

**ROSS VALLEY SCHOOL DISTRICT  
COUNTY OF MARIN  
SAN ANSELMO, CALIFORNIA**

**AUDIT REPORT**

**JUNE 30, 2011**



ROSS VALLEY SCHOOL DISTRICT

JUNE 30, 2011

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ROSS VALLEY SCHOOL DISTRICT

JUNE 30, 2011

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## FINANCIAL SECTION



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

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Ross Valley School District  
San Anselmo, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ross Valley School District, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Ross Valley School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2012 on our consideration of the Ross Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 13, the budgetary comparison information on page 47, and the Schedule of Funding Progress on page 50, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Stephen Roatch Accountancy Corporation*

STEPHEN ROATCH ACCOUNTANCY CORPORATION  
Certified Public Accountants

January 25, 2012



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

(PREPARED BY DISTRICT MANAGEMENT)

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

**USING THIS ANNUAL REPORT**

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

**FINANCIAL HIGHLIGHTS**

- The District's overall financial status improved during the year, as total net assets increased 2.4%.
- On the Statement of Activities, total current year revenues exceeded total current year expenses by \$151,741.
- Capital assets, net of depreciation, decreased \$428,195, due to the current year acquisition and/or construction of \$876,305 of new capital assets, and the current year recognition of \$1,304,500 of depreciation expense.
- Total long-term liabilities increased \$9,406,386, due primarily to the current year issuance of \$10,000,426 of general obligation bonds.
- On February 2, 2011, the District issued \$6,150,000 of general obligation refunding bonds at an original issue premium of \$289,209, for purposes of refunding \$6,120,000 of the outstanding Election of 1999, Series 2001, General Obligation Bonds. The refunding bonds were issued to lower the debt service requirements of the District and reduce the tax burden on those who own property within the District.
- The District's P-2 average daily attendance (ADA) increased from 1,908 ADA in fiscal year 2009-10, up to 1,992 ADA in fiscal year 2010-11, an increase of 4.4%.
- The District's General Fund produced an operating surplus of \$650,391 during fiscal year 2010-11, and recognized a \$453,597 increase in its available reserves.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2010-11, General Fund expenditures and other financing uses totaled \$16,989,037. At June 30, 2011, the District had available reserves of \$2,783,016 which represents a reserve of 16.4%.

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

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**THE FINANCIAL REPORT**

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

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

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

**Reporting the District as a Whole**

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

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

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

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

(PREPARED BY DISTRICT MANAGEMENT)

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**THE FINANCIAL REPORT (CONCLUDED)**

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

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

*Governmental Activities:*

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

*Business-type Activities:*

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

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

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

*Governmental Funds:*

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

*Proprietary Funds:*

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

*Fiduciary Funds:*

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

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

(PREPARED BY DISTRICT MANAGEMENT)

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

**GOVERNMENTAL ACTIVITIES**

The District's net assets increased from \$6,327,316 at June 30, 2010, up to \$6,479,057 at June 30, 2011, an increase of 2.4%.

<b><u>Comparative Statement of Net Assets</u></b>		
	Governmental Activities	
	2010	2011
<b><u>Assets</u></b>		
Deposits and Investments	\$ 3,315,494	\$ 12,906,977
Receivables	2,397,536	2,805,103
Prepaid Expenses	3,459	491,055
Capital Assets, net	21,948,165	21,519,970
<b>Total Assets</b>	<b>27,664,654</b>	<b>37,723,105</b>
<b><u>Liabilities</u></b>		
Current	2,656,455	3,285,801
Long-term	18,680,883	27,958,247
<b>Total Liabilities</b>	<b>21,337,338</b>	<b>31,244,048</b>
<b><u>Net Assets</u></b>		
Invested in Capital Assets		
- Net of Related Debt	6,601,646	6,511,049
Restricted for Capital Projects	176,306	127,443
Restricted for Debt Service	(2,872,954)	(3,337,227)
Restricted for Educational Programs	303,696	349,603
Restricted for Other Purposes	6,525	3,000
Unrestricted	2,112,097	2,825,189
<b>Total Net Assets</b>	<b>\$ 6,327,316</b>	<b>\$ 6,479,057</b>

*Table includes financial data of the combined governmental funds*

The deficit balance presented above for Restricted for Debt Service represents the difference between the obligation for accumulated accreted interest on the District's outstanding capital appreciation bonds and the amount available in the Bond Interest and Redemption Fund. This deficit will be eliminated by future property tax collections.

