

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2016

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

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ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

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For the Year Ended June 30, 2016
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INDEPENDENT AUDITOR'S REPORT

Board of Education
Roseville Joint Union High School District
Roseville, 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 Roseville Joint Union High School District, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise Roseville Joint Union High 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 Roseville Joint Union High School District, as of June 30, 2016, 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)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that *Management's Discussion and Analysis* on pages 4 to 13 and the Required Supplementary information, such as 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 50 to 54 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 Roseville Joint Union High School District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 is the responsibility of management and was 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, is 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2016 on our consideration of Roseville Joint Union High 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 Roseville Joint Union High School District's internal control over financial reporting and compliance.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
November 14, 2016

**ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section of Roseville Joint Union High School District's annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3, and the District's financial statement, which immediately follow this section.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 14 and 15, provide information about the activities of the District as a whole and present a long-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 statements provide 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

- For the Governmental Activities programs, total current year revenues exceeded total current year expenses by \$12,382,530.
- Capital assets, net, decreased by \$3,798,794 primarily due to increases in accumulated depreciation.
- The District's 2015/16 P2 Average Daily Attendance increased by 8 or 0.07% over 2014/15.
- The District received \$5,723,260 in Mandated Cost reimbursements in 2015/16, due to the State's one-time payment of past Mandate obligations as well as from the district's participation in the Mandate Block Grant.
- The District maintains sufficient reserves for a district of 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 2015/16, General Fund expenditures and other financing uses totaled \$102,033,155.
- The ending fund balance (EFB) for the General Fund at June 30th was \$20,068,086. This includes a 3% reserve for state required economic uncertainties, a 2.42% board reserve for economic uncertainties, and a LCFF reserve that, when added to the board reserve, is equivalent to one year's growth in district LCFF revenue. All of these total \$9,435,988 in reserves for economic uncertainties. The EFB also includes \$7,995,483 which is a combination of legally restricted categorical carryovers, unrestricted categorical, site base budget, and other department carryovers, and non-spendable revolving cash. The remaining \$2,636,615 of EFB is unappropriated, but is going to be used to offset potential future year deficits.

**ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THE FINANCIAL REPORT

The full annual financial report consists of the following, Management's Discussion and Analysis, the basic financial statements, supplementary information, and required supplementary information. 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 two different perspectives, district-wide and funds.

- District-wide financial statements, which comprise the first two statements of Statement of Net Position and Statement of Activities, 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.
 - ❖ 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 District-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the Statement of Net Position. The Statement of Activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health or position (net position) 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.

**ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THE FINANCIAL REPORT (CONTINUED)

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

Reporting the District as a Whole

Governmental Activities:

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

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 Roseville Joint Union High School District are the General Fund, the Capital Facilities Fund, and the Bond Interest and Redemption 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.

**ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THE FINANCIAL REPORT (CONTINUED)

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship and 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.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

GOVERNMENTAL ACTIVITIES

The District's net position increased from \$71,642,943 at June 30, 2015 to \$84,025,473 at June 30, 2016; an increase of \$12,382,530, or 17.28%.

Comparative Statement of Net Position		
	2016	2015
<u>Assets:</u>		
Current & Other Assets	\$ 65,187,930	\$ 58,176,822
Capital Assets	214,915,829	218,714,623
Total Assets	280,103,759	276,891,445
<u>Deferred Outflow:</u>		
Loss on refunded debt	4,465,020	5,023,148
Loss on pensions	8,007,809	5,978,822
Total Deferred Outflow	12,472,829	11,001,970
<u>Liabilities:</u>		
Other Liabilities	5,512,542	9,885,939
Long-Term Debt Outstanding	194,765,573	188,237,533
Total Liabilities	200,278,115	198,123,472
<u>Deferred Inflow:</u>		
Gain on pensions	8,273,000	18,127,000
<u>Net Position:</u>		
Net Investment in capital assets	109,557,898	106,620,079
Restricted	44,376,361	34,805,063
Unrestricted	(69,908,786)	(70,160,199)
Total Net Position	\$ 84,025,473	\$ 71,264,943
Comparative Change--\$	\$ 12,382,530	n/a
Comparative Change--%	17.28%	n/a

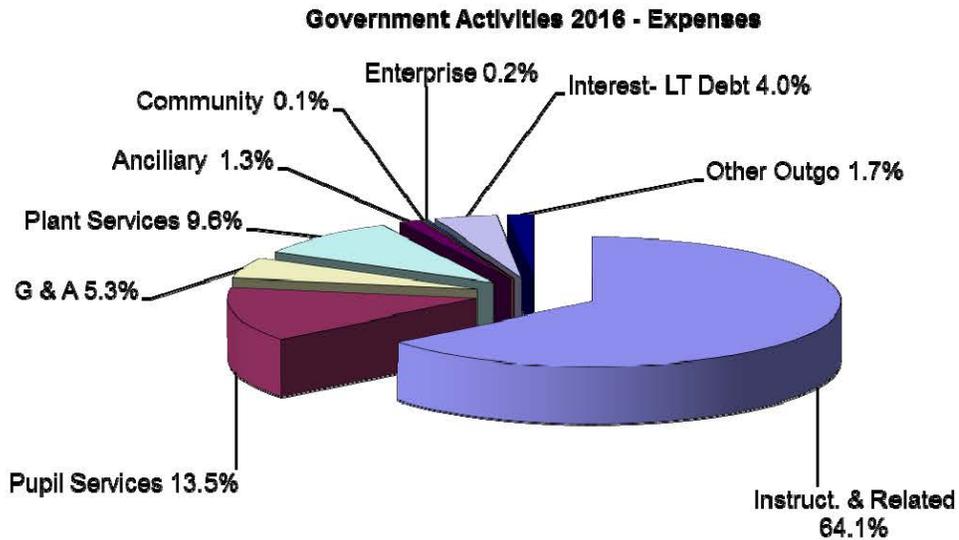
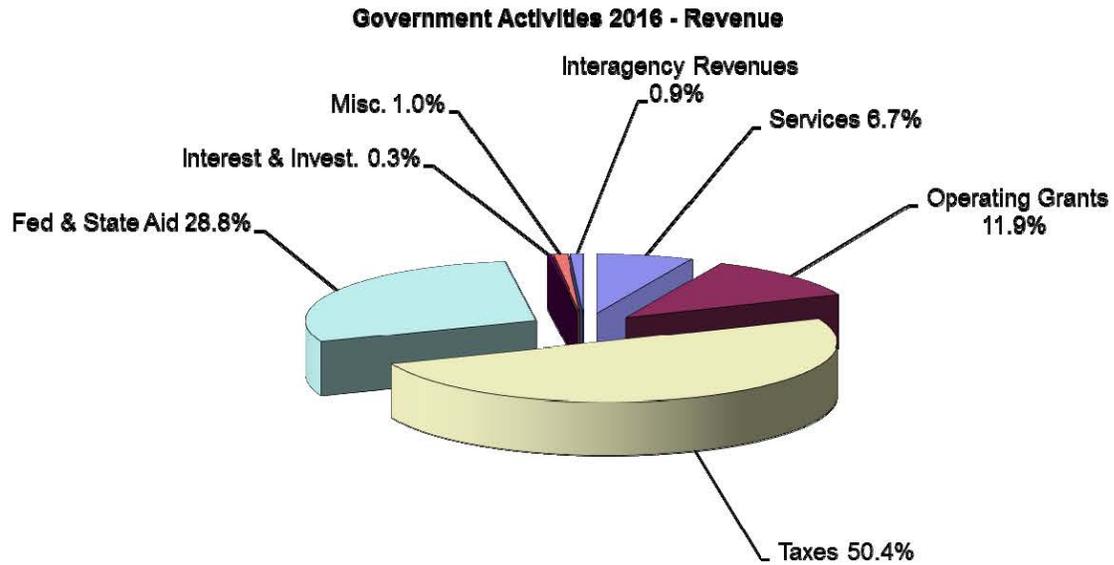
**ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

