

**COLUSA UNIFIED SCHOOL DISTRICT**

**COUNTY OF COLUSA  
COLUSA, CALIFORNIA**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

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

# COLUSA UNIFIED SCHOOL DISTRICT

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# COLUSA UNIFIED SCHOOL DISTRICT

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**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Colusa Unified School District  
Colusa, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Colusa Unified School District (the "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 the Colusa Unified School District (the “District”), as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows 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 and budgetary comparison information on pages 4-8 and page 31-32, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

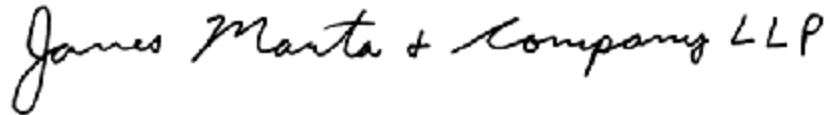
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards, as required by 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 supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates 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 supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
September 30, 2014

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

COLUSA UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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**OVERVIEW OF THE FINANCIAL STATEMENTS**

**The Financial Statements**

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

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

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

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

The *Fiduciary Activities* only report a balance sheet and do not have a measurement focus.

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

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

**GOVERNMENT-WIDE STATEMENTS**

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

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

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

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



# COLUSA UNIFIED SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

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

**Governmental Activities** – The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, finance these activities.

### FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds – not the District as a whole. Funds are required to be established by State and Federal law.

#### Governmental Funds

Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measure 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 general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following each governmental fund financial statement.

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

#### Net Position

The District's combined net position, as of June 30, 2014, was \$4,709,889 reflecting an increase of 1.5% since June 30, 2013.

#### Change in Net Position

The District's total revenues increased 10% to \$12,596,984. The District's expenses are predominantly related to educating and caring for students (75%). The purely administrative activities of the District accounted for 6.7% of total costs.

#### Governmental Activities

As reported in the Statement of Activities on page 10, the cost of all of our governmental activities was \$12,528,486 and \$11,737,148 for June 30, 2014 and 2013, respectively.

The Statement of Activities reflects the net cost of each of the District's largest functions – instruction, pupil support services, maintenance and operations, administration, and other costs. Included in this table are each program's net cost (total cost less revenues generated by the activities). As discussed above, net cost shows the financial burden placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2014**

**Condensed Statement of Net Position**

	June 30, 2013	June 30, 2014	Change	Percentage Change
<b>Assets</b>				
Current assets	\$ 3,410,848	\$ 3,464,110	\$ 53,262	1.6%
Capital assets	2,699,719	2,605,414	(94,305)	-3.5%
Total assets	<u>6,110,567</u>	<u>6,069,524</u>	<u>(41,043)</u>	<u>-0.7%</u>
<b>Liabilities</b>				
Current liabilities	585,362	646,561	61,199	10.5%
Long-term liabilities	883,814	713,074	(170,740)	-19.3%
Total liabilities	<u>1,469,176</u>	<u>1,359,635</u>	<u>(109,541)</u>	<u>-7.5%</u>
<b>Net Position</b>				
Invested in capital assets, net of related debt	2,434,153	2,383,427	(50,726)	-2.1%
Restricted	40,292	227,366	187,074	464.3%
Unrestricted	2,166,946	2,099,096	(67,850)	-3.1%
Total net position	<u>\$ 4,641,391</u>	<u>\$ 4,709,889</u>	<u>\$ 68,498</u>	<u>1.5%</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2014**

<b>Condensed Statement of Activities for the Fiscal Years Ended June 30</b>				Percentage
	2013	2014	Change	Change
<b>Revenues</b>				
Charges for services	\$ 143,537	\$ 135,233	\$ (8,304)	-5.8%
Operating grants and contributions	1,739,894	1,856,269	116,375	6.7%
Taxes levied for general purposes	2,797,891	2,785,234	(12,657)	-0.5%
Federal and state aid not restricted for specific purposes	6,220,989	7,280,259	1,059,270	17.0%
Interest and investment earnings	65,192	17,280	(47,912)	-73.5%
Interagency revenues	239,881	236,809	(3,072)	-1.3%
Miscellaneous	197,304	285,900	88,596	44.9%
<b>Total revenues</b>	<b>11,404,688</b>	<b>12,596,984</b>	<b>1,192,296</b>	<b>10.5%</b>
<b>Expenses</b>				
Instruction	6,537,935	7,077,778	539,843	8.3%
Instruction-related services	911,316	915,522	4,206	0.5%
Pupil services	1,295,176	1,341,337	46,161	3.6%
General administration	713,784	838,861	125,077	17.5%
Plant services	1,172,273	1,326,798	154,525	13.2%
Ancillary services	189,089	199,459	10,370	5.5%
Community services	2,163	2,277	114	5.3%
Interest on long-term debt	13,363	11,466	(1,897)	-14.2%
Other outgo	704,813	620,595	(84,218)	-11.9%
Depreciation (unallocated)	197,236	194,393	(2,843)	-1.4%
<b>Total expenses</b>	<b>11,737,148</b>	<b>12,528,486</b>	<b>791,338</b>	<b>6.7%</b>
<b>Change in net position</b>	<b>\$ (332,460)</b>	<b>\$ 68,498</b>	<b>\$ 400,958</b>	<b>-120.6%</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As the District completed the school year, the governmental funds reported a combined fund balance of \$2,817,549 which is a decrease of \$7,937 from last year.