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

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

The District's total current year revenues exceeded total current year expenses by \$151,741.

<b><u>Comparative Statement of Changes in Net Assets</u></b>		
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2011</u>
<b><u>Program Revenues</u></b>		
Charges for Services	\$ 85,864	\$ 412,628
Operating Grants & Contributions	2,606,435	2,426,404
<b><u>General Revenues</u></b>		
Taxes Levied	6,721,666	6,802,910
Federal & State Aid	8,072,177	9,244,399
Interest & Investment Earnings	36,526	23,990
Miscellaneous	577,261	515,856
<b>Total Revenues</b>	<b><u>18,099,929</u></b>	<b><u>19,426,187</u></b>
<b><u>Expenses</u></b>		
Instruction	12,080,794	11,867,085
Instruction-Related Services	1,977,192	1,916,157
Pupil Services	934,576	1,263,959
General Administration	2,028,357	1,458,534
Plant Services	1,998,627	1,579,553
Ancillary Services	60,494	53,295
Interest on Long-Term Debt	954,153	918,097
Other Outgo	182,054	217,766
<b>Total Expenses</b>	<b><u>20,216,247</u></b>	<b><u>19,274,446</u></b>
<b>Changes in Net Assets</b>	<b><u>\$ (2,116,318)</u></b>	<b><u>\$ 151,741</u></b>

*Table includes financial data of the combined governmental funds*

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

(PREPARED BY DISTRICT MANAGEMENT)

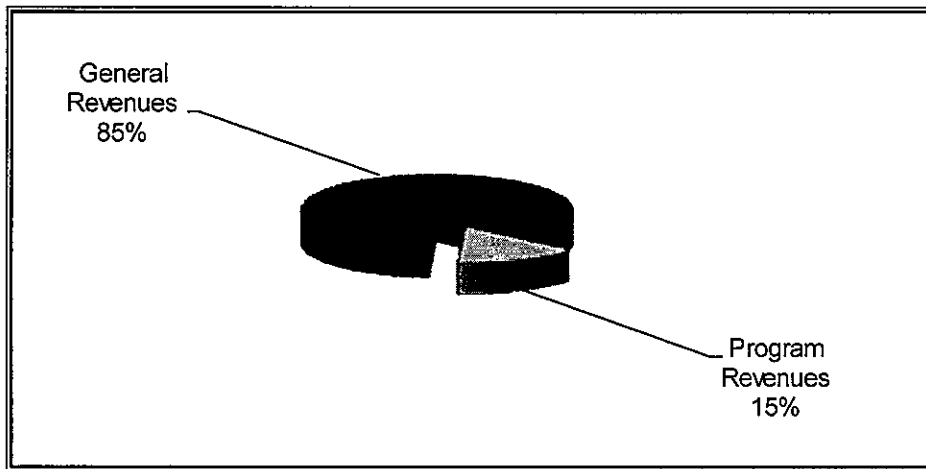
**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)**

GOVERNMENTAL ACTIVITIES (CONTINUED)