Comparative Statement of Revenues and Expenses		
	Governmental Activities	
	2016	2015
<u>Program Revenues:</u>		
Charge for Services	\$ 8,968,315	\$ 8,579,998
Operating Grants and Contributions	15,923,886	13,231,629
<u>General Revenues:</u>		
Taxes Levied	67,190,381	61,751,833
Federal and State Aid	38,406,106	30,267,566
Interest and Investment Earnings	380,525	312,947
Miscellaneous	1,307,088	1,442,722
Interagency Revenues	1,198,036	1,147,107
Total Revenues	133,374,337	116,733,802
<u>Program Expenses:</u>		
Instruction	64,380,100	58,844,851
Instruction-Related Services	13,339,887	10,659,057
Pupil Services	16,326,029	15,489,421
General Administration	6,405,527	5,502,847
Plant Services	11,673,165	11,066,662
Ancillary Services	1,602,245	1,689,903
Community Services	172,436	118,379
Enterprise	243,293	388,693
Interest on Long-Term Debt	4,836,566	5,227,083
Other Outgo	2,012,559	1,055,557
Total Expenses	120,991,807	110,042,453
Change In Net Position	\$ 12,382,530	\$ 6,691,349
Comparative Change--\$	\$ 5,691,181	n/a
Comparative Change--%	85.05%	n/a

**ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



**ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

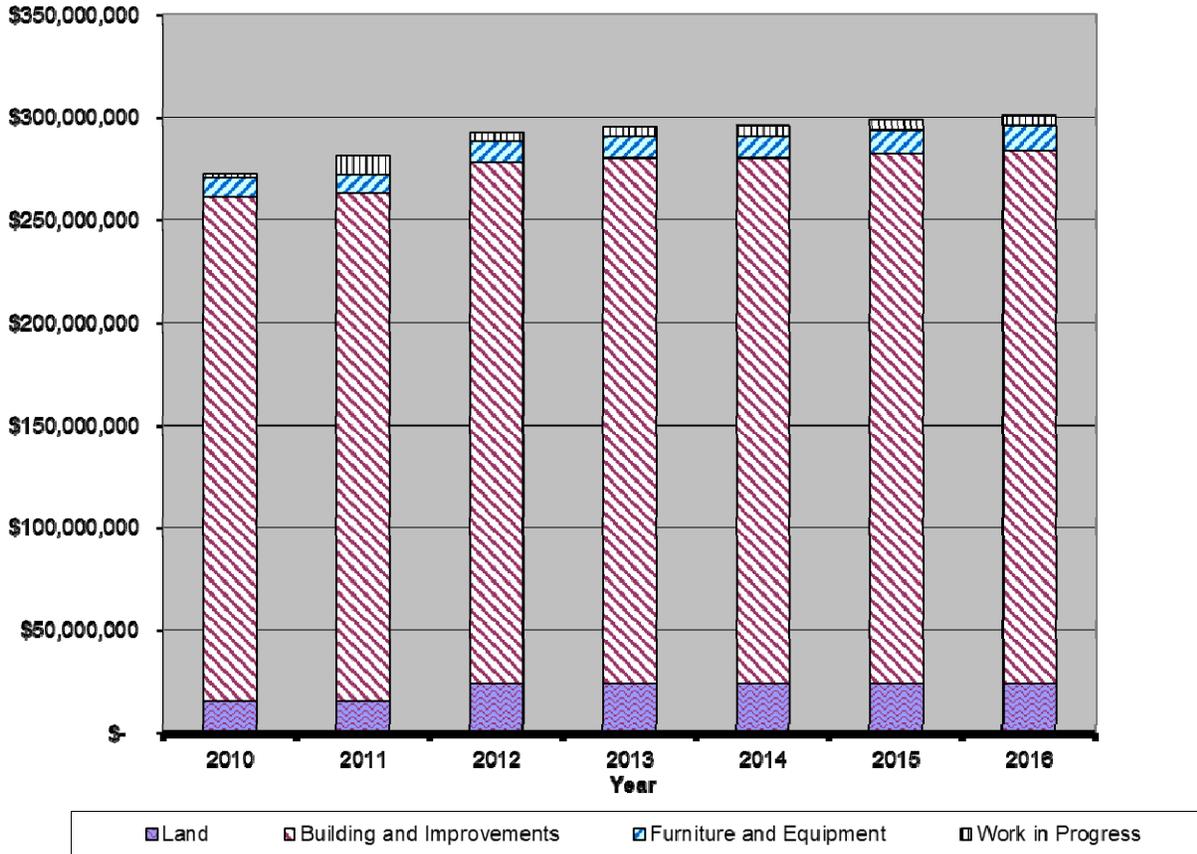
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

Comparative Schedule of Capital Assets		
	Governmental Activities	
	2016	2015
Land	\$ 24,422,982	\$ 24,422,982
Buildings and Improvements	259,359,504	257,757,501
Furniture and Equipment	11,841,042	11,452,504
Work in Progress	5,015,367	4,947,089
Subtotals	<u>300,638,895</u>	<u>298,580,076</u>
Less: Accumulated Depreciation	<u>(85,723,066)</u>	<u>(79,865,453)</u>
Capital Assets, Net	<u>\$ 214,915,829</u>	<u>\$ 218,714,623</u>
Comparative Change--\$	<u>\$ (3,798,794)</u>	n/a
Comparative Change--%	<u>-1.74%</u>	n/a

**ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

Schedule of Capital Assets



Capital assets, net of depreciation decreased by \$3,798,794 a 1.74% decrease, primarily due to increases in accumulated depreciation.

All of the District's facilities and other assets are extremely well maintained. The capital improvement plan has consistently included modernization, upgrading, and new construction at all of our campuses such that the District's facilities overall are regarded as among the highest quality in the region.

**ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

Comparative Schedule of Long-Term Liabilities		
	Governmental Activities	
	2016	2015
General Obligation Bonds	\$ 100,502,278	\$ 108,020,322
General Obligation Bonds Premium	8,161,540	9,008,593
Certificates of Participation	1,100,000	1,625,000
Capital Leases	59,133	88,777
Net Pension Liability	84,626,000	69,172,000
Compensated Absences	316,622	322,841
Totals	<u>\$ 194,765,573</u>	<u>\$ 188,237,533</u>

The table reflects that a majority of the District's debt is issued in support of school construction to meet the District's enrollment growth. The district received two recent bond ratings in August 2016 from Moody's. Moody's assigned an 'Aa2' for the 2016 General Obligation Refunding Bonds and an 'Aa3' for the School Facilities Improvement District (SFID) No. 1, 2016 Refunding Bonds. The district has received similar bond ratings in the past. Bond rating agency rationale included:

- Strong financial management
- Stable District liquidity
- Strong socioeconomic profile
- Large residential tax base
- Low debt burden

Bond debt -- combined with developer fee revenue and state construction funds – has been used for:

- Prior site facility construction.
- Technology improvements to infrastructure systems.
- Various identified modernizations/additions throughout the District.
- Purchase of school site property for a future sixth high school.

**ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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. The district looks at the debt service agreements on an annual basis for potential savings.

Comparative Schedule of Fund Balances			
Fund (Fund #)	Fund Balances		Increase (Decrease)
	June 30, 2016	June 30, 2015	
General (01)	\$ 20,068,086	\$ 17,142,362	\$ 2,925,724
Adult Education (11)	771,582	478,140	293,442
Cafeteria (13)	780,714	896,996	(116,282)
Deferred Maintenance (14)	3,139,623	1,621,211	1,518,412
Pupil Transportation (15)	799,826	390,691	409,135
Capital Facilities (25)	22,229,739	16,762,331	5,467,408
Special Reserve (40)	606,127	273,697	332,430
Bond Interest and Redemption (51)	12,426,649	11,929,830	496,819
Totals	<u>\$ 60,822,346</u>	<u>\$ 49,495,258</u>	<u>\$ 11,327,088</u>

As can be seen in the scheduled fund balances, the District has a number of very different funds within which District programs operate. The General Fund has historically had a fund balance in excess of the state required reserve of 3%.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- The 2016/17 General Fund original budget reflects a \$664,156 deficit. The district will develop one-time and on-going spending plans in the 2016/17 fiscal year based on a three-year projection of revenues and expenses.
- The State of California is continuing to show the impacts of a steadily recovering economy and many economic indicators such as unemployment and the housing market are improving. State revenue projections appear more stable than in past years.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the District Business Department, Roseville Joint Union High School District, 1750 Cirby Way, Roseville, CA 95661 or (916) 782-5096.

