DUBLIN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2015

DUBLIN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015
(Continued)

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DUBLIN UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

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Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

Governing Board
Dublin Unified School District
Dublin, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dublin Unified School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Dublin Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dublin Unified School District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, in June 2012 the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, "Accounting and Financial Reporting for Pensions." Also, in November 2013 the GASB issued GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". As discussed in Notes 7 and 8, GASB Statements No. 68 and No. 71 are effective for the District's fiscal year ending June 30, 2015. These Statements replace the requirements of GASB Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" and GASB Statement No. 50, "Pension Disclosures." GASB Statements No. 68 and No. 71 establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. Note disclosures and required supplementary information (RSI) requirements about pensions are also addressed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 to 10 and the General Fund Budgetary Comparison Schedule, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 46 to 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015 on our consideration of Dublin Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dublin Unified School District's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 11, 2015

This section of Dublin Unified School District's annual financial report presents District management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

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

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

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

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

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

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

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

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- The District’s reserve for economic uncertainty was $3,901,352 in General Fund, and the Special Reserve balance was $8,577,726. To balance the 2015-16 budget year, 3,900,000 was transferred to the General Fund from the Special Reserve fund.
- The enrollment was at high growth level of 9,151 students at end of year.
- This last year was the second year of the new Local Control Funding Formula (LCFF). It increased our funding by $9,028,638 or 16.16% and per ADA increase was 5.68% or 390 per ADA

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

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

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

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

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

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or *fiduciary,* for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in separate *Statements of Fiduciary Net Position*. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was $252,145,655 and $324,555,661 for the fiscal years ended June 30, 2015 and 2014, respectively. Of this amount, $(61,257,075) and $8,321,185 were unrestricted for each respective year. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net position for day-to-day operations. Our analysis below focuses on the ending net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2015	**2014**
Current and other assets	$ 118,722,877	$ 109,626,531
Capital assets	523,288,740	494,738,291
Total Assets	**642,011,617**	**604,364,822**
Deferred outflows of resources – pensions (Note 7 and 8)	5,594,233	0
Deferred loss on refunding of debt	3,397,641	217,907
Total deferred outflows	**8,991,874**	**217,907**
Current liabilities	12,467,299	14,012,206
Long-term debt	370,320,537	266,014,862
Total Liabilities	**382,677,836**	**280,027,068**
Net Position		
Net investment in capital assets	288,763,674	276,212,346
Restricted	24,639,056	40,022,130
Unrestricted	(61,257,075)	8,321,185
Total Net Position	**$ 252,145,655**	**$ 324,555,661**

The unrestricted net position of governmental activities represents the *accumulated* results of all past years' operations. It means that if we had to, we could pay off all of our bills *today* including all of our non-capital liabilities (compensated absences, as an example). The State portion of our employee retirement has entered our books in the interest of transparency.

The Governmental Accounting Standards Board approved GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions in June 2012, which the District has implemented during the year ended June 30, 2015. This Statement improves the information provided by state and local governmental employers about financial support for pensions that is provided by other entities, by including the net pension liability for CalSTRS and CalPERS pensions within the long-term liabilities of the District. Due to GASB 68, the District’s net position at July 1, 2014 was restated to $253,038,089 from $324,555,661.

Changes in Net Position

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

Table 2

	Governmental Activities	
	2015	**2014**
Revenues:		
Program revenues		
Charges for services	$ 10,393,586	$ 11,072,195
Operating grants and contributions	10,115,725	8,864,725
Capital grants and contributions	-	0
General Revenue:		
Federal and State aid	35,687,785	30,183,571
Property taxes	45,848,045	40,181,683
Other general revenues	2,969,576	831,940
Total Revenues	**105,014,717**	**91,134,114**
Expenses:		
Instruction and instruction related	65,523,440	54,652,304
Student support services	6,544,332	5,435,558
Administration	4,975,494	4,518,980
Maintenance and operations	16,497,705	13,725,602
Other	12,366,180	9,340,032
Total Expenses	**105,907,151**	**87,672,476**
Change in Net Position	**$ (892,434)**	**$ 3,461,638**

Governmental Activities

The cost of all of our governmental activities was $105,907,151 and $87,672,476 for 2015 and 2014, respectively. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $45,848,045 and $40,181,683 for 2015 and 2014. The cost was paid by those who benefited from the programs with $10,393,586 and $11,072,195 for 2015 and 2014 or by other governments and organizations who subsidized certain programs with grants and contributions $10,115,725 and $8,864,725 for 2015 and 2014. We paid for the remaining "public benefit" portion of our governmental activities with State funds and with other revenues, like interest and general entitlements.

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

Table 3

	Net Cost of Services	
	2015	**2014**
Instruction	$ (50,298,217)	$ (41,943,555)
Guidance and counseling	(2,330,517)	(1,491,676)
School Administration	(5,139,045)	(4,361,823)
Pupil Transportation	(263,523)	(681,075)
Administration	(4,465,952)	(3,973,438)
Maintenance and operations	(15,955,917)	(12,697,245)
Other	(6,944,669)	(2,586,744)
Net Cost (Revenue) of Governmental Activities	**$ (85,397,840)**	**$ (67,735,556)**

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of $111,537,062 which is an increase of $11,673,268.

The primary reasons for this change:

1. Our General Fund is our principal operating fund. The fund balance in the General Fund, including the Special Reserve Fund, increased from $14,652,690 to $16,636,101. This increase is due to unprecedented enrollment growth and continued conservative spending.
2. Our Building Fund balance increased from $47,271,010 to $71,157,830. The primary reason for the increase is the proceeds from issuance of Measure E GO Bonds totaling $40,620,000.
3. Our aggregate non-major fund balance collectively decreased from $25,105,318 to $8,793,338. For FY 2014-15 the *Capital Facilities Fund* is included in *All Non-Major Funds*. This decrease is due to no state facilities funds available and construction of Amador School with District funds.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted as the books were closed in September 2015. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided for the General Fund in our annual report.

- Significant revenue revisions were made to the 2014/2015 Budget primarily due to the new funding formula and the elimination of state categorical programs.
- Actual LCFF sources increased beyond our original budget primarily because of strong enrollment growth.

CAPITAL ASSET & DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the District had $523,288,740 in a broad range of capital assets, including land, buildings, and furniture and equipment, net of accumulated depreciation. This amount represents a net increase (including additions, deductions and depreciation) of $28,550,449.

Table 4

	2015	2014
Land	$ 207,622,043	$ 207,622,043
Construction in progress	27,854,670	69,465,147
Building and improvements	284,773,709	214,664,872
Equipment	3,038,318	2,986,229
Total Capital Assets, net of depreciation	**$ 523,288,740**	**$ 494,738,291**

Long-Term Obligations

At the end of this year, the District had $309,080,537 million in bonds outstanding versus $266,014,862 million last year. The long-term obligations of the District included the following:

Table 5

	2015	2014
General Obligation Bonds	$ 272,344,336	$ 238,778,143
Accreted Interest on GO Bonds	19,368,594	15,652,125
Premium on refinancing	17,367,607	11,584,594
Net pension liability (Note 7 and 8)	61,130,000	75,858,000
Total Long-Term Liabilities	**$ 370,210,537**	**$ 341,872,862**

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

We present more detailed information regarding our long-term liabilities in Note 5 of the financial statements.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2014-2015 ARE NOTED BELOW:

The District increased the state recommended 3% reserve to 5%. State Budget uncertainty during the year prompted notable decreases in expenditures and assisted in generating a surplus at year end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2015/2016 year, the District Board and management used the following criteria:

The key assumptions in our revenue forecast are:

1. Average Daily attendance will grow by 272 ADA.
2. Developer Fee collections are based on approximate number of housing units to be constructed in Eastern and Western Dublin.
3. State income was reduced and now allocated for in Local Control Funding Formula (LCFF).
4. At budget adoption we had not settled with our bargaining groups.
5. The District revenue under LCFF is now $74,112,294.

