statements, statistical section, and supplementary schedules listed in the table of contents, including the Schedule of Expenditures of Federal Awards, which is presented as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major governmental fund financial statements, statistical section, and supplementary schedules listed in the table of contents, including the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information 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 non-major governmental fund financial statements, statistical section, and supplementary schedules listed in the table of contents, including the Schedule of Expenditures of Federal Awards are 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 5, 2014 on our consideration of Bolinas-Stinson Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bolinas-Stinson Union School District's internal control over financial reporting and compliance.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 5, 2014

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

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This section of Bolinas-Stinson Union School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3, and the District's financial statements, which immediately follow this section.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 14 and 15, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 16 through 19, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. The remaining statement provides financial information about activities for which the District acts solely as an agent for the benefit of those outside the District.

**FINANCIAL HIGHLIGHTS**

- The District's financial status improved slightly during fiscal year 2013-14, as total net position increased 1.7%.
- On the Statement of Activities, total current year revenues exceeded total current year expenses by \$70,834.
- On the Statement of Revenues, Expenditures, and Changes in Fund Balances, total current year revenues and other financing sources exceeded total current year expenditures and other financing uses by \$169,199.
- Capital assets, net of depreciation, decreased \$98,989 due to the current year recognition of depreciation expense.
- Total long-term liabilities decreased \$624, due to a \$26,056 decrease in capital lease obligations offset by a \$25,432 increase in the obligation for other post employment benefits.
- The District's P-2 average daily attendance (ADA) increased from 103 ADA in fiscal year 2012-13 up to 113 ADA in fiscal year 2013-14, an increase of 9.7%.
- The District's General Fund produced an operating surplus of \$188,575 during fiscal year 2013-14.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 5% of general fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2013-14, General Fund expenditures and other financing uses totaled \$3,402,210. At June 30, 2014, the District has available reserves of \$1,611,625 in the General Fund, which represents a reserve of 47.4%.

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

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**THE FINANCIAL REPORT**

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and management's discussion and analysis. 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 and funds.

- 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.
- Individual parts of the District, which are reported as fund financial statements comprise the remaining statements.
  - ❖ Basic services funding is described in the governmental funds statements. These statements include short-term financing and identify the balance remaining for future spending.
  - ❖ Short and long-term financial information about the activities of the District that operate like businesses are provided in the proprietary fund statements, when applicable.
  - ❖ Financial relationships, for which the District acts as an agent or trustee for the benefit of others to whom the resources belong, are presented in the fiduciary funds statements.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. The required supplementary information provides further explanations and provides additional support for the financial statements. A comparison of the District's budget for the year is included.

**Reporting the District as a Whole**

The District as a whole is reported in the Government-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health (net position) can be measured by the difference between the District's assets and liabilities.

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

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

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**THE FINANCIAL REPORT (CONCLUDED)**

**Reporting the District as a Whole (Concluded)**

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

*Governmental Activities:*

The basic services provided by the District, such as regular and special education, administration, and transportation are included here, and are primarily financed by property taxes and state formula aid. Non-basic services, such as child nutrition are also included here, but are financed by a combination of local revenues, and state and federal programs.

*Business-type Activities:*

The District does not provide any services that should be included in this category.

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

The District's fund-based financial statements provide detailed information about the District's most significant funds. Some funds are required to be established by State law and bond covenants. However, the District establishes many other funds as needed to control and manage money for specific purposes.

*Governmental Funds:*

The major governmental funds of Bolinas-Stinson Union School District are the General Fund and Capital Projects - Special Reserve Fund. Governmental fund reporting focuses on how money flows into and out of the funds and the balances that remain at the end of the year. A modified accrual basis of accounting measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and services. Governmental fund information helps to determine the level of financial resources available in the near future to finance the District's programs.

*Proprietary Funds:*

Services for which the District charges a fee are generally reported in proprietary funds on a full accrual basis. These include both Enterprise funds and Internal Service funds. Enterprise funds are considered business-type activities and are also reported under a full accrual method. This is the same basis as business-type activities; therefore no reconciling entries are required. Internal service funds are reported with the Governmental Funds. The District has no funds of this type.

*Fiduciary Funds:*

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

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

GOVERNMENTAL ACTIVITIES

The District's total net position increased from \$4,202,834 at June 30, 2013, up to \$4,273,668 at June 30, 2014, an increase of 1.7%.

<b><u>Comparative Statement of Net Position</u></b>		
	Governmental Activities	
	2013	2014
<u>Assets</u>		
Deposits and Investments	\$ 2,605,318	\$ 2,727,391
Receivables	115,018	133,506
Stores Inventory	2,454	2,454
Capital Assets, net	1,912,119	1,813,130
Total Assets	<u>4,634,909</u>	<u>4,676,481</u>
<u>Liabilities</u>		
Current	156,141	127,754
Long-term	275,934	275,059
Total Liabilities	<u>432,075</u>	<u>402,813</u>
<u>Net Position</u>		
Net Investment in Capital Assets	1,637,499	1,573,770
Restricted	94,183	120,538
Unrestricted	2,471,152	2,579,360
Total Net Position	<u>\$ 4,202,834</u>	<u>\$ 4,273,668</u>

*Table includes financial data of the combined governmental funds*

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

GOVERNMENTAL ACTIVITIES (CONTINUED)

The District's total current year revenues exceeded total current year expenses by \$70,834.

<b><u>Comparative Statement of Changes in Net Position</u></b>		
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2014</u>
<u>Program Revenues</u>		
Charges for Services	\$ 37,936	\$ 37,844
Operating Grants & Contributions	251,591	232,777
<u>General Revenues</u>		
Taxes Levied	2,502,812	2,653,113
Federal & State Aid	1,232,103	515,288
Interest & Investment Earnings	2,211	2,249
Miscellaneous	140,001	241,146
<b>Total Revenues</b>	<b><u>4,166,654</u></b>	<b><u>3,682,417</u></b>
<u>Expenses</u>		
Instruction	1,877,748	1,924,808
Instruction-Related Services	461,761	563,671
Pupil Services	283,295	307,801
General Administration	412,638	468,743
Plant Services	375,179	344,410
Interest on Long-Term Debt	2,569	2,150
Other Outgo	18,182	0
<b>Total Expenses</b>	<b><u>3,431,372</u></b>	<b><u>3,611,583</u></b>
<b>Change in Net Position</b>	<b><u>\$ 735,282</u></b>	<b><u>\$ 70,834</u></b>

*Table includes financial data of the combined governmental funds*

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

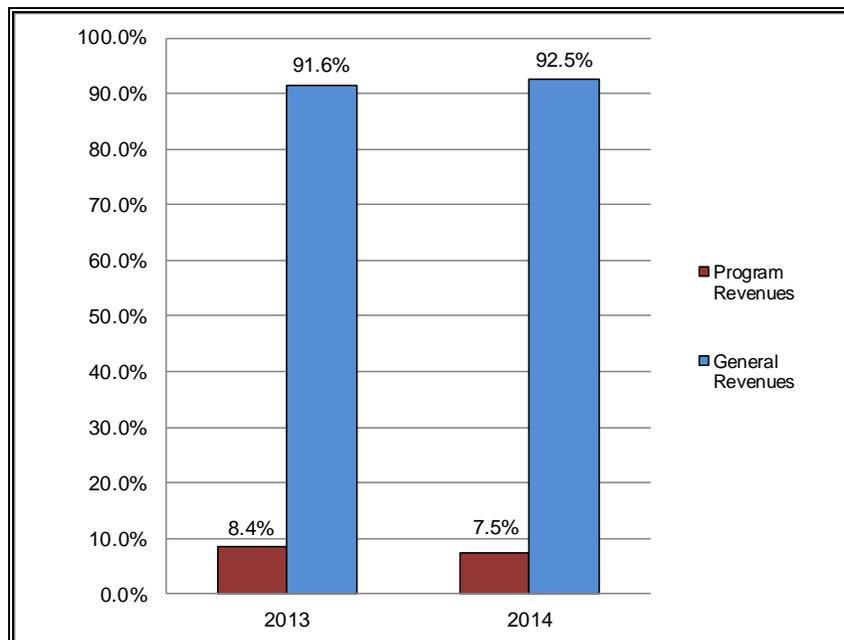
**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