**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 Revised figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim and any other time there are significant changes.

**COLUSA UNIFIED SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2014**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

Capital assets, net of depreciation, decreased \$94,305 due to acquisitions and improvements growing at a lower rate than accumulated depreciation, asset disposals, and adjustments.

**Long-Term Liabilities**

Total long-term liabilities decreased by \$170,740.

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.

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

- Ø Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California. Enrollment is expected to increase in fiscal year 2014-15.
- Ø The State's economic and budget situation has made a positive turn for 2013-14 and 2014-15 but negatively impacted the District in years prior going back to 2008-2009.
- Ø The future predictions require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the: District Office, Colusa Unified School District, 745 Tenth Street, Colusa, California 95932-2220.

## **BASIC FINANCIAL STATEMENTS**

COLUSA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2014

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,290,756
Receivables	1,140,123
Stores inventories	33,231
Capital assets, net of accumulated depreciation	<u>2,605,414</u>
Total Assets	<u>6,069,524</u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	640,522
Unearned revenue	6,039
Long-term liabilities:	
Due within one year	199,092
Due in more than one year	<u>513,982</u>
Total Liabilities	<u>1,359,635</u>
<b>NET POSITION</b>	
Invested in capital assets, net of related debt	2,383,427
Restricted	227,366
Unrestricted	<u>2,099,096</u>
Total Net Position	<u>\$ 4,709,889</u>

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

**COLUSA UNIFIED SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES**

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

		<u>Program Revenues</u>		<b>Net (Expense) Revenues and Changes in Net Position</b>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
Instruction	\$ 7,077,778	\$ 7,920	\$ 948,091	\$ (6,121,767)
Instruction-related services:				
Instructional supervision	15,226	-	1,282	(13,944)
Instructional library, media and technology	122,274	-	-	(122,274)
School site administration	778,022	-	65,717	(712,305)
Pupil Services:				
Home-to-school transportation	138,707	-	-	(138,707)
Food services	652,486	116,381	529,427	(6,678)
All other pupil services	550,144	-	108,152	(441,992)
General administration:				
Centralized data processing	148,827	-	-	(148,827)
All other general administration	690,034	3,542	169,981	(516,511)
Plant services	1,326,798	7,390	33,619	(1,285,789)
Ancillary services	199,459	-	-	(199,459)
Community services	2,277	-	-	(2,277)
Interest on long-term debt	11,466	-	-	(11,466)
Other outgo	620,595	-	-	(620,595)
Depreciation (unallocated)	194,393	-	-	(194,393)
Total governmental activities	<u>\$ 12,528,486</u>	<u>\$ 135,233</u>	<u>\$ 1,856,269</u>	<u>(10,536,984)</u>
General Revenues				
Taxes and subventions:				
Taxes levied for general purposes				2,785,234
Federal and state aid not restricted to specific purposes				7,280,259
Interest and investment earnings				17,280
Interagency revenues				236,809
Miscellaneous				285,900
Total general revenues				<u>10,605,482</u>
Change in net position				68,498
Net Position, July 1, 2013				4,641,391
Net Position, June 30, 2014				<u>\$ 4,709,889</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2014**

	<b>General Fund</b>	<b>Capital Facilities Fund</b>	<b>Cafeteria Fund</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 825,313	\$ 1,454,012	\$ 11,431	\$ 2,290,756
Accounts receivable	1,074,990	2,000	63,133	1,140,123
Due from other funds	54,039	-	-	54,039
Inventory	-	-	33,231	33,231
<b>Total Assets</b>	<b>\$ 1,954,342</b>	<b>\$ 1,456,012</b>	<b>\$ 107,795</b>	<b>\$ 3,518,149</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 600,309	\$ 19,773	\$ 20,440	\$ 640,522
Unearned revenue	6,039	-	-	6,039
Due to other funds	-	-	54,039	54,039
<b>Total Liabilities</b>	<b>606,348</b>	<b>19,773</b>	<b>74,479</b>	<b>700,600</b>
<b>Fund balances</b>				
Nonspendable	20,350	-	33,231	53,581
Restricted	227,281	-	85	227,366
Committed	747,003	1,436,239	-	2,183,242
Unassigned	353,360	-	-	353,360
<b>Total Fund Balances</b>	<b>1,347,994</b>	<b>1,436,239</b>	<b>33,316</b>	<b>2,817,549</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,954,342</b>	<b>\$ 1,456,012</b>	<b>\$ 107,795</b>	<b>\$ 3,518,149</b>