Expenditures are based on the following forecasts:

	Enrollment
Grades kindergarten through fifth	5,148
Grades six through eight	2,190
Grades nine through twelve	2,303

The new items specifically addressed in the budget are:

1. Step and column are implemented for all bargaining units.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Assistant Superintendent, Business Services, at Dublin Unified School District, 7471 Larkdale Avenue, Dublin, California, 94568-1599, or e-mail at heironimusbeverly@dublinusd.org.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 114,258,197
Receivables	4,259,889
Prepaid expenses	76,035
Stores inventory	128,756
Non-depreciable capital assets (Note 4)	235,476,713
Depreciable capital assets, net of accumulated depreciation (Note 4)	287,812,027
Total assets	642,011,617
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 7 and 8)	5,594,233
Deferred loss on refunding of debt	3,397,641
Total deferred outflows	8,991,874
LIABILITIES	
Accounts payable	12,338,655
Unearned revenue	128,644
Long-term liabilities (Note 5):	
Due within one year	31,475,000
Due after one year	338,735,537
Total liabilities	382,677,836
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	16,180,000
NET POSITION	
Net investment in capital assets	288,763,674
Restricted (Note 6)	24,639,056
Unrestricted	(61,257,075)
Total net position	$ 252,145,655

See accompanying notes to financial statements.

DUBLIN UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 57,363,101	$ -	$ 7,064,884	$ -	$ (50,298,217)
Instruction-related services:					
Supervision of instruction	2,347,364	-	579,263	-	(1,768,101)
Instructional library, media and technology	566,300	-	3,884	-	(562,416)
School site administration	5,246,675	-	107,630	-	(5,139,045)
Pupil services:					
Home-to-school transportation	621,136	-	357,613	-	(263,523)
Food services	1,695,122	1,263,163	356,419	-	(75,540)
All other pupil services	4,228,074	-	755,948	-	(3,472,126)
General administration:					
Data processing	1,421,858	-	-	-	(1,421,858)
All other general administration	3,553,636	71,053	438,489	-	(3,044,094)
Plant services	16,497,705	513,442	28,346	-	(15,955,917)
Ancillary services	381,188	-	8,908	-	(372,280)
Interest on long-term liabilities	10,205,902	-	-	-	(10,205,902)
Other outgo	1,779,090	8,545,928	414,341	-	7,181,179
Total governmental activities	$ 105,907,151	$ 10,393,586	$ 10,115,725	$ -	(85,397,840)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					31,691,384
Taxes levied for debt service					12,618,979
Taxes levied for other specific purposes					1,537,682
Federal and state aid not restricted to specific purposes					35,687,785
Interest and investment earnings					69,125
Interagency revenues					421,532
Miscellaneous					2,478,919
Total general revenues					84,505,406
Change in net position					(892,434)
Net position, July 1, 2014					324,555,661
Cumulative effect of GASB 68 implementation					(71,517,572)
Net position, July 1, 2014, as restated					253,038,089
Net position, June 30, 2015					$ 252,145,655

See accompanying notes to financial statements.

DUBLIN UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 16,137,307	$ 73,533,086	$ 14,941,825	$ 9,620,979	$ 114,233,197
Cash in revolving fund	25,000	-	-	-	25,000
Receivables	4,082,744	122,921	7,968	46,256	4,259,889
Due from other funds	245,617	84,054	-	18,874	348,545
Prepaid expenditures	76,035	-	-	-	76,035
Stores inventory	94,343	-	-	34,413	128,756
Total assets	$ 20,661,046	$ 73,740,061	$ 14,949,793	$ 9,720,522	$ 119,071,422
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 3,795,367	$ 2,582,231	$ -	$ 679,573	$ 7,057,171
Unearned revenue	128,644	-	-	-	128,644
Due to other funds	100,934	-	-	247,611	348,545
Total liabilities	4,024,945	2,582,231	-	927,184	7,534,360
Fund balances:					
Nonspendable	195,378	-	-	34,413	229,791
Restricted	895,925	71,157,830	14,949,793	8,758,925	95,762,473
Assigned	3,064,359	-	-	-	3,064,359
Unassigned	12,480,439	-	-	-	12,480,439
Total fund balances	16,636,101	71,157,830	14,949,793	8,793,338	111,537,062
Total liabilities and fund balances	$ 20,661,046	$ 73,740,061	$ 14,949,793	$ 9,720,522	$ 119,071,422

See accompanying notes to financial statements.

DUBLIN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2015

Total fund balances - Governmental Funds		$ 111,537,062
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $573,368,141 and the accumulated depreciation is $50,079,401 (Note 4).		523,288,740
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2015 consisted of (Note 5):		
General Obligation Bonds	$ (272,344,336)	
Accreted interest	(19,368,594)	
Premium on refinancing	(17,367,607)	
Net pension liability (Notes 7 and 8)	(61,130,000)	
		(370,210,537)
In governmental funds, deferred outflows of resources resulting from defeasance of debt are not recorded. In governmental activities, for advance refundings resulting in defeasance of debt reported in governmental activities, the difference between reacquisition price and the net carrying amount of the retired debt is reported as deferred outflows of resources.		3,397,641
In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 7 and 8).		
Deferred outflows of resources relating to pensions	$ 5,594,233	
Deferred inflows of resources relating to pensions	(16,180,000)	
		(10,585,767)
Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.		(5,281,484)
Total net position - governmental activities		$ 252,145,655

See accompanying notes to financial statements.

