

**Gravenstein Union School District
Board of Trustees
Regular Board Agenda**

4:45 p.m. – Open Session – Begins with a Walking Tour at Hillcrest
Closed Session to follow Open Session
Hillcrest Middle School Campus – Room 11
Wednesday, January 11, 2012

If you need an accommodation for the Board Meeting, contact Superintendent Linda LaMarre at (707) 823-7008 or llmarre@grav.k12.ca.us
Agenda documents are available for inspection at the Gravenstein District Office
3840 Twig Avenue, Sebastopol, CA

I. CALL TO ORDER - ROLL CALL

Time: _____ Members present/absent: _____

II. PUBLIC INPUT ON ITEMS NOT ON THE AGENDA

This section is a time for members of the audience to address the Board regarding items not on the agenda. Board action cannot take place at this meeting, as a result of the input given. There will be a limit of 3 minutes for each person speaking under this section.

III. APPROVAL OF CONSENT AGENDA

- A. Approval of Agenda Order
- B. Approval of Minutes: Regular Meeting Minutes December 14, 2011
- C. Vendor Warrants

Motion _____ Second _____ Vote _____

IV. REPORTS/CORRESPONDENCE

- A. Board Reports
- B. Superintendent Report:
 - 1. Enrollment Update for 2011-2012
 - 2. Enrollment Activities for 2012-2013 school year –
Open House (not confirmed) January 28 10:30-12:00
 - 3. Mental Health AB3632/Special Education Funding Update
 - 4. Gravenstein School Updates
- C. Hillcrest Report
- D. GUTA Report

V. BUSINESS

- A. Modular Building Update

Motion _____ Second _____ Vote _____

- B. Budget Update

Motion _____ Second _____ Vote _____

- C. Charter School Discussion /Action

Motion _____ Second _____ Vote _____

- D. 2010-2011 Audit Review/Approval

Motion _____ Second _____ Vote _____

E. Approval of Audit Services for the 2011-12 School Year by Stephen Roatch Accountancy

Motion _____ Second _____ Vote _____

F. Discussion of Possible General Obligation Bond

G. Possible Building Addition (s) at the Hillcrest Campus

Motion _____ Second _____ Vote _____

H. Home to School Transportation Update

Motion _____ Second _____ Vote _____

VI. BOARD POLICIES AND ADMINISTRATIVE REGULATIONS

A. BP/AR 1113 Community Relations

Motion _____ Second _____ Vote _____

B. Article V Sec. 5.2f Director of Fiscal Services (Business Manager Job Description)

Motion _____ Second _____ Vote _____

VII. FUTURE MEETING DATES AND AGENDA ITEMS

Next regularly scheduled meeting – February 8, 2012

VIII. PUBLIC COMMENT ON ITEMS IN CLOSED SESSION

IX. ADJOURN TO CLOSED SESSION

Time _____ Motion _____ Second _____ Vote _____

A. Conference with Labor Negotiator, District - Mrs. LaMarre, Name of Organization - Gravenstein Union Teachers Association

Motion _____ Second _____ Vote _____

B. Potential Litigation – per GC54956.9 (b)(3)(c)

Motion _____ Second _____ Vote _____

C. Superintendent Evaluation

Motion _____ Second _____ Vote _____

X. RECONVENE TO OPEN SESSION

Time _____ Motion _____ Second _____ Vote _____

A. Announce Action Taken in Closed Session

XI. ADJOURNMENT

Time _____ Motion _____ Second _____ Vote _____

**GRAVENSTEIN UNION SCHOOL DISTRICT
REGULAR BOARD MEETING
MINUTES**

December 14, 2011

CALL TO ORDER

President Horn called the meeting to order at 5:10 PM with all members present (Crocker, Horn, Weaver, Wickland, Zlotnick).

PUBLIC INPUT ON ITEMS NOT ON THE AGENDA

No input.

APPROVAL OF CONSENT AGENDA

A. Approval of Agenda Order

Pres. Horn moved to advance Item V.J up to when Joe Pondolfo arrives and Mem. Crocker seconded. 5-0 Yes

**B. Approval of Minutes :
Regular Meeting Minutes
November 9, 2011**

Pres. Horn moved to approve the consent agenda with the change in agenda order, Mem. Zlotnick seconded, 5-0 yes.

C. Vendor Warrants

Charter School Study

Joseph Pondolfo, the Assistant Superintendent of the Rincon Valley Union School District, reviewed the financial impact of converting Gravenstein School (grades K-5) to a dependent charter. Mr. Pondolfo found that there could be a one-time financial benefit of \$388,856 with an ongoing annual financial increase of \$291,693.

Board members raised several issues, including the following:

1. Cost to convert to a charter, including consultant costs;
2. Staff interest in conversion'
3. Ability to change back to a traditional school if necessary;
4. Optimum grade configuration for conversion.

The board directed Sup. LaMarre to continue to investigate this charter conversation possibility.

BOARD REPORTS

Mem. Wickland attended the concert last night and really enjoyed the performance. Mem. Crocker was there also.

Pres. Horn shared a thank you card from recent retiree Sue Insko.

SUPERINTENDENT REPORTS

Enrollment Update 2011-2012

687 is current district enrollment and the Kindergarten is currently 81. Supt. LaMarre is anticipating 5 more students after winter break.

Home to School Transportation

GUSD anticipates having to pay \$30,000 to the JPA because of the mid-year state budget cut.

Mental Health AB3632/Special Education Funding Update

GUSD is not going to be able to get reimbursement from the SELPA on these bills until January 2012. Costs to date have been approximately \$130,000.

Interdistrict Transfer Update

GUSD staff are preparing a report on the total of Interdistrict transfer students attending GUSD.

Gravenstein School Updates

Supt. LaMarre reported that it is a very busy time of year and listed the various activities happening this month.

HILLCREST REPORT

Principal Fichera reported on the GPA distribution for Hillcrest during the first trimester of 2011. Several other events were highlighted.

GUTA REPORT

Linda Helton reported on an item in the currently adopted contract that GUTA perceives as an oversight. She also reported that there were some payroll issues.

BUSINESS

Certificate of Election of Board President

Mem. Weaver moved that Pres. Horn be reelected as board President, Mem. Zlotnick seconded, 5-0 yes.

Certificate of Election of Board Clerk

Mem. Zlotnick moved that Sandra Wickland be reelected, Mem. Crocker seconded, 5-0 yes.

Representative to fill Vacancy of the Sonoma County Committee on School District Organization

Mem. Weaver moved that Mem. Zlotnick fill this seat, Pres. Horn seconded, 5-0 yes.

Alterative Representative to fill Vacancy of the Sonoma County Committee on School District Organization

Mem. Weaver moved that Mem. Crocker be alternate, Mem. Wickland seconded, 5-0 yes.

Day of week and frequency of Regular Monthly Meetings

Pres. Horn moved that we keep the same, Mem. Zlotnick seconded, 5-0 yes. Meetings will be held the second Wednesday of the month at 5 PM at Gravenstein School.

Modular Building Update

Supt. LaMarre reports that it seems that we are done, but we are not sure if the architect has signed off. The final bill has not yet been paid. No action taken.

Building Additions at Hillcrest Middle School

An additional building at Hillcrest may be needed for next year. Supt. LaMarre suggests that there are two possible sites, but a walk around of the campus would help identify space. The January board meeting will be at Hillcrest so that there can be a walk-around.

Kiln for Pottery Classes

No action.

1st Interim Budget 2011-12

Pres. Board moved to approve, Mem. Zlotnick seconded, 5-0 yes.

Authorization of a Track at Gravenstein

Pres. Horn moved to table until January, Mem. Zlotnick seconded, 5-0 yes.

Board Policies and Administrative Regulations

BP/AR 113 Community Relations

Mem. Crocker moved to table to January, Clerk Wickland seconded, 5-0 yes.

Article V Sec. 5.2f Director of Fiscal Services (Business Manager Job Description)

Pres. Horn moved to table to January, Mem. Crocker seconded, 5-0 yes.

FUTURE MEETING DATES AND AGENDA ITEMS

Next meeting will be at Hillcrest at 4:45 PM. The tabled agenda items will appear on the January meeting.

PUBLIC COMMENT ON ITEMS IN CLOSED SESSION

No public comment

ADJOURN TO CLOSED SESSION

Pres. Horn moved to adjourn to closed session at 7:57 PM, Zlotnick seconded, 5-0 yes.

A. Personnel

B. Potential Litigation – per GC54956.9 (b)(3)(c)

C. Superintendent Evaluation

RECONVENE TO OPEN SESSION

Pres. Horn moved / Mem. Crocker seconded to reconvene to Open Session at 8:50 PM. 5-0 yes.

Announce action taken in Closed Session

No reportable action

ADJOURNMENT

Mem. Crocker moved / Mem. Zlotnick seconded to adjourn the meeting at 8:50 PM. 5-0 yes.

ReqPay12a

Board Report

Checks Dated 12/12/2011 through 12/19/2011

1168081	12/12/2011	Allison Rich	01-8699		335.00
1168082	12/12/2011	At&t Global Services, Inc	01-5911		1,365.12
1168083	12/12/2011	At&t Mobility	01-5912		66.95
1168084	12/12/2011	Bad Wolf Press	01-4310	50.22	
			01-8699	485.85	536.07
1168085	12/12/2011	Brian Sposato	01-4380		88.58
1168086	12/12/2011	Clover-stornetta Farms Inc.	13-4710		568.40
1168087	12/12/2011	Communique	01-5880		440.00
1168088	12/12/2011	Department Of Justice	01-5862		352.00
1168089	12/12/2011	Fedex	01-5950		16.53
1168090	12/12/2011	Follett Educational Services	01-4110		62.12
1168091	12/12/2011	Grainger Inc.	01-4380		35.61
1168092	12/12/2011	Katrina Latham	01-8699		275.00
1168093	12/12/2011	Nick Pulley	01-4310		20.08
1168094	12/12/2011	Office Depot	01-4350	160.45	
			01-4359	369.81	530.26
1168095	12/12/2011	Preferred Meal Systems	13-4710		2,920.56
1168096	12/12/2011	Resig	01-9570		2,407.00
1168097	12/12/2011	School Services Of California	01-5200		350.00
1168098	12/12/2011	Sonoma County Office Of Ed.	01-5862		280.00
1168099	12/12/2011	Sonoma County Wildlife Rescue	01-5826	100.00	
			01-8699	100.00	200.00
1168100	12/12/2011	Sonoma Technology Partners	01-5840		188.40
1168101	12/12/2011	Stephanie Stevenson	12-4310		55.18
1168102	12/12/2011	Susie Clark	01-4310		99.80
1168103	12/12/2011	Teachers' Curriculum Institute	01-4110		65.52
1168104	12/12/2011	U.S. Postal Service	01-5950		190.00
1168105	12/12/2011	Villa Santa Maria, Inc	01-5810		10,792.69
1168106	12/12/2011	Vision Service Plan	01-9574		1,544.40
1168107	12/12/2011	West County Transportation	01-5826		871.09
1168108	12/12/2011	West Sonoma County Disposal	01-5560		533.58
1169325	12/19/2011	At&t Calnet2	01-5911		92.47
1169326	12/19/2011	Ca Department Of Public Health	01-5880		1,374.00
1169327	12/19/2011	Department Of Justice	01-5862		128.00
1169328	12/19/2011	Grainger Inc.	01-4380		494.98
1169329	12/19/2011	Kaiser Permanente / File Number 73030	01-9571		11,638.60
1169330	12/19/2011	Lozano Smith	01-5823		52.38
1169331	12/19/2011	Monterey Bay Aquarium	01-5826		7,750.00
1169332	12/19/2011	Office Depot	01-4310	26.86	
			01-4350	176.13	
			01-4359	18.35	221.34
1169333	12/19/2011	Preferred Meal Systems	13-4710		2,178.02
1169334	12/19/2011	Protech Proj. Sys	01-4310	80.56	
			01-4400	1,680.55	
			01-8699	1,388.89	3,150.00
1169335	12/19/2011	Taylor Security and Lock	14-4380		591.63
1169336	12/19/2011	The Aussie Pouch Company	01-4310		344.70

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

ESCAPE ONLINE

Page 1 of 2

ReqPay12a

Board Report

Checks Dated 12/28/2011 through 12/28/2011

Check #	Date	Description	Check #	Amount	Check #	Amount
1171291	12/28/2011	Acadig Edge	01-5572			0,279.65
1171292	12/28/2011	Analytical Sciences	01-5530			225.50
1171293	12/28/2011	All-Guard Alarm Systems, Inc	01-5830			150.00
1171294	12/28/2011	Business Card	01-4110	90.87		
			01-4310	477.56		
			01-4350	183.37		
			01-4359	21.64		
			01-4362	45.10		
			01-4380	70.14		888.68
1171295	12/28/2011	CGP Education	01-4110			70.51
1171296	12/28/2011	Dave's Music Workshop	01-5630			75.00
1171297	12/28/2011	Follett Educational Services	01-4110			193.46
1171298	12/28/2011	Greenacre Homes, Inc	01-5810			6,779.56
1171299	12/28/2011	Marc And Renee Deprey	01-5201			410.75
1171300	12/28/2011	Mci Comm Service	01-4310			12.19
1171301	12/28/2011	Nature Bridge	01-5826			1,748.00
1171302	12/28/2011	Pacific Gas & Electric	01-5520			5,328.81
1171303	12/28/2011	Phyllis Fitzgerald	01-5830			9,215.96
1171304	12/28/2011	Pitney Bowes	01-5950			91.68
1171305	12/28/2011	Preferred Meal Systems	13-4710			907.39
1171306	12/28/2011	Ricoh Americas Corporation	01-5600			310.93
1171307	12/28/2011	Sonoma County Office Of Ed.	01-5880			185.00
1171308	12/28/2011	Weeks Drilling & Pump Co. Inc.	01-5530			420.00
1171309	12/28/2011	West County Transportation	01-7142			1,537.00
Total Number of Checks				59		88,035.51

Includes checks for only Bank Account COUNTY

Fund Summary

Fund	Description	Check Count	Expensed Amount
01	General Fund	53	80,814.35
12	Child Development Fund	1	55.16
13	Cafeteria Fund	4	6,574.37
14	Deferred Maintenance Fund	1	591.63
Total Number of Checks		59	88,035.51
Less Unpaid Sales Tax Liability			.00
Net (Check Amount)			88,035.51

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

January 2012										Totals
Teachers	K	1	2	3	4	5	6	7	8	
Olivares - ENRICH!	20									20
Hanchey	21									21
Crandall - ENRICH!	20									20
Redfern	12	9								21
Clark	7									7
Sprinkle		21								21
Lannon - ENRICH!		21								21
Candau - ENRICH!		20								20
Imholz -ENRICH!			13	8						21
DeBolt - ENRICH!			21							21
Johnson			11							11
Gruner			16							16
Carlson				16						16
Hillier -ENRICH!				21						21
Mattish - ENRICH!				21						21
Brown - ENRICH!					26					26
Kelley					24					24
Doughty					13	12				25
Lands - ENRICH!						22				22
Radford						24				24
Oakley				2	1	2				5
Pugno - ENRICH!						26				26
Helton							22			22
Dexter							22			22
Latham -ENRICH!							20			19
Rich - ENRICH!							26			26
Gorman -ENRICH!								23		22
Collins - ENRICH!								16	9	25
Qualls									26	26
Pell									11	11
Poet										0
Sporrer - ENRICH!									26	26
Blanco								26		26
Lewis								27		27
Fisher									6	6
Parsons - CDS					0	0	0	0	0	0
Gravenstein Total	80	71	61	68	64	86				430
Hillcrest Total							90	92	78	260
District Total 1-9-12	80	71	61	68	64	86	90	92	78	690
January-11	67	54	62	52	83	73	83	75	91	640
January-10	56	61	48	76	69	69	65	84	92	620

JANUARY 2012

GRAVENSTEIN UNION SCHOOL DISTRICT

Sun	Mon	Tue	Wed	Thu	Fri	Sat	
1	2	3	<i>Winter</i>				7
8	9 School resumes	10	11 4:45 pm Regular Board Meeting at Hillcrest Middle School-Room 6 (change in venue/time for this meeting only)	12	13	14	
15	16 No School - Martin Luther King Jr. Holiday	17 8-9 am GSF provided Coffee and Doughnuts - Gravenstein MPR GSF Meeting 6:30 pm -Gravenstein room 11 (new day this month only)	18 4:30 pm EN- RICH! program Advisory meeting 6:00 pm MPF Board Meeting Both meetings in room 6 - Hillcrest	19 Early Release Day	20 90th day of school—Progress Reports go out today for grades 4-8	21	
22	23	24	25	26 8:00 am District Site Council Meeting Superintendent's Office	27	28	
29	30	31	Feb. 1 -6:30 pm GSF meeting -Gravenstein room 11				

LINDA J. LAMARRE, SUPERINTENDENT

Phone: 707-823-7008

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Email: llamarre@grav.k12.ca.us

GUSD Website: www.grav.k12.ca.us

Jim Horn, Board President

Sandra Wickland, Board Clerk

Kay Crocker, Member

Jeff Weaver, Member

Jan Zlotnick, Member

Dear Board,

Denise is preparing a budget update to present for fund 12 (pre-school and daycare fund). It will be given to you at the board meeting or emailed to you before Wednesday.