COLUSA UNIFIED SCHOOL DISTRICT

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

JUNE 30, 2014

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Total fund balances - governmental funds \$ 2,817,549

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

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

Capital assets at historical cost	\$ 10,882,548	
Accumulated depreciation	<u>(8,277,134)</u>	
Net		2,605,414

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

Supplemental Employee Retirement Program	183,452	
Compensated absences payable	50,788	
Capital leases payable	221,987	
Other general long-term debt	<u>256,847</u>	
		<u>(713,074)</u>

Total net position - governmental activities \$ 4,709,889

**COLUSA UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<b>General Fund</b>	<b>Capital Facilities Fund</b>	<b>Cafeteria Fund</b>	<b>Total</b>
<b>REVENUES</b>				
LCFF sources:				
State apportionment	\$ 7,021,121	\$ -	\$ -	\$ 7,021,121
Local sources	2,790,704	-	-	2,790,704
Total LCFF Revenues	9,811,825	-	-	9,811,825
Federal revenue	513,251	-	537,461	1,050,712
Other state revenues	1,022,997	-	41,745	1,064,742
Other local revenues	443,253	99,190	127,265	669,708
Total revenues	11,791,326	99,190	706,471	12,596,987
<b>EXPENDITURES</b>				
Certificated salaries	5,486,681	-	-	5,486,681
Classified salaries	1,655,182	-	246,341	1,901,523
Employee benefits	2,264,817	-	92,803	2,357,620
Books and supplies	659,731	-	286,324	946,055
Services and other operating expenditures	1,000,080	76,519	47,902	1,124,501
Capital outlay	34,666	23,714	32,452	90,832
Other outgo	677,514	-	20,198	697,712
Total expenditures	11,778,671	100,233	726,020	12,604,924
Net change in fund balances	12,655	(1,043)	(19,549)	(7,937)
Fund balances, July 1, 2013	1,335,339	1,437,282	52,865	2,825,486
Fund balances, June 30, 2014	<u>\$ 1,347,994</u>	<u>\$ 1,436,239</u>	<u>\$ 33,316</u>	<u>\$ 2,817,549</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF  
ACTIVITIES**

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

Total net change in fund balances - governmental funds \$ (7,937)

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

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

	Expenditures for capital outlay:	\$ 119,201	
	Depreciation expense:	<u>(194,393)</u>	(75,192)

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: 43,579

Gain or loss from disposal of capital assets: In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain is: (19,113)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measure by the amounts earned. The difference between compensated absences paid and compensated absences earned was: (3,334)

Supplementary Employee Retirement Program (SERP): In governmental funds, SERP costs are recognized when employer payments are made. In the statement of activities, SERP costs are recognized on the accrual basis. The difference between SERP costs and actual employer payments was: 96,955

Other liabilities not normally liquidated with current financial resources: In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources. Examples include special termination benefits financed over time. This year, expenses incurred for such obligations were:

State Teachers' Retirement System (STRS) Golden Handshake		<u>33,540</u>
-----------------------------------------------------------	--	---------------

Total change in net position - governmental activities \$ 68,498

**COLUSA UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**STUDENT BODY FUNDS**  
**JUNE 30, 2014**

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Assets:	
Cash in county treasury	\$ 53,978
Total Assets	<u>\$ 53,978</u>
Liabilities:	
Due to student groups	53,978
Total Liabilities	<u>\$ 53,978</u>

# COLUSA UNIFIED SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. HISTORY OF THE ORGANIZATION

The Colusa Unified 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 Governing Board elected by registered voters of the District, which comprises an area in Colusa County. The District serves students in grades kindergarten through twelfth.

#### B. REPORTING ENTITY

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

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

#### C. ACCOUNTING POLICIES

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

#### D. BASIS OF PRESENTATION

##### Government-Wide Financial Statements

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities.

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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**D. BASIS OF PRESENTATION (CONTINUED)**

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.

**E. MEASUREMENT FOCUS AND 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.

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statements

Governmental fund financial statements (i.e., balance sheet and statement of revenues, expenditures, and changes in fund balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within 60 days after year-end.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

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**E. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

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 specified 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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**F. FUND ACCOUNTING**

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, non-major, and fiduciary funds as follows:

*Governmental Funds*

The **General Fund** is the general operating fund of the District and accounts for all revenues and expenditures of the District, not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The **Special Revenue Funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The **Cafeteria Fund** is used to account separately for federal, state, and local resources to operate the food service program.

The **Capital Projects Funds** are used to account for resources used for the acquisition or construction of major capital facilities and equipment.

The **Capital Facilities Fund** is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (Education Code sections 17620–17626).