DUBLIN UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2015

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula:					
State apportionment	$ 33,469,554	$ -	$ -	$ -	$ 33,469,554
Local sources	31,691,384	-	-	-	31,691,384
Total local control funding formula	65,160,938	-	-	-	65,160,938
Federal sources	1,554,974	1,103,362	-	347,994	3,006,330
Other state sources	4,783,456	210	71,669	30,024	4,885,359
Other local sources	8,358,031	329,304	12,575,408	10,552,710	31,815,453
Total revenues	79,857,399	1,432,876	12,647,077	10,930,728	104,868,080
Expenditures:					
Current:					
Certificated salaries	43,698,943	-	-	106,408	43,805,351
Classified salaries	11,704,992	752,874	-	1,098,796	13,556,662
Employee benefits	11,630,290	167,809	-	304,141	12,102,240
Books and supplies	3,120,347	5,513,830	-	1,574,508	10,208,685
Contract services and operating expenditures	7,009,655	1,667,282	-	909,210	9,586,147
Other outgo	529,090	-	-	-	529,090
Capital outlay	26,288	30,386,080	-	1,891,958	32,304,326
Debt service:					
Principal retirement	-	-	5,298,807	-	5,298,807
Interest	-	1,190,251	12,433,876	-	13,624,127
Total expenditures	77,719,605	39,678,126	17,732,683	5,885,021	141,015,435
Excess (deficiency) of revenues over (under) expenditures	2,137,794	(38,245,250)	(5,085,606)	5,045,707	(36,147,355)
Other financing sources (uses):					
Interfund transfers in	95,617	21,600,000	-	337,930	22,033,547
Interfund transfers out	(250,000)	(87,930)	-	(21,695,617)	(22,033,547)
Proceeds from issuance of debt	-	40,620,000	44,845,000	-	85,465,000
Premium on issuance of debt	-	-	8,924,708	-	8,924,708
Payment to refunding escrow	-	-	(46,600,000)	-	(46,600,000)
Total other financing sources (uses)	(154,383)	62,132,070	7,169,708	(21,357,687)	47,789,708
Net change in fund balances	1,983,411	23,886,820	2,084,102	(16,311,980)	11,642,353
Fund balances, July 1, 2014	14,652,690	47,271,010	12,865,691	25,105,318	99,894,709
Fund balances, June 30, 2015	$ 16,636,101	$ 71,157,830	$ 14,949,793	$ 8,793,338	$ 111,537,062

DUBLIN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Net change in fund balances - Total Governmental Funds		$ 11,642,353
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	$ 33,947,147	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(5,396,698)	
Payments made to the refunding escrow is an other financing use in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	46,600,000	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	5,298,807	
Issuance of long-term liabilities are recognized as other financing sources in the governmental funds, but increases to long-term liabilities in the statement of net position (Note 5).	(85,465,000)	
Accreted interest is not recorded in the governmental funds until it becomes due, but increases the long-term liabilities in the statement of net position (Note 5).	(3,716,469)	
In governmental funds, debt issued at a premium is recognized as an other financing source. In the government-wide financial statements debt issued at a premium is amortized as interest over the life of the debt (Note 5).	(5,783,013)	
Unmatured interest on long-term liabilities is not recorded in the governmental funds until it becomes due, but increases the liabilities in the statement of net position.	(1,001,100)	
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	(198,195)	
In governmental funds, deferred outflows of resources are not recognized. In the government-wide statements, deferred outflows of resources are amortized over the shortened life of the refunded or refunding debt The amount of deferred outflow as a result of the current year refunding was $3,203,946 and the current year amortization was $24,212.	3,179,734	(12,534,787)
Change in net position of governmental activities		$ (892,434)

See accompanying notes to financial statements.

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
June 30, 2015

ASSETS	
Cash on hand and in banks (Note 2)	$ 853,492
LIABILITIES	
Due to student groups	$ 853,492

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

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

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Major Funds

General Fund:

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

Building Fund:

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

Bond Interest and Redemption Fund:

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

B - Other Funds

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

Capital Projects Funds are used to account for resources used in the acquisition or construction of capital facilities by the District. This classification includes the Capital Facilities and County School Facilities Funds.

The Agency Fund is used to account for the various funds for which the District acts as an agent. This classification consists of the Student Body Account.

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Receivables: Receivables are made up principally of amounts due from the State of California and categorical programs. The District has determined that no allowance for doubtful accounts was necessary at June 30, 2015.

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

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

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported, which is in the Statement of Net Position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Amortization for the year ended June 30, 2015 totaled $24,212. Additionally, the District has recognized a deferred outflow of resources related to the recognition of the pension liability reported in the Statement of Net Position.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported in the Statement of Net Position.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a summary of pension amounts in aggregate as of June 30, 2015:

	STRP	PERF B	Total
Deferred outflows of resources	$ 3,828,469	$ 1,765,764	$ 5,594,233
Deferred inflows of resources	$ 12,205,000	$ 3,975,000	$ 16,180,000
Net pension liability	$ 49,563,000	$ 11,567,000	$ 61,130,000
Pension expense	$ 5,005,565	$ 1,190,087	$ 6,195,652

Accumulated Sick Leave: Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as a operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for all STRS employees and certain PERS employees, when the employee retires.

Net Position: Net position is displayed in three components:

1 - Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2 - Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for unspent categorical program revenues represents the portion of net position restricted to specific program expenditures. The restriction for special revenues represents the portion of net position restricted for special purposes. The restriction for capital projects represents the portion of net position restricted for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

3 - Unrestricted Net Position - All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A - Nonspendable Fund Balance:

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

B - Restricted Fund Balance:

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

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Governing Board is required to remove any commitment from any fund balance. At June 30, 2015, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Governing Board has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Governing Board can designate personnel with the authority to assign fund balances, however, as of June 30, 2015, no such designation has occurred.

E - Unassigned Fund Balance:

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

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

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

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Governing Board. At June 30, 2015, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Custodial Relationships: The Agency Fund represents the assets and liabilities of various student organizations within the District. As the funds are custodial in nature, no measurement of operating results is involved.

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

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

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

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

New Accounting Pronouncements: In June 2012, the GASB issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement replaces the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and GASB Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. GASB Statement No. 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This Statement is effective for the District's fiscal year ending June 30, 2015. Based on the implementation of GASB Statement No. 68, the District's July 1, 2014 governmental activities net position was restated by $71,517,572 because of the recognition of the beginning of year net pension liability and deferred outflows of resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In November 2013, the GASB issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The objective of this Statement is to address an issue regarding application of the transition provisions of GASB Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. GASB Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB Statement No. 68 and are effective for the District's fiscal year ending June 30, 2015. Based on the implementation of GASB Statement No. 71, the District established a Deferred Outflow category to report the payments made subsequent to the measurement date of the pensions as well as Deferred Inflow category to report the net differences between projected and actual earnings on investments of the pensions in the Statement of Net Position.

In February 2015, the GASB issued GASB Statement No. 72, Fair Value Measurement and Application. This Standard, which is applicable primarily to investments made by state and local governments, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Under GASB Statement No. 72, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. Before the issuance of GASB Statement No. 72, state and local governments have been required to disclose how they arrived at their measures of fair value if not based on quoted market prices. Under the new guidance, those disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments. This statement is effective for the District's fiscal year ending June 30, 2016. Management has not determined what impact this statement will have on its financial statements.

In June 2015, the GASB issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68, which completes the suite of pension standards. GASB Statement No. 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by GASB Statements No. 67 and No. 68). The requirements in GASB Statement No. 73 for reporting pensions generally are the same as in GASB Statement No. 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The provisions in GASB Statement No. 73 are effective for fiscal years beginning after June 15, 2015, except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. Management has not determined what impact this GASB statement will have on its financial statements.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2015, the GASB issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which replaces GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. GASB Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in GASB Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. GASB Statement No.74 also sets forth note disclosure requirements for defined contribution OPEB plans. This statement is effective for the District's fiscal year ending June 30, 2017. Management has not determined what impact this statement will have on its financial statements.