Linda

**GRAVENSTEIN UNION SCHOOL DISTRICT
COUNTY OF SONOMA
SEBASTOPOL, CALIFORNIA**

AUDIT REPORT

JUNE 30, 2011

GRAVENSTEIN UNION SCHOOL DISTRICT

JUNE 30, 2011

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	19
Statement of Net Assets - Fiduciary Funds	20
Notes to the Basic Financial Statements	21
<u>SUPPLEMENTARY INFORMATION SECTION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	43
Combining Statements:	
Combining Balance Sheet - Non-Major Governmental Funds	44
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds	46

GRAVENSTEIN UNION SCHOOL DISTRICT

JUNE 30, 2011

TABLE OF CONTENTS (CONCLUDED)

	<u>Page</u>
<u>SUPPLEMENTARY INFORMATION SECTION (CONCLUDED)</u>	
Schedule of Funding Progress	48
Organization/Board of Trustees/Administration	49
Schedule of Average Daily Attendance	50
Schedule of Instructional Time	51
Schedule of Expenditures of Federal Awards	52
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	53
Schedule of Financial Trends and Analysis	54
Notes to Supplementary Information	55
<u>OTHER INDEPENDENT AUDITOR'S REPORTS SECTION</u>	
Independent Auditor's Report on State Compliance	57
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59
<u>FINDINGS AND QUESTIONED COSTS SECTION</u>	
Schedule of Findings and Questioned Costs:	
Section I - Summary of Auditor's Results	61
Section II - Financial Statement Findings	62
Section III - State Award Findings and Questioned Costs	64
Status of Prior Year Recommendations	65

FINANCIAL SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Gravenstein Union School District
Sebastopol, California

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Gravenstein Union School District, as of and for the fiscal year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Gravenstein Union School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above include only the primary government of the Gravenstein Union School District, which consists of all funds that comprise the District's legal entity. The financial statements do not include financial data of the Magnet Program Foundation, or any other exempt organizations that qualify as legal separate component units of the Gravenstein Union School District, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the District's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Gravenstein Union School District, as of June 30, 2011, and the changes in its financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Gravenstein Union School District, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2011 on our consideration of the Gravenstein Union School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 13, the budgetary comparison information on page 43, and the Schedule of Funding Progress on page 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gravenstein Union School District's basic financial statements. The combining fund financial statements, supplementary schedules listed in the table of contents, and the Schedule of Expenditures of Federal Awards, which is presented as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 9, 2011

**GRAVENSTEIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(PREPARED BY DISTRICT MANAGEMENT)

This section of Gravenstein Union School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 and 2, and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

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

FINANCIAL HIGHLIGHTS

- The District's financial status improved during the course of the year, as total net assets increased 5.6%.
- On the Statement of Activities, total current year revenues exceeded total current year expenses by \$337,778.
- Capital assets, net of depreciation, decreased \$85,716 due to accumulated depreciation growing at a higher rate than acquisitions and improvements.
- Total long-term liabilities decreased \$88,732 during fiscal year 2010-11.
- The District's P-2 average daily attendance (ADA) increased from 590 ADA in fiscal year 2009-10, up to 613 ADA in fiscal year 2010-11, an increase of 23 ADA or 3.9%.
- On the Statement of Revenues, Expenditures, and Changes in Fund Balances, total current year revenues exceeded total current year expenditures by \$333,532.
- During fiscal year 2010-11, the District's General Fund produced an operating surplus of \$90,604, and recognized a \$711,472 increase in its available reserves.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 4% of General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2010-11, General Fund expenditures and other financing uses totaled \$4,642,935. At June 30, 2011, the District had available reserves of \$2,991,046 which represents a reserve of 64.4%.

**GRAVENSTEIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(PREPARED BY DISTRICT MANAGEMENT)

THE FINANCIAL REPORT

The full annual financial report consists of three separate parts, including the basic financial statements, supplementary information, and Management's Discussion and Analysis. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives, government-wide and funds.

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

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

Reporting the District as a Whole

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

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

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

**GRAVENSTEIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(PREPARED BY DISTRICT MANAGEMENT)**

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District as a Whole (Concluded)

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

Governmental Activities:

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

Business-type Activities:

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

Reporting the District's Most Significant Funds

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

Governmental Funds:

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

Proprietary Funds:

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

Fiduciary Funds:

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

**GRAVENSTEIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(PREPARED BY DISTRICT MANAGEMENT)

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

GOVERNMENTAL ACTIVITIES

The District's net assets increased from \$5,995,745 at June 30, 2010, up to \$6,333,523 at June 30, 2011, an increase of 5.6%.

<u>Comparative Statement of Net Assets</u>		
	Governmental Activities	
	2010	2011
<u>Assets</u>		
Deposits and Investments	\$ 3,135,754	\$ 3,403,616
Receivables	588,521	759,294
Prepaid Expenses	8,077	8,813
Capital Assets, net	4,141,005	4,055,289
Total Assets	<u>7,873,357</u>	<u>8,227,012</u>
<u>Liabilities</u>		
Current	486,038	631,299
Long-term	1,391,574	1,262,190
Total Liabilities	<u>1,877,612</u>	<u>1,893,489</u>
<u>Net Assets</u>		
Invested in Capital Assets		
- Net of Related Debt	2,850,206	2,830,720
Restricted	594,845	320,882
Unrestricted	2,550,694	3,181,921
Total Net Assets	<u>\$ 5,995,745</u>	<u>\$ 6,333,523</u>

Table includes financial data of the combined governmental funds

**GRAVENSTEIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

The District's total current year revenues exceeded total current year expenses by \$337,778.

<u>Comparative Statement of Changes in Net Assets</u>		
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2011</u>
<u>Program Revenues</u>		
Charges for Services	\$ 49,153	\$ 47,191
Operating Grants & Contributions	427,283	529,431
<u>General Revenues</u>		
Taxes Levied	2,329,981	2,303,447
Federal & State Aid	1,244,467	1,552,042
Interest & Investment Earnings	26,875	20,512
Transfers From Other Agencies	33,360	33,477
Miscellaneous	532,411	484,527
Total Revenues	<u>4,643,530</u>	<u>4,970,627</u>
<u>Expenses</u>		
Instruction	3,133,191	3,382,634
Instruction-Related Services	199,313	200,434
Pupil Services	233,501	245,060
General Administration	276,981	260,518
Plant Services	298,845	371,843
Community Services	88,388	85,144
Interest on Long-Term Debt	90,195	60,267
Other Outgo	36,016	26,949
Total Expenses	<u>4,356,430</u>	<u>4,632,849</u>
Changes in Net Assets	<u>\$ 287,100</u>	<u>\$ 337,778</u>

Table includes financial data of the combined governmental funds

**GRAVENSTEIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(PREPARED BY DISTRICT MANAGEMENT)

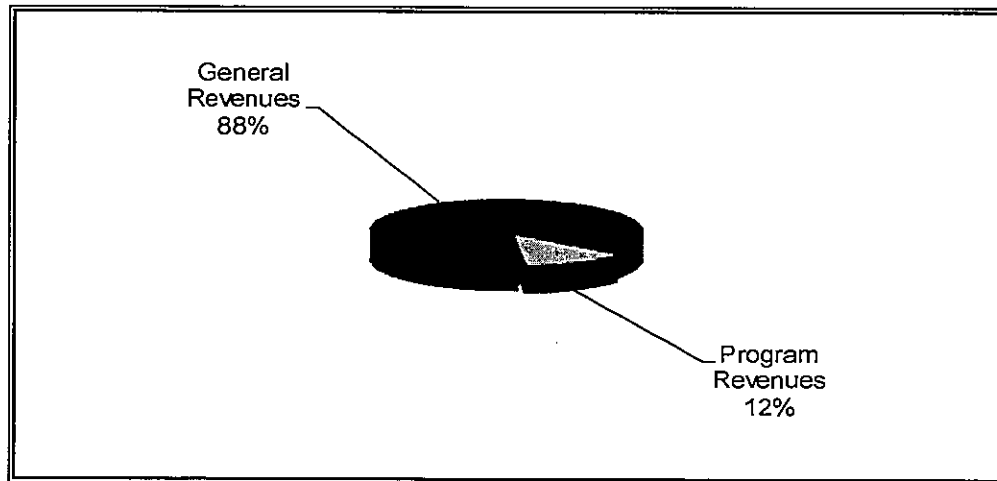
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

	Comparative Schedule of Costs of Services			
	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	2010	2011	2010	2011
Instruction	\$ 3,133,191	\$ 3,382,634	\$ 2,861,685	\$ 2,992,158
Instruction-Related Services	199,313	200,434	199,313	200,434
Pupil Services	233,501	245,060	31,936	59,472
General Administration	276,981	260,518	273,616	260,518
Plant Services	298,845	371,843	298,845	371,285
Community Services	88,388	85,144	88,388	85,144
Interest on Long-Term Debt	90,195	60,267	90,195	60,267
Other Outgo	36,016	26,949	36,016	26,949
Totals	\$ 4,356,430	\$ 4,632,849	\$ 3,879,994	\$ 4,056,227

Table includes financial data of the combined governmental funds

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$4,056,227 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed.



Program revenues financed 12% of the total cost of providing the services listed above, while the remaining 88% was financed by the general revenues of the District.

**GRAVENSTEIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

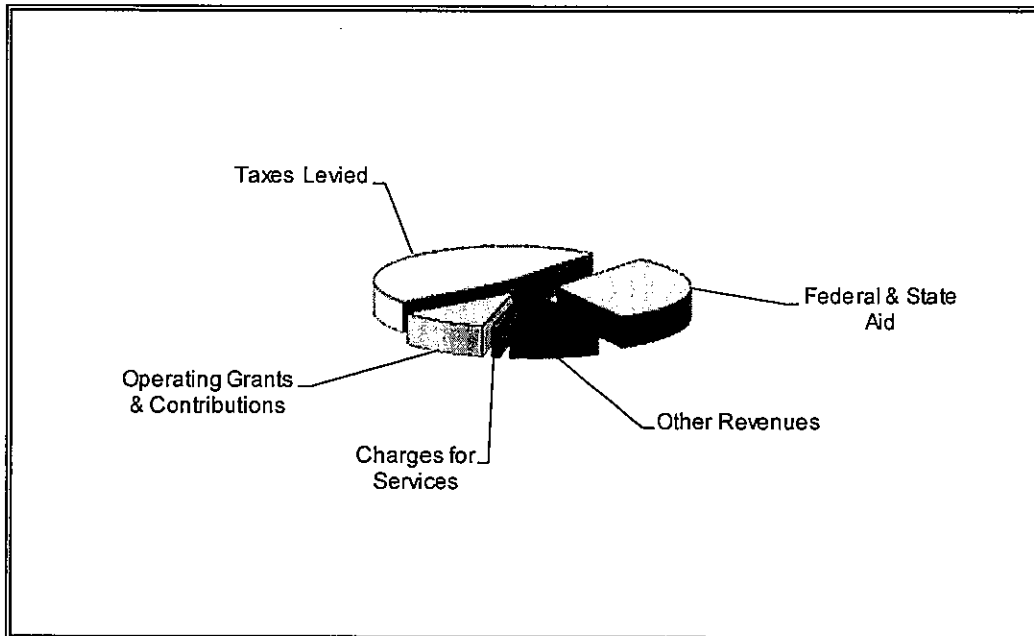
(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

<u>Summary of Revenues For Governmental Functions</u>				
	FYE 2010 Amount	Percent of Total	FYE 2011 Amount	Percent of Total
<u>Program Revenues</u>				
Charges for Services	\$ 49,153	1.06%	\$ 47,191	0.95%
Operating Grants & Contributions	427,283	9.20%	529,431	10.65%
<u>General Revenues</u>				
Taxes Levied	2,329,981	50.18%	2,303,447	46.34%
Federal & State Aid	1,244,467	26.80%	1,552,042	31.22%
Other Revenues	592,646	12.76%	538,516	10.83%
Total Revenues	\$ 4,643,530	100.00%	\$ 4,970,627	100.00%

Table includes financial data of the combined governmental funds



**GRAVENSTEIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

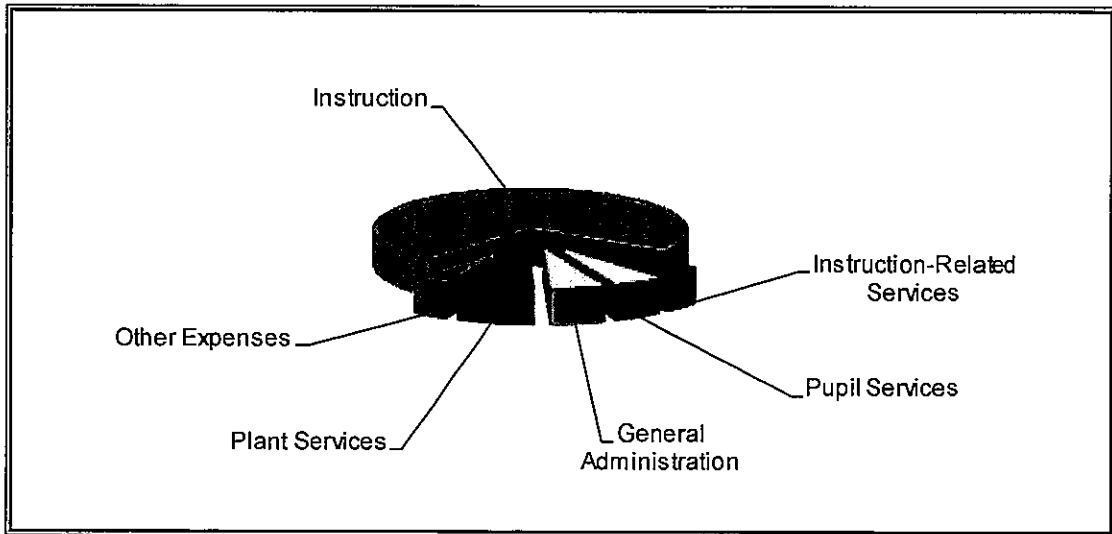
(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

<u>Summary of Expenses For Governmental Functions</u>				
	FYE 2010 Amount	Percent of Total	FYE 2011 Amount	Percent of Total
<u>Expenses</u>				
Instruction	\$ 3,133,191	71.92%	\$ 3,382,634	73.01%
Instruction-Related Services	199,313	4.58%	200,434	4.33%
Pupil Services	233,501	5.36%	245,060	5.29%
General Administration	276,981	6.36%	260,518	5.62%
Plant Services	298,845	6.86%	371,843	8.03%
Other Expenses	214,599	4.93%	172,360	3.72%
Total Expenses	\$ 4,356,430	100.00%	\$ 4,632,849	100.00%

Table includes financial data of the combined governmental funds



**GRAVENSTEIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

<u>Comparative Schedule of Capital Assets</u>		
	Governmental Activities	
	2010	2011
Land	\$ 149,717	\$ 149,717
Sites and Improvements	1,176,968	1,176,968
Buildings and Improvements	7,112,530	7,112,530
Furniture and Equipment	81,179	81,179
Work-in-Progress	0	48,504
Subtotals	8,520,394	8,568,898
Less: Accumulated Depreciation	(4,379,389)	(4,513,609)
Capital Assets, net	<u>\$ 4,141,005</u>	<u>\$ 4,055,289</u>

Capital assets, net of depreciation, decreased \$85,716 due to accumulated depreciation growing at a higher rate than acquisitions and improvements.