	Total Cost of Services		Net Cost of Services	
	2010	2011	2010	2011
Instruction	\$ 12,080,794	\$ 11,867,085	\$ 10,327,082	\$ 10,248,058
Instruction-Related Services	1,977,192	1,916,157	1,788,468	1,773,196
Pupil Services	934,576	1,263,959	552,334	514,971
General Administration	2,028,357	1,458,534	1,902,543	1,354,348
Plant Services	1,998,627	1,579,553	1,903,590	1,507,442
Ancillary Services	60,494	53,295	36,139	37,518
Interest on Long-Term Debt	954,153	918,097	954,153	918,097
Other Outgo	182,054	217,766	59,639	81,784
<b>Totals</b>	<b>\$ 20,216,247</b>	<b>\$ 19,274,446</b>	<b>\$ 17,523,948</b>	<b>\$ 16,435,414</b>

*Table includes financial data of the combined governmental funds*

The table above presents the cost of major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$16,435,414 cost represents the financial burden that was placed on the District's general revenues for providing the services listed. Further detail is available on page 15 of this report.



Program revenues financed 15% of the total cost of providing the services listed above, while the remaining 85% was financed by the general revenues of the District.

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

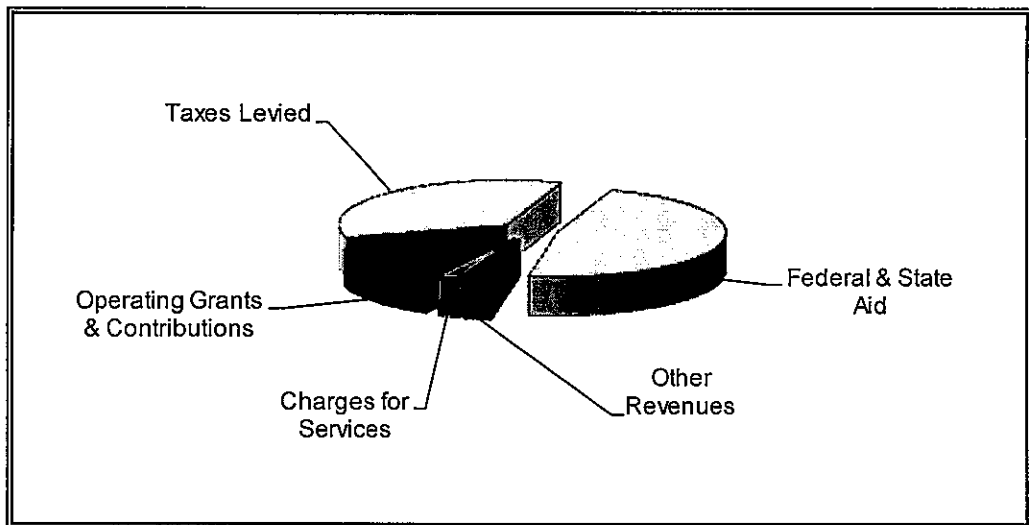
(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

<b><u>Summary of Revenues For Governmental Functions</u></b>				
	FYE 2010 Amount	Percent of Total	FYE 2011 Amount	Percent of Total
<b><u>Program Revenues</u></b>				
Charges for Services	\$ 85,864	0.47%	\$ 412,628	2.12%
Operating Grants & Contributions	2,606,435	14.40%	2,426,404	12.49%
<b><u>General Revenues</u></b>				
Taxes Levied	6,721,666	37.14%	6,802,910	35.02%
Federal & State Aid	8,072,177	44.60%	9,244,399	47.59%
Other Revenues	613,787	3.39%	539,846	2.78%
<b>Total Revenues</b>	<b>\$ 18,099,929</b>	<b>100.00%</b>	<b>\$ 19,426,187</b>	<b>100.00%</b>