In June 2015, the GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. GASB Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, which is the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments. Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. GASB Statement No. 75 carries forward from GASB Statement No. 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments. GASB Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. Some governments are legally responsible to make contributions directly to an OPEB plan or make benefit payments directly as OPEB comes due for employees of other governments. In certain circumstances (called special funding situations) GASB Statement No. 75 requires these governments to recognize in their financial statements a share of the other government's net OPEB liability. This Statement is effective for the District's fiscal year ending June 30, 2018, however, earlier application is encouraged. Management has not determined what impact this statement will have on its financial statements.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2015, the GASB issued GASB Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the AICPA that is cleared by the GASB. This Statement also addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. These changes are intended to improve financial reporting for governments by establishing a framework for the evaluation of accounting guidance that will result in governments applying that guidance with less variation. That will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. This Statement also is intended to improve implementation guidance by elevating its authoritative status to a level that requires it be exposed for a period of broad public comment prior to issuance, as is done for other GASB pronouncements. In connection with GASB Statement No. 76, the GASB also recently cleared Implementation Guide No. 2015-1, which incorporates changes resulting from feedback received during the public exposure of all of implementation guidance previously issued. This statement is effective for the District’s fiscal year ending June 30, 2016. Management has not determined what impact this GASB statement will have on its financial statements.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2015 consisted of the following:

	Governmental Activities	Fiduciary Activities
Pooled Funds:		
Cash in County Treasury	$ 114,233,197	$ -
Deposits:		
Cash on hand and in banks	-	853,492
Cash in revolving fund	25,000	-
Totals	$ 114,258,197	$ 853,492

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

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

In accordance with applicable state laws, the Alameda County Treasurer may invest in derivative securities. However, at June 30, 2015 the Alameda County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Deposits - Custodial Credit Risk

Governmental Activities

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2015, the carrying amount of the District's accounts was $878,492 and the bank balances were $1,523,295. Of the bank balances, $279,641 was insured by the FDIC and $1,243,654 was uninsured, but remained collateralized.

Interest Rate Risk: The District allows investments with Federal Government Issues that have a maturity date of five years or less. At June 30, 2015, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District may invest as permitted by state law all or part of the special revenue fund of the District or any surplus monies not required for immediate District operations. Such investments shall be limited to securities in Government Code 16430, 53601, and 53635. At June 30, 2015, the District had no significant credit risk.

Concentration of Credit Risk: The District limits investments with Federal Government Issues which may not exceed 1/5 of the investable fund, Time Certificates of Deposit which may not exceed $100,000 per financial institution and State of California Issues which may not exceed 1/5 of the investable fund. At June 30, 2015, the District had no concentration of credit risk.

(Continued)

NOTE 3 - INTERFUND TRANSACTIONS

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

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2015 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 245,617	$ 100,934
Building	84,054	-
Non-Major Funds:		
Cafeteria	18,874	245,617
County Schools Facilities	-	1,994
Totals	$ 348,545	$ 348,545

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

Interfund transfers for the 2014-2015 fiscal year were as follows:

Transfer from the General Fund to the Adult Education Fund to support operations of the adult education program.	$ 100,000
Transfer from the General Fund to the Cafeteria Fund to support food service operations.	150,000
Transfer from the Building Fund to the Deferred Maintenance Fund for deferred maintenance operations.	87,930
Transfer from the Capital Facilities Fund to the Building Fund to support Dublin High School construction projects.	3,600,000
Transfer from the Capital Facilities Fund to the Building Fund to support Amador Elementary School construction projects.	18,000,000
Transfers from the Cafeteria Fund to the General Fund for indirect costs support.	95,617
	$ 22,033,547

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2015 is shown below:

	Balance July 1, 2014	Transfers and Additions	Transfers and Deductions	Balance June 30, 2015
Non-depreciable:				
Land	$ 207,622,043	$ -	$ -	$ 207,622,043
Work-in-process	69,465,147	33,568,407	(75,178,884)	27,854,670
Depreciable:				
Improvement of sites	3,787,374	-	-	3,787,374
Buildings	253,647,607	-	75,178,884	328,826,491
Equipment	4,898,823	378,740	-	5,277,563
Totals, at cost	539,420,994	33,947,147	-	573,368,141
Less accumulated depreciation:				
Improvement of sites	(3,042,080)	(192,406)	-	(3,234,486)
Buildings	(39,728,029)	(4,877,641)	-	(44,605,670)
Equipment	(1,912,594)	(326,651)	-	(2,239,245)
Total accumulated depreciation	(44,682,703)	(5,396,698)	-	(50,079,401)
Capital assets, net	$ 494,738,291	$ 28,550,449	$ -	$ 523,288,740

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 5,064,391
School Site administration	1,615
Food services	8,796
Data processing	4,296
General administration	255,419
Plant services	62,181
Total depreciation expense	$ 5,396,698

NOTE 5 - LONG-TERM LIABILITIES

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

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

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

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

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

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

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

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

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

On November 13, 2013, the District issued 2013 General Obligation Refunding Bonds totaling $17,255,000. The proceeds were used to advance refund the District's 2005 Refunding General Obligation Bonds. Repayment of the 2013 General Obligation Refunding Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The bonds bear interest at rates ranging from 2.0% to 5.0%, and are scheduled to mature through August 1, 2023. As of June 30, 2015, the refunded bonds were fully repaid.

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

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

On April 9, 2015, the District issued Election of 2012 Series "B" General Obligation Bonds totaling $40,620,000, to finance new construction and modernization of school facilities. Repayment of the Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The Bonds bear interest rates from 3.25% to 5.0% and are scheduled to mature through August 1, 2045.

On April 9, 2015, the District issued 2015 General Obligation Refunding Bonds totaling $44,845,000. The proceeds were used to advance refund a portion of the District's Election of 2004, Series B General Obligation Bonds. Repayment of the 2015 General Obligation Refunding Bonds is made from the special parcel tax revenues levied in connection with this bond issue. The bonds bear interest at rates ranging from 3.0% to 5.0%, and are scheduled to mature through August 1, 2029. As of June 30, 2015, $46,600,000 of Election of 2014, Series B Refunding General Obligation Bonds outstanding are considered defeased. As of June 30, 2015, $46,600,000 of the refunded bonds were still outstanding and scheduled to be repaid on August 1, 2015.

Although the issuance of the 2015 General Obligation Refunding Bonds resulted in the recognition of an accounting loss of $3,203,946 for the year ended June 30, 2015, the District in effect reduced its aggregate debt service payments by $6.6 million over the next ten years, and obtained an economic gain of $5.4 million.