<u>Comparative Schedule of Long-Term Liabilities</u>		
	Governmental Activities	
	2010	2011
General Obligation Bonds	\$ 1,265,000	\$ 1,200,000
Early Retirement Incentives	250,958	191,574
Other Post Employment Benefits	29,063	64,715
Totals	<u>\$ 1,545,021</u>	<u>\$ 1,456,289</u>

Total long-term liabilities decreased \$88,732 during fiscal year 2010-11.

The general obligation bonds are financed by the local taxpayers and represent 82.4% of the District's total long-term liabilities. The District has satisfied all debt service requirements on its bonded debt and continues to maintain an excellent credit rating on its debt issue.

**GRAVENSTEIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONCLUDED)

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.

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

The fund balance of the General Fund increased \$90,604 during fiscal year 2010-11, while the combined fund balances of other District governmental funds increased \$242,928, due primarily to the transfer of \$300,000 from the General Fund to the Capital Projects - Special Reserve Fund for the acquisition of two (2) portable classrooms.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim. The original budget presented on page 43 includes only new revenues for 2010-11.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- The State's economic situation is a major factor affecting the District's future. The financial well being of the District is tied in large measure to the state funding formula. Furthermore, the State's current year budget does not fully address its budget problem, so it is anticipated that further reductions in funding may be forthcoming. Due to the adequate reserves of the District, we should be able to weather the State's budget uncertainty during fiscal years 2011-12 and 2012-13.
- Due to the unprecedented nature of the current State and Federal fiscal crisis, the amount of funding that will be available to the District remains uncertain. As a result, management will need to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

**GRAVENSTEIN UNION SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(PREPARED BY DISTRICT MANAGEMENT)

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 Business Manager, Gravenstein Union School District, 3840 Twig Avenue, Sebastopol, CA 95472.

GRAVENSTEIN UNION SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities
<u>Assets</u>	
Deposits and Investments (Note 2)	\$ 3,403,616
Receivables (Note 4)	759,294
Prepaid Expenses (Note 1J)	8,813
Capital Assets: (Note 6)	
Land	149,717
Sites and Improvements	1,176,968
Buildings and Improvements	7,112,530
Furniture and Equipment	81,179
Work-in-Progress	48,504
Less: Accumulated Depreciation	(4,513,609)
Total Assets	8,227,012
<u>Liabilities</u>	
Accounts Payable and Other Current Liabilities	433,029
Deferred Revenue (Note 1J)	4,171
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
General Obligation Bonds (Note 7)	70,000
Early Retirement Incentives (Note 8)	59,384
Other Post Employment Benefits (Note 9)	64,715
<i>Portion Due or Payable After One Year:</i>	
General Obligation Bonds (Note 7)	1,130,000
Early Retirement Incentives (Note 8)	132,190
Total Liabilities	1,893,489
<u>Net Assets</u>	
Investment in Capital Assets, Net of Related Debt	2,830,720
Restricted:	
For Capital Projects	42,575
For Debt Service	249,730
For Educational Programs	18,764
For Other Purposes	9,813
Unrestricted	3,181,921
Total Net Assets	\$ 6,333,523

**GRAVENSTEIN UNION SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Governmental Activities</u>					
Instruction	\$ 3,382,634	\$ 59	\$ 390,417		\$ (2,992,158)
Instruction-Related Services:					
Instructional Library and Technology	16,144				(16,144)
School Site Administration	184,290				(184,290)
Pupil Services:					
Food Services	80,241	47,070	33,056		(115)
Other Pupil Services	164,819	62	105,400		(59,357)
General Administration:					
Data Processing Services	3,159				(3,159)
Other General Administration	257,359				(257,359)
Plant Services	371,843		558		(371,285)
Community Services	85,144				(85,144)
Interest on Long-Term Debt	60,267				(60,267)
Other Outgo	26,949				(26,949)
Total Governmental Activities	\$ 4,632,849	\$ 47,191	\$ 529,431	\$ 0	(4,056,227)
<u>General Revenues</u>					
Taxes Levied for General Purposes					2,183,848
Taxes Levied for Debt Service					118,866
Taxes Levied for Specific Purposes					733
Federal and State Aid - Unrestricted					1,552,042
Interest and Investment Earnings					20,512
Transfers from Other Agencies					33,477
Miscellaneous					484,527
Total General Revenues					4,394,005
Change in Net Assets					337,778
Net Assets - July 1, 2010					5,995,745
Net Assets - June 30, 2011					\$ 6,333,523

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**GRAVENSTEIN UNION SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Deposits and Investments (Note 2)	\$ 2,639,312	\$ 764,304	\$ 3,403,616
Receivables (Note 4)	753,307	5,987	759,294
Due from Other Funds (Note 5)	27,399	5,169	32,568
Prepaid Expenditures (Note 1J)	8,813		8,813
Total Assets	\$ 3,428,831	\$ 775,460	\$ 4,204,291
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable	\$ 405,037	\$ 3,423	\$ 408,460
Due to Other Funds (Note 5)		32,568	32,568
Deferred Revenue (Note 1J)	4,171		4,171
Total Liabilities	409,208	35,991	445,199
Fund Balances: (Note 12)			
Nonspendable	9,813		9,813
Restricted	18,764	292,305	311,069
Assigned		447,164	447,164
Unassigned	2,991,046		2,991,046
Total Fund Balances	3,019,623	739,469	3,759,092
Total Liabilities and Fund Balances	\$ 3,428,831	\$ 775,460	\$ 4,204,291

**GRAVENSTEIN UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
JUNE 30, 2011**

Total Fund Balances - Governmental Funds **\$ 3,759,092**

Amounts reported for governmental activities in the statement of net assets are different from amounts reported in governmental funds due to the following:

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

Capital Assets	\$ 8,568,898	
Accumulated Depreciation	(4,513,609)	
Net		4,055,289

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities reported at the end of the period are:

General Obligation Bonds	1,200,000	
Early Retirement Incentives	191,574	
Other Post Employment Benefits	64,715	
Net		(1,456,289)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements of activities, it is recognized in the period that it is incurred. The additional liability for unmaturing interest owed at the end of the period was:

(24,569)

Total Net Assets - Governmental Activities **\$ 6,333,523**

**GRAVENSTEIN UNION SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>		<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>District</u>	<u>Component Units</u>		
<u>Revenues</u>				
Revenue Limit Sources:				
State Apportionment	\$ 931,557			\$ 931,557
Local Taxes	2,183,848			2,183,848
Total Revenue Limit Sources	3,115,405			3,115,405
Federal Revenue	291,990		\$ 30,520	322,510
State Revenue	652,926		23,551	676,477
Local Revenue	461,873	\$ 211,345	183,017	856,235
Total Revenues	4,522,194	211,345	237,088	4,970,627
<u>Expenditures</u>				
Instruction	3,304,580			3,304,580
Instructional Library and Technology	15,658			15,658
School Site Administration	178,745			178,745
Food Services	39		77,787	77,826
Other Pupil Services	159,859			159,859
Data Processing Services	3,064			3,064
Other General Administration	249,615			249,615
Plant Services	306,540		39,594	346,134
Facilities Acquisition and Construction	14,400		48,624	63,024
Community Services	85,144			85,144
Debt Service:				
Principal Retirement			65,000	65,000
Interest and Issuance Costs			61,497	61,497
Other Outgo	25,291		1,658	26,949
Total Expenditures	4,342,935	0	294,160	4,637,095
Excess of Revenues Over (Under) Expenditures	179,259	211,345	(57,072)	333,532
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In	211,345		300,000	511,345
Operating Transfers Out	(300,000)	(211,345)		(511,345)
Total Other Financing Sources (Uses)	(88,655)	(211,345)	300,000	0
Net Change in Fund Balances	90,604	0	242,928	333,532
Fund Balances - (As restated - Note 19)				
July 1, 2010	2,929,019	0	496,541	3,425,560
Fund Balances - June 30, 2011	\$ 3,019,623	\$ 0	\$ 739,469	\$ 3,759,092

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**GRAVENSTEIN UNION SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Net Change in Fund Balances - Governmental Funds **\$ 333,532**

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

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

Capital Outlays	\$	48,504	
Depreciation Expense		(134,220)	
Net			(85,716)

Other post employment benefits (OPEB) and early retirement incentives: In governmental funds, OPEB and early retirement incentives costs are recognized when employer contributions are made. In the statement of activities, OPEB and early retirement incentives costs are recognized on the accrual basis. This year, the difference between OPEB and early retirement incentives costs accrued and actual employer contributions was: 23,732

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:

General Obligation Bonds 65,000

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, interest expense is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was: 1,230

Change in Net Assets of Governmental Activities **\$ 337,778**

**GRAVENSTEIN UNION SCHOOL DISTRICT
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011**

	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
<u>Assets</u>		
Deposits and Investments (Note 2)	\$ 11,026	\$ 11,026
<u>Liabilities</u>		
Due to Student Groups	11,026	11,026
<u>Net Assets</u>		
Total Net Assets	<u>\$ 0</u>	<u>\$ 0</u>

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

The Gravenstein Union School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Trustees elected by registered voters of the District, which comprises an area in Sonoma County. The District was established in 1956 and serves students in kindergarten through grade eight.

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*.

The District is also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989, when applicable, that do not conflict with or contradict GASB pronouncements.

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 under GASB Statement No. 14 (GASB 14), *The 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 there are no entities, with financial activities that benefited the District, during fiscal year 2010-11, which should be included within its financial reporting entity under GASB 14.

GASB Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, provides further guidance to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of the component units' relationship with the District. The District has determined that the Magnet Program Foundation and various other organized community support groups meet the criteria set forth in GASB 39. However, audited financial statements were not available from any of the component units for inclusion in the District's financial statements. Accordingly, only the combined financial activities of the component units that flow through the District are presented on page 18 under the caption "Component Units."

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.

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Implementation of New Accounting Pronouncements

In March of 2009, the GASB issued GASB Statement No. 54 (GASB 54) *Fund Balance Reporting and Governmental Fund Type Definition*, with required implementation for the District during the year ended June 30, 2011. The objective of GASB 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. GASB 54 provides for fund balance classifications such as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The effect of implementing GASB 54 resulted in a reclassification of the beginning fund balances as of July 1, 2010, due to the Special Revenue - Special Reserve Fund and the Special Reserve for Post Employment Benefits Fund no longer meeting the fund definition of a special revenue fund. Further detail on the reclassification is described in Note 19.

D. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the District and its component units. The effect of interfund activity, within the governmental and business type activities columns, has been removed from these statements. 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 financial statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

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

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Presentation (Concluded)

Fund Financial Statements:

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

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

Fiduciary funds are reported using the economic resources measurement focus.

E. Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions:

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

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

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Basis of Accounting (Concluded)

Deferred Revenue:

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

Expenses/Expenditures:

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

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.

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 maintains the following governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Debt Service Funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Accounting (Concluded)

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

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. It is used to account for and report all financial resources not accounted for and reported in another fund. The financial activities of the General Fund have been divided into two separate columns on the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances. The first column reflects the revenues received from *District* sources along with all of the expenditures of the General Fund. The second column reflects the revenues received for General Fund purposes that are provided by *Component Units*. This presentation has been included to illustrate the District's heavy reliance on community support for providing its educational programs.

Non-major Governmental Funds:

The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of District property.

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

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

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

The *County School Facilities Fund* is used to account for state apportionments (Education Code Sections 17009.5 and 17070.10-17076.10).

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

Fiduciary Funds:

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

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.

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Budgets and Budgetary Accounting (Concluded)

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets are presented for the General Fund on page 43.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account (See Note 3).

H. 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.

I. 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.

J. Assets, Liabilities and Equity

1. Deposits and Investments

The District is authorized to maintain cash in banks and revolving funds that are insured to \$250,000 by the Federal Depository Insurance Corporation (FDIC). The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001).

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

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit 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.

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Assets, Liabilities and Equity (Continued)

1. Deposits and Investments (Concluded)

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

2. Prepaid Expenses / Expenditures

Payments made to vendors for goods or services that will benefit periods beyond the fiscal year ended, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed.

Prepaid expenses are equally offset by a net assets reserve, which indicates that this amount is not "available for appropriation and expenditure" even though it is a component of net current assets.

3. Capital Assets

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

<u>Asset Class</u>	<u>Years</u>
Sites and Improvements	20
Buildings and Improvements	7-50
Furniture and Equipment	8-15

4. Deferred Revenue

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

5. Long-term Liabilities

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

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Assets, Liabilities and Equity (Continued)

6. Fund Balances

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

Nonspendable Fund Balance includes amounts not in spendable form, such as inventory, or amounts required to be maintained intact legally or contractually (principal endowment) (e.g. pre-paid items, permanent scholarships).

Restricted Fund Balance includes funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation (e.g. debt service, capital projects, state and federal grant funds).

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

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District's highest level of decision making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance. The Governing Board delegated authority to the Superintendent to identify intended uses of assigned funds.

Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. The District established fund balance policy requires an economic uncertainty reserve of at least 4% of total General Fund operating expenditures (including other financing).

The District considers restricted fund balances to have been spent first when expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

7. Revenue Limit/Property Tax

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

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

J. Assets, Liabilities and Equity (Concluded)

7. Revenue Limit/Property Tax (Concluded)

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

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4706 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 revenue limit 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. The District's Base Revenue Limit is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the applicable attendance period ADA to derive the District's total entitlement.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2011, consist of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Cash on Hand and in Banks		\$ 11,026
Cash in Revolving Fund	\$ 1,000	
County Pool Investments	<u>3,402,616</u>	
Total Deposits and Investments	<u>\$ 3,403,616</u>	<u>\$ 11,026</u>

Cash on Hand and in Banks

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

Cash in Revolving Fund

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

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

County Pool Investments

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

General Authorization

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Notes	5 years	30%	None
Mutual Funds / Money Market Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

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

Segmented Time Distribution

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

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Segmented Time Distribution (Concluded)

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>More Than 1 Year</u>
County Pool Investments	\$ 3,402,616	\$ 3,406,019	\$ 2,024,852	\$ 1,377,764

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Rating as of Year End</u>		
			<u>AAA</u>	<u>Aa</u>	<u>Unrated</u>
County Pool Investments	\$ 3,402,616	\$ 3,406,019			\$ 3,402,616

Concentration of Credit Risk

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

Custodial Credit Risk - Investments

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have a policy limiting the amount of securities that can be held by counterparties. As of June 30, 2011, the District does not have any investments that are held by counterparties.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Derivative Investments

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

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess of expenditures over appropriations in the General Fund was as follows:

		<u>Excess Expenditures</u>
Employee Benefits	\$	6,997
Book and Supplies		1,258
Services and Other		
Operating Expenditures		56,242

The District incurred unanticipated expenditures in the expenditure classifications above for which the budget was not revised.

NOTE 4 - RECEIVABLES

Accounts receivable at June 30, 2011, consist of the following:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Totals</u>
Federal Government	\$ 64,116	\$ 5,555	\$ 69,671
State Government	540,638	411	541,049
Local Governments	40,495		40,495
Miscellaneous	108,058	21	108,079
Totals	<u>\$ 753,307</u>	<u>\$ 5,987</u>	<u>\$ 759,294</u>

NOTE 5 - INTERFUND ACTIVITIES

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.

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 5 - INTERFUND ACTIVITIES (CONCLUDED)

A. Due From/Due To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2011 are as follows:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 27,399	
Cafeteria		\$ 27,371
Capital Facilities		28
County School Facilities	5,169	
Capital Projects - Special Reserve	<u> </u>	<u>5,169</u>
Totals	<u>\$ 32,568</u>	<u>\$ 32,568</u>

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

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for fiscal year 2010-11 were as follows:

<u>Funds</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General - District	\$ 211,345	\$ 300,000
General - Component Units		211,345
Capital Projects - Special Reserve	<u>300,000</u>	<u> </u>
Totals	<u>\$ 511,345</u>	<u>\$ 511,345</u>

Transfer of \$211,345 of contributions and donations from local foundations and parent organizations to support District programs.