GOVERNMENTAL ACTIVITIES (CONTINUED)

	Total Cost of Services		Net Cost of Services	
	2013	2014	2013	2014
Instruction	\$ 1,877,748	\$ 1,924,808	\$ 1,728,944	\$ 1,784,449
Instruction-Related Services	461,761	563,671	444,854	531,779
Pupil Services	283,295	307,801	173,379	209,431
General Administration	412,638	468,743	412,638	468,743
Plant Services	375,179	344,410	375,179	344,410
Interest on Long-Term Debt	2,569	2,150	2,569	2,150
Other Outgo	18,182	0	4,282	0
<b>Totals</b>	<b>\$ 3,431,372</b>	<b>\$ 3,611,583</b>	<b>\$ 3,141,845</b>	<b>\$ 3,340,962</b>

*Table includes financial data of the combined governmental funds*

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$3,340,962 cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



During 2013-14, program revenues financed 7.5% of the total cost of providing the services listed above, while the remaining 92.5% was financed by the general revenues of the District.

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

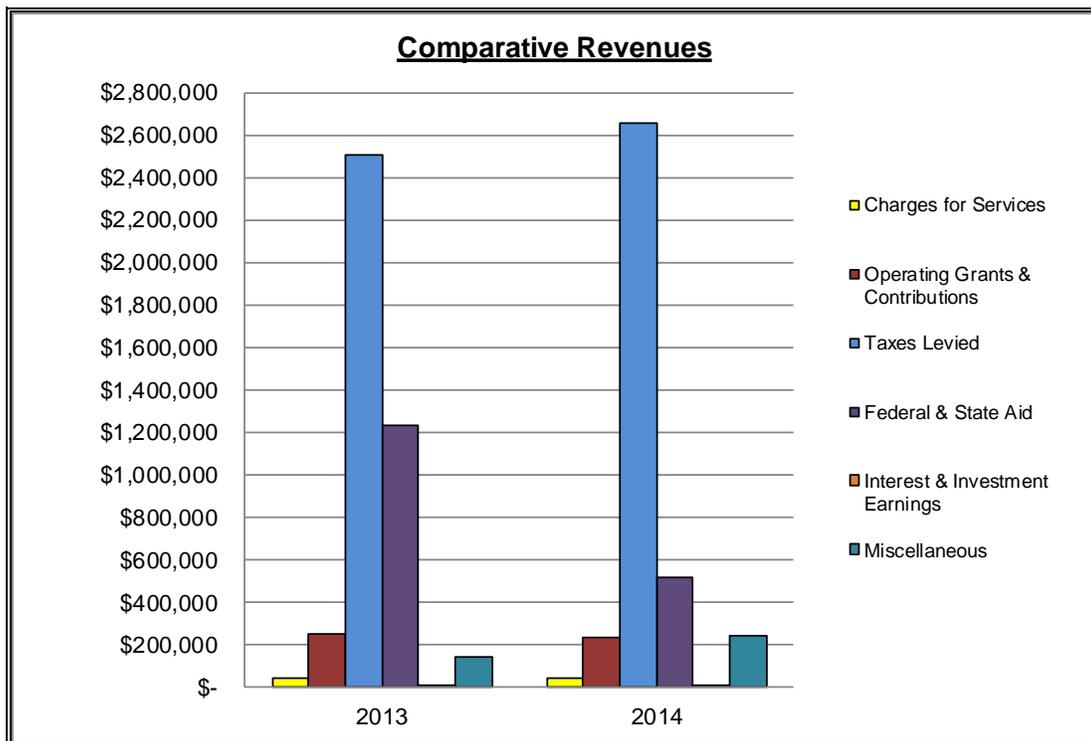
(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

GOVERNMENTAL ACTIVITIES (CONTINUED)

<b><u>Schedule of Revenues For Governmental Functions</u></b>				
	<u>FYE 2013 Amount</u>	<u>Percent of Total</u>	<u>FYE 2014 Amount</u>	<u>Percent of Total</u>
<b><u>Program Revenues</u></b>				
Charges for Services	\$ 37,936	0.91%	\$ 37,844	1.03%
Operating Grants & Contributions	251,591	6.04%	232,777	6.32%
<b><u>General Revenues</u></b>				
Taxes Levied	2,502,812	60.07%	2,653,113	72.05%
Federal & State Aid	1,232,103	29.57%	515,288	13.99%
Interest & Investment Earnings	2,211	0.05%	2,249	0.06%
Miscellaneous	140,001	3.36%	241,146	6.55%
<b>Total Revenues</b>	<b><u>\$ 4,166,654</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 3,682,417</u></b>	<b><u>100.00%</u></b>

*Table includes financial data of the combined governmental funds*



**BOLINAS-STINSON UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

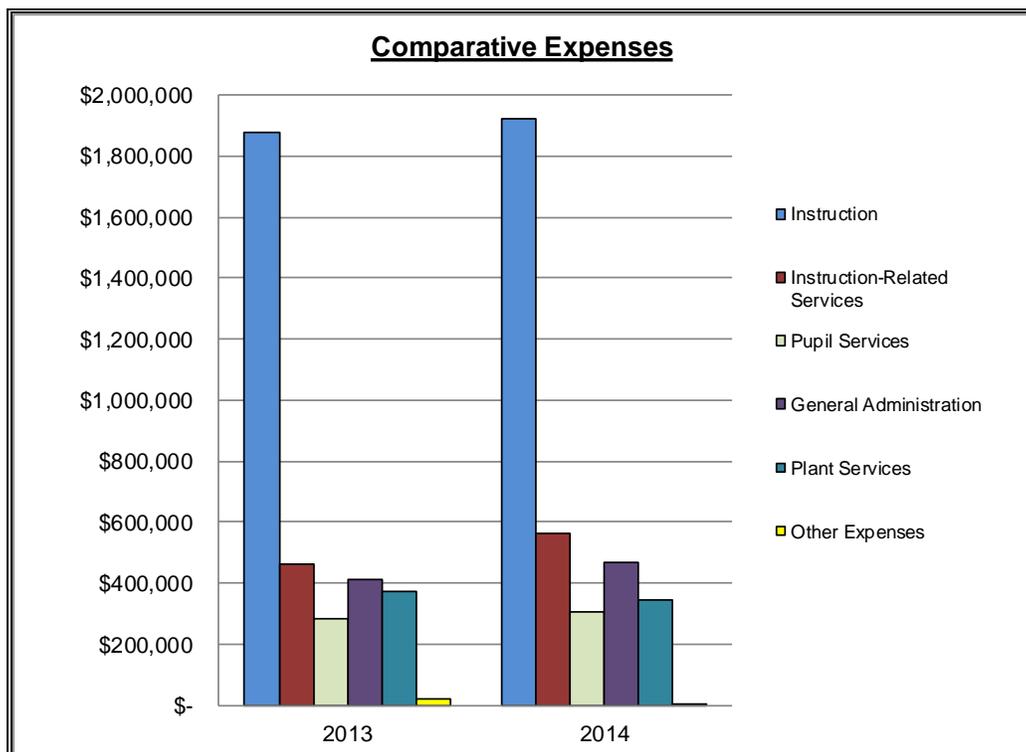
**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

GOVERNMENTAL ACTIVITIES (CONTINUED)