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

Old debt service cash flows	$ 70,011,613
New debt service cash flows	63,382,111
Cash flow difference	$ 6,629,502
Present value of old debt service cash flows	$ 54,110,200
Present value of new debt service cash flows	48,741,794
Economic gain	$ 5,368,406

The following is a schedule of outstanding General Obligation Bonds:

Series	Balance July 1, 2014	Current Year Proceeds	Current Year Maturities	Balance June 30, 2015
2004 GO Bonds, Series B	$ 48,200,000	$ -	$ (46,900,000)	$ 1,300,000
2004 GO Bonds, Series C	13,183,377	-	(623,807)	12,559,570
2004 GO Bonds, Series D	9,235,858	-	-	9,235,858
2004 GO Bonds, Series E	26,763,908	-	-	26,763,908
2010 Refunding GO Bonds	12,345,000	-	(1,450,000)	10,895,000
2011 GO Bond Anticipation Notes	25,000,000	-	-	25,000,000
2012 Refunding GO Bonds	29,415,000	-	(830,000)	28,585,000
2012 GO Bonds, Series A	32,380,000	-	(1,075,000)	31,305,000
2013 Refunding GO Bonds	17,255,000	-	(1,020,000)	16,235,000
2014 GO Bond Anticipation Notes	25,000,000	-	-	25,000,000
2012 GO Bonds, Series B	-	40,620,000	-	40,620,000
2015 Refunding GO Bonds	-	44,845,000	-	44,845,000
Totals	$ 238,778,143	$ 85,465,000	$ (51,898,807)	$ 272,344,336

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The General Obligation Bonds are scheduled to mature as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 31,100,931	$ 10,241,000	$ 41,341,931
2017	5,500,786	11,996,739	17,497,525
2018	6,280,649	12,085,277	18,365,926
2019	31,270,000	9,186,825	40,456,825
2020	7,270,000	7,770,000	15,040,000
2021-2025	40,444,641	35,971,234	76,415,875
2026-2030	43,628,430	35,807,132	79,435,562
2031-2035	28,032,408	66,385,107	94,417,515
2036-2040	31,516,993	75,610,546	107,127,539
2041-2045	39,474,498	75,202,535	114,677,033
2046	7,825,000	313,000	8,138,000
	$ 272,344,336	$ 340,569,395	$ 612,913,731

Accreted Interest

Series	Balance July 1, 2014	Accretion	Payments	Balance June 30, 2015
2004 GO Bonds, Series C	$ 5,181,392	$ 934,505	$ 281,193	$ 5,834,704
2004 GO Bonds, Series D	2,612,051	761,282	-	3,373,333
2004 GO Bonds, Series E	7,858,682	2,301,875	-	10,160,557
Total Accreted Interest	$ 15,652,125	$ 3,997,662	$ 281,193	$ 19,368,594

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the year ended June 30, 2015 is shown below:

	Balance July 1, 2014, as Restated	Additions	Deductions	Balance June 30, 2015	Amounts Due Within One Year
General Obligation Bonds	$ 238,778,143	$ 85,465,000	$ 51,898,807	$ 272,344,336	$ 31,100,931
Accreted interest	15,652,125	3,997,662	281,193	19,368,594	374,069
Premium on refinancing	11,584,594	8,924,708	3,141,695	17,367,607	-
Net pension liability (Note 7)	75,858,000	-	14,728,000	61,130,000	-
Totals	$ 341,872,862	$ 98,387,370	$ 70,049,695	$ 370,210,537	$ 31,475,000

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments for the net pension liability are made from the funds which the respective employee worked.

(Continued)

NOTE 6 - NET POSITION / FUND BALANCES

Restricted net position consisted of the following at June 30, 2015:

	Governmental Activities
Unspent categorical program revenues	$ 895,925
Special revenues	409,145
Capital projects	8,384,193
Debt service	14,949,793
	$ 24,639,056

Fund balances, by category, at June 30, 2015 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	$ 25,000	$ -	$ -	$ -	$ 25,000
Stores inventory	94,343	-	-	34,413	128,756
Prepaid expenditures	76,035	-	-	-	76,035
Subtotal nonspendable	195,378	-	-	34,413	229,791
Restricted:					
Unspent categorical revenues	895,925	-	-	-	895,925
Adult Education	-	-	-	11,261	11,261
Food services	-	-	-	159,112	159,112
Deferred maintenance	-	-	-	204,359	204,359
Capital projects	-	71,157,830	-	8,384,193	79,542,023
Debt service	-	-	14,949,793	-	14,949,793
Subtotal restricted	895,925	71,157,830	14,949,793	8,758,925	95,762,473
Assigned:					
Restricted grants/entitlements	377,412	-	-	-	377,412
Dublin High School intervention program	868,191	-	-	-	868,191
Site-level program carryovers	214,842	-	-	-	214,842
Class sizes over 28 students	28,472	-	-	-	28,472
Gifted and talented education (GATE)	15,488	-	-	-	15,488
School site safety	128,407	-	-	-	128,407
Regional Occupation Programs	400,000	-	-	-	400,000
Instructional materials	1,031,547	-	-	-	1,031,547
Subtotal assigned	3,064,359	-	-	-	3,064,359
Unassigned:					
Designated for economic uncertainty	3,901,352	-	-	-	3,901,352
Undesignated	8,579,087	-	-	-	8,579,087
Subtotal unassigned	12,480,439	-	-	-	12,480,439
Total fund balances	$ 16,636,101	$ 71,157,830	$ 14,949,793	$ 8,793,338	$ 111,537,062

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at http://www.calstrs.com/comprehensive-annual-financial-report.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any three consecutive years of credited service.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for three consecutive years of credited service.

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

A summary of statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 8.15 percent of applicable member earnings for fiscal year 2014-15. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 8.15 percent of applicable member earnings for fiscal year 2014-15.

In general, member contributions cannot increase unless members are provided with some type of “comparable advantage” in exchange for such increases. Under previous law, the Legislature could reduce or eliminate the 2 percent annual increase to retirement benefits. As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2 percent annual benefit adjustment for members who retire on or after January 1, 2014, and in exchange for this “comparable advantage,” the member contribution rates have been increased by an amount that covers a portion of the cost of the 2 percent annual benefit adjustment.

Effective July 1, 2014, with the passage of AB 1469, member contributions for those under the 2% at 60 benefit structure increase from 8.0 percent to a total of 10.25 percent of applicable member earnings, phased in over the next three years. For members under the 2% at 62 benefit structure, contributions will increase from 8.0 percent to 9.205 percent of applicable member earnings, again phased in over three years, if there is no change to normal cost.

Employers – 8.88 percent of applicable member earnings.

In accordance with AB 1469, employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The new legislation also gives the board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS employer contribution rate increases effective for fiscal year 2014-15 through fiscal year 2045-46 are summarized in the table below:

Effective Date	Prior Rate	Increase	Total
July 01, 2014	8.25%	0.63%	8.88%
July 01, 2015	8.25%	2.48%	10.73%
July 01, 2016	8.25%	4.33%	12.58%
July 01, 2017	8.25%	6.18%	14.43%
July 01, 2018	8.25%	8.03%	16.28%
July 01, 2019	8.25%	9.88%	18.13%
July 01, 2020	8.25%	10.85%	19.10%
July 01, 2046	8.25%	Increase from prior rate ceases in 2046-47	

The District contributed $3,828,469 to the plan for the fiscal year ended June 30, 2015.

State - 5.954 percent of the members' creditable earnings from the fiscal year ending in the prior calendar year.

Additionally, beginning October 1, 1998, a statutory contribution rate of 0.524 percent, adjustable annually in 0.25 percent increments up to a maximum of 1.505 percent, of the creditable earnings from the fiscal year ending in the prior calendar year per Education Code Section 22955(b). This contribution is reduced to zero if there is no unfunded actuarial obligation and no normal cost deficit for benefits in place as of July 1, 1990. Based on the actuarial valuation, as of June 30, 2012 there was no normal cost deficit, but there was an unfunded obligation for benefits in place as of July 1, 1990. As a result, the state was required to make quarterly payments starting October 1, 2013, at an additional contribution rate of 1.024 percent. As of June 30, 2014, the state contributed $200.7 million of the $267.6 million total amount for fiscal year 2013-14. As a result of AB 1469, the fourth quarterly payment of $66.9 million was included in an increased first quarter payment of $94 million for the 2014-15 fiscal year, which was transferred on July 1, 2014.