*Table includes financial data of the combined governmental funds*



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

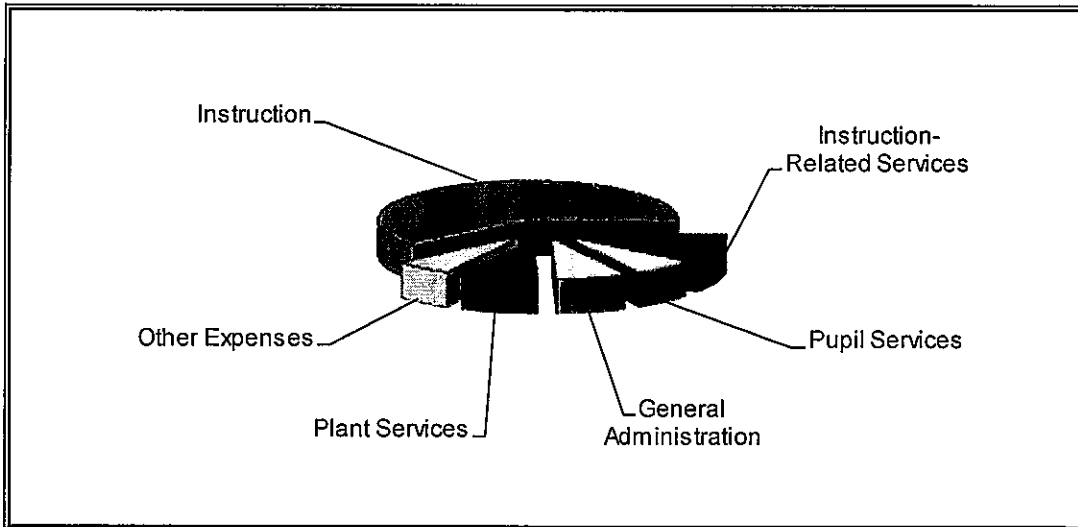
(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

<b><u>Summary of Expenses For Governmental Functions</u></b>				
<u>Expenses</u>	<u>FYE 2010 Amount</u>	<u>Percent of Total</u>	<u>FYE 2011 Amount</u>	<u>Percent of Total</u>
Instruction	\$ 12,080,794	59.76%	\$ 11,867,085	61.57%
Instruction-Related Services	1,977,192	9.78%	1,916,157	9.94%
Pupil Services	934,576	4.62%	1,263,959	6.56%
General Administration	2,028,357	10.03%	1,458,534	7.57%
Plant Services	1,998,627	9.89%	1,579,553	8.20%
Other Expenses	1,196,701	5.92%	1,189,158	6.17%
<b>Total Expenses</b>	<b><u>\$ 20,216,247</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 19,274,446</u></b>	<b><u>100.00%</u></b>

*Table includes financial data of the combined governmental funds*





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

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

<b><u>Comparative Schedule of Capital Assets</u></b>		
	Governmental Activities	
	2010	2011
Land	\$ 992,328	\$ 992,328
Sites and Improvements	2,592,218	2,592,218
Buildings and Improvements	34,716,157	34,716,157
Furniture and Equipment	502,932	584,788
Work-in-Progress	0	794,449
Subtotals	38,803,635	39,679,940
Less: Accumulated Depreciation	(16,855,470)	(18,159,970)
Capital Assets, net	<u>\$ 21,948,165</u>	<u>\$ 21,519,970</u>

Capital assets, net of depreciation, decreased \$428,195, due to the current year acquisition and/or construction of \$876,305 of new capital assets, and the current year recognition of \$1,304,500 of depreciation expense.

<b><u>Comparative Schedule of Long-Term Liabilities</u></b>		
	Governmental Activities	
	2010	2011
Compensated Absences	\$ 115,370	\$ 48,737
General Obligation Bonds	18,227,272	27,791,354
Capital Leases	1,086,065	1,009,477
Other Post Employment Benefits	456,540	442,065
Totals	<u>\$ 19,885,247</u>	<u>\$ 29,291,633</u>

Total long-term liabilities increased \$9,406,386, due primarily to the current year issuance of \$10,000,426 of general obligation bonds.

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

(PREPARED BY DISTRICT MANAGEMENT)

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

**GOVERNMENTAL ACTIVITIES (CONCLUDED)**

The general obligation bonds are financed by local taxpayers and represent 95% of the District's total long-term liabilities. The District has satisfied all of its debt service requirements for its bonded debt and continues to maintain an excellent credit rating on its current debt issues.