Transfer of \$300,000 from the General Fund to the Capital Projects - Special Reserve Fund to purchase two portable classrooms.

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2011, is shown below:

	Balances <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>June 30, 2011</u>
Land	\$ 149,717			\$ 149,717
Sites and Improvements	1,176,968			1,176,968
Buildings and Improvements	7,112,530			7,112,530
Furniture and Equipment	81,179			81,179
Work-in-Progress	0	\$ 48,504		48,504
Totals at Historical Cost	<u>8,520,394</u>	<u>48,504</u>	<u>\$ 0</u>	<u>8,568,898</u>
Less Accumulated Depreciation for:				
Sites and Improvements	1,112,976	3,593		1,116,569
Buildings and Improvements	3,223,710	122,820		3,346,530
Furniture and Equipment	42,703	7,807		50,510
Total Accumulated Depreciation	<u>4,379,389</u>	<u>134,220</u>	<u>0</u>	<u>4,513,609</u>
Governmental Activities				
Capital Assets, net	<u>\$ 4,141,005</u>	<u>\$ (85,716)</u>	<u>\$ 0</u>	<u>\$ 4,055,289</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 101,786
Instructional Library and Technology	486
School Site Administration	5,545
Food Services	2,415
Other Pupil Services	4,960
Data Processing Services	95
Other General Administration	7,744
Plant services	<u>11,189</u>
Total Depreciation Expense	<u>\$ 134,220</u>

NOTE 7 - GENERAL OBLIGATION BONDS

The outstanding general obligation debt of the District as of June 30, 2011 is as follows:

<u>Date</u> <u>Of</u> <u>Issue</u>	<u>Interest</u> <u>Rate %</u>	<u>Maturity</u> <u>Date</u>	<u>Amount of</u> <u>Original</u> <u>Issue</u>	<u>Outstanding</u> <u>July 1, 2010</u>	<u>Issued</u> <u>Current</u> <u>Year</u>	<u>Redeemed</u> <u>Current</u> <u>Year</u>	<u>Outstanding</u> <u>June 30, 2011</u>
1998	4.25-7.00	2024	<u>\$ 1,800,000</u>	<u>\$ 1,265,000</u>	<u>\$ 0</u>	<u>\$ 65,000</u>	<u>\$ 1,200,000</u>

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 7 - GENERAL OBLIGATION BONDS (CONCLUDED)

The annual requirements to amortize the current interest bonds payable, outstanding as of June 30, 2011, is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 70,000	\$ 58,080	\$ 128,080
2013	70,000	54,860	124,860
2014	75,000	51,525	126,525
2015	80,000	47,800	127,800
2016	85,000	43,675	128,675
2017-2021	475,000	150,673	625,673
2022-2026	345,000	26,902	371,902
Totals	<u>\$ 1,200,000</u>	<u>\$ 433,515</u>	<u>\$ 1,633,515</u>

NOTE 8 - EARLY RETIREMENT INCENTIVES

During fiscal year 2006-07 the District offered an early retirement incentives program, whereby the service credit for eligible certificated employees is increased by two years. In addition, the District provides one-time financial incentive benefits to all certificated employees who have rendered a minimum of thirty-five (35) years of service to the District.

Future estimated payments under these agreements as of June 30, 2011 are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>STRS Golden</u> <u>Handshakes</u>	<u>District</u> <u>Sponsored</u>	<u>Total</u> <u>Payments</u>
2012	\$ 41,330	\$ 26,000	\$ 67,330
2013	41,330	26,000	67,330
2014	41,330		41,330
2015	25,143		25,143
2016	25,143		25,143
Subtotal	174,276	52,000	226,276
Less amount representing interest	<u>(34,702)</u>		<u>(34,702)</u>
Totals	<u>\$ 139,574</u>	<u>\$ 52,000</u>	<u>\$ 191,574</u>

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

Plan Descriptions: The District provides medical coverage to employees who retire from active status with a specified minimum age and years of service, and who are also eligible for pension benefits from CalSTRS. The benefits provided to eligible retirees are as follows:

	<u>Certificated</u>	<u>Other</u>
Benefit Types Provided	Medical, Dental, and Vision	Medical, Dental, and Vision
Duration of Benefits	To age 65	Life
Required Service	10 years	10 years
Minimum age	55	55
Dependent Coverage	Yes*	Yes
District Contribution %	100%	100%
District Cap	Active Cap	None

* Only up to the District cap

All contracts with District employees will be renegotiated at various times in the future and, thus, costs and benefits are subject to change. Benefits and contribution requirements (both employee and employer) for the OPEB Plan are established by various labor agreements.

For the District, OPEB benefits are administered by District personnel. No separate financial statements are issued.

The number of participants as of July 1, 2010, the effective date of the triennial OPEB valuation is as follows.

Active employees	35
Retired employees	<u>9</u>
Total	<u><u>44</u></u>

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

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation: The following table shows the components of the District's annual OPEB cost for the fiscal year ended June 30, 2011, the amount actually contributed to the plan, and changes in the District's net OPEB obligation that resulted in a net OPEB obligation of \$64,715 for the year ended June 30, 2011. The District has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than 100 total plan members.

Calculation of ARC under Projected Unit Credit Cost Method

Normal cost with interest to end of year	\$ 63,352
Amortization of UAAL with interest to end of year	<u>47,358</u>
Annual required contribution (ARC)	110,710
Interest on Net OPEB Obligation	1,453
Adjustment to ARC	<u>(1,891)</u>
Annual OPEB cost (expense)	110,272
Contributions for the fiscal year	<u>(74,620)</u>
Increase in Net OPEB Obligation	35,652
Net OPEB Obligation - June 30, 2010	<u>29,063</u>
Net OPEB Obligation - June 30, 2011	<u>\$ 64,715</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the last three fiscal years are presented in the following table:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 110,272	67.7%	\$ 64,715
June 30, 2010	127,544	77.2%	29,063
June 30, 2009	N/A	N/A	N/A

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

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

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONCLUDED)

In the July 1, 2010, actuarial valuation, the liabilities were computed using the projected unit credit cost method and the District's unfunded actuarial accrued liability ((UAAL) is being amortized using the level dollar method over 30 years. The actuarial assumptions utilized a 5% discount rate, the expected long-term rate of return on District assets. The compensation increase rate of 5% was provided by the District and based on historical data. The valuation assumes an initial health care cost trend rate of 7% which grades down to an ultimate rate of 5% by 2019, and 4% for dental and vision.

NOTE 10 - OPERATING LEASES

The District has entered into various operating leases for copiers with lease terms in excess of one year. None of these agreements contain purchase options. All agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel any of the agreements prior to the expiration dates.

NOTE 11 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2011, is shown below:

	<u>Balances</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2011</u>	<u>Due within</u> <u>One Year</u>
General Obligation Bonds:					
Current Interest	\$ 1,265,000		\$ 65,000	\$ 1,200,000	\$ 70,000
Early Retirement Incentives	250,958		59,384	191,574	59,384
Other Post Employment Benefits	29,063	\$ 110,272	74,620	64,715	64,715
Totals	<u>\$ 1,545,021</u>	<u>\$ 110,272</u>	<u>\$ 199,004</u>	<u>\$ 1,456,289</u>	<u>\$ 194,099</u>

NOTE 12 - FUND BALANCES

The District's fund balances at June 30, 2011 consisted of the following:

	<u>General</u> <u>Fund</u>	<u>Non-Major</u> <u>Governmental</u> <u>Fund</u>	<u>Totals</u>
Nonspendable	\$ 9,813		\$ 9,813
Restricted	18,764	\$ 292,305	311,069
Assigned		447,164	447,164
Unassigned:			
Economic Uncertainties	185,717		185,717
Other	2,805,329		2,805,329
Totals	<u>\$ 3,019,623</u>	<u>\$ 739,469</u>	<u>\$ 3,759,092</u>

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 13 - 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, disability, and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, California 95605.

Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2010-11 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, 2011, 2010, and 2009, were \$169,602, \$163,594, and \$153,259, 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, CA 95814.

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.

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

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

Funding Policy (Concluded)

The required employer contribution rate for fiscal year 2010-11 was 10.707%. 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, 2011, 2010, and 2009, were \$46,187, \$40,183, and \$42,384, respectively, and equal 100% of the required contributions for each year.

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. The District contributes 6.2% of each employee's gross earnings. In addition, each employee was required to contribute 6.2% of his or her gross earnings for the period July 2010 to December 2010 and 4.2% for the period January 2011 to June 2011.

NOTE 14 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (STRS) for K-12 Education. These payments consist of state general fund contributions to STRS of \$87,720 (4.267% of salaries subject to STRS).

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010-11, the District participated in one joint powers authority (JPA) for purposes of pooling for risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage in any of the past three years.

NOTE 16 - JOINT VENTURES

The District participates in two joint ventures under joint powers agreements (JPAs) with the Redwood Empire Schools' Insurance Group (RESIG) for property & liability, and workers' compensation insurance coverage, and the West County Transportation Agency for pupil transportation services. The relationship between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

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

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 17 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Litigation

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

NOTE 18 - ECONOMIC DEPENDENCY

During the year, the District received \$211,345 from the District's legally separate component units, that are subject to voluntary public contributions.

NOTE 19 - RECLASSIFICATION OF FUND BALANCES

The beginning fund balances of the General Fund, the Special Revenue - Special Reserve Fund, and the Special Reserve for Post Employment Benefits Fund have been combined for financial reporting purposes in accordance with GASB Statement 54:

	<u>General Fund</u>	<u>Special Revenue - Special Reserve Fund</u>	<u>Special Reserve For Post Employment Benefits Fund</u>
Fund Balances - July 1, 2010 (as originally stated)	\$ 1,895,412	\$ 482,466	\$ 551,141
Reclassification of Fund Balances	<u>1,033,607</u>	<u>(482,466)</u>	<u>(551,141)</u>
Fund Balances - July 1, 2010 (as restated)	<u>\$ 2,929,019</u>	<u>\$ 0</u>	<u>\$ 0</u>

SUPPLEMENTARY INFORMATION SECTION

GRAVENSTEIN UNION SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Revenue Limit Sources:				
State Apportionment	\$ 749,953	\$ 992,019	\$ 931,557	\$ (60,462)
Local Sources	2,109,409	2,084,033	2,183,848	99,815
Total Revenue Limit Sources	2,859,362	3,076,052	3,115,405	39,353
Federal Revenue	130,363	255,689	291,990	36,301
Other State Revenue	617,278	620,030	652,926	32,896
Other Local Revenue	634,632	695,263	673,218	(22,045)
Total Revenues	4,241,635	4,647,034	4,733,539	86,505
<u>Expenditures</u>				
Certificated Salaries	2,078,931	2,283,513	2,186,980	96,533
Classified Salaries	487,548	534,114	528,454	5,660
Employee Benefits	849,134	814,090	821,087	(6,997)
Books and Supplies	134,488	177,721	178,979	(1,258)
Services and Other				
Operating Expenditures	509,066	531,503	587,745	(56,242)
Capital Outlay	12,240	22,773	14,400	8,373
Other Expenditures	46,669	27,320	25,290	2,030
Total Expenditures	4,118,076	4,391,034	4,342,935	48,099
Excess of Revenues Over Expenditures	123,559	256,000	390,604	134,604
<u>Other Financing (Uses)</u>				
Operating Transfers Out		(300,000)	(300,000)	
Net Change in Fund Balances	123,559	(44,000)	90,604	\$ 134,604
Fund Balances - (As restated - Note 19) July 1, 2010	2,929,019	2,929,019	2,929,019	
Fund Balances - June 30, 2011	\$ 3,052,578	\$ 2,885,019	\$ 3,019,623	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

GRAVENSTEIN UNION SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	<u>Deferred Maintenance</u>	<u>Cafeteria</u>	<u>Bond Interest and Redemption</u>
<u>Assets</u>			
Deposits and Investments	\$ 114,250	\$ 24,753	\$ 249,730
Receivables		5,987	
Due from Other Funds			
Total Assets	<u>\$ 114,250</u>	<u>\$ 30,740</u>	<u>\$ 249,730</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts Payable		\$ 435	
Due to Other Funds		27,371	
Total Liabilities		<u>27,806</u>	
Fund Balances:			
Restricted			\$ 249,730
Assigned	\$ 114,250	2,934	
Total Fund Balances	<u>114,250</u>	<u>2,934</u>	<u>249,730</u>
Total Liabilities and Fund Balances	<u>\$ 114,250</u>	<u>\$ 30,740</u>	<u>\$ 249,730</u>

<u>Capital Facilities</u>	<u>County School Facilities</u>	<u>Capital Projects - Special Reserve</u>	<u>Total Non-Major Governmental Funds</u>
\$ 37,440		\$ 338,131	\$ 764,304
	\$ 5,169		5,987
<u>\$ 37,440</u>	<u>\$ 5,169</u>	<u>\$ 338,131</u>	<u>\$ 775,460</u>
\$ 6		\$ 2,982	\$ 3,423
28		5,169	32,568
<u>34</u>		<u>8,151</u>	<u>35,991</u>
37,406	\$ 5,169		292,305
		329,980	447,164
<u>37,406</u>	<u>5,169</u>	<u>329,980</u>	<u>739,469</u>
<u>\$ 37,440</u>	<u>\$ 5,169</u>	<u>\$ 338,131</u>	<u>\$ 775,460</u>

**GRAVENSTEIN UNION SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Deferred Maintenance</u>	<u>Cafeteria</u>	<u>Bond Interest and Redemption</u>
<u>Revenues</u>			
Federal Revenue		\$ 30,520	
State Revenue	\$ 19,575	2,425	\$ 1,551
Local Revenue	644	47,182	118,588
Total Revenues	<u>20,219</u>	<u>80,127</u>	<u>120,139</u>
<u>Expenditures</u>			
Food Services		77,787	
Plant Services	39,594		
Facilities Acquisition and Construction			
Debt Service:			
Principal Retirement			65,000
Interest and Issuance Costs			61,497
Other Outgo			
Total Expenditures	<u>39,594</u>	<u>77,787</u>	<u>126,497</u>
Excess of Revenues Over (Under) Expenditures	(19,375)	2,340	(6,358)
<u>Other Financing Sources</u>			
Operating Transfers In			
Net Change in Fund Balances	(19,375)	2,340	(6,358)
Fund Balances - July 1, 2010	<u>133,625</u>	<u>594</u>	<u>256,088</u>
Fund Balances - June 30, 2011	<u>\$ 114,250</u>	<u>\$ 2,934</u>	<u>\$ 249,730</u>

<u>Capital Facilities</u>	<u>County School Facilities</u>	<u>Capital Projects - Special Reserve</u>	<u>Total Non-Major Governmental Funds</u>
			\$ 30,520
\$ 16,072		\$ 531	23,551
<u>16,072</u>		<u>531</u>	<u>183,017</u>
			77,787
4,794		43,830	39,594
			48,624
1,658			65,000
<u>6,452</u>		<u>43,830</u>	<u>61,497</u>
			1,658
9,620		(43,299)	(57,072)
		300,000	300,000
9,620		256,701	242,928
27,786	\$ 5,169	73,279	496,541
<u>\$ 37,406</u>	<u>\$ 5,169</u>	<u>\$ 329,980</u>	<u>\$ 739,469</u>

GRAVENSTEIN UNION SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Actuarial Valuation Date</u>	<u>Value of Assets</u>	<u>Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Percentage of Covered Payroll</u>
7/1/10	\$ 0	\$ 728,001	\$ 728,001	0%	\$ 1,801,770	40.4%
7/1/06	\$ 0	\$ 1,271,010	\$ 1,271,010	0%	\$ 1,477,747	86.0%

SEE NOTES TO SUPPLEMENTARY INFORMATION

**GRAVENSTEIN UNION SCHOOL DISTRICT
ORGANIZATION/BOARD OF TRUSTEES/ADMINISTRATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