In accordance with AB 1469, the portion of the state appropriation under Education Code Section 22955(b) that is in addition to the 2.017 percent has been replaced by section 22955.1(b) in order to fully fund the benefits in effect as of 1990 by 2046. The additional state contribution will increase from 1.437 percent in 2014-15 to 4.311 percent in 2016-17. The increased contributions end as of fiscal year 2046-2047.

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS state contribution rates effective for fiscal year 2014-15 and beyond are summarized in the table below:

Effective Date	Base Rate	AB 1469 Increase For 1990 Benefit Structure	SBMA Funding	Total State Appropriation to DB Program
July 01, 2014	2.017%	1.437%	2.50%	5.954%
July 01, 2015	2.017%	2.874%	2.50%	7.391%
July 01, 2016	2.017%	4.311%	2.50%	8.828%
July 01, 2017 to June 30, 2046	2.017%	4.311%*	2.50%	8.828%*
July 01, 2046 and thereafter	2.017%	*	2.50%	4.571%*

* The new legislation also gives the board limited authority to adjust state contribution rates from July 1, 2017, through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The board cannot increase the rate by more than 0.50 percent in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure shall be reduced to 0 percent. Rates in effect prior to July 1, 2014, are reinstated if necessary to address any remaining 1990 unfunded actuarial obligation from July 1, 2046, and thereafter.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 49,563,000
State's proportionate share of the net pension liability associated with the District	29,928,000
Total	$ 79,491,000

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school Districts and the State. At June 30, 2014, the District's proportion was 0.085 percent, which was an increase of zero from its proportion measured as of June 30, 2013.

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2015, the District recognized pension expense of $5,005,565 and revenue of $1,852,990 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	12,205,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	3,828,469	-
Total	$ 3,828,469	$ 12,205,000

$3,828,469 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2016	$ 3,051,250
2017	$ 3,051,250
2018	$ 3,051,250
2019	$ 3,051,250

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2014. The STRP net pension liability as of June 30, 2013 and the STRP net pension liability as of June 30, 2014 are based on the June 30, 2013 actuarial valuation for the first year of implementation. As a result there are no differences between expected and actual experience or changes in assumptions subject to amortization. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2013
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for DB Not applicable for DBS/CBB

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 – June 30, 2010 experience analysis for more information.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. Based on the model from CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are log normally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	4.50%
Private Equity	12	6.20
Real Estate	15	4.35
Inflation Sensitive	5	3.20
Fixed Income	20	0.20
Cash / Liquidity	1	0.00

* 10-year geometric average

NOTE 7 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Discount Rate: The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	$ 77,256,000	$ 49,563,000	$ 26,472,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at https://www.calpers.ca.gov/forms-publications/cafr-2014.pdf.

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

(Continued)

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2015 were as follows:

Members - The member contribution rate was 6.0 or 7.0 percent of applicable member earnings for fiscal year 2014-15.

Employers - The employer contribution rate was 11.771 percent of applicable member earnings.

The District contributed $1,411,764 to the plan for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of $11,567,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all participating school Districts. At June 30, 2014, the District's proportion was 0.102 percent, which was an increase of 0.003 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of $1,190,087. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	-
Changes in proportion and differences between District contributions and proportionate share of contributions	354,000	-
Contributions made subsequent to measurement date	1,411,764	3,975,000
Total	$ 1,765,764	$ 3,975,000

(Continued)

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

$1,411,764 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,		
2016	$	875,750
2017	$	875,750
2018	$	875,750
2019	$	993,750

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of June 30, 2013. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2013
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.50%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.75% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

(Continued)

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return
Global Equity	47%	5.25%
Global Fixed Income	19	0.99
Inflation Sensitive	6	0.45
Private Equity	12	6.83
Real Estate	11	4.50
Infrastructure & Forestland	3	4.50
Liquidity	2	(0.55)

* 10-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.50 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

According to Paragraph 30 of GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in the actuarial valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Plan and the District.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected cash flows of the Plan. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE 8 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 20,235,000	$ 11,567,000	$ 4,217,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 9 - JOINT POWERS AGREEMENTS

Alameda County Schools Insurance Group: The District is a member with other school districts of a Joint Powers Authority, Alameda County Schools Insurance Group (ACSIG). ACSIG arranges for and provides workers' compensation insurance for its members. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from the coverage in the prior year. The following is a summary of financial information for ACSIG at June 30, 2014 (the latest information available):

Total assets	$ 33,646,460
Total liabilities	$ 33,839,130
Net position	$ (192,670)
Total revenue	$ 135,261,442
Total expenses	$ 130,454,305
Change in net position	$ 4,807,137

Schools Excess Liability Fund: The District is also a member with other school districts of a Joint Powers Authority, School Excess Liability Fund (SELF), for the purpose of providing excess insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There have been no significant reductions in insurance coverage from the coverage in the prior year. The following is a summary of the financial information for SELF at June 30, 2015 (in thousands):

Total assets	$ 154,728
Deferred outflows	$ 99
Total liabilities	$ 122,471
Deferred inflows	$ 166
Net position	$ 32,190
Total revenues	$ 11,969
Total expenses	$ 23,064
Change in net position	$ (11,095)

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

NOTE 10 - COMMITMENTS AND CONTINGENCIES

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

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

Construction Commitments: As of June 30, 2015, the District had approximately $2,930,000 in outstanding commitments on construction contracts.

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION

DUBLIN UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2015

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local control funding formula sources:				
State apportionment	$ 37,161,249	$ 33,684,516	$ 33,469,554	$ (214,962)
Local sources	26,531,213	31,451,471	31,691,384	239,913
Total local control funding formula	63,692,462	65,135,987	65,160,938	24,951
Federal sources	1,283,202	1,880,483	1,554,974	(325,509)
Other state sources	1,941,103	2,950,903	4,783,456	1,832,553
Other local sources	6,435,753	8,063,940	8,358,031	294,091
Total revenues	73,352,520	78,031,313	79,857,399	1,826,086
Expenditures:				
Current:				
Certificated salaries	45,202,962	46,252,969	43,698,943	2,554,026
Classified salaries	12,331,514	12,122,595	11,704,992	417,603
Employee benefits	10,188,201	11,995,956	11,630,290	365,666
Books and supplies	3,503,622	5,418,794	3,120,347	2,298,447
Contract services and operating expenditures	7,653,826	11,470,487	7,009,655	4,460,832
Other outgo	515,370	529,090	529,090	-
Capital outlay	11,000	33,260	26,288	6,972
Total expenditures	79,406,495	87,823,151	77,719,605	10,103,546
(Deficiency) excess of revenues (under) over expenditures	(6,053,975)	(9,791,838)	2,137,794	11,929,632
Other financing sources (uses):				
Interfund transfers in	95,236	95,236	95,617	381
Interfund transfers out	(356,987)	(250,000)	(250,000)	-
Total other financing (uses)	(261,751)	(154,764)	(154,383)	381
Net change in fund balances	(6,315,726)	(9,946,602)	1,983,411	11,930,013
Fund balance, July 1, 2014	14,652,690	14,652,690	14,652,690	-
Fund balance, June 30, 2015	$ 8,336,964	$ 4,706,088	$ 16,636,101	$ 11,930,013