The capital leases are financed by the General Fund and represent 3% of the District's total long-term liabilities.

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

**FINANCIAL ANALYSIS OF DISTRICT'S FUNDS**

The fund balance of the General Fund increased \$650,391 during fiscal year 2010-11, while the combined fund balances of other District governmental funds increased \$9,076,361, due primarily to the \$10,000,426 bond proceeds received during fiscal year 2010-11.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved at the end of June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim to reflect the most current financial information available at that point in time. The original budget presented on page 47 includes only new revenues for fiscal year 2010-11.

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

- Student enrollment and attendance are primary factors in the computation of most funding formulas for public schools in the State of California. As of the P-1 attendance reporting period, the District expects an increase of 134 ADA (6.7%) during fiscal year 2011-12.
- On November 2, 2010, the voters within the District voted to authorize the issuance of up to \$41,000,000 of bonds. The net proceeds from the sale of the bonds will be used to upgrade and expand school facilities during fiscal year 2011-12 and future years.
- Due to the unprecedented nature of the current State and Federal fiscal crisis, the amount of funding that will be available to the District remains uncertain. As a result, management will need to plan carefully and prudently to provide the resources to meet student needs over the next several years. The District has an excellent track record in meeting this challenge in what has proven to be a cycle of lean years and prosperous years for education finances.

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

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**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the District Office, Ross Valley School District, 110 Shaw Drive, San Anselmo, CA 94960.

**ROSS VALLEY SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Deposits and Investments (Note 2)	\$ 12,906,977
Receivables (Note 4)	2,805,103
Prepaid Expenses (Note 1J)	491,055
Capital Assets: (Note 6)	
Land	992,328
Sites and Improvements	2,592,218
Buildings and Improvements	34,716,157
Furniture and Equipment	584,788
Work-in-Progress	794,449
Less: Accumulated Depreciation	(18,159,970)
<b>Total Assets</b>	<b>37,723,105</b>
<b><u>Liabilities</u></b>	
Accounts Payable and Other Current Liabilities	748,400
Current Loans	485,000
Deferred Revenue (Note 1J)	719,015
Long-Term Liabilities:	
<i>Portion Due or Payable Within One Year:</i>	
Compensated Absences (Note 1J)	48,737
General Obligation Bonds (Note 7)	
Current Interest	1,090,000
Capital Leases (Note 8)	95,649
Other Post Employment Benefits (Note 9)	99,000
<i>Portion Due or Payable After One Year:</i>	
General Obligation Bonds (Note 7)	
Current Interest	15,290,000
Capital Appreciation	11,411,354
Capital Leases (Note 8)	913,828
Other Post Employment Benefits (Note 9)	343,065
<b>Total Liabilities</b>	<b>31,244,048</b>
<b><u>Net Assets</u></b>	
Investment in Capital Assets, Net of Related Debt	6,511,049
Restricted:	
For Capital Projects	127,443
For Debt Service	(3,337,227)
For Educational Programs	349,603
For Other Purposes	3,000
Unrestricted	2,825,189
<b>Total Net Assets</b>	<b>\$ 6,479,057</b>