BASIC FINANCIAL STATEMENTS

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 61,060,067
Receivables	4,064,210
Stores inventory	26,653
Prepaid expenses	37,000
Non-depreciable capital assets (Note 4)	29,438,349
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>185,477,480</u>
Total assets	<u>280,103,759</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 7 and 8)	8,007,809
Deferred loss on refunded debt	<u>4,465,020</u>
Total deferred outflows	<u>12,472,829</u>
LIABILITIES	
Accounts payable	5,293,270
Unearned revenue	219,272
Long-term liabilities (Note 5):	
Due within one year	14,662,412
Due after one year	<u>180,103,161</u>
Total liabilities	<u>200,278,115</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	<u>8,273,000</u>
NET POSITION	
Net investment in capital assets	109,557,898
Restricted:	
Legally restricted programs	9,113,846
Capital projects	22,835,866
Debt service	12,426,649
Unrestricted	<u>(69,908,786)</u>
Total net position	<u>\$ 84,025,473</u>

See accompanying notes to financial statements.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenues and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges</u> <u>for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental activities:					
Instruction	\$ 64,380,100	\$ 3,776,396	\$ 10,097,283	\$ -	\$ (50,506,421)
Instruction-related services:					
Supervision of instruction	2,075,486	-	223,421	-	(1,852,065)
Instructional library, media and technology	2,873,817	-	36,270	-	(2,837,547)
School site administration	8,390,584	54,905	688,507	-	(7,647,172)
Pupil services:					
Home-to-school transportation	2,863,372	-	-	-	(2,863,372)
Food services	3,383,354	1,774,942	1,279,134	-	(329,278)
All other pupil services	10,079,303	-	1,178,446	-	(8,900,857)
General administration:					
Data processing	1,841,976	-	-	-	(1,841,976)
All other general administration	4,563,551	535,901	276,272	-	(3,751,378)
Plant services	11,673,165	1,792,261	513,062	-	(9,367,842)
Ancillary services	1,602,245	-	30,952	-	(1,571,293)
Community services	172,436	-	-	-	(172,436)
Enterprise activities	243,293	-	-	-	(243,293)
Interest on long-term liabilities	4,836,566	-	-	-	(4,836,566)
Other outgo	2,012,559	1,033,909	1,600,539	-	621,889
	<u>\$ 120,991,807</u>	<u>\$ 8,968,314</u>	<u>\$ 15,923,886</u>	<u>\$ -</u>	<u>(96,099,607)</u>
Total governmental activities					
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					53,807,010
Taxes levied for debt service					13,069,753
Taxes levied for other specific purposes					313,618
Federal and state aid not restricted to specific purposes					38,406,106
Interest and investment earnings					380,525
Interagency revenues					1,198,036
Miscellaneous					<u>1,307,089</u>
					Total general revenues
					<u>108,482,137</u>
					Change in net position
					12,382,530
					Net position, July 1, 2015
					<u>71,642,943</u>
					Net position, June 30, 2016
					<u>\$ 84,025,473</u>

See accompanying notes to financial statements.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	\$ 19,128,205	\$ 23,268,321	\$ 12,414,491	\$ 6,202,123	\$ 61,013,140
Cash on hand and in banks	1	-	-	26,173	26,174
Cash in revolving fund	20,653	-	-	100	20,753
Receivables	3,631,700	75,677	12,158	344,675	4,064,210
Due from other funds	577,000	-	-	-	577,000
Prepaid expenditures	37,000	-	-	-	37,000
Stores inventory	-	-	-	26,653	26,653
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 23,394,559</u>	<u>\$ 23,343,998</u>	<u>\$ 12,426,649</u>	<u>\$ 6,599,724</u>	<u>\$ 65,764,930</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,131,758	\$ 537,259	\$ -	\$ 477,295	\$ 4,146,312
Unearned revenue	194,715	-	-	24,557	219,272
Due to other funds	-	577,000	-	-	577,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>3,326,473</u>	<u>1,114,259</u>	<u>-</u>	<u>501,852</u>	<u>4,942,584</u>
Fund balances:					
Nonspendable	57,653	-	-	26,753	84,406
Restricted	3,648,854	22,229,739	12,426,649	6,071,119	44,376,361
Assigned	4,288,976	-	-	-	4,288,976
Unassigned	12,072,603	-	-	-	12,072,603
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>20,068,086</u>	<u>22,229,739</u>	<u>12,426,649</u>	<u>6,097,872</u>	<u>60,822,346</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 23,394,559</u>	<u>\$ 23,343,998</u>	<u>\$ 12,426,649</u>	<u>\$ 6,599,724</u>	<u>\$ 65,764,930</u>

See accompanying notes to financial statements.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total fund balances - Governmental Funds \$ 60,822,346

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 \$300,638,895 and the accumulated depreciation is \$85,723,066 (Note 4). 214,915,829

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, 2016 consisted of (Note 5):

General Obligation Bonds	\$ (100,502,278)	
Unamortized premiums	(8,161,540)	
Certificates of Participation	(1,100,000)	
Capital lease obligations	(59,133)	
Net pension liability (Notes 7 and 8)	(84,626,000)	
Compensated absences	<u>(316,622)</u>	
		(194,765,573)

In governmental funds, for debt refundings, the difference between reacquisition price and net carrying amount of the old debt for debt refunding is recognized in the period they are incurred. In the government-wide statements, the gain is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. 4,465,020

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	\$ 8,007,809	
Deferred inflows of resources relating to pensions	<u>(8,273,000)</u>	
		(265,191)

Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds. (1,146,958)

Total net position - governmental activities \$ 84,025,473

See accompanying notes to financial statements.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	General Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	\$ 30,857,066	\$ -	\$ -	\$ 2,558,275	\$ 33,415,341
Local sources	<u>51,248,734</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,248,734</u>
Total LCFF	<u>82,105,800</u>	<u>-</u>	<u>-</u>	<u>2,558,275</u>	<u>84,664,075</u>
Federal sources	2,549,757	-	-	1,518,306	4,068,063
Other state sources	12,829,511	-	921,302	2,477,886	16,228,699
Other local sources	<u>6,684,864</u>	<u>7,071,194</u>	<u>12,223,546</u>	<u>2,027,082</u>	<u>28,006,686</u>
Total revenues	<u>104,169,932</u>	<u>7,071,194</u>	<u>13,144,848</u>	<u>8,581,549</u>	<u>132,967,523</u>
Expenditures:					
Current:					
Certificated salaries	49,498,259	-	-	701,853	50,200,112
Classified salaries	13,197,235	167,251	-	1,539,913	14,904,399
Employee benefits	19,874,078	53,242	-	591,265	20,518,585
Books and supplies	6,969,698	176,056	-	1,520,954	8,666,708
Contract services and operating expenditures	7,369,745	1,082,094	-	1,565,294	10,017,133
Other outgo	1,138,525	-	2,340	861,808	2,002,673
Capital outlay	280,707	1,668,143	-	126,378	2,075,228
Debt service:					
Principal retirement	554,644	-	9,824,089	-	10,378,733
Interest	<u>55,264</u>	<u>-</u>	<u>2,821,600</u>	<u>-</u>	<u>2,876,864</u>
Total expenditures	<u>98,938,155</u>	<u>3,146,786</u>	<u>12,648,029</u>	<u>6,907,465</u>	<u>121,640,435</u>
Excess of revenues over expenditures	<u>5,231,777</u>	<u>3,924,408</u>	<u>496,819</u>	<u>1,674,084</u>	<u>11,327,088</u>
Other financing sources (uses):					
Transfers in	788,947	2,120,000	-	975,000	3,883,947
Transfers out	<u>(3,095,000)</u>	<u>(577,000)</u>	<u>-</u>	<u>(211,947)</u>	<u>(3,883,947)</u>
Total other financing sources (uses)	<u>(2,306,053)</u>	<u>1,543,000</u>	<u>-</u>	<u>763,053</u>	<u>-</u>
Net change in fund balances	2,925,724	5,467,408	496,819	2,437,137	11,327,088
Fund balances, July 1, 2015	<u>17,142,362</u>	<u>16,762,331</u>	<u>11,929,830</u>	<u>3,660,735</u>	<u>49,495,258</u>
Fund balances, June 30, 2016	<u>\$ 20,068,086</u>	<u>\$ 22,229,739</u>	<u>\$ 12,426,649</u>	<u>\$ 6,097,872</u>	<u>\$ 60,822,346</u>

See accompanying notes to financial statements.