See accompanying note to required supplementary information.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015
District's proportion of the net pension liability	0.085%
District's proportionate share of the net pension liability	$ 49,563,000
State's proportionate share of the net pension liability associated with the District	29,928,000
Total net pension liability	$ 79,491,000
District's covered-employee payroll	$ 37,777,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	131.20%
Plan fiduciary net position as a percentage of the total pension liability	76.52%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015
District's proportion of the net pension liability	0.102%
District's proportionate share of the net pension liability	$ 11,567,000
District's covered-employee payroll	$ 10,696,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	108.14%
Plan fiduciary net position as a percentage of the total pension liability	83.38%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015
Contractually required contribution	$ 3,828,469
Contributions in relation to the contractually required contribution	3,828,469
Contribution deficiency (excess)	$ -
District's covered-employee payroll	$ 43,113,000
Contributions as a percentage of covered-employee payroll	8.88%

All years prior to 2015 are not available.

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015
Contractually required contribution	$ 1,411,764
Contributions in relation to the contractually required contribution	1,411,764
Contribution deficiency (excess)	$ -
District's covered-employee payroll	$ 11,994,000
Contributions as a percentage of covered-employee payroll	11.77%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

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

B - Schedule of the District's Proportionate Share of the Net Pension Liability

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

C – Schedule of the District's Contributions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D – Changes of benefit terms

There are no changes in benefit terms reported in the Required Supplementary Information.

E - Changes of assumptions

There are no changes in assumptions reported in the Required Supplementary Information.

SUPPLEMENTARY INFORMATION

DUBLIN UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2015

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County Schools Facilities Fund	Total
ASSETS						
Cash in County Treasury	$ 11,227	$ 374,659	$ 204,339	$ 9,028,827	$ 1,927	$ 9,620,979
Receivables	34	40,983	20	5,152	67	46,256
Due from other funds	-	18,874	-	-	-	18,874
Stores inventory	-	34,413	-	-	-	34,413
Total assets	$ 11,261	$ 468,929	$ 204,359	$ 9,033,979	$ 1,994	$ 9,720,522
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ -	$ 29,787	$ -	$ 649,786	$ -	$ 679,573
Due to other funds	-	245,617	-	-	1,994	247,611
Total liabilities	-	275,404	-	649,786	1,994	927,184
Fund balances:						
Nonspendable	-	34,413	-	-	-	34,413
Restricted	11,261	159,112	204,359	8,384,193	-	8,758,925
Total fund balances	11,261	193,525	204,359	8,384,193	-	8,793,338
Total liabilities and fund balances	$ 11,261	$ 468,929	$ 204,359	$ 9,033,979	$ 1,994	$ 9,720,522

DUBLIN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
For the Year Ended June 30, 2015

	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Total
Revenues:						
Federal sources	$ -	$ 347,994	$ -	$ -	$ -	$ 347,994
Other state sources	2,576	24,190	-	3,258	-	30,024
Other local sources	73,468	1,336,667	65	9,140,516	1,994	10,552,710
Total revenues	76,044	1,708,851	65	9,143,774	1,994	10,930,728
Expenditures:						
Current:						
Certificated salaries	106,408	-	-	-	-	106,408
Classified salaries	29,676	847,550	-	221,570	-	1,098,796
Employee benefits	23,390	228,695	-	52,056	-	304,141
Books and supplies	9,033	569,410	15,349	848,623	132,093	1,574,508
Contract services and operating expenditures	3,093	52,276	68,223	759,331	26,287	909,210
Capital outlay	-	-	-	475,510	1,416,448	1,891,958
Total expenditures	171,600	1,697,931	83,572	2,357,090	1,574,828	5,885,021
(Deficiency) excess of revenues (under) over expenditures	(95,556)	10,920	(83,507)	6,786,684	(1,572,834)	5,045,707
Other financing sources (uses):						
Interfund transfers in	100,000	150,000	87,930	-	-	337,930
Interfund transfers out	-	(95,617)	-	(21,600,000)	-	(21,695,617)
Total other financing sources (uses)	100,000	54,383	87,930	(21,600,000)	-	(21,357,687)
Change in fund balances	4,444	65,303	4,423	(14,813,316)	(1,572,834)	(16,311,980)
Fund balances, July 1, 2014	6,817	128,222	199,936	23,197,509	1,572,834	25,105,318
Fund balances, June 30, 2015	$ 11,261	$ 193,525	$ 204,359	$ 8,384,193	$ -	$ 8,793,338

DUBLIN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Kolb Elementary School				
Assets:				
Cash on hand and in banks	$ 5,726	$ 102,443	$ 100,104	$ 8,065
Liabilities:				
Due to student groups	$ 5,726	$ 102,443	$ 100,104	$ 8,065
Frederiksen Elementary School				
Assets:				
Cash on hand and in banks	$ 2,808	$ 14,970	$ 13,185	$ 4,593
Liabilities:				
Due to student groups	$ 2,808	$ 14,970	$ 13,185	$ 4,593
Dougherty Elementary School				
Assets:				
Cash on hand and in banks	$ 11,957	$ 126,989	$ 111,264	$ 27,682
Liabilities:				
Due to student groups	$ 11,957	$ 126,989	$ 111,264	$ 27,682
Fallon Middle School				
Assets:				
Cash on hand and in banks	$ 84,819	$ 300,831	$ 271,359	$ 114,291
Liabilities:				
Due to student groups	$ 84,819	$ 300,831	$ 271,359	$ 114,291
Wells Middle School				
Assets:				
Cash on hand and in banks	$ 149,595	$ 21,935	$ 45,627	$ 125,903
Liabilities:				
Due to student groups	$ 149,595	$ 21,935	$ 45,627	$ 125,903
Dublin High School				
Assets:				
Cash on hand and in banks	$ 475,585	$ 1,239,927	$ 1,156,628	$ 558,884
Liabilities:				
Due to student groups	$ 475,585	$ 1,239,927	$ 1,156,628	$ 558,884

(Continued)

DUBLIN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Valley High School				
Assets:				
Cash on hand and in banks	$ 16,952	$ 4,693	$ 7,571	$ 14,074
Liabilities:				
Due to student groups	$ 16,952	$ 4,693	$ 7,571	$ 14,074
Total Student Body				
Assets:				
Cash on hand and in banks	$ 747,442	$ 1,811,788	$ 1,705,738	$ 853,492
Liabilities:				
Due to student groups	$ 747,442	$ 1,811,788	$ 1,705,738	$ 853,492

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

GOVERNING BOARD

Name	Office	Term Expires
Amy Miller	President	2016
Dan Cunningham	Vice President	2016
Sean Kenney	Trustee	2016
Megan Rouse	Trustee	2018
Greg Tomlinson	Trustee	2016

ADMINISTRATION

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

Dr. Timothy McCarty, Ed. D
Assistant Superintendent, Educational Services

Mr. Keith Rogenski
Assistant Superintendent, Human Resources

Ms. Beverly Heironimus, CPA
Assistant Superintendent, Business Services

DUBLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2015

	Second Period Report	Annual Report
Elementary:		
Transitional Kindergarten through Third	3,337	3,348
Fourth through Sixth	2,224	2,230
Seventh and Eighth	1310	1,310
Total Elementary	6,871	6,888
Secondary:		
Ninth through Twelfth	2,069	2,067
	8,940	8,955

See accompanying notes to supplementary information.

DUBLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2015

Grade Level	Statutory 1986-87 Minutes Require-ment	Reduced 1986-87 Minutes Require-ment	2014-2015 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	35,000	41,580	180	In Compliance
Grade 1	50,400	49,000	54,610	180	In Compliance
Grade 2	50,400	49,000	54,610	180	In Compliance
Grade 3	50,400	49,000	54,610	180	In Compliance
Grade 4	54,000	52,500	54,610	180	In Compliance
Grade 5	54,000	52,500	54,610	180	In Compliance
Grade 6	54,000	52,500	60,395	180	In Compliance
Grade 7	54,000	52,500	60,395	180	In Compliance
Grade 8	54,000	52,500	60,395	180	In Compliance
Grade 9	64,800	63,000	65,072	180	In Compliance
Grade 10	64,800	63,000	65,072	180	In Compliance
Grade 11	64,800	63,000	65,072	180	In Compliance
Grade 12	64,800	63,000	65,072	180	In Compliance

See accompanying notes to supplementary information.

DUBLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education - Passed through California Department of Education			
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic Local Assistance, Part B	13379	$ 787,805
84.027	Special Ed: IDEA Mental Health Allocation, Part B	14468	82,208
84.173	Special Ed: IDEA Preschool Grants, Part B	13430	26,313
84.027A	Special Ed: IDEA Preschool Local Entitlement, Pt. B	13682	62,388
84.173A	Special Ed: IDEA Preschool Staff Development	13431	324
	Subtotal Special Education Cluster		959,038
	Title III Programs:		
84.365	NCLB: Title III, Limited English Proficiency	14346	97,163
84.365	NCLB: Title III, Immigrant Education Program	15146	927
	Subtotal Title III Programs		98,090
84.010	NCLB: Title I, Part A, Basic Grants Low Income	14329	363,764
84.367	NCLB: Title II, Part A, Improving Teacher Quality	14341	94,188
	Total U.S. Department of Education		1,515,080
U.S. Department of Health and Human Services - Passed through California Department of Education			
93.778	Department of Health Services: Medi-Cal Billing Option	10013	37,718
U.S. Department of Agriculture - Passed through California Department of Education			
10.555	Child Nutrition - School Programs	14198	347,994
	Total Federal Programs		$ 1,900,792

See accompanying notes to supplementary information.

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

DUBLIN UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2015
(UNAUDITED)

	(Budget) 2016	2015	2014	2013
General Fund				
Revenues and other financing sources	$ 90,524,316	$ 79,953,016	$ 67,525,150	$ 58,228,197
Expenditures	92,093,707	77,719,605	63,388,190	57,087,756
Other uses and transfers out	3,725,363	250,000	357,338	40,000
Total outgo	95,819,070	77,969,605	63,745,528	57,127,756
Change in fund balance	$ (5,294,754)	$ 1,983,411	$ 3,779,622	$ 1,100,441
Ending fund balance	$ 11,341,347	$ 16,636,101	$ 14,652,690	$ 12,873,068
Available reserves	$ 10,297,763	$ 12,480,439	$ 8,783,778	$ 2,861,720
Designated for economic uncertainties	$ 4,687,727	$ 3,901,352	$ 1,969,809	$ 2,852,417
Undesignated fund balances	$ 5,610,036	$ 8,579,087	$ 6,813,969	$ 9,303
Available reserves as percentages of total outgo	5.9%	5.1%	13.4%	5.0%
All Funds				
Total long-term liabilities	$338,735,537	$370,210,537	$266,014,862	$239,499,400
Average daily attendance at P-2	9,246	8,940	8,132	7,191

The General Fund fund balance has increased by $6,863,474 over the past three years. The District projects a decrease of $5,294,754 for the fiscal year ending June 30, 2016. For a district this size, the state requires available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. For the year ended June 30, 2015, the District has met this requirement.

The District has incurred operating surpluses in each of the past three years, but anticipates an operating deficit during the 2015-2016 fiscal year.

Total long-term liabilities have increased by $130,711,137 over the past two years, primarily due to the issuance of general obligation bonds and the implementation of GASB Statement Nos. 68 and 71.

Average daily attendance has increased by 1,749 over the past two years and is anticipated to increase by 306 ADA during the year ending June 30, 2016.

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
The District does not sponsor any charter schools.	

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

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

C - Schedule of Expenditure of Federal Awards

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2015.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 3,006,330
Less:		
Medi-Cal Billing Funds not spent	93.778	(2,176)
Federally funded interest on QSCB's	*	(1,103,362)
Total Schedule of Expenditure of Federal Awards		$ 1,900,792

* CFDA number not available.

D - Reconciliation of Unaudited Actual Report with Audited Financial Statements

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

E - Schedule of Financial Trends and Analysis - Unaudited

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

(Continued)

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

F - Schedule of Charter Schools

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

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14503 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2015, the District did not offer an Early Retirement Incentive Program.

Crowe Horwath.

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Independent Member Crowe Horwath International

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

Governing Board
Dublin Unified School District
Dublin, California

Report on Compliance with State Laws and Regulations

We have audited Dublin Unified School District's compliance with the types of compliance requirements described in the State of California's *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2015.

Description	Procedures Performed
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupational Centers or Programs Maintenance of Effort	Yes
Adult Education Maintenance of Effort	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General requirements	No, see below
After school	No, see below
Before school	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Attendance, for charter schools	No, see below
Mode of Instruction, for charter schools	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	No, see below
Annual Instructional Minutes - Classroom-Based, for charter schools	No, see below
Charter School Facility Grant Program	No, see below

(Continued)

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

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

The District does not operate any Juvenile Court Schools or Middle or Early College High Schools, therefore we did not perform any procedures related to Juvenile Court Schools or Middle or Early College High Schools.

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

The District does not operate any charter schools, therefore we did not perform any procedures required for Charter Schools.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance with state laws and regulations as listed above of Dublin Unified School District. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Dublin Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion with State Laws and Regulations

In our opinion, Dublin Unified School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2015. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Dublin Unified School District had not complied with the state laws and regulations.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 11, 2015

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

Governing Board
Dublin Unified School District
Dublin, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dublin Unified School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Dublin Unified School District's basic financial statements, and have issued our report thereon dated December 11, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dublin Unified School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dublin Unified School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Dublin Unified School District's internal control.

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 11, 2015

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

Governing Board
Dublin Unified School District
Dublin, California

Report on Compliance for Each Major Federal Program

We have audited Dublin Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Dublin Unified School District's major federal programs for the year ended June 30, 2015. Dublin Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Dublin Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

(Continued)

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 11, 2015

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	X None reported
Noncompliance material to financial statements noted?	______ Yes	______ No

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiency(ies) identified not considered to be material weakness(es)?	______ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	______ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster
10.555	Child Nutrition - School Programs

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000	
Auditee qualified as low-risk auditee?	X Yes	______ No

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Implemented

No matters were reported.