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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**F. FUND ACCOUNTING (CONTINUED)**

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of other parties in a trustee or agent capacity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

The **Agency Funds** are used to account for assets of others for which the District acts as an agent. The District maintains accounts for student body activities at each school site.

**G. BUDGETS AND BUDGETARY ACCOUNTING**

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

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures.

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.

**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. DEPOSITS AND INVESTMENTS**

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

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.



**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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**I. DEPOSITS AND INVESTMENTS (CONTINUED)**

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 placed with commercial banks and/or savings and loan companies; 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.

**J. PREPAID EXPENSES/EXPENDITURES**

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to recognize expenditures when incurred. Prepaid expenses include the costs of issuance associated with bond issues, which are amortized over the life of the bond obligation. Reported expenses are equally offset by a net position reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

**K. INVENTORY**

Inventory in the Cafeteria Fund consists mainly of consumable supplies held for future use and are valued at average cost. Inventories are recorded as expenditures at the time individual inventory items are transferred from the warehouse to schools. Maintenance and other supplies held for physical plant repair, transportation supplies, and operating supplies are not included in inventories; rather, these amounts are recorded as expenditures when purchased.

The Cafeteria Fund records supplies expense which includes a handling charge for the delivery of government surplus food commodities. The state does not require the Cafeteria Fund to record the fair market value of these commodities. The supplies expenditures would have been greater had the District paid fair market value for the government surplus commodities.

**L. 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 as follows: buildings and improvements, 5 to 50 years; furniture and equipment, 2 to 15 years; and vehicles, 8 years.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

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**M. UNEARNED REVENUE**

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

**N. 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.

**O. RESTRICTED NET POSITION**

Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

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.

**P. FUND BALANCE**

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the District is required to report fund balances in the following categories: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

*Nonspendable Fund Balance* reflects assets not in spendable form, either because they will never convert to cash (e.g. prepaid expense) or must remain intact pursuant to legal or contractual requirements.

*Restricted Fund Balance* reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

*Committed Fund Balance* reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Trustees. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Trustees.

*Assigned Fund Balance* reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. Under the District's adopted policy, only the Board of Trustees is authorized to assign amounts for specific purposes.

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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**P. FUND BALANCE (CONTINUED)**

*Unassigned Fund Balance* represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, the District considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

**Q. LOCAL CONTROL FUNDING FORMULA/PROPERTY TAX**

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

The County of Colusa is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. Taxes are levied for each fiscal year on taxable real and personal property in the county. Secured property taxes attach as an enforceable lien on property as of March 1. Property taxes become delinquent after December 10 and April 10, respectively.

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 control funding formula (LCFF) sources by the District.

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

**R. 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.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**2. CASH AND INVESTMENTS**

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

	Governmental Activities	Fiduciary Activities
Cash in County Treasury	\$ 2,270,406	\$ 53,978
Cash in revolving fund	20,350	-
	\$ 2,290,756	\$ 53,978

**A. CASH IN REVOLVING FUNDS**

Cash in revolving fund consists of all cash maintained in commercial bank accounts that are used as revolving funds. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation.

**B. COUNTY POOL INVESTMENTS**

County pool investments consist of District cash held by the Colusa 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). The weighted average maturity of the pool is 232 days. The pool is rated AAA by Standard and Poor's.

**Interest Rate Risk.** California Government Code Section 53601 limits the District's investments to maturities of five years. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**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.

COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

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**3. INTERFUND TRANSACTIONS**

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

As of June 30, 2014, the interfund balances were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Fund		
General Fund	\$ 54,039	\$ -
Cafeteria Fund	-	54,039
Total	<u>\$ 54,039</u>	<u>\$ 54,039</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance July 1, 2013</u>	<u>Additions and Transfers</u>	<u>Deductions and Transfers</u>	<u>Balance June 30, 2014</u>
Non-depreciable assets:				
Land	<u>\$ 801,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 801,813</u>
Depreciable assets:				
Sites and improvements	818,669	-	(19,113)	799,556
Building and improvements	8,292,375	77,597	-	8,369,972
Furniture and equipment	<u>869,603</u>	<u>41,604</u>	<u>-</u>	<u>911,207</u>
	<u>9,980,647</u>	<u>119,201</u>	<u>(19,113)</u>	<u>10,080,735</u>
Totals, at cost	<u>10,782,460</u>	<u>119,201</u>	<u>(19,113)</u>	<u>10,882,548</u>
Accumulated depreciation:				
Sites and improvements	(604,958)	(19,652)	-	(624,610)
Building and improvements	(6,868,795)	(146,039)	-	(7,014,834)
Furniture and equipment	<u>(608,988)</u>	<u>(28,702)</u>	<u>-</u>	<u>(637,690)</u>
	<u>(8,082,741)</u>	<u>(194,393)</u>	<u>-</u>	<u>(8,277,134)</u>
Depreciable assets, net	<u>1,897,906</u>	<u>(75,192)</u>	<u>(19,113)</u>	<u>1,803,601</u>
Capital assets, net	<u>\$ 2,699,719</u>	<u>\$ (75,192)</u>	<u>\$ (19,113)</u>	<u>\$ 2,605,414</u>