**Schedule of Expenses For Governmental Functions**

<u>Expenses</u>	<u>FYE 2013 Amount</u>	<u>Percent of Total</u>	<u>FYE 2014 Amount</u>	<u>Percent of Total</u>
Instruction	\$ 1,877,748	54.72%	\$ 1,924,808	53.30%
Instruction-Related Services	461,761	13.46%	563,671	15.61%
Pupil Services	283,295	8.26%	307,801	8.52%
General Administration	412,638	12.03%	468,743	12.98%
Plant Services	375,179	10.93%	344,410	9.54%
Other Expenses	20,751	0.60%	2,150	0.06%
<b>Total Expenses</b>	<b>\$ 3,431,372</b>	<b>100.00%</b>	<b>\$ 3,611,583</b>	<b>100.00%</b>

*Table includes financial data of the combined governmental funds*



**BOLINAS-STINSON UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONCLUDED)**

GOVERNMENTAL ACTIVITIES (CONCLUDED)

<b><u>Comparative Schedule of Capital Assets</u></b>		
	Governmental Activities	
	2013	2014
Land	\$ 15,869	\$ 15,869
Sites and Improvements	439,607	439,607
Buildings and Improvements	2,516,189	2,516,189
Furniture and Equipment	613,522	606,522
Subtotals	3,585,187	3,578,187
Less: Accumulated Depreciation	(1,673,068)	(1,765,057)
Capital Assets, net	<u>\$ 1,912,119</u>	<u>\$ 1,813,130</u>

Capital assets, net of depreciation, decreased \$98,989, due to the current year recognition of depreciation expense.

<b><u>Comparative Schedule of Long-Term Liabilities</u></b>		
	Governmental Activities	
	2013	2014
Capital Leases	\$ 274,620	\$ 248,564
Other Post Employment Benefits	27,370	52,802
Total Long-Term Liabilities	<u>\$ 301,990</u>	<u>\$ 301,366</u>

Total long-term liabilities decreased \$624, due to a \$26,056 decrease in capital lease obligations offset by a \$25,432 increase in the obligation for other post employment benefits.

The notes to the financial statements are an integral part of the financial presentation and contain more detailed information as to interest, principal, retirement amounts, and future debt retirement dates.

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

(PREPARED BY DISTRICT MANAGEMENT)

**FINANCIAL ANALYSIS OF DISTRICT'S FUNDS**

<b><u>Comparative Schedule of Fund Balances</u></b>			
	Fund Balances June 30, 2013	Fund Balances June 30, 2014	Increase (Decrease)
General	\$ 2,167,403	\$ 2,355,978	\$ 188,575
Capital Projects - Special Reserve	378,356	368,473	(9,883)
Cafeteria	10,032	6,183	(3,849)
County School Facilities	36,914	31,270	(5,644)
Totals	\$ 2,592,705	\$ 2,761,904	\$ 169,199

The fund balance of the General Fund increased \$188,575, and the combined fund balances of all other governmental funds decreased \$19,376.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim to reflect the most current financial information available at that point in time. The original budget presented on page 39 includes only new revenues for 2013-14.

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

On November 4, 2014, the voters of the State of California elected to approve Proposition 2, which is set to create a distinct budget stabilization fund known as the "Proposition 98 Reserve" or Public School System Stabilization Account (PSSSA). Proposition 2 also includes a provision that will limit the amount that many school districts may hold in reserves in future years.

Fiscal year 2014-15 will be the second year of the projected eight year phase-in period for the new Local Control Funding Formula (LCFF). Although more information regarding the new funding and accountability standards was released during the past year, it is very likely that there will be additional modifications in the future. As a result, school district budgets should continue to be managed with a great degree of conservatism over the next few years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the District Office, Bolinas-Stinson Union School District, 125 Olema-Bolinas Road, Bolinas, California 94924.

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2014**

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Deposits and Investments (Note 2)	\$ 2,727,391
Receivables (Note 4)	133,506
Stores Inventory (Note 11)	2,454
Capital Assets: (Note 6)	
Land	15,869
Sites and Improvements	439,607
Buildings and Improvements	2,516,189
Furniture and Equipment	606,522
Less: Accumulated Depreciation	(1,765,057)
Total Assets	4,676,481
<b><u>Liabilities</u></b>	
Accounts Payable and Other Current Liabilities	101,447
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
Capital Leases	26,307
<i>Portion Due or Payable After One Year:</i>	
Capital Leases (Note 7)	222,257
Other Post Employment Benefits (Note 8)	52,802
Total Liabilities	402,813
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	1,573,770
Restricted:	
For Capital Projects	31,270
For Educational Programs	80,585
For Other Purposes	8,683
Unrestricted	2,579,360
Total Net Position	\$ 4,273,668

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>Functions</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
<b><u>Governmental Activities</u></b>					
Instruction	\$ 1,924,808		\$ 140,359		\$ (1,784,449)
Instruction-Related Services:					
Supervision of Instruction	238,012		11,466		(226,546)
Instructional Library and Technology	136,836		20,426		(116,410)
School Site Administration	188,823				(188,823)
Pupil Services:					
Home-to-School Transportation	135,924				(135,924)
Food Services	116,973	\$ 37,844	33,280		(45,849)
Other Pupil Services	54,904		27,246		(27,658)
General Administration:					
Other General Administration	468,743				(468,743)
Plant Services	344,410				(344,410)
Interest on Long-Term Debt	2,150				(2,150)
Total Governmental Activities	<u>\$ 3,611,583</u>	<u>\$ 37,844</u>	<u>\$ 232,777</u>	<u>\$ 0</u>	<u>(3,340,962)</u>
<b><u>General Revenues</u></b>					
Taxes Levied for General Purposes					2,188,863
Taxes Levied for Specific Purposes					464,250
Federal and State Aid - Unrestricted					515,288
Interest and Investment Earnings					2,249
Miscellaneous					241,146
Total General Revenues					<u>3,411,796</u>
Change in Net Position					70,834
Net Position - July 1, 2013					4,202,834
Net Position - June 30, 2014					<u>\$ 4,273,668</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<u>General</u>	<u>Capital Projects - Special Reserve</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Deposits and Investments (Note 2)	\$ 2,325,637	\$ 368,473	\$ 33,281	\$ 2,727,391
Receivables (Note 4)	131,788		1,718	133,506
Stores Inventory (Note 11)			2,454	2,454
Total Assets	<u>\$ 2,457,425</u>	<u>\$ 368,473</u>	<u>\$ 37,453</u>	<u>\$ 2,863,351</u>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts Payable	\$ 101,447			\$ 101,447
Total Liabilities	<u>101,447</u>			<u>101,447</u>
Fund Balances: (Note 10)				
Nonspendable	2,500		\$ 2,454	4,954
Restricted	80,585		34,999	115,584
Assigned	661,268	\$ 368,473		1,029,741
Unassigned	1,611,625			1,611,625
Total Fund Balances	<u>2,355,978</u>	<u>368,473</u>	<u>37,453</u>	<u>2,761,904</u>
Total Liabilities and Fund Balances	<u>\$ 2,457,425</u>	<u>\$ 368,473</u>	<u>\$ 37,453</u>	<u>\$ 2,863,351</u>

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

**Total Fund Balances - Governmental Funds** \$ 2,761,904

Amounts reported for governmental activities in the statement of net position are different due to the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The amount that capital assets exceeded accumulated depreciation was:

Capital Assets	\$ 3,578,187	
Accumulated Depreciation	(1,765,057)	
Net		1,813,130

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:

Capital Leases	\$ 248,564	
Other Post Employment Benefits	52,802	
Total		(301,366)