**ROSS VALLEY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions	Expenses	Program Revenues		Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
<b><u>Governmental Activities</u></b>					
Instruction	\$ 11,867,085	\$ 21,071	\$ 1,597,956		\$ (10,248,058)
Instruction-Related Services:					
Supervision of Instruction	278,240	19	113,685		(164,536)
Instructional Library and Technology	407,830	1,124	26,982		(379,724)
School Site Administration	1,230,087		1,151		(1,228,936)
Pupil Services:					
Home-to-School Transportation	233,548	1,457	137,075		(95,016)
Food Services	552,491	374,697	110,963		(66,831)
Other Pupil Services	477,920		124,796		(353,124)
General Administration:					
Data Processing Services	169,248				(169,248)
Other General Administration	1,289,286	1,006	103,180		(1,185,100)
Plant Services	1,579,553	4,269	67,842		(1,507,442)
Ancillary Services	53,295	934	14,843		(37,518)
Interest on Long-Term Debt	918,097				(918,097)
Other Outgo	217,766	8,051	127,931		(81,784)
Total Governmental Activities	<u>\$ 19,274,446</u>	<u>\$ 412,628</u>	<u>\$ 2,426,404</u>	<u>\$ 0</u>	<u>(16,435,414)</u>
<b><u>General Revenues</u></b>					
Taxes Levied for General Purposes					3,024,504
Taxes Levied for Debt Service					1,445,053
Taxes Levied for Specific Purposes					2,333,353
Federal and State Aid - Unrestricted					9,244,399
Interest and Investment Earnings					23,990
Miscellaneous					515,856
Total General Revenues					<u>16,587,155</u>
Change in Net Assets					151,741
Net Assets - July 1, 2010					6,327,316
Net Assets - June 30, 2011					<u>\$ 6,479,057</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

**ROSS VALLEY SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	<u>General</u>	<u>Bond Interest and Redemption</u>	<u>Building</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>					
Deposits and Investments (Note 2)	\$ 2,420,376	\$ 1,304,487	\$ 9,054,765	\$ 127,349	\$ 12,906,977
Receivables (Note 4)	2,785,979			19,124	2,805,103
Due from Other Funds (Note 5)	3,676		37,685	9,625	50,986
<b>Total Assets</b>	<b>\$ 5,210,031</b>	<b>\$ 1,304,487</b>	<b>\$ 9,092,450</b>	<b>\$ 156,098</b>	<b>\$ 15,763,066</b>
<b><u>Liabilities and Fund Balances</u></b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 590,611		\$ 34,529	\$ 1,004	\$ 626,144
Due to Other Funds (Note 5)	47,310			3,676	50,986
Current Loans	485,000				485,000
Deferred Revenue (Note 1J)	442,491				442,491
<b>Total Liabilities</b>	<b>1,565,412</b>		<b>34,529</b>	<b>4,680</b>	<b>1,604,621</b>
<b>Fund Balances: (Note 11)</b>					
Nonspendable	3,000				3,000
Restricted	349,603	\$ 1,304,487	9,057,921	127,443	10,839,454
Assigned				23,975	23,975
Unassigned	3,292,016				3,292,016
<b>Total Fund Balances</b>	<b>3,644,619</b>	<b>1,304,487</b>	<b>9,057,921</b>	<b>151,418</b>	<b>14,158,445</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,210,031</b>	<b>\$ 1,304,487</b>	<b>\$ 9,092,450</b>	<b>\$ 156,098</b>	<b>\$ 15,763,066</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

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

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**Total Fund Balances - Governmental Funds** **\$ 14,158,445**

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

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

Capital Assets	\$ 39,679,940	
Accumulated Depreciation	(18,159,970)	
Net		21,519,970

Unamortized costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. Unamortized debt issue costs, reported as prepaid expenses at year-end consist of:

Costs of Issuance	186,621	
Bond Refunding	304,434	
Total		491,055

Unamortized premiums: In governmental funds, bond premiums are recognized as revenues in the period they are received. In the government-wide statements, premiums are amortized over the life of the debt. Unamortized premiums, reported as deferred revenue on the statement of net assets are: (276,524)

Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statements of activities, it is recognized in the period that it is incurred. The additional liability for unamatured interest owed at the end of the period was: (122,256)

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

Compensated Absences	48,737	
General Obligation Bonds:		
Current Interest	16,380,000	
Capital Appreciation	11,411,354	
Capital Leases	1,009,477	
Other Post Employment Benefits	442,065	
Total		(29,291,633)