ORGANIZATION

The Gravenstein Union School District was established in 1956 and comprises an area located in Sonoma County. There were no changes in the boundaries of the District during the current year. The District operates one elementary school and one middle school.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jim Horn	President	December 2014
Sandra Wickland	Clerk	December 2014
Jeff Weaver	Member	December 2014
Kay Crocker	Member	December 2012
Jan Zlotnick	Member	December 2012

ADMINISTRATION

Linda LaMarre
Superintendent

Mardi Hinton
Business Manager

GRAVENSTEIN UNION SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Elementary</u>	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten	63.37	63.72
First through Third	159.27	160.48
Fourth through Sixth	220.22	223.03
Seventh and Eighth	159.77	159.96
Special Education	7.22	7.10
Special Education - NPS	1.84	1.84
Community Day School	1.13	1.37
Totals	<u>612.82</u>	<u>617.50</u>

GRAVENSTEIN UNION SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Grade Level</u>	<u>1982-83 Actual Minutes</u>	<u>Adjusted 1982-83 Actual Minutes</u>	<u>1986-87 Minutes Required</u>	<u>Adjusted 1986-87 Minutes Required</u>	<u>2010-11 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Number of Days Multitrack Calendar</u>	<u>Status</u>
Kindergarten	32,400	31,500	36,000	35,000	50,920	180	N/A	In Compliance
Grade 1	41,500	40,347	50,400	49,000	54,820	180	N/A	In Compliance
Grade 2	41,500	40,347	50,400	49,000	54,820	180	N/A	In Compliance
Grade 3	41,500	40,347	50,400	49,000	54,820	180	N/A	In Compliance
Grade 4	41,500	40,347	54,000	52,500	54,820	180	N/A	In Compliance
Grade 5	41,500	40,347	54,000	52,500	54,820	180	N/A	In Compliance
Grade 6	49,680	48,300	54,000	52,500	57,640	180	N/A	In Compliance
Grade 7	49,680	48,300	54,000	52,500	57,640	180	N/A	In Compliance
Grade 8	49,680	48,300	54,000	52,500	57,640	180	N/A	In Compliance

GRAVENSTEIN UNION SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Program Name</u>	<u>Federal Catalog Number</u>	<u>Pass-Through Identification Number</u>	<u>Federal Program Expenditures</u>
U.S. Department of Agriculture:			
Passed through California Department of Education (CDE):			
National School Lunch	10.555	13524	\$ 30,520
U.S. Department of Education:			
Passed through CDE:			
<i>Title I, Part A Cluster:</i>			
NCLB: Title I - Basic Grant Low-Income & Neglected	84.010	14329	19,087
NCLB: ARRA Title I Basic Grant Low-Income & Neglected	84.389	15005	70
NCLB: Title II - Improving Teacher Quality	84.367	14341	3,797
NCLB: Title III - Limited English Proficient	84.365	10084	6,827
NCLB: Title III - Immigrant Education Program	84.365	14346	394
NCLB: Title IV - Drug Free Schools	84.186	14347	1,115
ARRA State Fiscal Stabilization Fund	84.394	25008	89,320
Education Jobs Fund	84.410	25152	113,600
Passed through Sonoma County SELPA:			
<i>Special Education Cluster:</i>			
IDEA Part B Basic Local Assistance	84.027	13379	86,411
IDEA Part B Preschool Grant	84.173	13430	3,805
IDEA Part B Preschool Local Entitlement	84.027A	13682	5,134
IDEA Part B Preschool Staff Development	84.173A	13431	19
ARRA IDEA Part B Local Assistance	84.391	15003	18,001
ARRA IDEA Part B Preschool Grants	84.392	15000	1,610
ARRA IDEA Part B Preschool Local Entitlement	84.391	15002	2,386
 Total			 <u>\$ 382,096</u>

**GRAVENSTEIN UNION SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General Fund	Special Revenue - Special Reserve Fund	Special Reserve For Post Employment Benefits Fund
June 30, 2011 Annual Financial and Budget Report Fund Balances	\$ 1,979,402	\$ 485,553	\$ 554,668
Reclassifications Increasing (Decreasing) Fund Balances:			
Overstatement of Fund Balances		(485,553)	(554,668)
Understatement of Fund Balance	1,040,221		
Total Reclassifications Increasing (Decreasing) Fund Balances	1,040,221	(485,553)	(554,668)
June 30, 2011 Audited Financial Statements Fund Balances	\$ 3,019,623	\$ 0	\$ 0

The reclassification of fund balance above was required as a result of the definition of special revenue funds prescribed by GASB 54.

Auditor's Comments

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2011.

GRAVENSTEIN UNION SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	GENERAL FUND			
	(Budget) * 2011-12 **	2010-11	2009-10	2008-09
Revenues and Other Financial Sources	\$ 4,274,582	\$ 4,733,539	\$ 4,529,694	\$ 4,597,860
Expenditures	4,537,918	4,342,935	4,005,575	3,997,767
Other Uses and Transfers Out	0	300,000	140,633	48,274
Total Outgo	4,537,918	4,642,935	4,146,208	4,046,041
Change in Fund Balance	(263,336)	90,604	383,486	551,819
Ending Fund Balance	\$ 2,756,287	\$ 3,019,623	\$ 2,929,019 ⁽¹⁾	\$ 1,511,926
Available Reserves	\$ 2,628,460	\$ 2,991,046	\$ 2,279,574	\$ 1,510,926
Reserve for Economic Uncertainties ***	\$ 181,517	\$ 185,717	\$ 250,000	\$ 250,000
Available Reserves as a Percentage of Total Outgo	57.9%	64.4%	55.0%	37.3%
Average Daily Attendance at P-2	630	613	590	541
Total Long-Term Liabilities	\$ 1,262,190	\$ 1,456,289	\$ 1,545,021	\$ 1,571,272

* Amounts reported for the 2011-12 budget are presented for analytical purposes only and have not been audited.

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

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

(1) The amount presented for fiscal year 2009-10 has been adjusted to reflect the reclassification discussed in Note 19 of these financial statements.

The fund balance of the General Fund increased \$1,507,697 over the past two years due primarily to the reclassification of the special revenue funds at the beginning of fiscal year 2010-11 (Note 19). The fiscal year 2011-12 budget projects a decrease in fund balance of \$263,336 (8.7%). For a district this size, the state recommends available reserves of at least 4% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District produced operating surpluses in each of the past three fiscal years.

Total long-term liabilities decreased \$114,983 over the past two years.

Average daily attendance (ADA) increased 72 ADA over the past two years. The District projects an increase of 17 ADA during fiscal year 2011-12.

GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

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

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

B. Combining Statements

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

C. Schedule of Funding Progress

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

D. Schedule of Average Daily Attendance

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

E. 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 46200 through 46206.

F. Schedule of Expenditures of Federal Awards

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

**GRAVENSTEIN UNION SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

G. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

H. Schedule of Financial Trends and Analysis

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

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Gravenstein Union School District
Sebastopol, California

We have audited Gravenstein Union School District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2010-11* to the state laws and regulations listed below for the year ended June 30, 2011. Compliance with the requirements of state laws and regulations is the responsibility of the District's management. Our responsibility is to express an opinion on Gravenstein Union School 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 2010-11*, 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 Gravenstein Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Gravenstein Union School District's compliance with those requirements.

<u>Description</u>	<u>Procedures in Education Audit Appeals Panel's Audit Guide</u>	<u>Procedures Performed</u>
Attendance Accounting:		
Attendance Reporting	8	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	No (see below)
Continuation Education	10	Not Applicable
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	Not Applicable
Instructional Material:		
General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement - Receipt of Funds	1	Yes

<u>Description</u>	<u>Procedures In Education Audit Appeals Panel's Audit Guide</u>	<u>Procedures Performed</u>
Class Size Reduction Program:		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	Not Applicable
Districts or Charter Schools With Only One School Serving K-3	4	Not Applicable
After School Education and Safety Program:		
General Requirements	4	Not Applicable
After School	4	Not Applicable
Before School	5	Not Applicable
Contemporaneous Records of Attendance For Charter Schools	1	Not Applicable
Mode of Instruction for Charter Schools	1	Not Applicable
Nonclassroom-Based Instruction/ Independent Study for Charter Schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction for Charter Schools	3	Not Applicable
Annual Instructional Minutes - Classroom Based For Charter Schools	3	Not Applicable

We did not perform tests for the independent study program because the ADA claimed by the District does not exceed the threshold that requires testing.

In our opinion, Gravenstein Union School District complied with the state laws and regulations referred to above for the year ended June 30, 2011. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Gravenstein Union School District had not complied with the state laws and regulations.

This report is intended solely for the information and use of the District's Board, management, California State Controller's Office, California Department of Finance, California Department of Education, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
 Certified Public Accountants

December 9, 2011

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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

Board of Trustees
Gravenstein Union School District
Sebastopol, California

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Gravenstein Union School District, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness, and another deficiency that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness, as noted in **Finding 11-1**.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency, as noted in **Finding 11-2**.

Compliance and Other Matters

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

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the District's Board, management, California State Controller's Office, California Department of Finance, California Department of Education, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 9, 2011

FINDINGS AND QUESTIONED COSTS SECTION

GRAVENSTEIN UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	<u> X </u> Yes	<u> </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

State Awards

Internal control over state programs:		
Material weaknesses identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None reported
Type of auditor's report issued on compliance for state programs:	Unqualified	

GRAVENSTEIN UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS

11 - 1 / 30000

MATERIAL WEAKNESS

PAYROLL

Criteria: Payroll charges should be supported by contracts, worksheets, and or notice of employment forms that are prepared on an annual basis. These forms should be prepared and signed by the Business Manager and reviewed and signed by the Superintendent.

Condition: The notice of employment forms prepared for several classified employees for fiscal year 2010-11 were not signed by the Business Manager and we could not verify that it was reviewed by the Superintendent.

Questioned Cost: None.

Context: The condition was noted for fiscal year 2010-11.

Effect: Errors or improprieties may occur and not be detected in a timely manner.

Cause: The District partially implemented the prior year recommendation but was unable to locate the signed notice of employment forms for all classified employees.

Recommendation: The District should establish procedures to ensure that all payroll charges are properly supported by contracts, worksheets, and or notice of employment forms that are prepared on an annual basis. These forms should be prepared and signed by the Business Manager and reviewed and signed by the Superintendent.

District Response: The District will establish procedures to ensure the payroll charges are supported by a contract, a worksheet or a notice of employment. This will be reviewed and signed by the Business Manager and the Superintendent.

GRAVENSTEIN UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)

11 - 2 / 30000

SIGNIFICANT DEFICIENCY

REVOLVING CASH / CLEARING ACCOUNT

<u>Criteria:</u>	The revolving cash account should be used to pay for small purchases of goods or services that are required to be paid in a timely manner, and later reimbursed through the District's normal accounts payable procedures. No other types of transactions should be processed through the revolving cash account.
<u>Condition:</u>	The District is using the revolving cash account as a clearing account for District deposit transactions.
<u>Questioned Costs:</u>	None.
<u>Context:</u>	The condition was noted throughout fiscal year 2010-11.
<u>Effect:</u>	It is very difficult to reconcile the revolving cash account balance to the bank balance and the imprest cash balance. In addition, errors and improprieties may occur and not be detected in a timely manner.
<u>Cause:</u>	The District did not implement the prior year recommendation.
<u>Recommendation:</u>	The District should establish a separate bank account that can be used as a clearing account for District deposits.
<u>District Response:</u>	The District will establish a separate bank account that can be used as a clearing for District deposits.

**GRAVENSTEIN UNION SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

SECTION III - STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2011

**GRAVENSTEIN UNION SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>FINANCIAL STATEMENTS</u>		
10 - 1 / 30000		
MATERIAL WEAKNESS		
<u>FINANCIAL REPORTING - UNAUDITED ACTUALS</u>		
The District should develop a comprehensive financial reporting checklist, which can be used by staff during the year-end closing process, to prevent material misstatements from occurring in the future.	Implemented	
10 - 2 / 30000		
MATERIAL WEAKNESS		
<u>SEGREGATION OF DUTIES</u>		
Due to the nature of school finance and the specific types of financial transactions and financial reporting activities performed by the District, management and the Governing Board should weigh the cost of eliminating this control weakness against the benefits to be received. If it is determined that the District cannot fully remediate the control weakness, management should develop alternative procedures, which may help to mitigate the financial reporting risk of the District.	Implemented	

**GRAVENSTEIN UNION SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>FINANCIAL STATEMENTS (CONTINUED)</u>		
10 - 3 / 30000		
MATERIAL WEAKNESS		
<u>REVOLVING BANK ACCOUNT</u>		
The District should develop policies and procedures that require revolving bank account deposits to be transferred to the County Treasury account on a more frequent basis.	Implemented	
The District should develop policies and procedures that require the revolving bank account to be reconciled on a monthly basis and the check register to be maintained on a current basis. The Superintendent should review and sign the monthly reconciliations.	Implemented	
The District should establish formal procedures for providing a proper audit trail between items deposited into and checks written out of the revolving bank account.	Implemented	

**GRAVENSTEIN UNION SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>FINANCIAL STATEMENTS (CONTINUED)</u>		
10 - 4 / 30000		
MATERIAL WEAKNESS		
<u>PAYROLL</u>		
The District should establish procedures to ensure that all payroll charges are properly supported by contracts, worksheets, and or notice of employment forms that are prepared on an annual basis. These forms should be prepared and signed by the Business Manager and reviewed and signed by the Superintendent.	Not Implemented	Comment Repeated (See 11-1)
An annual payroll computation worksheet should be prepared and maintained to provide a proper audit trail of salary adjustments made to the Superintendent's most recent contract and the Business Manager's most recent salary calculation worksheet.	Implemented	
10 - 5 / 30000		
SIGNIFICANT DEFICIENCY		
<u>CASH RECEIPTS - COUNTY TREASURY</u>		
The District should make every effort to ensure that deposits are made at least every two weeks, and more frequently, if large amounts of cash or checks are received by the District Office.	Implemented	

**GRAVENSTEIN UNION SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>FINANCIAL STATEMENTS (CONTINUED)</u>		
10 - 6 / 30000		
SIGNIFICANT DEFICIENCY		
<u>CASH RECEIPTS LOG</u>		
The District should require that all cash and checks, received at the business office, be recorded in a cash receipts log by someone other than the person who prepares the deposit. Items listed on the cash receipts log should be traced to the general ledger on a periodic basis to ensure completeness.	Implemented	
10 - 7 / 30000		
SIGNIFICANT DEFICIENCY		
<u>REVOLVING ACCOUNT</u>		
The District should establish formal policies and procedures for the revolving cash account which specify which expenditures can and cannot be paid from the account. Routine expenditures should not be processed through the revolving cash account.	Implemented	
The revolving bank account register balance should be reconciled to the imprest balance of \$1,000 on a monthly basis.	Implemented	

GRAVENSTEIN UNION SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>FINANCIAL STATEMENTS (CONCLUDED)</u>		
10 - 8 / 30000		
SIGNIFICANT DEFICIENCY		
<u>REVOLVING CASH / CLEARING ACCOUNT</u>		
The District should establish a separate bank account that can be used as a clearing account for District deposits.	Not Implemented	Comment Repeated (See 11-2)
10 - 9 / 30000		
SIGNIFICANT DEFICIENCY		
<u>DISTRICT RECORDS</u>		
The District should stress to the Business Manager that under no circumstances, should any District records be taken off District property.	Implemented	
10 - 10 / 30000		
SIGNIFICANT DEFICIENCY		
<u>STUDENT BODY BANK RECONCILIATIONS</u>		
Student body bank statements should be reconciled to register balances on a monthly basis. The reconciliations should be reviewed and approved by the Superintendent.	Implemented	
10 - 11 / 30000		
SIGNIFICANT DEFICIENCY		
<u>DAYCARE CASH RECEIPTS</u>		
Internal control procedures over daycare revenue should be in place to ensure that billing calculations, including drop-in fee calculations, are prepared and mailed to parents on a monthly basis.	Implemented	