The entire amount of depreciation expense was unallocated in the Statement of Activities.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**5. LONG-TERM LIABILITIES**

**Schedule of Changes in Long-Term Liabilities**

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

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Capital Leases	\$ 265,566	\$ -	\$ 43,579	\$ 221,987	\$ 45,562
Golden Handshake STRS	290,387	-	33,540	256,847	36,791
Compensated Absences	47,454	3,334	-	50,788	50,788
Supplemental Employer Retirement Program	280,407	-	96,955	183,452	65,951
	<u>\$ 883,814</u>	<u>\$ 3,334</u>	<u>\$ 174,074</u>	<u>\$ 713,074</u>	<u>\$ 199,092</u>

The General Fund makes payments for the capital leases. The accrued vacation (compensated absences) and the Supplemental Early Retirement Plan (SERP) will be paid by the fund for which the employee works.

**Capital Leases**

The leases have minimum payments as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Lease</u> <u>Payment</u>
2015	\$ 55,045
2016	55,045
2017	55,045
2018	55,045
2019	27,521
Totals	<u>247,701</u>
Less: Amount Representing Interest	<u>(25,714)</u>
Present value of minimum lease payments	<u>\$ 221,987</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**6. FUND BALANCES**

The District reports fund balances in accordance with Governmental Accounting Standards Board Statement No. 54. All fund balance categories are reported in the aggregate on the face of the balance sheet. All components of those fund balances and specific purposes are identified as follows:

	<u>General Fund</u>	<u>Capital Facilities Fund</u>	<u>Cafeteria Fund</u>	<u>Total</u>
Nonspendable:				
Inventory	\$ -	\$ -	\$ 33,231	\$ 33,231
Revolving Cash	<u>20,350</u>	<u>-</u>	<u>-</u>	<u>20,350</u>
Total Nonspendable	<u>20,350</u>	<u>-</u>	<u>33,231</u>	<u>53,581</u>
Restricted:				
Unspent Categorical Revenues	<u>227,281</u>	<u>-</u>	<u>85</u>	<u>227,366</u>
Committed:				
Board Designated	<u>747,003</u>	<u>1,436,239</u>	<u>-</u>	<u>2,183,242</u>
Unassigned:				
Reserve for Economic Uncertainties	<u>353,360</u>	<u>-</u>	<u>-</u>	<u>353,360</u>
Total Fund Balances	<u>\$ 1,347,994</u>	<u>\$ 1,436,239</u>	<u>\$ 33,316</u>	<u>\$ 2,817,549</u>



COLUSA UNIFIED SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

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**7. 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 State Teachers' Retirement System (STRS) and classified employees are members of the Public Employees' Retirement System (PERS).

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

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing, multiple-employer, public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for 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 STRS for the fiscal years ended June 30, 2014, 2013, and 2012 were \$447,271, \$414,198, and \$428,147, respectively, and equal 100% of the required contributions for each year.

**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 P Street, Sacramento, California 95814.

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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

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 \$180,976, \$165,938, and \$175,447, respectively, and equal 100% of the required contributions for each year.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement systems (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.

**8. JOINT VENTURES**

The District is a member of three joint powers authorities (JPAs). The District pays an annual premium to the entities for their coverage. The relationship between the District, the pools, and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

The District is a member of the following joint powers authorities (JPAs):

	Tri-Counties SIG <u>June 30, 2013</u>	NVSIG <u>June 30, 2013</u>	SELF <u>June 30, 2013</u>
Total Assets	\$ 23,516,814	\$ 3,056,858	\$ 166,243,000
Total Liabilities	10,830,643	1,816,387	129,963,000
Net Position	<u>12,686,171</u>	<u>1,240,471</u>	<u>36,280,000</u>
Total Liabilities and Net Position	<u>\$ 23,516,814</u>	<u>\$ 3,056,858</u>	<u>\$ 166,243,000</u>
Revenues	\$ 59,239,629	\$ 9,592,647	\$ 11,589,000
Expenditures	<u>61,063,082</u>	<u>9,355,272</u>	<u>14,165,000</u>
Change in Net Position	<u>\$ (1,823,453)</u>	<u>\$ 237,375</u>	<u>\$ (2,576,000)</u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2014**

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**9. COMMITMENTS AND CONTINGENCIES**

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

**10. SUBSEQUENT EVENTS**

The District's management evaluated its June 30, 2014 financial statements for subsequent events through September 30, 2014, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**COLUSA UNIFIED SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL**