**Total Net Position - Governmental Activities** \$ 4,273,668

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Capital Projects - Special Reserve</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenues</u></b>				
LCFF Sources:				
State Apportionment / Transfers	\$ 252,248			\$ 252,248
Local Taxes	2,188,863			2,188,863
Total LCFF Sources	2,441,111			2,441,111
Federal Revenue	318,170		\$ 30,550	348,720
State Revenue	62,302		2,513	64,815
Local Revenue	769,202	\$ 20,470	38,099	827,771
Total Revenues	3,590,785	20,470	71,162	3,682,417
<b><u>Expenditures</u></b>				
Instruction	1,817,736			1,817,736
Supervision of Instruction	238,012			238,012
Instructional Library and Technology	130,420			130,420
School Site Administration	185,156			185,156
Home-To-School Transportation	135,924			135,924
Food Services			116,973	116,973
Other Pupil Services	54,904			54,904
Other General Administration	466,275			466,275
Plant Services	328,202	5,728	5,682	339,612
Debt Service:				
Principal Retirement	2,800	23,256		26,056
Interest and Issuance Costs	781	1,369		2,150
Total Expenditures	3,360,210	30,353	122,655	3,513,218
Excess of Revenues Over (Under) Expenditures	230,575	(9,883)	(51,493)	169,199
<b><u>Other Financing Sources (Uses)</u></b>				
Operating Transfers In			42,000	42,000
Operating Transfers Out	(42,000)			(42,000)
Total Other Financing Sources (Uses)	(42,000)	0	42,000	0
Net Change in Fund Balances	188,575	(9,883)	(9,493)	169,199
Fund Balances - July 1, 2013	2,167,403	378,356	46,946	2,592,705
Fund Balances - June 30, 2014	\$ 2,355,978	\$ 368,473	\$ 37,453	\$ 2,761,904

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Net Change in Fund Balances - Governmental Funds** \$ 169,199

Amounts reported for governmental activities in the statement of activities are different due to the following:

Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:

Capital Outlays	\$	0	
Depreciation Expense		(98,989)	
Net		(98,989)	(98,989)

Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

Capital Leases	26,056
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Post employment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:

(25,432)

**Change in Net Position of Governmental Activities** **\$ 70,834**

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014**

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	<b>Agency Funds</b>	<b>Total Fiduciary Funds</b>
<b><u>Assets</u></b>		
Deposits and Investments (Note 2)	\$ 2,073	\$ 2,073
<b><u>Liabilities</u></b>		
Due to Student Groups	2,073	2,073
<b><u>Net Position</u></b>		
Total Net Position	\$ 0	\$ 0

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Bolinas-Stinson Union School District (the "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 elected by registered voters of the District, which comprises an area in Marin County. The District was established in 1961 and serves students in kindergarten through grade eight.

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

The financial reporting entity consists of the following:

- The primary government
- Organizations for which the primary government is financially accountable
- Other organizations for which the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, the organization should be included as a component unit.

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity under GASB Statement No. 14 (GASB14) as amended by GASB Statement No. 61 (GASB 61), *The Financial Reporting Entity: Omnibus*, and has determined that there are no organizations, with financial activities that benefit the District, which should be included within its financial reporting entity under these criteria.

The District has also reviewed criteria to determine whether other organizations, for which the District is not financially accountable, should be reported within its financial reporting entity, based on the nature and significance of its relationship with the District, under GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, and has determined that there are no organizations, for which the District is not financially accountable, which should be reported within its financial reporting entity.

**B. Implementation of New Accounting Pronouncements**

In March of 2012, the Governmental Accounting Standard Board issued Statement No. 65 (GASB 65), *Items Previously Reported as Assets and Liabilities*, with required implementation for the District during the year ended June 30, 2014. The objective of GASB 65 is to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. There was no change to the beginning net position balance or beginning fund balance as a result of implementing GASB 65.

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation

*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 non-fiduciary activities of the District. The effect of interfund activity within the governmental activities column has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

*Fund Financial Statements:*

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

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

Fiduciary funds are reported using the economic resources measurement focus.

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Basis of Accounting**

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

**Revenues - Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. 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 collectible within the current period or within 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 apportionments, the California Department of Education has defined available as collectible within one year.

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

**Unearned Revenue:**

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

**Expenses/Expenditures:**

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

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Concluded)

Expenses/Expenditures (Concluded):

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, and fund equity. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District maintains the following fund types:

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

Major Governmental Funds:

General Fund is the general operating fund of the District. For financial reporting purposes, the financial activities and balances of the Deferred Maintenance Fund and Special Reserve Fund for Postemployment Benefits have been included within the General Fund.

Capital Projects - Special Reserve Fund is used to accumulate funds for repairs, capital outlay and replacement of District property.

Non-major Governmental Funds:

Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's cafeteria program.

County School Facilities Fund is used to account for revenue received from state allocations for construction projects and the expenditures made for those projects (Education Code Sections 17009.5 and 17070.10-17076.10).

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Fund Accounting (Concluded)**

**Fiduciary Funds:**

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains one agency fund, the student body fund, which is used to account for the raising and expending of money to promote the general welfare, and educational experience of the student body.

**F. 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 Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 39.

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 (See Note 3).

**G. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**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 at June 30.

**I. Assets, Liabilities and Equity**

**1. Deposits and Investments**

The District is authorized to maintain cash in banks and revolving funds that are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Assets, Liabilities and Equity (Continued)**

**1. Deposits and Investments (Concluded)**

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001).

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

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security; and collateralized mortgage obligations.

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

**2. Stores Inventory**

Stores inventory is recorded using the consumption method in that inventory acquisitions are initially recorded in inventory asset accounts and are recorded as expenditures when the supplies are used. Inventory is valued at average cost and consists of expendable supplies held for consumption.

Reported inventory is equally offset by a reserve, which indicates that the amount is not available for appropriation.

**3. Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. 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 over the following estimated useful lives:

<u>Asset Class</u>	<u>Years</u>
Sites and Improvements	10-28
Buildings and Improvements	35
Furniture and Equipment	6-15

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Liabilities and Equity (Continued)

4. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualifying expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualifying expenditures. The District has no liability at June 30, 2014.

5. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. 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. The District has no liability at June 30, 2014.

6. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as long-term liabilities in the Statement of Net Position. In fund financial statements, the face amount of the obligation is reported as other financing sources in the year of issuance.

7. Fund Balances

Governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The allowable classifications used in the governmental fund financial statements are as follows:

*Nonspendable Fund Balance* consists of funds that cannot be spent due to their form (e.g. inventories) or funds that legally or contractually must be maintained intact.

*Restricted Fund Balance* consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

*Committed Fund Balance* consists of funds that are set aside for a specific purpose by the district's highest level of decision making authority (governing board). Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

*Assigned Fund Balance* consists of funds that are set aside with the intent to be used for a specific purpose by the district's highest level of decision making authority or a body or official that has been given the authority to assign funds. In accordance with board policy, the Chief Business Official has been given this authority.

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Liabilities and Equity (Continued)

7. Fund Balances (Concluded)

*Unassigned Fund Balance* consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

The District considers restricted fund balances to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. In accordance with board policy, the District is required to maintain a Reserve for Economic Uncertainties of at least 10% of the General Fund's annual total expenditures and other financing uses.

8. Local Control Funding Formula (LCFF)/Property Tax

As part of the 2013-14 State Budget Act, the formula for determining the level of funding per student changed from the "revenue limit" formula to the "Local Control Funding Formula" (LCFF). The LCFF creates base, supplemental and concentration grants as the new general purpose entitlement to replace most existing funding streams, including the State aid portion of the revenue limit and most State categorical programs from prior years. District funding under the LCFF is generally provided by a mix of State aid and local property taxes.

The County of Marin is responsible for assessing, collecting and apportioning property taxes to the District. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.

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

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund, and is known as LCFF State Aid.