**GRAVENSTEIN UNION SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>STATE AWARDS</u>		
10 - 12 / 10000		
SIGNIFICANT DEFICIENCY		
<u>ATTENDANCE</u>		
The District should enforce procedures that require weekly attendance roster reports to be signed at the end of each week by the teachers who recorded the attendance.	Implemented	
10 - 13 / 10000		
SIGNIFICANT DEFICIENCY		
<u>NON-PUBLIC SCHOOL ATTENDANCE</u>		
A worksheet should be used by the District to accumulate the days of attendance for each student at the various nonpublic, nonsectarian schools. The District should request and use the various nonpublic, nonsectarian schools school calendars to calculate the ADA that should be claimed on the P-2 and the Annual attendance reports. In addition, the District's P-2 and Annual attendance reports should be revised to reflect the ADA presented on the Schedule of Average Daily Attendance on page 51 of the 2009-10 audit report.	Implemented	

**GRAVENSTEIN UNION SCHOOL DISTRICT
STATUS OF PRIOR YEAR RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Recommendations</u>	<u>Current Status</u>	<u>Explanation If Not Fully Implemented</u>
<u>STATE AWARDS (CONCLUDED)</u>		
10 - 14 / 10000		
SIGNIFICANT DEFICIENCY		
<u>ATTENDANCE REPORTING</u>		
Someone other than the preparer of the attendance reports should review supporting documentation and manual calculations used in the preparation of attendance reports, to ensure that reported information is accurate and complete. In addition, all computer generated attendance summary reports used in the preparation of the P-2 and Annual attendance reports should be filed in a binder and maintained as support for the ADA claimed on the attendance reports. The District's P-2 and Annual attendance reports should be revised to reflect the ADA presented on the Schedule of Average Daily Attendance on page 51 of the 2009-10 audit report.	Implemented	
10 - 15 / 40000		
SIGNIFICANT DEFICIENCY		
<u>INSTRUCTIONAL MINUTES</u>		
The Business Manager should review the instructional minutes calculations prepared by the Superintendent / Principal, to ensure that they agree to the bell schedules and school calendar used during the fiscal year. In addition, instructional minutes should be recalculated during the school year if any changes are made to the school calendar or bell schedules that were used in the original instructional minutes calculations.	Implemented	

STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

Stephen Roatch - President
Habbas Nassar - Vice President

December 20, 2011

Management and Governing Board of
Gravenstein Union School District
3840 Twig Avenue
Sebastopol, CA 95472

We are pleased to confirm our understanding of the services we are to provide Gravenstein Union School District for the year ending June 30, 2012. We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of Gravenstein Union School District as of and for the year ended June 30, 2012. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to accompany Gravenstein Union School District's basic financial statements. As part of our engagement, we will apply certain limited procedures to Gravenstein Union School District's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis.
2. Schedule of Revenues, Expenditures, and Changes in Fund Balances budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget.

Supplementary information other than RSI also accompanies Gravenstein Union School District's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements:

1. Schedule of expenditures of federal awards.
2. Combining statements and the remaining schedules included in the supplementary information section of the audit.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the provisions of California Code of Regulations, Title 5, Education, Section 19810, and following; and the Education Audit Appeals Panel's *Standards and Procedures for Audits of California K-12 Local Education Agencies*, and will include tests of the accounting records of Gravenstein Union School District and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will fully discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Audit Objectives (Concluded)

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of the District's Board, management, California State Controller's Office, California Department of Finance, and California Department of Education, and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that Gravenstein Union School District is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities and each major fund, and the aggregate remaining fund information of the Gravenstein Union School District and the respective changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements.

Management Responsibilities (Concluded)

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants, and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from: errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Audit Procedures - General (Concluded)

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform test of Gravenstein Union School District's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Engagement Administration, Fees, and Other

Whenever possible, we will attempt to use the District's personnel to assist in the preparation of schedules, analyses of accounts, and locating any documents selected by us for testing. This effort could substantially reduce our time requirements, facilitate the timely conclusion of the audit, and help you hold down audit fees.

We will provide copies of our reports to the California Department of Education, State Controller's Office, your County Superintendent of Schools, and Federal Audit Clearinghouse, as applicable. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

Engagement Administration, Fees, and Other (Continued)

The audit documentation for this engagement is the property of Stephen Roatch Accountancy Corporation and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the State Controller's Office or its designee, Department of Education, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Stephen Roatch Accountancy Corporation personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the State Controller's Office. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

Habbas Nassar, Certified Public Accountant (CPA) is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. We agree that our all-inclusive fee will not exceed **\$11,900** for the audit of Gravenstein Union School District for the fiscal year ended June 30, 2012. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. An additional fee will be charged for attending meetings with the District's Board, if deemed appropriate.

Either party may terminate this agreement at any time for any reason, providing 30 days written notice is given to the other party. It is understood that payment shall be made for services rendered to the point of termination.

In accordance with Education Code 41020, audit reports will be filed with the County Superintendent of Schools, the State Department of Education, and the State Controller's Office by December 15th following the close of the fiscal year.

It is agreed that the District will withhold ten (10) percent of the audit fee until the State Controller certifies that the report conforms to the reporting provisions of the Education Audit Appeals Panel's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*.

In accordance with Education Code Section 14505, it is further agreed that the District will withhold fifty (50) percent of the audit fee for any subsequent year of a multi-year contract if the prior year's audit report was not certified as conforming to reporting provisions of the Education Audit Appeals Panel's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*.

Management and Governing Board of
Gravenstein Union School District
December 20, 2011
Page Six

Engagement Administration, Fees, and Other (Concluded)

The State Controller of California has required that all Districts and auditors contracting for multi-year engagements include a stipulation that the contract is null and void if the auditor is declared ineligible to perform LEA audits.

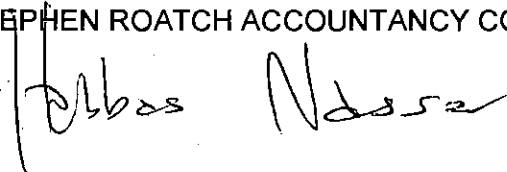
In the event that the GASB, FASB, AICPA, GAO, OMB, or the Education Audit Appeals Panel's Office issues additional standards or audit procedures that require additional work during the audit period, we will discuss these requirements with you before proceeding further. Before starting the additional work, we will prepare an estimate of the time necessary, as well as the fee for performing the additional work. Our fee for addressing the additional requirements will be our standard hourly rates for each person involved in the additional work.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. We have attached a copy of our latest external peer review report of our firm for your consideration and files. We are very pleased to participate in this review program as continued evidence of our emphasis on providing Gravenstein Union School District, the highest quality audit.

We appreciate the opportunity to be of service to Gravenstein Union School District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

STEPHEN ROATCH ACCOUNTANCY CORPORATION



Habbas Nassar, Certified Public Accountant
Vice President

Management and Governing Board of
Gravenstein Union School District
December 20, 2011
Page Seven

RESPONSE:

This letter correctly sets forth the understanding of Gravenstein Union School District.

Management

Approved by: _____

Title: _____

Date: _____

Governing Board

Approved by: _____

Title: Board President _____

Date: _____

WEST COUNTY TRANSPORTATION AGENCY

AGENDA ITEM BACKGROUND

ITEM NUMBER: 3.2: Approval of Additional Assessment to Members Based on State Trigger Cut

DATE OF BOARD MEETING: 1/11/12

INFORMATION

As you know, the Governor did pull the "Triggers" in December, and one of them included a cut of 50% of school transportation funding. Our last apportionment received from the State was the December apportionment, which brought our funding to date to 46% of the total. Over the remaining months of this school year, the State will distribute the remaining 4% to us on their previously published apportionment schedule.

We discussed this topic at our September and October meetings. The attached spreadsheets distribute the additional assessment to members based on those discussions. For home to school transportation, we ran the revised revenue through our excess cost formula. We were able to supplement that amount by some of our ending fund balance to reduce the impact to you. For special education transportation, the additional assessment we need is also modified by our ending fund balance. In this spreadsheet, the additional amount is assessed based on the percentage of each member.

The total amount of the cut from the State is \$1,541,596. In detail, the Home to School cut is \$1,090,298 and the Special Ed cut is \$451,298. We have \$841,810 that is available from our ending fund balance that can be used to help defray the loss of funds. Your total additional contribution is \$699,786.

Because our revenue is generally received monthly, I would propose that we transfer the additional amount necessary over the remaining 6 months of the school year (January-June).

There has been a big push by the Education Coalition and particularly by the Small School District's Association to address this cut and

there may be a legislative fix in the future which will restore our funding retroactively.

RECOMMENDATION

Approval of additional assessment to each member based on the attached spreadsheets and transferred to the agency in six equal payments over the remainder of this school year.



WEST COUNTY TRANSPORTATION AGENCY															
HOME TO SCHOOL EXCESS COST FORMULA FOR 2011-12															
Board Meeting: January 11, 2011															
DISTRICT	% USE	BUDGET	REVISED STATE REIMB	BUS PASS	EXCESS NEEDED	ADDITIONAL REVENUE	ADDITIONAL REVENUE PILOT	ADDITIONAL REVENUE	ADJUSTED EXCESS	ADJUSTED EXCESS	ADOPED 2010-11 EXCESS	KG-PM ROUTES	L-P BUSES	L-P FACILITY	MEMBER FEE
WSCUHSD	0.279	\$ 944,335.76	\$ 234,430.00	\$ 33,831.00	\$ 676,074.76	\$ 166,119.95	\$ 17,090.70	\$ 492,864.11	\$ 465,785.00	\$ 465,785.00	\$ 3,186.00	\$ 15,976.38	\$ 1,937.00	\$ 9,448.40	
BELLEVUE	0.165	\$ 558,478.14	\$ 151,715.00		\$ 406,763.14	\$ 98,242.98	\$ 10,107.41	\$ 298,412.76	\$ 276,452.00	\$ 276,452.00	\$ 549.00	\$ 2,863.15			
BENNETT VALL	0.05	\$ 169,235.80	\$ 46,855.00	\$ 10,985.00	\$ 111,395.80	\$ 29,770.60	\$ 3,062.85	\$ 78,499.79	\$ 66,692.00	\$ 66,692.00					
COTATI-HP	0.058	\$ 196,313.53	\$ 75,327.00	\$ 4,400.00	\$ 116,586.53	\$ 34,533.90	\$ 3,552.91	\$ 43,161.79	\$ 5,510.00	\$ 5,510.00					
FORESTVILLE	0.038	\$ 128,619.21	\$ 58,389.00	\$ 2,115.00	\$ 68,115.21	\$ 21,625.66	\$ 2,327.77	\$ 17,957.99							
GRAVENSTEIN	0.021	\$ 71,079.04	\$ 35,331.00	\$ 4,000.00	\$ 31,748.04	\$ 12,503.85	\$ 1,286.40	\$ 59,317.88	\$ 37,984.00	\$ 37,984.00	\$ 444.00	\$ 2,290.52			
GUERENVILLE	0.04	\$ 135,388.64	\$ 48,564.00	\$ 1,240.00	\$ 85,584.64	\$ 23,356.48	\$ 2,450.28	\$ 31,661.85							
HARMONY	0.033	\$ 111,695.63	\$ 58,364.00		\$ 53,331.63	\$ 19,648.60	\$ 2,021.48	\$ 108,021.15	\$ 97,926.00	\$ 97,926.00	\$ 776.00	\$ 3,836.62			
MARK WEST	0.067	\$ 226,775.97	\$ 68,794.00	\$ 5,964.00	\$ 152,017.97	\$ 39,892.60	\$ 4,104.22	\$ 87,683.96	\$ 132,250.00	\$ 132,250.00	\$ 1,027.00	\$ 3,607.57	\$ 5,000.00		
PINER-OAKVET	0.063	\$ 213,237.11	\$ 75,610.00	\$ 8,573.00	\$ 129,054.11	\$ 37,510.96	\$ 3,859.19	\$ 108,822.63	\$ 92,466.00	\$ 92,466.00					
ROSELAND	0.056	\$ 189,544.10	\$ 43,948.00		\$ 145,596.10	\$ 35,343.07	\$ 3,430.39	\$ 37,452.22	\$ 17,005.00	\$ 17,005.00					
SEBASTOPOL	0.026	\$ 88,002.62	\$ 33,777.00		\$ 54,225.62	\$ 15,480.71	\$ 1,592.68	\$ 112,813.28	\$ 104,667.00	\$ 104,667.00	\$ 812.00	\$ 3,951.15			
TWIN HILLS	0.069	\$ 233,545.40	\$ 67,050.00	\$ 8,372.00	\$ 158,123.40	\$ 41,083.43	\$ 4,226.73	\$ 57,526.65	\$ 43,145.00	\$ 43,145.00	\$ 9,148	\$ 388.00	\$ 2,004.21		
WRIGHT	0.035	\$ 118,465.06	\$ 37,955.00		\$ 80,510.06	\$ 20,839.42	\$ 2,144.00								
TOTAL	100%	\$ 3,384,716.00	\$ 1,036,109.00	\$ 79,480.00	\$ 2,269,127.00	\$ 595,412.00	\$ 61,257.00	\$ 1,612,458.00						\$ 57,263.00	

Notes:

The revised adjusted excess column is your new amount

Compare this amount to the adjusted excess column on our adopted budget in June, 2011

FOR COMPARISON



WEST COUNTY TRANSPORTATION AGENCY												
HOME TO SCHOOL EXCESS COST FORMULA FOR 2011-12												
ADOPTION BUDGET 6/8/11												
DISTRICT	% USE	BUDGET	STATE REIMB	BUS PASS	EXCESS NEEDED	ADDITIONAL REVENUE	ADJUSTED EXCESS	ADOPTED 2010-11 EXCESS	KG-PM ROUTES	L-P BUSES	L-P FACILITY	MEMBER FEE
WSCUHSD	0.279	\$ 944,335.76	\$ 468,860.00	\$ 33,831.00	\$ 441,644.76	\$ 17,090.70	\$ 424,554.06	\$ 465,785.00		\$ 3,186.00	\$ 15,976.38	
BELLEVUE	0.165	\$ 558,478.14	\$ 303,430.00		\$ 255,048.14	\$ 10,107.41	\$ 244,940.74	\$ 276,452.00		\$ 1,937.00	\$ 9,448.40	
BENNETT VALL	0.05	\$ 169,235.80	\$ 93,710.00	\$ 10,985.00	\$ 64,540.80	\$ 3,062.85	\$ 61,477.95	\$ 67,554.00		\$ 549.00	\$ 2,863.15	
COTATH-TP	0.058	\$ 196,313.53	\$ 150,655.00	\$ 4,400.00	\$ 41,258.53	\$ 3,552.91	\$ 37,705.62	\$ 66,692.00	\$ 7,335.00		\$ 3,321.25	\$ 5,000.00
FORESTVILLE	0.038	\$ 128,619.21	\$ 116,779.00	\$ 2,115.00	\$ 9,725.21	\$ 2,327.77	\$ 7,397.44	\$ 5,510.00		\$ 408.00	\$ 2,175.99	
GRAVENSTEIN	0.021	\$ 71,079.04	\$ 70,662.00	\$ 4,000.00						\$ 280.00	\$ 1,202.52	
GUERENVILLE	0.04	\$ 135,388.64	\$ 97,128.00	\$ 1,240.00	\$ 37,020.64	\$ 2,450.28	\$ 34,570.36	\$ 37,984.00	\$ 14,450.00	\$ 444.00	\$ 2,290.52	
HARMONY	0.033	\$ 111,695.63	\$ 116,729.00							\$ 350.00	\$ 1,889.68	
MARK WEST	0.067	\$ 226,775.97	\$ 137,589.00	\$ 5,964.00	\$ 83,222.97	\$ 4,104.22	\$ 79,118.75	\$ 97,926.00		\$ 776.00	\$ 3,836.62	
PINER-OLIVET	0.063	\$ 213,237.11	\$ 151,221.00	\$ 8,573.00	\$ 53,443.11	\$ 3,859.19	\$ 49,583.92	\$ 132,250.00		\$ 1,027.00	\$ 3,607.57	\$ 5,000.00
ROSELAND	0.056	\$ 189,544.10	\$ 87,897.00		\$ 101,647.10	\$ 3,430.39	\$ 98,216.70	\$ 92,466.00		\$ 565.00	\$ 3,206.73	
SEBASTOPOL	0.026	\$ 88,002.62	\$ 66,223.00		\$ 21,779.62	\$ 1,592.68	\$ 20,186.93	\$ 17,005.00		\$ 259.00	\$ 1,488.84	
TWIN HILLS	0.069	\$ 233,545.40	\$ 134,101.00	\$ 8,372.00	\$ 91,072.40	\$ 4,226.73	\$ 86,845.67	\$ 104,667.00		\$ 812.00	\$ 3,951.15	
WRIGHT	0.035	\$ 118,465.06	\$ 75,911.00		\$ 42,554.06	\$ 2,144.00	\$ 40,410.07	\$ 43,145.00	\$ 9,148	\$ 388.00	\$ 2,004.21	
TOTAL	100%	\$ 3,384,716.00		\$ 79,480.00	\$ 1,184,550.00	\$ 61,257.00					\$ 57,263.00	

Notes:
 50% of Oak Grove and Montgomery historical revenue is distributed back to remaining members by percentage of use.
 Oak Grove and Montgomery get to use the remaining 50% of their revenue for special education costs.
 Oak Grove revenue is estimated at \$88,840. Montgomery revenue is estimated at \$21,119. Total of \$109,959
 Oak Grove would use \$44,420 for special education transportation costs.
 Montgomery would use \$10,559 for special education transportation costs.
 Remaining home to school members would share \$54,979 plus excess revenue from Gravenstein and Harmony.
 Bus lease purchase cost is for only one bus.
 Excess costs are transferred in three equal payments on July 1, August 1 and September 1.
 Facility lease purchase costs will be transferred in March just prior to when the payment is due
 Membership fee is transferred July 1.