ROSEVILLE JOINT UNION HIGH 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, 2016

Net change in fund balances - Total Governmental Funds	\$ 11,327,088
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).	2,067,425
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(5,878,036)
In government funds, donated capital assets are not reported because they do not affect current financial resources. In the government-wide statements, donated capital assets are reported as revenue and increases to capital assets, at their fair value at the date of donation (Note 4).	11,817
Accretion of interest is not recorded in government funds. It increases the long-term liabilities in the Statement of Net Position (Note 5).	(2,306,045)
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).	10,378,733
Amortization of debt issue premium and loss on refunding is recognized in the period incurred in the governmental funds but in the government-wide statements the premium or discount and loss on refunding is amortized as interest over the life of the debt (Note 5).	288,925
Unmatured interest on long-term liabilities is not recognized in the governmental funds until the period it is incurred, but is recognized as an expense in the period it becomes due on the statement of net position.	57,417
Pensions: 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 (Notes 7 and 8).	(3,571,013)
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	6,219
Change in net position of governmental activities	<u>\$ 12,382,530</u>

See accompanying notes to financial statements.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2016

	<u>Trust</u>	<u>Agency Funds</u>	
	<u>Scholarship Fund</u>	<u>Warrant Pass- Through</u>	<u>Student Body Account</u>
ASSETS			
Cash and investments (Note 2):			
Cash in County Treasury	\$ 553,795	\$ 1,536,565	\$ -
Cash on hand and in banks	-	-	1,193,554
Receivables	<u>1,231</u>	<u>711</u>	<u>-</u>
Total assets	<u>555,026</u>	<u>\$ 1,537,276</u>	<u>\$ 1,193,554</u>
LIABILITIES			
Accounts payable	4,750	\$ -	\$ -
Due to other agencies	-	1,537,276	-
Due to student groups	<u>-</u>	<u>-</u>	<u>1,193,554</u>
Total liabilities	<u>4,750</u>	<u>\$ 1,537,276</u>	<u>\$ 1,193,554</u>
NET POSITION			
Net position - restricted	<u>\$ 550,276</u>		

See accompanying notes to financial statements.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUND
For the Year Ended June 30, 2016

	Scholarship Fund
Additions:	
Other local sources	\$ 87,325
Deductions:	
Contract services and operating expenditures	<u>83,460</u>
Change in net position	3,865
Net position, July 1, 2015	<u>546,411</u>
Net position, June 30, 2016	<u><u>\$ 550,276</u></u>

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Roseville Joint Union High 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. The following is a summary of the more significant policies:

Reporting Entity: The Board of Education 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 Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. The District receives funding from local, state and federal governmental sources and must comply with all the requirements of these funding source entities.

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

The District and the Roseville Joint Union High School District Financing Corporation (the "Corporation") have a financial and operational relationship that meets the reporting entity definition criteria for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Corporation have been included in the basic financial statements of the District.

The following are those aspects of the relationship between the District and the Corporation which satisfy the inclusion criteria:

Accountability

1. The Corporation's Board of Directors were appointed by the District's Board of Education.
2. The District is able to impose its will upon the Corporation, based on the following:
 - All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
 - The District exercises significant influence over operations of the Corporation, as the District is the sole lessee of all facilities owned by the Corporation. Likewise, the District's lease payments are the sole revenue source of the Corporation.
3. The Corporation provides specific financial benefits or imposes specific financial burdens on the District based upon the following:
 - Any deficits incurred by the Corporation will be reflected in the lease payments of the District.
 - Any surpluses of the Corporation revert to the District at the end of the lease period.
 - The District has assumed a "moral obligation", and potentially a legal obligation, for any debt incurred by the Corporation.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Scope of Public Service

The Corporation is a nonprofit public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State in June 1991. The Corporation was formed for the sole purpose of providing financing assistance to the District for construction and acquisition of Woodcreek High School. The District occupies all Corporation facilities under lease-purchase agreements. At the end of the lease term, title to all Corporation property will pass to the District for no additional consideration.

Financial Presentation

For financial presentation purposes, the Corporation's financial activity has been blended with the financial data of the District. The basic financial statements present the Corporation's financial activity within the General Fund. Certificates of Participation issued by the Corporation are reported as long-term liabilities in the government-wide financial statements.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis 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 Net Position and the Statement of Change in Fiduciary Net Position 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.

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Capital Facilities Fund:

The Capital Facilities Fund is a capital projects fund used to account for resources used for the acquisition and construction of capital facilities by 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:

The 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, Deferred Maintenance and Pupil Transportation Equipment Funds.

Special Reserve for Capital Outlay Projects Fund:

The Special Reserve for Capital Outlay Projects Fund is a capital projects fund, used to account for resources used for the acquisition and construction of capital facilities by the District.

Scholarship Fund:

The Scholarship Fund is a trust fund used to account for assets held by the District as Trustee, to provide financial assistance to students of the District.

Agency Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. The Warrant Pass-Through Fund represents a payroll clearing account with funds held at the Placer County Office of Education for the accrued payroll liability as of June 30, 2016. All cash activity and assets of the various student bodies of the District are accounted for in the Student Body Account. For Student Body Accounts, individual totals by school and club are maintained within the District's accounting system.

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 in 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.

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

Receivables: Receivables are generally made up of amounts due from the State of California and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2016.

Stores Inventory: Stores inventory in the Cafeteria Fund is valued at latest invoice cost and consists primarily of consumable supplies. No inventory records are maintained throughout the year. A physical inventory is performed on June 30 and the inventory and expense account balances are adjusted to reflect the physical count at year end.

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 acquisition value for the contributed asset. 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 5 - 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, 2016 totaled \$558,128. 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. Amortization for the year ended June 30, 2016 totaled \$2,808,963.

In addition to liabilities, the Statement of Net Position will sometimes report 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 which is in the Statement of Net Position. Amortization for the year ended June 30, 2016 totaled \$294,000.

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 California State Teachers' Retirement System (CalSTRS) State Teachers' Retirement Plan (STRP) and California Public Employees' Retirement System (CalPERS) 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. Substantially all investments are reported at fair value. The following is a summary of pension amounts in aggregate:

	<u>STRP</u>	<u>PERF B</u>	<u>Total</u>
Deferred outflows of resources	<u>\$ 5,362,036</u>	<u>\$ 2,645,773</u>	<u>\$ 8,007,809</u>
Deferred inflows of resources	<u>\$ 6,795,000</u>	<u>\$ 1,478,000</u>	<u>\$ 8,273,000</u>
Net pension liability	<u>\$ 69,179,000</u>	<u>\$ 15,447,000</u>	<u>\$ 84,626,000</u>
Pension expense	<u>\$ 11,542,216</u>	<u>\$ 2,413,626</u>	<u>\$ 13,955,842</u>

Compensated Absences: Compensated absences totaling \$316,622 are recorded as a liability of the District. The liability is for the earned but unused benefits.

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 an operating expenditure in the period taken since such benefits do not vest nor is payment probable; however, sick leave benefits are accumulated for each employee and unused sick leave is added to the creditable service period for calculation of retirement benefits for certain CalSTRS and CalPERS employees when the employee retires.

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

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 legally restricted programs represents the portion of net position restricted to specific program expenditures. 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".