**GENERAL FUND**

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

	<u>Budget</u>		<u>Actual</u>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
LCFF sources:				
State apportionment	\$ 4,042,776	\$ 5,492,999	\$ 7,021,121	\$ 1,528,122
Local sources	<u>4,000,000</u>	<u>4,000,000</u>	<u>2,790,704</u>	<u>(1,209,296)</u>
Total LCFF revenues	<u>8,042,776</u>	<u>9,492,999</u>	<u>9,811,825</u>	<u>318,826</u>
Federal revenue	440,030	570,427	513,251	(57,176)
Other state revenues	2,324,615	1,395,176	1,022,997	(372,179)
Other local revenues	<u>326,655</u>	<u>352,817</u>	<u>443,253</u>	<u>90,436</u>
Total revenues	<u>11,134,076</u>	<u>11,811,419</u>	<u>11,791,326</u>	<u>(20,093)</u>
<b>EXPENDITURES</b>				
Certificated salaries	4,801,938	5,512,459	5,486,681	25,778
Classified salaries	1,459,498	1,655,868	1,655,182	686
Employee benefits	2,092,981	2,467,111	2,264,817	202,294
Books and supplies	730,261	667,107	659,731	7,376
Services and other operating expenditures	998,892	1,023,222	1,000,080	23,142
Capital outlay	-	35,000	34,666	334
Other outgo	<u>743,361</u>	<u>727,085</u>	<u>677,514</u>	<u>49,571</u>
Total expenditures	<u>10,826,931</u>	<u>12,087,852</u>	<u>11,778,671</u>	<u>309,181</u>
Excess (deficiency) of revenues over expenditures	307,145	(276,433)	12,655	289,088
Fund balances, July 1, 2013	<u>1,335,339</u>	<u>1,335,339</u>	<u>1,335,339</u>	<u>-</u>
Fund balances, June 30, 2014	<u><u>\$ 1,642,484</u></u>	<u><u>\$ 1,058,906</u></u>	<u><u>\$ 1,347,994</u></u>	<u><u>\$ 289,088</u></u>

**COLUSA UNIFIED SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET (NON-GAAP) AND ACTUAL**

**CAFETERIA FUND**

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

	<u>Budget</u>		<u>Actual</u>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Federal revenue	\$ 550,000	\$ 550,000	537,461	\$ (12,539)
Other state revenues	43,000	43,000	41,745	(1,255)
Other local revenues	170,100	180,535	127,265	(53,270)
 Total revenues	 <u>763,100</u>	 <u>773,535</u>	 <u>706,471</u>	 <u>(67,064)</u>
<b>EXPENDITURES</b>				
Classified salaries	257,116	265,437	246,341	19,096
Employee benefits	76,571	98,319	92,803	5,516
Books and supplies	371,500	320,500	286,324	34,176
Services and other operating expenditures	54,000	54,000	47,902	6,098
Capital outlay	-	32,452	32,452	-
Other outgo	-	21,000	20,198	802
 Total expenditures	 <u>759,187</u>	 <u>791,708</u>	 <u>726,020</u>	 <u>65,688</u>
 Excess (deficiency) of revenues over expenditures	 3,913	 (18,173)	 (19,549)	 (1,376)
 Fund balances, July 1, 2013	 <u>52,865</u>	 <u>52,865</u>	 <u>52,865</u>	 <u>-</u>
 Fund balances, June 30, 2014	 <u>\$ 56,778</u>	 <u>\$ 34,692</u>	 <u>\$ 33,316</u>	 <u>\$ (1,376)</u>

## **SUPPLEMENTARY INFORMATION**

**COLUSA UNIFIED SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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<b>Student Body Funds</b>	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Assets:				
Cash in County Treasury				
Colusa High School	\$ 60,768	\$ 174,346	\$ (183,677)	\$ 51,437
Egling Middle School	6,689	23,900	(28,048)	2,541
Total Assets	<u>\$ 67,457</u>	<u>\$ 198,246</u>	<u>\$ (211,725)</u>	<u>\$ 53,978</u>
Liabilities:				
Due to student groups	\$ 67,457	\$ -	\$ (13,479)	\$ 53,978
Total Liabilities	<u>\$ 67,457</u>	<u>\$ -</u>	<u>\$ (13,479)</u>	<u>\$ 53,978</u>



**COLUSA UNIFIED SCHOOL DISTRICT**

**ORGANIZATION**

**JUNE 30, 2014**

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The Colusa Unified School District (the District) is located in Colusa, California. The District was organized as a unified school district of the State of California and provides public education for grades transitional kindergarten through twelve within Colusa County. There were no changes to the District boundaries in the current year. The District maintains one elementary school, one middle school, one high school, one continuation high school, and one alternative home school.