**Total Net Assets - Governmental Activities** **\$ 6,479,057**

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

	<u>General Fund</u>		Bond Interest and Redemption	Building	Non-Major Governmental Funds	Total Governmental Funds
	<u>District</u>	<u>Component Unit</u>				
<b><u>Revenues</u></b>						
Revenue Limit Sources:						
State Apportionment	\$ 7,429,653					\$ 7,429,653
Local Taxes	3,061,513					3,061,513
Total Revenue Limit Sources	10,491,166					10,491,166
Federal Revenue	572,001				\$ 105,762	677,763
State Revenue	1,992,148		\$ 13,407		7,336	2,012,891
Local Revenue	3,777,161	\$ 586,737	1,434,453	\$ 3,581	429,570	6,231,502
Total Revenues	16,832,476	586,737	1,447,860	3,581	542,668	19,413,322
<b><u>Expenditures</u></b>						
Instruction	11,025,583					11,025,583
Supervision of Instruction	258,170					258,170
Instructional Library and Technology	378,413					378,413
School Site Administration	1,141,360					1,141,360
Home-To-School Transportation	216,702					216,702
Food Services					512,640	512,640
Other Pupil Services	443,447					443,447
Data Processing Services	157,040					157,040
Other General Administration	1,192,613				3,676	1,196,289
Plant Services	1,631,426				20,323	1,651,749
Facilities Acquisition and Construction	95,035			569,919	91,854	756,808
Ancillary Services	53,295					53,295
Debt Service:						
Principal Retirement	91,017		7,120,000			7,211,017
Interest and Issuance Costs	50,193		697,686	187,156		935,035
Other Outgo	203,266					203,266
Total Expenditures	16,937,560	0	7,817,686	757,075	628,493	26,140,814
Excess of Revenues Over (Under) Expenditures	(105,084)	586,737	(6,369,826)	(753,494)	(85,825)	(6,727,492)
<b><u>Other Financing Sources (Uses)</u></b>						
Operating Transfers In	792,523				61,099	853,622
Operating Transfers Out	(51,477)	(586,737)		(215,246)	(162)	(853,622)
Other Sources	14,429		6,439,209	10,000,606		16,454,244
Total Other Financing Sources (Uses)	755,475	(586,737)	6,439,209	9,785,360	60,937	16,454,244
Net Change in Fund Balances	650,391	0	69,383	9,031,866	(24,888)	9,726,752
Fund Balances - (As restated - Note 19) July 1, 2010	2,994,228	0	1,235,104	26,055	176,306	4,431,693
Fund Balances - June 30, 2011	\$ 3,644,619	\$ 0	\$ 1,304,487	\$ 9,057,921	\$ 151,418	\$ 14,158,445

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS



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

**Net Change in Fund Balances - Governmental Funds** **\$ 9,726,752**

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

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

Capital Outlays	\$ 876,305	
Depreciation Expense	(1,304,500)	
Net		(428,195)

Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statements of activities, compensated absences are measured by the amounts earned during the fiscal year. The difference between amounts paid and amounts earned was:

66,633

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

14,475

Debt issue costs: In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issue costs are amortized over the life of the debt. The difference between debt issue costs recognized in the current period and issue costs amortized for the period is:

Cost of Issuance	187,156	
Bond Refunding	318,399	
Cost of Issuance Amortized	(535)	
Bond Refunding Amortized	(13,965)	491,055

Amortization of debt issue premium: In governmental funds, if debt is issued at a premium, the premium is recognized as an other financing sources in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of premium for the period is:

Bond Premium	(289,209)	
Bond Premium Amortized	12,685	(276,524)

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

General Obligation Bonds - Current Interest	7,120,000	
Capital Leases	91,017	7,211,017

Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(16,164,855)

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

45,039

Accreted interest: In governmental funds, accreted interest on capital appreciation bonds is recognized as an expenditure in the period that it becomes due. In the government-wide statements, accreted interest is recognized as an expense as the capital appreciation bonds accrete in value. The amount of accreted interest recognized in the current period was:

(533,656)

**Change in Net Assets of Governmental Activities** **\$ 151,741**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ROSS VALLEY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