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 Board of Education. 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 Board of Education is required to remove any commitment from any fund balance.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel with the authority to assign fund balances.

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.

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Board of Education. At June 30, 2016, the District has not established a minimum fund balance policy nor has it established a stabilization arrangement.

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. 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.

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 November 15 and March 15. Unsecured property taxes are due in one installment on or before August 31. The Counties of Sacramento and Placer bill and collect 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. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated at June 30.

Eliminations 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.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2016 consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
Pooled Funds:		
Cash in County Treasury	\$ 61,013,140	\$ 2,090,360
Deposits:		
Cash on hand and in banks	26,174	1,193,554
Revolving cash fund	20,753	-
	<u>\$ 61,060,067</u>	<u>\$ 3,283,914</u>

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Placer County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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 pool 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 Placer County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2016, the Placer County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Deposits - Custodial Credit Risk: 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, 2016, the carrying amount of the District's accounts was \$1,240,481, and the bank balance was \$1,341,911, of which \$250,000 was fully covered by the FDIC insurance.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2016, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2016, the District had no concentration of credit risk.

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, 2016 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Fund:		
General	\$ 577,000	\$ -
Capital Facilities	<u>-</u>	<u>577,000</u>
Totals	<u>\$ 577,000</u>	<u>\$ 577,000</u>

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

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

Transfers for the 2015-2016 fiscal year were as follows:

Transfer from the General Fund to the Pupil Transportation Fund for payment of capital leases and other operating costs	\$ 150,000
Transfer from the General Fund to the Pupil Transportation Fund for payment of operating costs (one-time).	250,000
Transfer from the General Fund to the Capital Facilities Fund for the transfer of redevelopment revenue.	120,000
Transfer from the General Fund to the Capital Facilities Fund for payment of construction projects (one-time).	2,000,000
Transfer from the General Fund to the Special Reserve for Capital Outlay Projects Fund for payment of operating leases and athletic equipment purchases.	575,000
Transfer from Adult Education Fund to the General Fund for indirect costs.	52,759
Transfer from the Cafeteria Fund to the General Fund for indirect costs.	159,188
Transfer from the Capital Facilities Fund to the General Fund for payment of Certificates of Participation.	<u>577,000</u>
Totals	<u><u>\$ 3,883,947</u></u>

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2016 is shown below:

	Balance July 1, <u>2015</u>	Additions and <u>Transfers</u>	Deductions and <u>Transfers</u>	Balance June 30, <u>2016</u>
Non-depreciable:				
Land	\$ 24,422,982	\$ -	\$ -	\$ 24,422,982
Work-in-process	4,947,089	1,574,838	1,506,560	5,015,367
Depreciable:				
Improvement of sites	4,861,056	771,816	-	5,632,872
Buildings	252,896,445	830,187	-	253,726,632
Equipment	<u>11,452,504</u>	<u>408,961</u>	<u>20,423</u>	<u>11,841,042</u>
Totals, at cost	<u>298,580,076</u>	<u>3,585,802</u>	<u>1,526,983</u>	<u>300,638,895</u>
Less accumulated depreciation:				
Improvement of sites	(4,118,063)	(54,755)	-	(4,172,818)
Buildings	(65,873,116)	(5,193,559)	-	(71,066,675)
Equipment	<u>(9,874,274)</u>	<u>(629,722)</u>	<u>(20,423)</u>	<u>(10,483,573)</u>
Total accumulated depreciation	<u>(79,865,453)</u>	<u>(5,878,036)</u>	<u>(20,423)</u>	<u>(85,723,066)</u>
Capital assets, net	<u>\$218,714,623</u>	<u>\$ (2,292,234)</u>	<u>\$ 1,506,560</u>	<u>\$214,915,829</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 3,277,448
Supervision of instruction	106,159
Instructional library, media and technology	153,096
School site administration	427,161
Home-to-school transportation	150,466
Food services	183,756
All other pupil services	515,170
Ancillary services	87,365
Community services	9,426
Enterprise activities	13,350
All other general administration	241,175
Centralized data processing	101,827
Plant services	<u>611,637</u>
Total depreciation expense	<u>\$ 5,878,036</u>

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 - LONG-TERM LIABILITIES

General Obligation Bonds: In July 1992, the District issued General Obligation Bonds in the amount of \$13,793,792 for land acquisition and the construction of new high schools. The 1992 General Obligation Bonds, Series A, are authorized pursuant to the special election of the registered voters held in June 1991, and are payable from the ad valorem taxes to be levied annually upon all property subject to taxation by the District. The Current Interest and Capital Appreciation Bonds interest and yield vary, ranging from 3.5% to 6.6% and are scheduled to mature through 2018.

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,794,084	\$ 282,086	\$ 3,076,170
2018	<u>2,830,370</u>	<u>99,746</u>	<u>2,930,116</u>
	<u>\$ 5,624,454</u>	<u>\$ 381,832</u>	<u>\$ 6,006,286</u>

In June 1995, the District issued 1992 General Obligation Bonds, Series B, in the amount of \$19,030,284. Bond proceeds were used for land acquisition and construction of new high schools. The Capital Appreciation Serial Bonds interest and yield vary, ranging from 4.4% to 6.0% and are scheduled to mature through 2020.

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 4,878,492	\$ 582,008	\$ 5,460,500
2018	2,399,776	460,530	2,860,306
2019	2,376,094	324,119	2,700,213
2020	<u>2,352,412</u>	<u>171,082</u>	<u>2,523,494</u>
	<u>\$ 12,006,774</u>	<u>\$ 1,537,739</u>	<u>\$ 13,544,513</u>

In July 1998, the District issued 1992 General Obligation Bonds, Series 1998C, in the amount of \$4,995,895. Bond proceeds were used for land acquisition and the construction of new high schools. The Current Interest and Capital Appreciation Bonds interest and yield vary, ranging from 4.5% to 5.3% and are scheduled to mature through 2024.

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 423,973	\$ 152,982	\$ 576,955
2018	412,017	137,959	549,976
2019	399,708	121,506	521,214
2020	392,032	103,408	495,440
2021	380,155	83,682	463,837
2022-2024	<u>1,078,551</u>	<u>114,027</u>	<u>1,192,578</u>
	<u>\$ 3,086,436</u>	<u>\$ 713,564</u>	<u>\$ 3,800,000</u>

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 - LONG-TERM LIABILITIES (Continued)

In July 1999, the District issued 1992 General Obligation Bonds, Series 1999D, in the amount of \$3,000,841. Bond proceeds were used for land acquisition and construction of new high schools. The Current Interest and Capital Appreciation Bonds interest and yield vary, ranging from 4.6% to 5.65% and are scheduled to mature through 2025.

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 257,781	\$ 109,325	\$ 367,106
2018	248,532	100,376	348,908
2019	239,533	90,638	330,171
2020	234,903	79,922	314,825
2020	225,687	68,105	293,792
2021-2025	<u>839,842</u>	<u>130,356</u>	<u>970,198</u>
	<u>\$ 2,046,278</u>	<u>\$ 578,722</u>	<u>\$ 2,625,000</u>

In April 2007, the District issued 2004 General Obligation Bonds, Series C, in the amount of \$27,997,959. Bond proceeds were used for construction, renovation and repair of District facilities. The Current Interest Bonds carry interest rates ranging from 4.0% to 5.0% and are scheduled to mature through 2017. The Capital Appreciation Bonds carry interest rates ranging from 4.59% to 4.66% and are scheduled to mature through 2032.

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,065,000	\$ 765,036	\$ 1,830,036
2018	-	775,764	775,764
2019	-	812,103	812,103
2020	-	850,125	850,125
2021	-	889,833	889,833
2022-2026	3,427,104	4,877,184	8,304,288
2027-2031	9,060,252	3,219,283	12,279,535
2032-2032	<u>3,337,100</u>	<u>155,178</u>	<u>3,492,278</u>
	<u>\$ 16,889,456</u>	<u>\$ 12,344,506</u>	<u>\$ 7,725,496</u>

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 - LONG-TERM LIABILITIES (Continued)

In May 2011, the District issued 2007 General Obligation Bonds, Series 2011A, in the amount of \$4,885,624. Bond proceeds were used for the purchase of land for a future high school. The Current Interest Bonds carry interest rates ranging from 2.0% to 5.85% and are scheduled to mature through 2045. The Capital Appreciation Bonds carry interest rates ranging from 7.86% to 12.00% and are scheduled to mature from 2016 through 2042.