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)**

**I. Assets, Liabilities and Equity (Concluded)**

**8. Local Control Funding Formula (LCFF)/Property Tax (Concluded)**

Since the amount of property taxes received by the District exceeds the amount of the LCFF transition entitlement, the District is considered to be a “basic aid” school district, and is permitted to keep all of its property tax revenue. In addition, as guaranteed by the California Constitution, the State must apportion \$120 per pupil to the District. However, the categorical aid that the District receives counts toward this requirement.

**NOTE 2 -DEPOSITS AND INVESTMENTS**

**Summary of Deposits and Investments**

Deposits and investments as of June 30, 2014, consist of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Cash on Hand and in Banks		\$ 2,073
Cash in Revolving Fund	\$ 2,500	
County Pool Investments	<u>2,724,891</u>	
Total Deposits and Investments	<u>\$ 2,727,391</u>	<u>\$ 2,073</u>

**Cash on Hand and in Banks**

Cash on hand and in banks consists of all cash held by the District and all cash maintained in commercial bank accounts owned by the District, exclusive of amounts held in revolving funds.

**Cash in Revolving Fund**

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds.

**County Pool Investments**

County pool investments consist of District cash held by the Marin County Treasury that is invested in the county investment pool. The fair value of the District’s investment in the pool is reported in the financial statements at amounts that are based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio).

**General Authorization**

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

General Authorization (Concluded)

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	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
Banker's 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% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

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

Segmented Time Distribution

Information about the sensitivity of the fair value of the District's investment to market interest rate fluctuations is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Carrying Value	Fair Value	Less Than 1 Year	More Than 1 Year
County Pool Investments	\$ 2,724,891	\$ 2,725,411	\$ 2,078,608	\$ 646,283

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)**

**Credit Risk**

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. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Unrated</u>
County Pool Investments	\$ 2,724,891	\$ 2,725,411			\$ 2,724,891

**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 policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. As of June 30, 2014, the District does not have a bank balance that is exposed to custodial credit risk.

**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 District does not have a policy limiting the amount of securities that can be held by counterparties. As of June 30, 2014, the District does not have any investments that are held by counterparties.

**Concentration of Credit Risk**

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. However, the District does not hold any investments in any one issuer, at year-end, that represents five percent or more of the total investments held by the District.

**Derivative Investments**

The District does not directly invest in any derivative investments. Information relating to the use of derivative investments by the Marin County Treasury was not available.

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

There was no excess of expenditures over appropriations in the General Fund at June 30, 2014.

**NOTE 4 - RECEIVABLES**

Receivables at June 30, 2014 consist of the following:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Totals</u>
Federal Government	\$ 11,611	\$ 1,356	\$ 12,967
State Government	62,499	86	62,585
Local Governments	57,288		57,288
Miscellaneous	390	276	666
Totals	<u>\$ 131,788</u>	<u>\$ 1,718</u>	<u>\$ 133,506</u>

**NOTE 5 - INTERFUND TRANSFERS**

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for fiscal year 2013-14 were as follows:

The District transferred \$42,000 from the General Fund to the Cafeteria Fund to support the child nutrition program.

**NOTE 6 - CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended June 30, 2014, is presented below:

	<u>Balances July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2014</u>
Land	\$ 15,869			\$ 15,869
Sites and Improvements	439,607			439,607
Buildings and Improvements	2,516,189			2,516,189
Furniture and Equipment	613,522		\$ 7,000	606,522
Totals at Historical Cost	<u>3,585,187</u>	<u>\$ 0</u>	<u>7,000</u>	<u>3,578,187</u>
Less Accumulated Depreciation for:				
Sites and Improvements	383,019	4,503		387,522
Buildings and Improvements	1,012,313	62,907		1,075,220
Furniture and Equipment	277,736	31,579	7,000	302,315
Total Accumulated Depreciation	<u>1,673,068</u>	<u>98,989</u>	<u>7,000</u>	<u>1,765,057</u>
Governmental Activities Capital Assets, net	<u>\$ 1,912,119</u>	<u>\$ (98,989)</u>	<u>\$ 0</u>	<u>\$ 1,813,130</u>

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 6 - CAPITAL ASSETS AND DEPRECIATION (CONCLUDED)**

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 81,640
Instructional Library and Technology	6,416
School Site Administration	3,667
Other General Administration	2,468
Plant Services	<u>4,798</u>
Total Depreciation Expense	<u>\$ 98,989</u>

**NOTE 7 - CAPITAL LEASES**

The District leases office equipment and solar energy equipment with a combined value of \$393,846, under agreements that provide for title to pass upon expiration of the lease periods. Future minimum lease payments under these agreements are as follows:

Year Ended <u>June 30</u>	Lease <u>Payments</u>
2015	\$ 27,925
2016	27,925
2017	27,925
2018	24,625
2019	24,625
2020-2024	<u>123,125</u>
Total	256,150
Less amounts representing interest	<u>(7,586)</u>
Present value of net minimum lease payments	<u>\$ 248,564</u>

The District will receive no sublease rental revenues nor pay any contingent rentals for these leased assets.

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

From an accrual accounting perspective, the cost of post employment healthcare benefits (OPEB), like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when the benefits are paid or provided. Governmental Accounting Standards Board Statement No. 45 requires an accrual basis measurement and recognition of OPEB cost over a period that approximates employees' years of service and provides information about actuarial accrued liabilities associated with OPEB and to what extent progress is being made in funding the plan.

*Plan Descriptions:* The District offers medical, dental and vision insurance to its eligible retirees. The medical plans are a Kaiser HMO with Kaiser Senior Advantage for Medicare-eligible retirees. Delta Dental and VSP vision insurance are also offered to both active employees and retirees of the District. All coverages are self-insured on a pooled basis or otherwise provided through the Marin Schools Insurance Authority (MSIA).

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

Plan Descriptions (Concluded): Certificated employees who have attained age 55 but not yet attained age 62, have completed 13 or more years of service with the District, and take a service retirement under CalSTRS, may retire and receive a District contribution of 100% of the combined cost of medical, dental, and vision coverage for retiree and spouse, up to a maximum of \$55,136 total cost to the District, but in no event beyond age 65. This dollar amount has increased by 2% per year in each of the last 2 years, and applies to individuals retiring in the year for which it is effective. Retirees may take cash in lieu of health benefits.

Classified employees who have attained age 55 but not yet attained age 65, have completed 15 or more years of paid service with the District, and take a service retirement under CalPERS if eligible, may retire and receive a District contribution of 50% of the amount the District was contributing towards medical and dental insurance for the employee at the time of retirement. District-paid benefits continue for three years or until age 65, if earlier.

Principals and Superintendents are covered by individual contractual arrangements. The current Principal will receive benefits according to the certificated bargaining agreement upon retirement; the current Superintendent will be eligible for coverage under the District plans at his own expense.

Confidential employees qualify for an early retirement incentive program if they retire between the ages of 55 and 60 and have served in the confidential position for at least of twelve (12) consecutive years. The incentive to be provided to the confidential employees is an entitlement for a five (5) year period of medical, dental, and vision insurance offered to other full time employees of the District and at the same District contribution amount provided to other full time employees.

The District had thirty-two (32) active employees and two (2) retired employees as of July 1, 2013, the effective date of the triennial OPEB valuation. For the District, OPEB benefits are administered by District personnel. No separate financial statements are issued.

Funding Policy: The District currently pays for post employment healthcare benefits on a pay-as-you-go basis, and these financial statements assume that pay-as-you-go funding will continue.