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	<u>Agency Funds</u>	<u>Total Fiduciary Funds</u>
<b><u>Assets</u></b>		
Deposits and Investments (Note 2)	\$ 8,815	\$ 8,815
Total Assets	<u>8,815</u>	<u>8,815</u>
<b><u>Liabilities</u></b>		
Due to Student Groups	<u>8,815</u>	<u>8,815</u>
Total Liabilities	<u>8,815</u>	<u>8,815</u>
<b><u>Net Assets</u></b>		
Restricted	<u>0</u>	<u>0</u>
Total Net Assets	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

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

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Policies

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

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

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

B. Reporting Entity

The District has reviewed criteria to determine whether other entities with activities that benefit the District should be included within its financial reporting entity under GASB Statement No. 14 (GASB 14), *The Financial Reporting Entity*. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), the scope of public service, and a special financing relationship. The District has determined that there are no entities, with financial activities that benefited the District, during fiscal year 2010-11, which should be included within its financial reporting entity under GASB 14.

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

The District is not aware of any entity that would exercise such oversight responsibility that would result in the District being considered a component unit of that entity.

C. Implementation of New Accounting Pronouncements

In March of 2009, the GASB issued GASB Statement No. 54 (GASB 54) *Fund Balance Reporting and Governmental Fund Type Definition*, with required implementation for the District during the year ended June 30, 2011. The objective of GASB 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

**ROSS VALLEY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**C. Implementation of New Accounting Pronouncements (Concluded)**

GASB 54 provides for fund balance classifications such as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The effect of implementing GASB 54 resulted in a reclassification of the beginning fund balances as of July 1, 2010, due to the Deferred Maintenance Fund no longer meeting the fund definition of a special revenue fund. Further detail on the reclassification is described in Note 19.

**D. Basis of Presentation**

**Government-wide Financial Statements:**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the District and its component units. The effect of interfund activity, within the governmental and business type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

**Fund Financial Statements:**

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

**ROSS VALLEY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**D. Basis of Presentation (Concluded)**

**Fund Financial Statements (Concluded):**

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

Fiduciary funds are reported using the economic resources measurement focus.

**E. Basis of Accounting**

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

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

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

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

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

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Basis of Accounting (Concluded)

Deferred Revenue:

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

Expenses/Expenditures:

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

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

F. Fund Accounting

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

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

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

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

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

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

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Accounting (Concluded)

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

Major Governmental Funds:

The *General Fund* is the general operating fund of the District. The financial activities of the General Fund have been divided into two separate columns on the Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balances. The first column reflects revenues received from *District* sources along with all expenditures of the General Fund. The second column reflects revenues received for General Fund purposes that are provided by the District's *Component Unit*. This presentation has been included to illustrate the District's heavy reliance on Ross Valley Schools Foundation's support for providing its educational programs.

The *Bond Interest and Redemption Fund* is used to account for the accumulation of resources for the repayment of District bonds, interest, and related costs.

The *Building Fund* is used to account for the acquisition and/or construction of major capital facilities and buildings financed from the sale of general obligation bonds.

Non-major Governmental Funds:

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

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

The *Capital Projects - Special Reserve Fund* is used to account for insurance reimbursements and expenditures.

Fiduciary Funds:

*Agency Funds* are used to account for assets of others for which the District acts as an agent. The District maintains one agency fund for the student body activities at White Hill Middle School. The District maintains student body funds to account for the raising and expending of money to promote the general welfare, and educational experience of the student body.

G. Budgets and Budgetary Accounting

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

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

**ROSS VALLEY SCHOOL DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

**G. Budgets and Budgetary Accounting (Concluded)**

The original and final revised budget is presented for the General Fund as required supplementary information on page 47.

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

**H. Use of Estimates**

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

**I. Encumbrances**

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

**J. Assets, Liabilities and Equity**

**1. Deposits and Investments**

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

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

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

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

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