WEST COUNTY TRANSPORTATION AGENCY									
SPECIAL EDUCATION EXCESS COST FORMULA FOR 2011-12									
January 11, 2012 Special Meeting									
Additional Assessment due to Trigger Cut									
DISTRICT	%USE	BUDGET	STATE REIMB	ADDITIONAL ASSESSMENT	EXCESS NEEDED	FIXED COSTS	L-P FACILITY		
WSCUHS	0.103	\$ 358,952.12	\$ 46,483.69	\$ 21,097.18	Excess of	\$ 119,866.25	\$ 8,846.98		
BELLEVUE	0.159	\$ 554,110.55	\$ 71,756.38	\$ 32,567.49	Variable costs	\$ 185,036.25	\$ 13,656.99		
BENNETT VALL	0.012	\$ 41,819.66	\$ 5,415.58	\$ 2,457.92	Billed at	\$ 13,965.00	\$ 1,030.72		
COTATI-RP	0.336	\$ 1,170,950.59	\$ 151,636.13	\$ 68,821.87	\$29	\$ 391,020.00	\$ 28,860.05		
FORESTVILLE	0.021	\$ 73,184.41	\$ 9,477.26	\$ 4,301.37	per student	\$ 24,438.75	\$ 1,803.75		
GRAVENSTEIN	0.005	\$ 17,424.86	\$ 2,256.49	\$ 1,024.14	per day	\$ 5,818.75	\$ 429.47		
GUERNEVILLE	0.026	\$ 90,609.27	\$ 11,733.75	\$ 5,325.50		\$ 30,257.50	\$ 2,233.22		
HARMONY	0.017	\$ 59,244.52	\$ 7,672.07	\$ 3,482.06		\$ 19,783.75	\$ 1,460.18		
MARK WEST	0.051	\$ 177,733.57	\$ 23,016.20	\$ 10,446.18		\$ 59,351.25	\$ 4,380.54		
MONTGOMERY	0.006	\$ 20,909.83	\$ 2,707.79	\$ 1,228.96		\$ 6,982.50	\$ 515.36		
OAK GROVE	0.017	\$ 59,244.52	\$ 7,672.07	\$ 3,482.06		\$ 19,783.75	\$ 1,460.18		
PINER-OLIVET	0.037	\$ 128,943.96	\$ 16,698.03	\$ 7,578.60		\$ 43,058.75	\$ 3,178.04		
ROSELAND	0.075	\$ 261,372.90	\$ 33,847.35	\$ 15,362.03		\$ 87,281.25	\$ 6,441.98		
SEBASTOPOOL	0.039	\$ 135,913.91	\$ 17,600.62	\$ 7,988.25		\$ 45,386.25	\$ 3,349.83		
TWIN HILLS	0.009	\$ 31,364.75	\$ 4,061.68	\$ 1,843.44		\$ 10,473.75	\$ 773.04		
WRIGHT	0.087	\$ 303,192.56	\$ 39,262.93	\$ 17,819.95		\$ 101,246.25	\$ 7,472.69		
TOTAL		\$ 3,484,972.00	\$ 451,298.00	\$ 204,827.00		\$ 1,163,750.00	\$ 85,893.00		
Notes:									
The additional assessment in the highlighted column is based on the Agency Utilizing \$246,471 of fund balance to offset the cut of \$451,298 from the State (50% of our Special Ed Funding).									
Recommend a monthly transfer for the remaining months of this year of 1/6 th of the amount for each member listed.									

CSBA Sample

Administrative Regulation

District And School Web Sites

AR 1113
Community Relations

*****Note:** The following optional administrative regulation is for use by districts that maintain their own web site(s) and may be revised to reflect district practice. *******

Guidelines for Content

District and school web sites shall provide current information regarding district/school programs, activities, and operations. Such information shall be appropriate for both internal and external audiences and may include district mission and goals, district or school news, agendas and minutes of Governing Board meetings, School Accountability Report Cards, school calendars, and links to educational resources.

(cf. 0440 - District Technology Plan)
(cf. 0510 - School Accountability Report Card)
(cf. 1100 - Communication with the Public)
(cf. 1112 - Media Relations)
(cf. 6020 - Parent Involvement)

With approval of the principal, individual teachers may create web pages linked to the district or school web site to provide information pertaining to class assignments, expectations, and activities.

*****Note:** In determining who will be allowed to provide content for district or school web sites, districts should consult with legal counsel on matters pertaining to protected speech and equal access. In the event of litigation on this issue, one approach a court might use would be to draw analogies with protections that currently exist for the print medium (see BP/AR 5145.2 - Freedom of Speech/Expression) and regulations regarding equal access (see BP/AR 6145.5 - Student Organizations and Equal Access). *******

Student work may be published on district or school web sites provided that both the student and his/her parent/guardian provide written permission or the work is part of an existing publication such as a school newspaper.

*****Note:** Federal copyright law (17 USC 107) and the courts have generally provided that teachers, students, and schools are allowed to make "fair use" of published materials for instructional purposes in situations which are not likely to deprive a publisher or an author of income; see BP/AR 6162.6 - Use of Copyrighted Materials. Unless there is a clear statement that text, art, or photos are in the "public domain" and available for free

use, such material should not be replicated on a web site without prior permission of the owner of the copyright. ***

The Superintendent or designee shall ensure that copyright laws are not violated in the use of materials on district and school web sites. If any copyrighted material is posted, a notice shall be included crediting the original producer of the material and noting how and when permission to reprint the material was granted.

(cf. 4132/4232/4332 - Publication or Creation of Materials)
(cf. 6162.6 - Use of Copyrighted Materials)

Whenever a district or school web site includes links to external web sites, it shall include a disclaimer that the district is not responsible for the content of external web sites.

Roles and Responsibilities

Any employee assigned as a district or school webmaster shall be responsible for the uploading of material to the web site(s) upon approval of the Superintendent or designee. He/she shall ensure consistency of the material with district standards, regularly check links for accuracy and appropriateness, keep the web server free of outdated or unused files, and provide technical assistance as needed.

The Superintendent or designee may assign additional staff members to conduct an editorial review of all materials submitted for publication on district or school web sites and to make corrections as needed in spelling, grammar, or accuracy of content.

The Superintendent or designee shall provide staff development opportunities related to district content guidelines, design standards, and accessibility laws and standards to district communications and technology staff, district and school webmasters, and/or other appropriate staff.

(cf. 4131 - Staff Development)
(cf. 4231 - Staff Development)
(cf. 4331 - Staff Development)

Security

The Superintendent or designee shall establish security procedures for the district's computer network to prevent unauthorized access and changes to district and school web sites. To the extent possible, the host computer(s) shall be in a lockable room with restricted access.

Board Policy

Community Relations

BP 1113

District and School Web Sites

***Note: Establishment of district and schools web sites may have educational program benefits and enhance communication, but this is an emerging area of law with many unanswered questions. For instance, who will have input and access to the web site -- students, staff, employee organizations? Will the content of the site be deemed protected speech if input and access are allowed for students, staff, or employee organizations? Can the content of the material on the web site be regulated and, if so, to what extent? One approach a court might use would be to draw analogies with protections that currently exist in printed form (see BP/AR 5145.2 - Publications) and regulations regarding equal access (see BP/AR 6145.5 - Student Organizations and Equal Access). ***

***Note: In addition, districts should carefully consider whether to accept advertising on their web sites. AB 117 (Ch. 374, Statutes of 1999) added Education Code 35182.5 which prohibits districts from entering into a contract for electronic products or services, unless specific findings are made by the Board. See BP 3312 - Contracts. AB 116 (Ch. 276, Statutes of 1999) added Education Code 60048 which prohibits the use of a commercial brand name, product or corporate or company logo in instructional materials, absent the Board make certain findings. In addition, Education Code 48907 establishes prohibitions against certain types of student speech or expression which may extend to student expression on the Internet. ***

To enhance communication with students, parents/guardians, staff, community members and the public at large, the Governing Board encourages the development and ongoing maintenance of district and school web sites on the Internet. Web sites shall support the educational vision of the district and shall be consistent with the district's plans for communications and media relations.

(cf. 0000 - Vision)

(cf. 0200 - Goals for the School District)

(cf. 0440 - District Technology Plan)

(cf. 1100 - Communication with the Public)

(cf. 1112 - Media Relations)

(cf. 3312 - Contracts)

(cf. 4040 - Employee Use of Technology)

(cf. 5124 - Communication with Parents/Guardians)

(cf. 5145.2 - Freedom of Speech/Expression)

(cf. 6010 - Goals and Objectives)

(cf. 6145.5 - Student Organization and Equal Access)

(cf. 6162.7 - Use of Technology in Instruction)

(cf. 6163.4 - Student Use of Technology)

The Superintendent or designee shall develop guidelines regarding the content of district and school web sites which shall include standards for the ethical and responsible use of information and technology. These guidelines shall be consistent with law, Board policy and administrative regulation.

District and school web sites shall not include content which is obscene, libelous or slanderous, or which creates a clear and present danger of inciting students to commit unlawful acts on school premises, violate school rules or substantially disrupt the school's orderly operation. Any links to external sites shall follow the same guidelines applicable to district and school web sites.

***Note: Federal copyright law (17 USC 107) and the courts have generally provided that teachers, students and schools are allowed to make "fair use" of materials for instructional purposes in situations which are not likely to deprive a publisher or an author of income; see BP/AR 6162.6 - Use of Copyrighted Materials. Unless there is a clear statement that text, art or photos are "public domain" and available for free use, such material should not be replicated on a web site unless prior permission is granted by the owner of the copyright. ***

The Superintendent or designee shall ensure that copyright laws are not violated in the use of material on district or school web sites.

(cf. 4132/4232/4332 - Publication or Creation of Materials)
(cf. 6162.6 - Use of Copyrighted Materials)

Content

***Note: Boards are strongly encouraged to publicly discuss, prior to the adoption of this policy, whether personal information about students will be published on the district or school web site. The Federal Trade Commission has adopted regulations (16 CFR 312.1-312.11) which prohibit the collection or use of personal information from children by commercial web sites or online services without parental consent. ***

The Superintendent or designee shall ensure that web site content protects the privacy rights of students, parents/guardians, staff, Board members and other individuals.

No personal information about students or their parents/guardians, including phone numbers, home addresses or e-mail addresses, shall be published on a district or school web page without permission. Student directory information shall not be published if parents/guardians have requested that it be withheld.

(cf. 1340 - Access to District Records)
(cf. 4119.23/4219.23/4319.23 - Unauthorized Release of Confidential/Privileged Information)
(cf. 5125 - Student Records)
(cf. 5125.1 - Release of Directory Information)
(cf. 5022 - Student and Family Privacy Rights)

Photographs of students shall be used only with written permission from the students' parents/guardians.

Home addresses or telephone numbers of staff members shall not be posted.

***Note: Government Code 6254.21, added by SB 1386 (Ch. 429, Statutes of 1998), prohibits the district from posting on the Internet the home address or telephone number of any elected or appointed official, including school Board members, without first obtaining the written permission of that individual. ***

District and school web sites shall not post the home address or telephone number of any elected or appointed official without the prior written permission of that individual. (Government Code 6254.21)

(cf. 1100 - Communication with the Public)

***Note: Government Code 3307.5, added by AB 1586 (Ch. 338, Statutes of 1999), provides that no public safety officer can be required to consent to the use of his/her photograph or identity on the Internet under the circumstances described below. ***

No public safety officer shall be required as a condition of employment to consent to the use on

the Internet of his/her photograph or identity as a public safety officer for any purpose if that officer reasonably believes that the disclosure may result in a threat, harassment, intimidation or harm to the officer or his/her family. (Government Code 3307.5)

(cf. 3515.3 - District Police/Security Department)

The Superintendent or designee may establish standards for the design of district and school web sites in order to maintain a consistent identity, professional appearance and ease of use.

Staff and students may submit materials for web site publication to the district or school webmaster who shall ensure that the content adheres to district guidelines and policies.

Legal Reference:

EDUCATION CODE

35182.5 Contracts for advertising

35258 Internet access to school accountability report cards

48907 Exercise of free expression; rules and regulations

48950 Speech and other communication

49073 Release of directory information

60048 Commercial brand names, contracts or logos

GOVERNMENT CODE

3307.5 Publishing identity of public safety officers

6254.21 Publishing addresses and phone numbers of board members

UNITED STATES CODE, TITLE 17

101-1101 Federal copyright law

UNITED STATES CODE, TITLE 20

1232g Federal Family Educational Rights and Privacy Act (FERPA)

CODE OF FEDERAL REGULATIONS, TITLE 16

312.1-312.11 Children's Online Privacy

COURT DECISIONS

Aaris v. Las Virgenes Unified School District, (1998) 64 Cal.App.4th 1112

Perry Education Association v. Perry Local Educators' Association, (1983) 460 U.S. 37

Board of Education, Island Trees Union Free School District, et.al. v. Pico, (1982) 457 U.S. 853

3/00

ADOPTED: July 18, 2006

**GRAVENSTEIN UNION SCHOOL DISTRICT
Sebastopol, California**

Administrative Regulation

Community Relations

AR 1113

District and School Web Sites

Content

District and school web sites shall provide current and useful information regarding district programs, activities and operations. Such information shall be appropriate for both internal and external audiences.

The content of web sites may include, but not be limited to, district or school news, district mission and goals, agendas and minutes of Governing Board meetings, policy information, messages from the Board or administrators, information about curriculum and instruction, school calendars, student projects, school clubs and activities, lunch menus, transportation schedules, school map, school handbook, parent conferences, educational resources, links to other educational sites and contacts for further information.

***Note: The following requirement contained in Education Code 35258 applies to any district that is connected to the Internet.

The Superintendent or designee shall make the information contained in the School Accountability Report Card accessible on the Internet and shall ensure that such information is updated annually. (Education Code 35258)

(cf. 0510 - School Accountability Report Card)

Student work may be published on a web site provided that both the student and his/her parent/guardian provide written permission or the work is part of an existing publication such as a newspaper or school newsletter.

Students, staff or other individuals may not use district or school web sites to provide access to their personal web pages or online services.

If any copyrighted material is posted on a district or school web site, the web site shall include a notice crediting the original producer of the material and noting how and when permission to reprint the material was granted.

(cf. 6162.6 - Use of Copyrighted Materials)

Roles and Responsibilities

The district webmaster shall be responsible for the content and publication of the district web site upon approval of the Superintendent or designee. He/she shall review all content before publication, upload content to the district web server, regularly check links for accuracy and appropriateness, keep the web server free of outdated or unused files, and provide technical assistance as needed to school webmasters.