Annual OPEB Cost and Net OPEB Obligation:

Annual required contribution (ARC)	\$ 48,754
Interest on Net OPEB Obligation	1,095
Adjustment to ARC	<u>(1,583)</u>
Annual OPEB cost (expense)	48,266
Contributions for the fiscal year	<u>(22,834)</u>
Increase in Net OPEB Obligation	25,432
Net OPEB Obligation - June 30, 2013	<u>27,370</u>
Net OPEB Obligation - June 30, 2014	<u><u>\$ 52,802</u></u>

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 8 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the last three fiscal years was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2014	\$ 48,266	47%	\$ 52,802
June 30, 2013	24,465	76%	27,370
June 30, 2012	24,314	53%	21,450

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Examples include mortality, turnover, disability, retirement and other factors that affect the number of people eligible to receive future retiree benefits. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation, the liabilities were computed using the projected unit credit cost method and the District's unfunded actuarial accrued liability is being amortized over 30 years. The actuarial assumptions include a 4% investment rate of return and 2% cap inflation. The initial medical healthcare trend rate was 7% which grades down by 1% per year to an ultimate rate of 5% for fiscal years beginning 2015 and thereafter. The dental and vision trend rates are held constant at 4%.

**NOTE 9 - LONG-TERM LIABILITIES**

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

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>	<u>Due within One Year</u>
Capital Leases	\$ 274,620		\$ 26,056	\$ 248,564	\$ 26,307
Other Post Employment Benefits	27,370	\$ 48,266	22,834	52,802	
Totals	<u>\$ 301,990</u>	<u>\$ 48,266</u>	<u>\$ 48,890</u>	<u>\$ 301,366</u>	<u>\$ 26,307</u>

The solar equipment lease is an obligation of the Capital Projects - Special Reserve Fund. The office equipment capital lease and other post employment benefits are obligations of the General Fund.

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE 10 - FUND BALANCES**

The fund balances as of June 30, 2014 are as follows:

	General Fund	Capital Projects - Special Reserve Fund	Non-Major Governmental Funds	Totals
Nonspendable	\$ 2,500		\$ 2,454	\$ 4,954
Restricted	80,585		34,999	115,584
Assigned	661,268	\$ 368,473		1,029,741
Unassigned:				
Economic Uncertainties	385,722			385,722
Other	1,225,903			1,225,903
<b>Totals</b>	<b>\$ 2,355,978</b>	<b>\$ 368,473</b>	<b>\$ 37,453</b>	<b>\$ 2,761,904</b>

**NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS**

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

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

**Plan Description**

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

**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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-14 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$104,200, \$92,909, and \$86,689, respectively, and equal 100% of the required contributions for each year.

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-14 was 11.442%. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$90,836, \$88,888, and \$81,728, respectively, and equal 100% of the required contributions for each year.

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. The District and participating employees were required to contribute 6.2% of employee gross earnings, up to the annual limit.

NOTE 12 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the California State Teachers' Retirement System (CalSTRS) for K-12 Education. These payments consist of state general fund contributions to CalSTRS of \$54,682 (5.204002% of creditable compensation subject to CalSTRS).

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013-14, the District participated in one joint power authority (JPA) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage in any of the past three years.

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**NOTE 14 - JOINT VENTURE**

Marin Schools Insurance Authority (MSIA)

The District participates in a joint venture under a joint powers agreement with MSIA for workers' compensation and property and liability insurance. The relationship between the District and MSIA is such that MSIA is not a component unit of the District for financial reporting purposes.

MSIA arranges for and/or provides coverage for its members. MSIA is governed by a board consisting of a representative from each member district. MSIA's governing board controls the operations of MSIA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in MSIA. MSIA is audited on an annual basis. Audited financial statements can be obtained by contacting MSIA's management.

**NOTE 15 - COMMITMENTS AND CONTINGENCIES**

**A. State and Federal Allowances, Awards and Grants**

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

**B. Litigation**

The District is subject to various legal proceedings and claims. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

**NOTE 16 - ECONOMIC DEPENDENCY**

During fiscal year 2013-14, the District received \$464,250 of parcel tax revenue that is subject to voter approval. On June 4, 2013, the voters of the District approved Measure A, which will replace the expiring parcel tax assessment of \$250 per parcel with a new parcel tax assessment of \$300 per parcel. The new parcel tax will be assessed for a period of six years and will expire on June 30, 2020. The parcel tax will be used to provide quality educational programs for the District.

**NOTE 17 - SUBSEQUENT EVENTS**

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 5, 2014, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements.

SUPPLEMENTARY INFORMATION SECTION



**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b><u>Revenues</u></b>				
LCFF Sources:				
State Apportionment / Transfers	\$ 18,732	\$ 251,557	\$ 252,248	\$ 691
Local Sources	2,185,744	2,180,571	2,188,863	8,292
Total LCFF Sources	2,204,476	2,432,128	2,441,111	8,983
Federal Revenue	176,636	254,854	318,170	63,316
Other State Revenue	157,888	60,929	62,302	1,373
Other Local Revenue	740,706	773,386	769,202	(4,184)
Total Revenues	3,279,706	3,521,297	3,590,785	69,488
<b><u>Expenditures</u></b>				
Certificated Salaries	1,270,215	1,282,538	1,248,248	34,290
Classified Salaries	783,177	859,101	850,019	9,082
Employee Benefits	816,174	745,079	726,312	18,767
Books and Supplies	89,586	174,903	125,549	49,354
Services and Other				
Operating Expenditures	457,117	495,897	406,501	89,396
Debt Service:				
Principal Retirement		2,800	2,800	
Interest and Fiscal Charges		781	781	
Other Expenditures	21,770			
Total Expenditures	3,438,039	3,561,099	3,360,210	200,889
Excess of Revenues Over (Under) Expenditures	(158,333)	(39,802)	230,575	270,377
<b><u>Other Financing (Uses)</u></b>				
Operating Transfers Out	(54,232)	(57,511)	(42,000)	15,511
Net Change in Fund Balances	(212,565)	(97,313)	188,575	\$ 285,888
Fund Balances - July 1, 2013	2,167,403	2,167,403	2,167,403	
Fund Balances - June 30, 2014	\$ 1,954,838	\$ 2,070,090	\$ 2,355,978	

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2014**

	<u>Cafeteria</u>	<u>County School Facilities</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>Assets</u></b>			
Deposits and Investments	\$ 2,011	\$ 31,270	\$ 33,281
Receivables	1,718		1,718
Stores Inventory	2,454		2,454
Total Assets	<u>\$ 6,183</u>	<u>\$ 31,270</u>	<u>\$ 37,453</u>
<b><u>Fund Balances</u></b>			
Nonspendable	\$ 2,454		\$ 2,454
Restricted	3,729	\$ 31,270	34,999
Total Fund Balances	<u>\$ 6,183</u>	<u>\$ 31,270</u>	<u>\$ 37,453</u>

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Cafeteria</u>	<u>County School Facilities</u>	<u>Total Non-Major Governmental Funds</u>
<b><u>Revenues</u></b>			
Federal Revenue	\$ 30,550		\$ 30,550
State Revenue	2,513		2,513
Local Revenue	38,061	\$ 38	38,099
Total Revenues	<u>71,124</u>	<u>38</u>	<u>71,162</u>
<b><u>Expenditures</u></b>			
Food Services	116,973		116,973
Plant Services		5,682	5,682
Total Expenditures	<u>116,973</u>	<u>5,682</u>	<u>122,655</u>
Excess of Revenues (Under) Expenditures	(45,849)	(5,644)	(51,493)
<b><u>Other Financing Sources</u></b>			
Operating Transfers In	42,000		42,000
Net Change in Fund Balances	(3,849)	(5,644)	(9,493)
Fund Balances - July 1, 2013	<u>10,032</u>	<u>36,914</u>	<u>46,946</u>
Fund Balances - June 30, 2014	<u>\$ 6,183</u>	<u>\$ 31,270</u>	<u>\$ 37,453</u>