**GOVERNING BOARD**

<u>Name</u>	<u>Office</u>	<u>Term Expires December</u>
Mr. Charles Yerxa	President	2014
Donald Bransford, Ed.D.	Clerk	2014
Mr. Terry Bressler	Trustee	2016
Mrs. Kelli Griffith-Garcia	Trustee	2016
Mr. Lincoln Forry	Trustee	2016

**ADMINISTRATION**

Dwayne Newman  
Superintendent

Sheryl Parker  
Chief Business Official

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF AVERAGE DAILY ATTENDANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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	<b>Second Period Report</b>	<b>Annual Report</b>
Elementary		
TK-3	455	454
Fourth through Sixth	315	315
Seventh to Eight	203	202
Special Education	10	11
	983	982
Secondary		
Regular Classes	378	377
Special Education	2	1
Continuation Education	25	25
	405	403
	1,388	1,385

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF INSTRUCTIONAL TIME**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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<u>Grade Level</u>	<u>Standard Minutes Requirement</u>	<u>Reduced Minutes Requirement</u>	<u>2013-14 Actual Minutes</u>	<u>Instructional Days</u>	<u>Status</u>
Kindergarten	36,000	35,000	47,445	180	In compliance
Grade 1	50,400	49,000	52,362	180	In compliance
Grade 2	50,400	49,000	52,362	180	In compliance
Grade 3	50,400	49,000	52,362	180	In compliance
Grade 4	54,000	52,500	52,862	180	In compliance
Grade 5	54,000	52,500	53,742	180	In compliance
Grade 6	54,000	52,500	52,862	180	In compliance
Grade 7	54,000	52,500	59,537	180	In compliance
Grade 8	54,000	52,500	59,537	180	In compliance
Grade 9	64,800	63,000	65,007	180	In compliance
Grade 10	64,800	63,000	65,007	180	In compliance
Grade 11	64,800	63,000	65,007	180	In compliance
Grade 12	64,800	63,000	65,007	180	In compliance

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF CHARTER SCHOOLS**  
**FOR FISCAL YEAR ENDED JUNE 30, 2014**

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<u>Charter Schools Chartered by District</u>	<u>Included in District Financial Statements, or Separate Report</u>
----------------------------------------------	--------------------------------------------------------------------------

There are currently no charter schools in the District.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT TO**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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There were no adjustments made to any funds of the District.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>Federal Catalog Number</b>	<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Pass- Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Education</u>			
<i>Passed through California Department of Education</i>			
84.010	NCLB: Title I, Basic Grants Low	14329	\$ 280,665
84.010A	NCLB: Title I, Program Improvement Corrective Action Resources	14957	75,464
84.048	Carl Perkins Career and Technical Education	14894	9,674
84.367	NCLB: Title II, Part A, Improving Teacher Quality	14334	80,898
84.365	NCLB: Title III Limited English Proficiency (LEP)	10084	<u>40,990</u>
Total U.S. Department of Education			<u>487,691</u>
<u>U.S. Department of Agriculture</u>			
<i>Passed through California Department of Education</i>			
10.555	Child Nutrition: Meal Supplements in National School Lunch Program	13524	<u>537,461</u>
Total U.S. Department of Agriculture			<u>537,461</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Sutter County Office of Education</i>			
93.778	Medi-Cal administrative activities	10060	<u>25,560</u>
Total U.S. Department of Health and Human Services			<u>25,560</u>
Total Federal Programs			<u>\$ 1,050,712</u>

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>General Fund</b>	<b>Adopted Budget 2014/2015</b>	<b>Actuals 2013/2014</b>	<b>Actuals 2012/2013</b>	<b>Actuals 2011/2012</b>
Revenues and Other Financial Sources	\$ 12,161,576	\$ 11,791,326	\$ 10,608,383	\$ 10,691,260
Expenditures	11,986,977	11,778,671	10,709,792	11,312,210
Total Outgo	11,986,977	11,778,671	10,709,792	11,312,210
Change in Fund Balance	174,599	12,655	(101,409)	(620,950)
Ending Fund Balance	\$ 1,522,593	\$ 1,347,994	\$ 1,335,339	\$ 1,436,748
Available Reserves	\$ 359,610	\$ 353,360	\$ 321,294	\$ 339,366
Reserve for Economic Uncertainties	\$ 359,610	\$ 353,360	\$ 321,294	\$ 339,366
Unappropriated Fund Balance	\$ -	\$ -	\$ -	\$ -
Available Reserves as a Percentage of Total Outgo	3.0%	3.0%	3.0%	3.0%
Total Long-Term Debt	\$ 513,982	\$ 713,074	\$ 883,814	\$ 741,348
Average Daily Attendance at P-2	1,385	1,388	1,349	1,342

The general fund balance has decreased by \$709,704 over the past three years. The fiscal year 2014-15 budget projects an increase of \$174,599. For a District this size, the State of California recommends available reserves of at least 3 percent of total general fund expenditures, transfers out, and other uses (total outgo). The District met this requirement.

The District has incurred an operating deficit during two of the past three fiscal years.

Total long-term liabilities have decreased by \$28,274 over the past two years.

Average Daily Attendance (ADA) has increased by 46 over the past two years and attendance is budgeted to decrease for the fiscal year 2014-2015.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**1. Schedule of Average Daily Attendance**

Average daily attendance is a measurement of the number of pupils attending classes in 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.