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 23,585	\$ 321,540	\$ 345,125
2018	33,584	332,013	365,597
2019	37,363	330,028	367,391
2020	43,228	338,139	381,367
2021	50,311	340,445	390,756
2022-2026	985,602	1,758,924	2,744,526
2027-2031	1,164,349	1,816,187	2,980,536
2032-2036	1,035,858	1,626,569	2,662,427
2037-2041	930,000	836,479	1,766,479
2042-2045	<u>895,000</u>	<u>25,172</u>	<u>920,172</u>
	<u>\$ 5,198,880</u>	<u>\$ 7,725,496</u>	<u>\$ 12,924,376</u>

On August 2011, the District issued at par \$8,020,000 of 2011 General Obligation Refunding Bonds for the purpose of refunding \$8,745,000 of then outstanding 1992 General Obligation Bonds, Series E. The 2011 General Obligation Refunding Bonds bear interest rates ranging from 2.0% to 5.0% and will be repaid in level principal amounts, with the final payment due August 1, 2026. The refunded 1992 General Obligation, Series E bore interest rates ranging from 4.0% to 5.2% and were also due in level principal amounts, with the final payment due August 1, 2026.

The following is a schedule of the future payments for the 2012 General Refunding Bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 390,000	\$ 309,550	\$ 699,550
2018	420,000	293,350	713,350
2019	455,000	275,850	730,850
2020	495,000	254,375	749,375
2021	535,000	228,625	763,625
2022-2026	3,445,000	672,375	4,117,375
2027	<u>860,000</u>	<u>21,500</u>	<u>881,500</u>
	<u>\$ 6,600,000</u>	<u>\$ 2,055,625</u>	<u>\$ 8,655,625</u>

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 - LONG-TERM LIABILITIES (Continued)

On April 2013, the District issued at par \$54,185,000 of 2013 General Obligation Refunding Bonds for the purpose of refunding to advance refund a portion of the District's outstanding Election of 2004 General Obligation Bonds, Series A; 2004 Series B; and 2004 Series C. The total par value of the refunded bonds was \$57,460,000. The 2013 General Obligation Refunding Bonds bear interest rates ranging from 2.0% to 5.0% and will be repaid in level principal amounts, with the final payment due August 1, 2024.

The following is a schedule of the future payments for the 2013 General Refunding Bonds:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,055,000	\$ 2,133,550	\$ 5,188,550
2018	4,605,000	1,983,350	6,588,350
2019	5,120,000	1,788,850	6,908,850
2020	5,675,000	1,572,950	7,247,950
2021	6,270,000	1,312,700	7,582,700
2022-2025	<u>24,325,000</u>	<u>1,944,925</u>	<u>26,269,925</u>
	<u>\$ 49,050,000</u>	<u>\$ 10,736,325</u>	<u>\$ 59,786,325</u>

Certificates of Participation: On December 2011, the District issued at par \$3,085,000 of Certificates of Participation ("COPs") for the purpose of refunding \$3,475,000 of then outstanding 2003 Certificates of Participation. The refunding COPs bear an interest rate of 3.2% and will be repaid in level principal amounts, with the final payment due February 1, 2018. The refunded 2003 COPs carried a variable interest rate ranging up to 12% and were also due in level principal amounts, with the final payment due February 1, 2018.

The District's future obligations on the Refunding COPs are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 540,000	\$ 35,200	\$ 575,200
2018	<u>560,000</u>	<u>17,920</u>	<u>577,920</u>
	<u>\$ 1,100,000</u>	<u>\$ 53,120</u>	<u>\$ 1,153,120</u>

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Capitalized Lease Obligations: During June 2013, the District entered into a capital lease agreement with De Lage Landen Public Finance LLC which will be paid over a five year period. The District's future obligation on the Capital Lease are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 15,340	\$ 1,030	\$ 16,370
2018	<u>16,001</u>	<u>369</u>	<u>16,370</u>
	<u>\$ 31,341</u>	<u>\$ 1,399</u>	<u>\$ 32,740</u>

During March 2013, the District entered into a capital lease agreement with De Lage Landen Public Finance LLC which will be paid over a five year period. The District's future obligation on the Capital Lease are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 15,616	\$ 921	\$ 16,537
2018	<u>12,176</u>	<u>227</u>	<u>12,403</u>
	<u>\$ 27,792</u>	<u>\$ 1,148</u>	<u>\$ 28,940</u>

At June 30, 2016, the District had capital assets acquired from capital leases with an original cost of \$147,670 and accumulated depreciation totaling \$84,181.

Schedule of Changes in Long-Term Liabilities: A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2016 is shown below:

	Balance July 1 <u>2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2016</u>	Amounts Due Within <u>One Year</u>
General Obligation Bonds (including accreted-interest)	\$ 108,020,322	\$ 2,306,045	\$ 9,824,089	\$ 100,502,278	\$ 12,887,915
Unamortized premium	9,008,593	-	847,053	8,161,540	886,919
Certificates of Participation	1,625,000	-	525,000	1,100,000	540,000
Capitalized lease obligations	88,777	-	29,644	59,133	30,956
Net pension liability (Notes 7 and 8)	69,172,000	15,454,000	-	84,626,000	-
Compensated absences	<u>322,841</u>	<u>-</u>	<u>6,219</u>	<u>316,622</u>	<u>316,622</u>
	<u>\$ 188,237,533</u>	<u>\$ 17,760,045</u>	<u>\$ 11,232,005</u>	<u>\$ 194,765,573</u>	<u>\$ 14,662,412</u>

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 - LONG-TERM LIABILITIES (Continued)

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the General Fund. Payments on the capitalized lease obligations are made from the General Fund. Payments on compensated absences are made from the Fund for which the related employee worked.

NOTE 6 - FUND BALANCES

Fund balances, by category, at June 30, 2016 consisted of the following:

	General Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	\$ 20,653	\$ -	\$ -	\$ 100	\$ 20,753
Prepaid expenditures	37,000	-	-	-	37,000
Stores inventory	-	-	-	26,653	26,653
	<u>57,653</u>	<u>-</u>	<u>-</u>	<u>26,753</u>	<u>84,406</u>
Subtotal nonspendable					
Restricted:					
Legally restricted programs	3,648,854	-	-	5,464,992	9,113,846
Capital projects	-	22,229,739	-	606,127	22,835,866
Debt service	-	-	12,426,649	-	12,426,649
	<u>3,648,854</u>	<u>22,229,739</u>	<u>12,426,649</u>	<u>6,071,119</u>	<u>44,376,361</u>
Subtotal restricted					
Assigned:					
Categorical programs	2,538,976	-	-	-	2,538,976
High school start up	1,750,000	-	-	-	1,750,000
	<u>4,288,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,288,976</u>
Subtotal assigned					
Unassigned:					
Designated for economic uncertainty	9,435,988	-	-	-	9,435,988
Undesignated	2,636,615	-	-	-	2,636,615
	<u>12,072,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,072,603</u>
Subtotal unassigned					
Total fund balances	<u>\$ 20,068,086</u>	<u>\$ 22,229,739</u>	<u>\$ 12,426,649</u>	<u>\$ 6,097,872</u>	<u>\$ 60,822,346</u>

(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 9.20 percent of applicable member earnings for fiscal year 2015-16. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 8.56 percent of applicable member earnings for fiscal year 2015-16.

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 – 10.73 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)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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

The CalSTRS employer contribution rate increases effective for fiscal year 2015-16 through fiscal year 2045-46 are summarized in the table below:

<u>Effective Date</u>	<u>Prior Rate</u>	<u>Increase</u>	<u>Total</u>
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 \$5,362,036 to the plan for the fiscal year ended June 30, 2016.

State - 7.391 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.