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**SCHEDULE OF FUNDING PROGRESS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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<u>Actuarial Valuation Date</u>	<u>Value of Assets</u>	<u>Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Percentage of Covered Payroll</u>
7/1/2013	\$ 0	\$ 360,014	\$ 360,014	0%	\$ 1,649,506	21.8%
7/1/2009	\$ 0	\$ 173,358	\$ 173,358	0%	\$ 1,342,635	12.9%

SEE NOTES TO SUPPLEMENTARY INFORMATION

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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ORGANIZATION

The Bolinas-Stinson Union School District was established in 1961 to provide elementary education to pupils in kindergarten through grade eight. The District is located in Marin County and currently operates one elementary school. There were no changes in the boundaries of the District during the current year.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Arianne Dar	President	December 2016
Nathan Siedman	Clerk	November 2014
Cyrus Harmon	Trustee	December 2016
Steve Marcotte	Trustee	November 2014
Jennifer Pfeiffer	Trustee	November 2014

ADMINISTRATION

Lawrence H. Enos  
Superintendent

**BOLINAS-STINSON UNION SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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	<b>P-2 Report</b>			
	<u><b>TK / K - 3</b></u>	<u><b>4 - 6</b></u>	<u><b>7 - 8</b></u>	<u><b>Total</b></u>
Regular ADA	51.34	40.55	20.11	112.00
Special Education - Nonpublic			1.32	1.32
Totals	<u>51.34</u>	<u>40.55</u>	<u>21.43</u>	<u>113.32</u>

	<b>Annual Report</b>			
	<u><b>TK / K - 3</b></u>	<u><b>4 - 6</b></u>	<u><b>7 - 8</b></u>	<u><b>Total</b></u>
Regular ADA	52.12	40.65	20.48	113.25
Special Education - Nonpublic			1.25	1.25
Totals	<u>52.12</u>	<u>40.65</u>	<u>21.73</u>	<u>114.50</u>

**BOLINAS-STINSON UNION SCHOOL DISTRICT**

**SCHEDULE OF INSTRUCTIONAL TIME**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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<b><u>Grade Level</u></b>	<b><u>Minutes Required</u></b>	<b><u>Adjusted Minutes Required</u></b>	<b><u>2013-14 Actual Minutes</u></b>	<b><u>Number of Days Traditional Calendar</u></b>	<b><u>Number of Days Multitrack Calendar</u></b>	<b><u>Status</u></b>
Kindergarten	36,000	35,000	50,460	180	N/A	In Compliance
Grade 1	50,400	49,000	56,760	180	N/A	In Compliance
Grade 2	50,400	49,000	56,760	180	N/A	In Compliance
Grade 3	50,400	49,000	59,460	180	N/A	In Compliance
Grade 4	54,000	52,500	59,460	180	N/A	In Compliance
Grade 5	54,000	52,500	59,460	180	N/A	In Compliance
Grade 6	54,000	52,500	59,460	180	N/A	In Compliance
Grade 7	54,000	52,500	59,460	180	N/A	In Compliance
Grade 8	54,000	52,500	59,460	180	N/A	In Compliance

**BOLINAS-STINSON UNION SCHOOL DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<u>Program Name</u>	<u>Federal Catalog Number</u>	<u>Pass-Through Identification Number</u>	<u>Federal Program Expenditures</u>
U.S. Department of Agriculture:			
Passed through California Department of Education (CDE):			
National School Lunch	10.555	13524	\$ 19,071
School Needy Breakfast	10.553	13526	11,479
U.S. Department of Education:			
Passed through CDE:			
NCLB: Title I Basic Grant Low-Income & Neglected	84.010	14329	21,475
NCLB: Title II Improving Teacher Quality	84.367	14341	6,559
NCLB: Title III Limited English Proficient	84.365	14346	1,027
Passed through Marin County SELPA:			
<i>Special Education Cluster:</i>			
IDEA Part B Basic Local Assistance	84.027	13379	22,635
IDEA Part B Mental Health Allocation Plan	84.027A	14468	5,172
Received Direct:			
Title VIII Impact Aid	84.041	n/a	247,360
Rural Education Achievement Program	84.358A	n/a	13,942
Total			<u>\$ 348,720</u>

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT**  
**WITH AUDITED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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	<u>General Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Special Reserve Fund for Postemployment Benefits</u>
June 30, 2014 Annual Financial and Budget Report Fund Balances	\$ 1,694,710	\$ 275,149	\$ 386,119
Reclassifications Increasing (Decreasing) Fund Balances:			
Reclassification of Fund Balances	<u>661,268</u>	<u>(275,149)</u>	<u>(386,119)</u>
June 30, 2014 Audited Financial Statements Fund Balances	<u>\$ 2,355,978</u>	<u>\$ 0</u>	<u>\$ 0</u>

Auditor's Comments

The fund balances of the General Fund, Deferred Maintenance Fund, and Special Reserve Fund for Postemployment Benefits have been combined for financial reporting purposes in accordance with GASB 54.

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2014.

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	GENERAL FUND			
	(Budget) * 2014-15 **	2013-14	2012-13	2011-12
Revenues and Other Financial Sources	\$ 3,755,475	\$ 3,590,785	\$ 4,081,688	\$ 3,294,170
Expenditures	3,451,712	3,360,210	3,213,534	2,974,204
Other Uses and Transfers Out	52,967	42,000	180,227	20,000
Total Outgo	3,504,679	3,402,210	3,393,761	2,994,204
Change in Fund Balance	250,796	188,575	687,927	299,966
Ending Fund Balance	\$ 2,606,774	\$ 2,355,978	\$ 2,167,403	\$ 1,479,476
Available Reserves	\$ 1,917,048	\$ 1,611,625	\$ 1,820,165	\$ 1,342,182
Reserve for Economic Uncertainties ***	\$ 357,608	\$ 385,722	\$ 339,376	\$ 297,110
Available Reserves as a Percentage of Total Outgo	54.7%	47.4%	53.6%	44.8%
Average Daily Attendance at P-2	116	113	103	112
Total Long-Term Liabilities	\$ 275,059	\$ 301,366	\$ 301,990	\$ 326,732

\* The amounts reported for the budget are presented for analytical purposes only and have not been audited.

\*\* Amounts have been adjusted to ensure comparability with the current year GASB 54 financial statement presentation.

\*\*\* Reported balances are a component of available reserves.

The fund balance of the General Fund increased \$876,502 (59.2%) over the past two years. The fiscal year 2014-15 budget projects an increase of \$250,796 (10.6%). For a district this size, the state recommends available reserves of at least 5% of total general fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses of \$188,575, \$687,927, and \$299,966 during fiscal years 2013-14, 2012-13, and 2011-12, respectively.

Average daily attendance (ADA) increased 1 ADA over the past two years. The District projects an increase of 3 ADA during fiscal year 2014-15.

Long-term liabilities decreased \$25,366 over the past two years, due primarily to a decrease in the District's obligation for capital leases.

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES**

**A. Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object.

**B. Schedule of Funding Progress**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 45, the District is required to present a Schedule of Funding Progress which shows the funding progress of the District's OPEB plan for the most recent valuation and the two preceding valuations. The information required to be disclosed includes the valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability, the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll and the ratio of the unfunded actuarial liability to annual covered payroll.

**C. Schedule of Average Daily Attendance**

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

**D. Schedule of Instructional Time**

The District participated in the Longer Day incentive funding program for the current fiscal year, but the District did not meet or exceed its LCFF target funding. This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

**E. Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards includes the federal grant activities of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**F. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balances of all funds, as reported in the Annual Financial and Budget Report to the audited financial statements.