The school webmaster shall perform similar duties related to the content and maintenance of the school's web site upon approval of the school principal. The principal or school webmaster shall

notify the Superintendent or designee regarding the creating and updating of a school web site.

Security

The web site host computer shall have security procedures that prohibit unauthorized persons from accessing system-level controls or making changes to web site content. To the extent possible, the host computer shall be in a lockable room with restricted access.

3/00

ADOPTED: July 18, 2006

**GRAVENSTEIN UNION SCHOOL DISTRICT
Sebastopol, California**

CLASSIFIED PERSONNEL

ARTICLE V Sec. 5.2f

DIRECTOR OF FISCAL SERVICES

Bos. Mgr.
Del.

I. DEFINITION

The Director of Fiscal Services is responsible for the operational fiscal management of the school district.

II. MINIMUM QUALIFICATIONS

A. Education and Skills

1. Minimum AA degree with additional coursework in accounting and computer use. A combination of education and experience may be substituted for degree.
2. Knowledge of program budgets, accounting functions, bookkeeping practices, standard office methods and procedures.
3. Two (2) years recent, continuous full-time experience in school accounting.
4. Utilize district microcomputer software to develop accounting-related programs.

B. Personal Qualifications

1. Well organized and detail orientated.
2. Has initiative and uses good judgement in recognizing scope of authority.

III. DUTIES AND RESPONSIBILITIES

A. Office

1. Is responsible for the operation of the school business office and personnel.
2. Assigns and monitors duties to staff.

B. Budget

1. Assist and advise the superintendent in the preparation of the following budgets: General Fund, Special Reserve, Deferred Maintenance, Capital Facilities, Tax Override, School Improvement, Chapter I, Chapter II, Economic Impact Aid, Special Education.
2. Prepare budget worksheets, i.e. salary, fringe benefits, health benefits.
3. Complete K-12 revenue projection for P1 and P2.
4. Monitor accounts and programs monthly.
5. Submit official budget document to county and state.

C. Interim Budget Reports

1. Complete interim budget report by required dates.
2. Prepare interim budget report worksheets detailing revenue and expenditure changes.

D. Reports

Complete and file the following reports:

Annual

- a. Nutrition Program - OCNS-71-1
- b. Attendance - Annual J18a and J18 a Supplement (inter-districts)
- c. Meals Reimbursement OCNS-73-6
- d. Standard Crime Report DSCR-85
- e. Tax Collection J-29-B
- f. SB2264 Final Expenditure AIE-1
- g. Special Materials & Equipment 776-001
- h. Final Expenditure PL94-142
- i. Mentor Teacher Financial Report
- j. Miscellaneous Funds Report d-29-1
- k. J41 Financial and Budget Report
- l. J380 Program Cost Data Report
- m. Chapter Block 2 Grant Report
- n. J50 Annual Special Ed Master Plan
- o. Recomputation 19xx-19xx Revenue Limit
- p. California Information Day CEEDS
- q. Financial & Budget Report of Lottery Income, Expenditures
- r. Annual Report of Pupil Transportation
- s. Report of School Buses
- t. Worksheet for the Cost Data Report J-141
- u. Consolidated Categorical Aid Programs SDE-100
- v. Categorical Program Financial Report
- w. Unemployment Insurance J-3
- x. Employee Ratio Summary R-2
- y. P1 Revenue Limit Report

Monthly

- a. Reimbursement Lunch and Milk -- OCNS-71-5
- b. Attendance and Fiscal LAB/CD9505

Other

- a. Health and Welfare Benefit Report
- b. Injury Reports CD-2205
- c. Report of Enrollment LAB/CD9520
- d. Teacher Bargaining Unit - J905
- e. Waiver Requests

E. Payroll

Supervise the preparation and coding of monthly regular and supplemental payrolls, including:

- monthly or hourly salary
- retirement benefits
- voluntary deductions
- health benefits
- annuities
- tax shelters

F. Fringe Benefits

Complete all worksheets and billings monthly for:

- Health - HPR, Kaiser, Blue Cross
- Dental - Delta Dental
- Vision Service Plan
- Unemployment Insurance
- Workers Compensation
- OASDI
- Medicare
- Retiree Benefit Programs

G. Professional Growth Certificated

Maintain professional growth file on all certificated staff, including:

- Approval to take workshop or class for credit
- Transcript verification
- Ongoing record of approved units for salary placement
- Annually check units approved against salary placement

H. Sick Leave

Maintain sick leave records for all certificated and classified staff.

Annually report to staff (with signoff) on accumulated sick leave.

I. Personnel Records

Maintain personnel files for all staff including:

- Application
- Transcript verification
- Sick leave transfer
- Payroll records
- Unit approval
- Letters of recommendation
- Letters of reprimand

J. Purchasing

Responsible for all purchase orders:

1. Check requisitions for:
 - a. Supervisor's signature
 - b. Program to charge
 - c. Fund to charge
 - d. Fund balance
2. Initiate all purchase orders on district order form.
3. Encumber funds for all purchases by program and object code.
4. Check all orders received against purchase order.
5. Clear encumbrance when appropriate.

K. Financial Statements

Review financial statements monthly.

1. Clear holding accounts.
2. Check program distribution.

3. Monitor receivables and payables in fund balance.
4. Provide principals with balances in principal's fund.
5. Inform superintendent of any shortfalls in revenue or overrun in expenditures.

L. Student Body Funds

Maintain control account for student body fund.

- Make bank deposits weekly
- Keep separate accounts on all funds, revenues and expenditures.
- Write all checks on student body fund.

M. Revolving Cash Fund

Maintain control over revolving cash fund.

- Write all checks
- Replenish fund when below \$200
- Charge off revolving fund charges to appropriate expenditure accounts

N. Cafeteria Fund

Maintain control account for cafeteria fund.

- Write all checks on cafeteria program
- Verify all lunch charges with Analy
- Verify all milk charges with Clover Milk
- Prorate cost of clerical, custodial, garbage services to cafeteria program

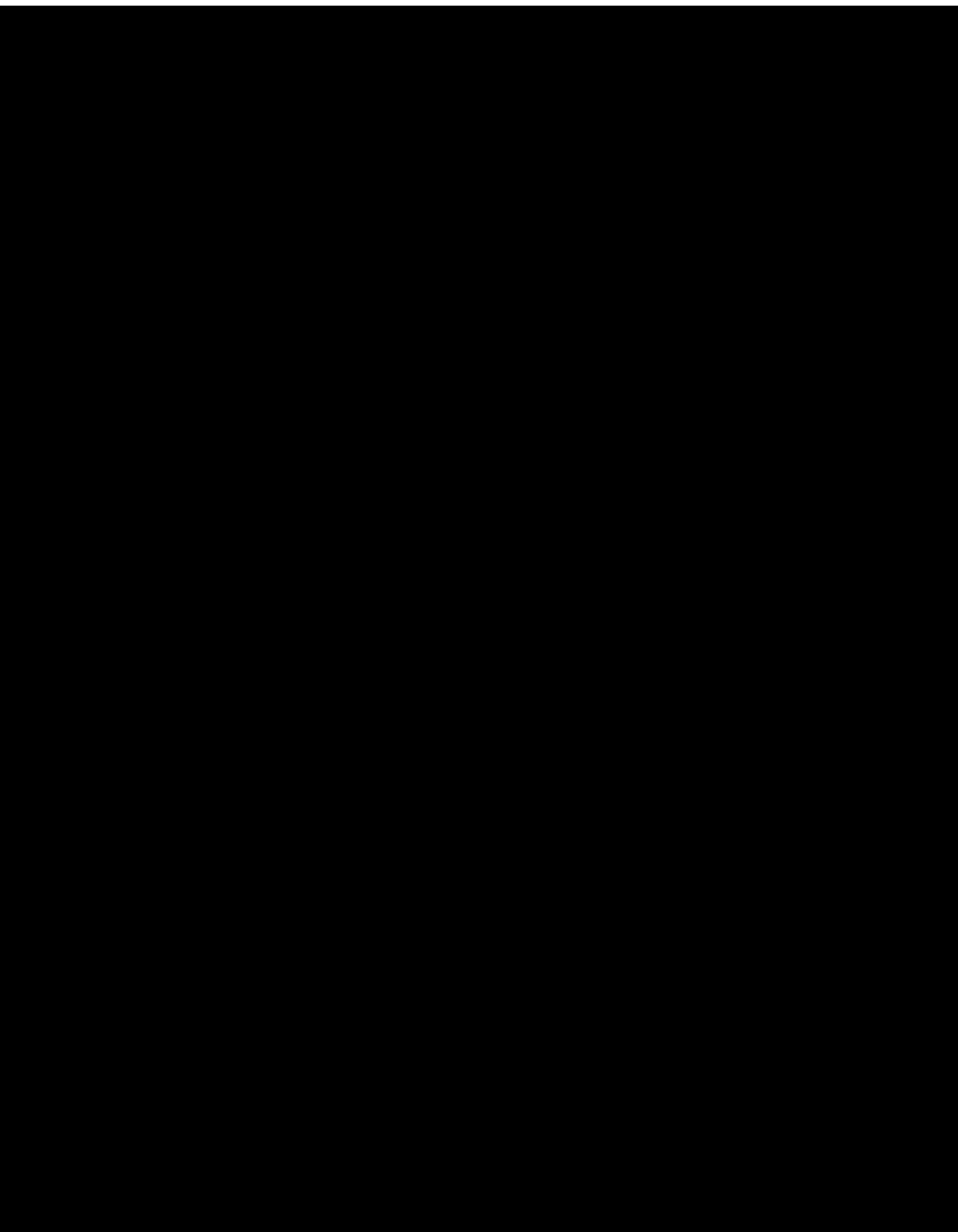
O. Vendor Warrants

1. Prepare warrants weekly for all vendors.
2. Code all warrants to appropriate fund, object and program.

P. Other

To be the lead fiscal official in the district.

1. Attend all required county and state workshops
2. To keep up to date on financial and accounting changes
3. Monitor State Fiscal Advisories



Gravenstein Union School District Business Manager

Job Description /Duties: **TITLE:** Business Manager

CLASSIFICATION: Management

JOB SUMMARY: Plans, organizes and develops budget accounting - including preparation of regular and supplemental payroll, budgetary projections and interim reporting; coordinates the fiscal year opening and closing processes; prepares budget development spreadsheets, inter-fund transfers, deposits, utilizes Standard Account Code System (SACS) procedures; and performs related budget preparation, management and analysis work. Responsible for and/or supervises and monitors all activities related to payroll, accounts payable, and health and welfare benefits administration. Works closely with Superintendent to provide budgetary data and as such, is a confidential employee.

Duties may include, but are not limited to the following, as directed by the Superintendent:

Budget Preparation, including Payroll and Health Benefits, and Financial Reporting:

- Develops and monitors the District's annual budget.
- Designs procedures and internal controls to safeguard the funds of the District
- Prepares all required State and County financial related reports including Interim budget reports, Year-end entries and completion of the unaudited actuals, Cash flow, Revenue Limit, Attendance reports, Transportation reports, Gann Limit, Annual Financial statements, Multi-year projections and budget assumptions, etc.
- Compares and analyzes monthly financial reports for accuracy
- Performs all regular and necessary duties for the accurate and efficient budget management of the District throughout the year
- Prepares regular monthly payroll and supplemental payroll
- Prepares and monitors all categorical budgets with the superintendent
- Works with independent auditor for completion of annual financial statements and audit report
- Maintains general records and files for the school district
- Assures that adequate documentation exists to substantiate appropriateness and authenticity of all financial transactions
- Prepares and assigns proper coding of financial transactions with deposits, accounts payable, and monthly and supplemental payroll
- Has knowledge of Generally Accepted Accounting Principles, Governmental Accounting Standards, and California School Accounting methods

- Monitors contracts and vendors to ensure that proper bidding procedures are followed and products and services are appropriately received.
- Monitors all district bank accounts including account reconciliations.

Other Essential Duties:

- Interprets /administers all financial policies/regulations (BP's/AR's, procedures and laws as prescribed by code, State Account Code System (SACS) and the Superintendent.
- Compiles district attendance from all sites.
- Completes hourly program and summer school attendance reports.
- Calculates, codes, and distributes local, state, and federal revenues received by the district to the appropriate funds.
- Reviews county transfers and documentation for charges to holding accounts and clears to specific account numbers in a timely fashion.
- Manages opening and closing of each fiscal year.
- Reports on anticipated or possible deficits, surpluses and general condition of the district.
- Prepares monthly or quarterly budget revision report for presentation and adoption by the Board of Trustees.
- Initiates and recommends budget adjustments and amendments.
- Computes and requests transfers between funds and other accounts.
- Coordinates invoicing, accounts receivable and accounts payable for the district.
- Maintains capital inventory according to federal standards.
- Meets with Superintendent or designee to review monthly budget expenditures.
- Uses current equipment such as dedicated word process or microcomputer to input and verify data, to generate spreadsheets, graphs, charts, reports and correspondence.
- Responsible for CBEDS, CALPADS and CARS reporting
- Monitors retiree benefits receivables

Supervision:

- Assists the superintendent with direction and evaluation of the following positions: Cafeteria Clerk, Business Technician, and/or District Office Assistant
- Serves as the district Cafeteria Director and monitors all activities related to food service including menus and nutritional requirements, processing lunch applications, food and milk purchases, etc.
- Responsible for and/or supervises and monitors all activities related to payroll, accounts payable, and health and welfare benefits administration.
- In the absence of the Superintendent, supervises and monitors the custodial/maintenance personnel.

General Business Support:

- Recommends policies and procedures necessary to carry out the business

functions of the District

- Attends all meetings of the Governing Board to respond to inquiries regarding the financial position of the District or other matters relating to the business operations of the District
- Prepares agendas and minutes for all School Board meetings
- Prepares all reports, including financial reports, necessary for the administration of school facility projects as required by the Office of Public School Construction
- Coordinates with County office personnel relative to business functions
- Assumes responsibility for other administrative office personnel in their absence
- Acts as an advocate for the District in the community and the county
- Composes, edits, and prepares written correspondence with various outside agencies regarding school district business

Superintendent Support:

- Prepares various reports and submits recommendations to the Superintendent relative to all business operations of the school district
- Acts as a confidential assistant to the Superintendent
- Performs other responsibilities and duties as assigned by the Superintendent

Employment Standards:

To perform this job successfully, an individual must be able to perform each essential duty satisfactorily.

Education:

- Formal or informal education or training which ensures the ability to read and write at a level for successful job performance and which would provide an opportunity to acquire the required knowledge and abilities
- Substantial training in bookkeeping or accounting applied to school finance
- BA/BS Degree, Accounting major preferred

Experience:

- Three years of increasingly substantial and responsible experience in the maintenance of public school financial records

Knowledge of:

- Advanced accounting and double-entry bookkeeping principles and procedures
- Data processing as related to financial record keeping
- Appropriate laws, codes, regulations, requirements, and standards related to assigned area(s) of responsibility
- Basic office methods, practices and procedures, including financial record keeping

- Standard English usage, spelling, grammar and punctuation
- Standard office machines, including computers and software applications for the specific areas of responsibility
- Financial software and state software programs

Ability to:

- Respond promptly to requests of sites to provide needed information, assistance, training, materials and resources
- Plan, organize and prioritize own work to meet deadlines and accomplish assigned tasks within established timelines including maintaining accurate records and files
- Maintain an orderly work environment and perform tasks in prescribed and safe manner
- Establish and maintain cooperative working relationships with those contacted during performance of job duties
- Perform mathematical calculations with speed and accuracy; reconcile differences using mathematical skills and understanding of financial record-keeping systems
- Locate and provide data found in a variety of fiscal accounts and transactions
- Effectively communicate in both oral and written form
- Advanced computer literacy
- Maintain confidentiality and engender trust

Physical Working Environment: Light physical effort; occasional standing or walking; periodic handling of light weight parcels or supplies. This is an indoor work environment. A pre-placement physical examination may be required.

Licenses and Certifications: A valid Class 3 California driver's license and evidence of appropriate automobile insurance based on DMV regulations may be required.