**2. Schedule of Instructional Time**

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206. Districts must maintain their instructional minutes in accordance with the State's standard requirements as required by Education Code Section 46201(b).

The District participated in the Longer Day incentives and met or exceeded its target funding.

**3. Schedule of Charter Schools**

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

**4. Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements**

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

**5. Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented under the modified accrual basis of accounting. OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with Circular A-133 and state requirements. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the general purpose financial statements.

**6. 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**



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

Board of Trustees  
Colusa Unified School District  
Colusa, California

**Report on Compliance for Each State Program**

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

**Management's Responsibility**

Compliance with the requirements of state laws and regulations is the responsibility of District's management.

**Auditor's Responsibility**

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Standards and Procedures for Audits of California K-12 Local Educational Agencies, 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 state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time for School Districts	10	Yes
Instructional Materials		
General Requirements	8	Yes
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	No, see below
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	Yes
After Schools Education and Safety Program		
General requirements	4	Yes
After School	5	Yes
Before School	6	No, see below
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding Formula Pupil Counts	3	Yes
Contemporaneous Records of Attendance,		
for Charter Schools	8	No, see below
Mode of Instruction, for Charter Schools	1	No, see below
Nonclassroom-Based Instruction/Independent Study,		
for Charter Schools	15	No, see below
Determination of Funding for Nonclassroom-Based		
Instruction, for Charter Schools	3	No, see below
Annual Instructional Minutes - Classroom Based,		
for Charter Schools	4	No, see below
Charter School Facility Grant Program	1	No, see below

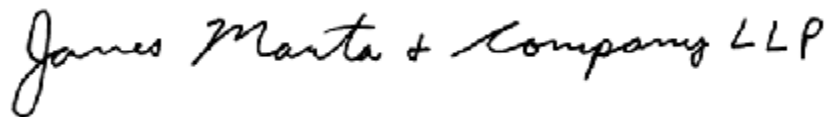
We did not perform any procedures related to Early Retirement Incentive Program and Juvenile Court Schools because the District did not participate in these programs.

We did not perform any procedures related to Before School requirements for the After School Education and Safety because the District did not offer this program.

We did not perform any procedures related to Contemporaneous Records of Attendance for Charter Schools, Mode of Instruction for Charter Schools, Nonclassroom-Based Instruction/Independent Study for Charter Schools, Determination of Funding for Nonclassroom-Based Instruction for Charter Schools, and Annual Instructional Minutes-Classroom-Based for Charter Schools, Charter School Facility Grant Program because the District did not have any charter schools.

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

In our opinion, Colusa Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2014.



James Marta & Company LLP  
 Certified Public Accountants  
 Sacramento, California  
 September 30, 2014



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Colusa Unified School District  
Colusa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Colusa Unified School District (the "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 September 30, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 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.

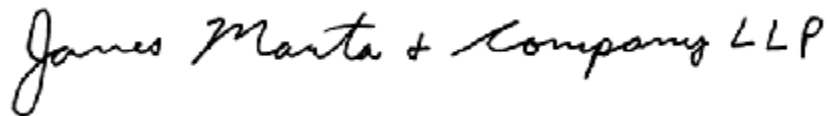
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.

A handwritten signature in cursive script that reads "James Marta & Company LLP".

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
September 30, 2014



**James Marta & Company LLP**  
*Certified Public Accountants*

*Accounting, Auditing, Consulting and Tax*

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Colusa Unified School District  
Colusa, California

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

## **Internal Control Over Compliance**

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

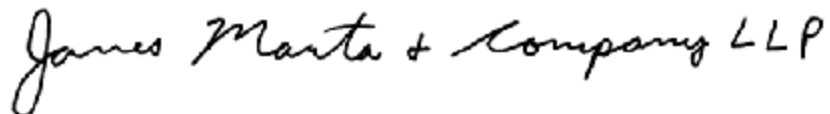
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the District as of and for the year ended June 30, 2014, and have issued our report thereon dated September 30, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
September 30, 2014

## **FINDINGS AND RECOMMENDATIONS**



**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Section I – Summary of Audit Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____	None reported

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

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____	None reported

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

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

Identification of major programs:

_____ CFDA Number(s) _____ 10.555	_____ <u>Name of Federal Program or Cluster</u> _____ Child Nutrition Cluster
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Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

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

**State Awards**

Internal control over state programs:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____	None reported

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

**COLUSA UNIFIED 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**

No matters were reported.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**Section IV – State Award Findings and Questioned Costs**

No matters were reported.

**COLUSA UNIFIED SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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**2013-1 Segregation of Duties**

Finding

Due to the limited size of the business office staff, an appropriate segregation of duties cannot always be maintained.

Recommendation

Management should develop alternative procedures which may help to mitigate the financial reporting risk of the District.

Current Status

Implemented.