**G. 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.



OTHER INDEPENDENT AUDITOR'S REPORTS SECTION



**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

Board of Trustees  
Bolinás-Stinson Union School District  
Bolinás, California

Report on State Compliance

We have audited Bolinás-Stinson Union School 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* for the fiscal year ended June 30, 2014.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14*, prescribed in the California Code of Regulations, Title 5, section 19810 and following. 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 occurred. An audit includes examining, on a test basis, evidence about Bolinás-Stinson Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Bolinás-Stinson Union School District's compliance with those requirements.

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

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Not Applicable
Continuation Education	10	Not Applicable

<u>Description</u>	<u>Procedures in Audit Guide</u>	<u>Procedures Performed</u>
Instructional Time for School Districts	10	Yes
Instructional Materials General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
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
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Yes
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
Contemporaneous Records of Attendance For Charter Schools	8	Not Applicable
Mode of Instruction for Charter Schools	1	Not Applicable
Nonclassroom-Based Instruction/ Independent Study for Charter Schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction for Charter Schools	3	Not Applicable
Annual Instructional Minutes - Classroom Based For Charter Schools	4	Not Applicable
Charter School Facility Grant Program	1	Not Applicable

Opinion on State Compliance

In our opinion, Bolinas-Stinson Union School District complied, in all material respects, with the types of 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 of the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2013-14*. Accordingly, this report is not suitable for any other purpose.

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 5, 2014



**STEPHEN ROATCH ACCOUNTANCY CORPORATION**  
*Certified Public Accountants*

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

Board of Trustees  
Bolin-Stinson Union School District  
Bolin, 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 the Bolin-Stinson Union School 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 5, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies, as noted in **Finding 14-1** and **14-2**.

Compliance and Other Matters

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

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

December 5, 2014

## FINDINGS AND QUESTIONED COSTS SECTION



**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

**Financial Statements**

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	_____ Yes	___X___ No
Significant deficiencies identified not considered to be material weaknesses?	___X___ Yes	_____ None reported
Noncompliance material to financial statements noted?	_____ Yes	___X___ No

**State Awards**

Internal control over state programs:		
Material weaknesses identified?	_____ Yes	___X___ No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	___X___ None reported
Type of auditor's report issued on compliance for state programs:	Unmodified	

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**14 - 1 / 30000**

**SIGNIFICANT DEFICIENCY**

**CAFETERIA - CASH RECEIPTS**

**Criteria:** All districts should establish procedures to ensure that cafeteria cash receipt transactions are performed in a complete and accurate manner. Accordingly cafeteria sales should always be reconciled to actual amounts received, and the reconciliation forms should be retained with the deposit forms to support the deposit amounts.

**Condition:** Cafeteria sales were not reconciled to actual amounts received during the year.

**Questioned Costs:** None.

**Context:** The District implemented a new computerized cafeteria accounting system in fiscal year 2013-14. Based on reports generated at the end of the fiscal year, total cafeteria sales were materially close to actual amounts received during the year however, actual amounts received were not adjusted for changes in students' meal account balances during the year.

**Effect:** It is difficult to determine the accuracy or completeness of cafeteria sales if calculated sales are not reconciled to actual amounts received.

**Cause:** The District did not establish procedures that require cafeteria sales to be reconciled to actual amounts received. The District did not fully utilize the capabilities of the new computerized system.

**Recommendation:** The District should establish procedures that require cafeteria sales to be reconciled to actual amounts received at the end of each month. The reconciliation forms should be retained with the deposit forms to support the deposit amounts.

**District Response:** District staff has developed new forms and established procedures to accurately reconcile cash receipts each month. Staff will utilize reports generated by their computerized cafeteria accounting system. Staff will also work to incorporate online credit sales, introduced in 2014-15, into their monthly reconciliation. All reconciliations, including deposit transactions, will be retained in the business office.

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)**

14 - 2 / 30000

**SIGNIFICANT DEFICIENCY**

**CAFETERIA FUND ENCROACHMENT**

Criteria: The Cafeteria Fund should attempt to operate as close to break-even as possible to ensure that the program does not encroach on the General Fund in significant amounts.

Condition: The Cafeteria Fund has not operated close to a break-even basis. The program continues to incur increasing operating deficits and has relied upon increasing annual contributions from the General Fund. A summary of the Cafeteria Fund operating deficits and annual General Fund contributions are as follows:

	Budget <u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Cafeteria Fund				
Operating Deficits	\$ 52,967	\$ 45,849	\$ 43,807	\$ 27,201
General Fund				
Contributions	\$ 52,967	\$ 42,000	\$ 31,789	\$ 20,000

Questioned Cost: None.

Context: The Cafeteria Fund is incurring annual operating deficits and has become dependent on increasing annual General Fund contributions. In November 2014, voters approved Proposition 2 which includes a provision that will limit the amount that many school districts may hold in reserves in future years, which may have an impact on the District's ability to continue to provide increasing support to the cafeteria program.

Effect: If appropriate program cuts are not made, the current trend of increasing deficit spending in the Cafeteria Fund will likely continue and may begin to impair the District's ability to maintain adequate reserves in the General Fund in the future.

Cause: The District has been unsuccessful in reducing cafeteria program costs down to a level that is consistent with the revenues generated by the program.

Recommendation: The District should investigate program changes that will allow the Cafeteria Fund to operate closer to a break-even basis and become less dependent on increasing annual General Fund contributions.

District Response: The Superintendent, along with the business office and food service staff, will review current program costs and revenues, and review changes that may be implemented that will allow the Cafeteria Fund to operate closer to a break even basis.

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

There are no matters to report for the fiscal year ended June 30, 2014.

**BOLINAS-STINSON UNION SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<b><u>FINANCIAL STATEMENTS</u></b>		
<b>13 - 1 / 30000</b>		
<b><u>FINANCIAL REPORTING</u></b>		
The District should establish appropriate procedures to ensure that future actuarial studies are completed by the required due dates, and are available for inclusion in the annual audit.	Implemented	
<b>13 - 2 / 30000</b>		
<b><u>SCHOOL NUTRITION PROGRAM - CLAIM SUBMISSION DEADLINE</u></b>		
The District should establish appropriate procedures to ensure that the monthly claims for reimbursement are submitted by the specified due dates. In addition, District personnel should review the criteria, circumstances, or conditions, specified on the California Department of Education website, and determine if the District may still qualify to receive payment for the late claim.	Implemented	
<b>13 - 3 / 30000</b>		
<b><u>MEAL COUNTS</u></b>		
The District should establish appropriate procedures to ensure that the reported meal counts are independently verified prior to being submitted to the state.	Implemented	
<b>13 - 4 / 30000</b>		
<b><u>CAFETERIA - CASH RECEIPTS</u></b>		
The District should establish procedures that require cafeteria sales to be reconciled to actual amounts received.	Not Implemented	Comment Repeated <b>(Finding 14 - 1)</b>

**BOLINAS-STINSON UNION SCHOOL DISTRICT**  
**SCHEDULE OF PRIOR YEAR RECOMMENDATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<b><u>FINANCIAL STATEMENTS</u></b> <b><u>(CONCLUDED)</u></b>		
<b>13 - 5 / 30000</b>		
<u>PAYROLL</u>		
The District should establish procedures that require a detailed review of payroll to be performed by someone other than the individual who is responsible for processing the payroll.	Implemented	
<b><u>STATE AWARDS</u></b>		
<b>13 - 6 / 10000</b>		
<u>ATTENDANCE CALENDAR</u>		
The District should establish appropriate procedures to ensure that future school attendance calendars conform to Education Code 37201. In addition, the individual responsible for recording student attendance should be provided with appropriate training that is directly related to her assigned job duties.	Implemented	
<b>13 - 7 / 10000</b>		
<u>ATTENDANCE - ABSENCE PHONE LOG</u> <u>PAYROLL</u>		
The District should develop a standardized absence phone log that includes each of the essential elements.	Implemented	