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

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

The CalSTRS state contribution rates effective for fiscal year 2015-16 and beyond are summarized in the table below:

<u>Effective Date</u>	<u>Base Rate</u>	<u>AB 1469 Increase For 1990 Benefit Structure</u>	<u>SBMA Funding</u>	<u>Total State Appropriation to DB Program</u>
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%	4.517%*

* 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, 2016, 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	\$ 69,179,000
State’s proportionate share of the net pension liability associated with the District	<u>36,588,000</u>
Total	<u>\$ 105,767,000</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2014. 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, 2015, the District’s proportion was 0.103 percent, which was an increase of 0.004 percent from its proportion measured as of June 30, 2014.

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

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

For the year ended June 30, 2016, the District recognized pension expense of \$11,542,216 and revenue of \$3,543,018 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,156,000
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	5,639,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	<u>5,362,036</u>	<u>-</u>
Total	<u>\$ 5,362,036</u>	<u>\$ 6,795,000</u>

\$5,362,036 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, 2017. 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 <u>June 30,</u>	
2017	\$ (2,526,867)
2018	\$ (2,526,867)
2019	\$ (2,526,866)
2020	\$ 1,169,600
2021	\$ (193,000)
2022	\$ (191,000)

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 the June 30, 2015 measurement date. 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)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
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

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

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 <u>(6.60%)</u>	Current Discount Rate <u>(7.60%)</u>	1% Increase <u>(8.60%)</u>
District’s proportionate share of the net pension liability	<u>\$104,455,000</u>	<u>\$ 69,179,000</u>	<u>\$ 39,862,000</u>

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/docs/forms-publications/cafr-2015.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)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

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, 2016 were as follows:

Members - The member contribution rate was 6.0 or 7.0 percent of applicable member earnings for fiscal year 2015-16.

Employers - The employer contribution rate was 11.847 percent of applicable member earnings.

The District contributed \$1,479,773 to the plan for the fiscal year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$15,447,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. 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. At June 30, 2015, the District’s proportion was 0.105 percent, which was an increase of 0.006 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$2,413,626. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 883,000	\$ -
Changes of assumptions	-	949,000
Net differences between projected and actual earnings on investments	-	529,000
Changes in proportion and differences between District contributions and proportionate share of contributions	283,000	-
Contributions made subsequent to measurement date	<u>1,479,773</u>	<u>-</u>
Total	<u>\$ 2,645,773</u>	<u>\$ 1,478,000</u>

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

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

\$1,479,773 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, 2017. 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 <u>June 30,</u>		
2017	\$	(83,500)
2018	\$	(83,500)
2019	\$	(83,500)
2020	\$	(61,500)

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 the June 30, 2015 measurement date. 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, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2006, through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.65%
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, 2014 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)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

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.

<u>Asset Class</u>	<u>Long-Term* Assumed Asset Allocation</u>	<u>Expected Real Rate of Return</u>
Global Equity	51%	5.25%
Global Fixed Income	19	0.99
Inflation Sensitive	6	0.45
Private Equity	10	6.83
Real Estate	10	4.50
Infrastructure & Forestland	2	4.50
Liquidity	2	(0.55)

* 10-year geometric average

Discount Rate: The discount rate used to measure the total pension liability was 7.65 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.

The discount rate was 7.50 percent and 7.65 percent in the June 30, 2013 and June 30, 2014 actuarial reports, respectively.

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.

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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 7.65 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 (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease <u>(6.65%)</u>	Current Discount Rate <u>(7.65%)</u>	1% Increase <u>(8.65%)</u>
District’s proportionate share of the net pension liability	<u>\$ 25,141,000</u>	<u>\$ 15,447,000</u>	<u>\$ 7,385,000</u>

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

Schools Insurance Group: The District is a member of a Joint Powers Authority, Schools Insurance Group (SIG), for the operation of a common risk management and insurance program. The Authority is governed by a Governing Board consisting of representatives of member districts. The Governing Board controls the operations of SIG, including selections of management and approval of operating budgets. The JPA provide first dollar coverage and insure risk up to statutory limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal year. There have been no significant reductions in insurance coverage from coverage in the prior year.

Condensed financial information for SIG for the year ended June 30, 2015 (the latest information available):

Total assets	\$ 88,699,961
Total liabilities	\$ 33,101,975
Total net position	\$ 55,597,986
Total revenues	\$ 83,969,383
Total expenditures	\$ 82,837,431
Change in net position	\$ 1,131,952

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 10 - 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.

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

Construction Commitments: As of June 30, 2016, the District has \$1.57 million in outstanding commitments on construction contracts.

NOTE 11 - SUBSEQUENT EVENTS

In October 2016, the District issued General Obligation Refunding Bonds Series A and Series B in the aggregate principal amount of \$3,800,000 and \$5,872,856, respectively. The Series A Refunding Bonds are being issued for the purpose of refunding a portion of its 2011 General Obligation Refunding Bonds and to pay the costs associated with the issuance of Series A Refunding Bonds. The Series B Refunding Bonds are being issued for the purpose of refunding a portion of the outstanding School Facilities Improvement District No. 1 Election of 2007 General Obligation Bonds, Series 2011A and to pay the costs associated with the issuance of Series B Refunding Bond

REQUIRED SUPPLEMENTARY INFORMATION

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2016

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local Control Funding Formula:				
State apportionment	\$ 37,763,637	\$ 31,718,737	\$ 30,857,066	\$ (861,671)
Local sources	<u>47,450,161</u>	<u>50,228,502</u>	<u>51,248,734</u>	<u>1,020,232</u>
Total revenue limit	<u>85,213,798</u>	<u>81,947,239</u>	<u>82,105,800</u>	<u>158,561</u>
Federal sources	2,689,410	2,890,535	2,549,757	(340,778)
Other state sources	9,311,203	12,802,934	12,829,511	26,577
Other local sources	<u>5,821,468</u>	<u>6,504,659</u>	<u>6,684,864</u>	<u>180,205</u>
Total revenues	<u>103,035,879</u>	<u>104,145,367</u>	<u>104,169,932</u>	<u>24,565</u>
Expenditures:				
Current:				
Certificated salaries	47,325,022	49,823,809	49,498,259	325,550
Classified salaries	12,864,949	13,361,149	13,197,235	163,914
Employee benefits	16,195,479	19,831,451	19,874,078	(42,627)
Books and supplies	6,347,386	8,931,079	6,969,698	1,961,381
Contract services and operating expenditures	11,531,901	8,117,448	7,369,745	747,703
Other outgo	110,100	318,845	1,138,525	(819,680)
Capital outlay	826,842	918,982	280,707	638,275
Debt service:				
Principal retirement	525,000	525,000	554,644	(29,644)
Interest	<u>52,000</u>	<u>52,000</u>	<u>55,264</u>	<u>(3,264)</u>
Total expenditures	<u>95,778,679</u>	<u>101,879,763</u>	<u>98,938,155</u>	<u>2,941,608</u>
Excess of revenues over expenditures	<u>7,257,200</u>	<u>2,265,604</u>	<u>5,231,777</u>	<u>2,966,173</u>
Other financing sources (uses):				
Transfers in	577,000	577,000	788,947	211,947
Transfers out	<u>(845,000)</u>	<u>(3,095,000)</u>	<u>(3,095,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(268,000)</u>	<u>(2,518,000)</u>	<u>(2,306,053)</u>	<u>211,947</u>
Net change in fund balance	6,989,200	(252,396)	2,925,724	3,178,120
Fund balance, July 1, 2015	<u>17,142,362</u>	<u>17,142,362</u>	<u>17,142,362</u>	<u>-</u>
Fund balance, June 30, 2016	<u>\$ 24,131,562</u>	<u>\$ 16,889,966</u>	<u>\$ 20,068,086</u>	<u>\$ 3,178,120</u>

See accompanying note to required supplementary information.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the Year Ended June 30, 2016

State Teachers' Retirement Plan
 Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.099%	0.103%
District's proportionate share of the net pension liability	\$ 57,942,000	\$ 69,179,000
State's proportionate share of the net pension liability associated with the District	<u>34,988,000</u>	<u>36,588,000</u>
Total net pension liability	<u>\$ 92,930,000</u>	<u>\$105,767,000</u>
District's covered-employee payroll	\$ 44,163,000	\$ 47,694,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	131.20%	145.05%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%

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.

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2016

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
District's proportion of the net pension liability	0.099%	0.105%
District's proportionate share of the net pension liability	\$ 11,230,000	\$ 15,447,000
District's covered-employee payroll	\$ 10,384,000	\$ 11,602,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	108.15%	133.14%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%

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.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2016

State Teachers' Retirement Plan
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 4,235,196	\$ 5,362,036
Contributions in relation to the contractually required contribution	<u>4,235,196</u>	<u>5,362,036</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 47,694,000	\$ 49,972,000
Contributions as a percentage of covered-employee payroll	8.88%	10.73%

All years prior to 2015 are not available.

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2016

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 1,365,626	\$ 1,479,773
Contributions in relation to the contractually required contribution	1,365,626	1,479,773
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 11,602,000	\$ 12,491,000
Contributions as a percentage of covered-employee payroll	11.77%	11.85%

All years prior to 2015 are not available.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

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.

Excess of expenditures over appropriations for the year ended June 30, 2016 were as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund:	
Employee Benefits	\$ 42,627

The excess is not in accordance with Education Code 42600.

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 District 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

The discount rate for Public Employer's Retirement Fund B was 7.50 percent and 7.65 percent in the June 30, 2013 and June 30, 2014 actuarial reports, respectively. There were no changes in assumptions reported for the State Teachers' Retirement Plan.

SUPPLEMENTARY INFORMATION

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL NON-MAJOR FUNDS
 June 30, 2016

	Adult Education Fund	Cafeteria Fund	Deferred Main- tenance Fund	Pupil Transpor- tation Equipment Fund	Special Reserve for Capital Outlay Projects Fund	Total
ASSETS						
Cash in County Treasury	\$ 651,151	\$ 604,108	\$ 3,508,190	\$ 799,001	\$ 639,673	\$ 6,202,123
Cash on hand and in banks	2,431	23,742	-	-	-	26,173
Cash in revolving fund	100	-	-	-	-	100
Receivables	190,583	148,972	3,622	825	673	344,675
Stores inventory	<u>-</u>	<u>26,653</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,653</u>
Total assets	<u>\$ 844,265</u>	<u>\$ 803,475</u>	<u>\$ 3,511,812</u>	<u>\$ 799,826</u>	<u>\$ 640,346</u>	<u>\$ 6,599,724</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 48,126	\$ 22,761	\$ 372,189	\$ -	\$ 34,219	\$ 477,295
Unearned revenue	<u>24,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,557</u>
Total liabilities	<u>72,683</u>	<u>22,761</u>	<u>372,189</u>	<u>-</u>	<u>34,219</u>	<u>501,852</u>
Fund balances:						
Nonspendable	100	26,653	-	-	-	26,753
Restricted	<u>771,482</u>	<u>754,061</u>	<u>3,139,623</u>	<u>799,826</u>	<u>606,127</u>	<u>6,071,119</u>
Total fund balances	<u>771,582</u>	<u>780,714</u>	<u>3,139,623</u>	<u>799,826</u>	<u>606,127</u>	<u>6,097,872</u>
Total liabilities and fund balances	<u>\$ 844,265</u>	<u>\$ 803,475</u>	<u>\$ 3,511,812</u>	<u>\$ 799,826</u>	<u>\$ 640,346</u>	<u>\$ 6,599,724</u>

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
 ALL NON-MAJOR FUNDS
 For the Year Ended June 30, 2016

	Adult Education Fund	Cafeteria Fund	Deferred Main- tenance Fund	Pupil Transpor- tation Equipment Fund	Special Reserve for Capital Outlay Projects Fund	Total
Revenues:						
Local Control Funding Formula:						
State apportionment	\$ 8,275	\$ -	\$ 2,550,000	\$ -	\$ -	\$ 2,558,275
Federal sources	276,294	1,242,012	-	-	-	1,518,306
Other state sources	2,385,199	92,687	-	-	-	2,477,886
Other local sources	<u>81,241</u>	<u>1,873,263</u>	<u>37,116</u>	<u>9,135</u>	<u>26,327</u>	<u>2,027,082</u>
Total revenues	<u>2,751,009</u>	<u>3,207,962</u>	<u>2,587,116</u>	<u>9,135</u>	<u>26,327</u>	<u>8,581,549</u>
Expenditures:						
Current:						
Certificated salaries	701,853	-	-	-	-	701,853
Classified salaries	178,008	1,361,905	-	-	-	1,539,913
Employee benefits	263,858	327,407	-	-	-	591,265
Books and supplies	134,806	1,386,148	-	-	-	1,520,954
Contract services and operating expenditures	254,018	66,334	996,742	-	248,200	1,565,294
Other outgo	861,808	-	-	-	-	861,808
Capital outlay	<u>10,457</u>	<u>23,262</u>	<u>71,962</u>	<u>-</u>	<u>20,697</u>	<u>126,378</u>
Total expenditures	<u>2,404,808</u>	<u>3,165,056</u>	<u>1,068,704</u>	<u>-</u>	<u>268,897</u>	<u>6,907,465</u>
Excess (deficiency) of revenues over (under) expenditures	<u>346,201</u>	<u>42,906</u>	<u>1,518,412</u>	<u>9,135</u>	<u>(242,570)</u>	<u>1,674,084</u>
Other financing sources (uses):						
Transfers in	-	-	-	400,000	575,000	975,000
Transfers out	<u>(52,759)</u>	<u>(159,188)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(211,947)</u>
Total other financing sources (uses)	<u>(52,759)</u>	<u>(159,188)</u>	<u>-</u>	<u>400,000</u>	<u>575,000</u>	<u>763,053</u>
Net change in fund balances	293,442	(116,282)	1,518,412	409,135	332,430	2,437,137
Fund balances, July 1, 2015	<u>478,140</u>	<u>896,996</u>	<u>1,621,211</u>	<u>390,691</u>	<u>273,697</u>	<u>3,660,735</u>
Fund balances, June 30, 2016	<u>\$ 771,582</u>	<u>\$ 780,714</u>	<u>\$ 3,139,623</u>	<u>\$ 799,826</u>	<u>\$ 606,127</u>	<u>\$ 6,097,872</u>

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2016

	Balance July 1, <u>2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2016</u>
WARRANT PASS-THROUGH				
Assets:				
Cash in County Treasury	\$ 1,394,492	\$ 142,073	\$ -	\$ 1,536,565
Receivables	<u>2,903</u>	<u>-</u>	<u>2,192</u>	<u>711</u>
Total assets	<u>\$ 1,397,395</u>	<u>\$ 142,073</u>	<u>\$ 2,192</u>	<u>\$ 1,537,276</u>
Liabilities:				
Due to other agencies	<u>\$ 1,397,395</u>	<u>\$ 142,073</u>	<u>\$ 2,192</u>	<u>\$ 1,537,276</u>
STUDENT BODY ACCOUNTS				
<u>Woodcreek High</u>				
Assets:				
Cash on hand and in banks	<u>\$ 190,118</u>	<u>\$ 784,043</u>	<u>\$ 821,634</u>	<u>\$ 152,527</u>
Liabilities:				
Due to student groups	<u>\$ 190,118</u>	<u>\$ 784,043</u>	<u>\$ 821,634</u>	<u>\$ 152,527</u>
<u>Antelope High</u>				
Assets:				
Cash on hand and in banks	<u>\$ 143,659</u>	<u>\$ 580,932</u>	<u>\$ 563,635</u>	<u>\$ 160,956</u>
Liabilities:				
Due to student groups	<u>\$ 143,659</u>	<u>\$ 580,932</u>	<u>\$ 563,635</u>	<u>\$ 160,956</u>

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2016

	Balance July 1, <u>2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2016</u>
<u>Oakmont High</u>				
Assets:				
Cash on hand and in banks	\$ 144,172	\$ 608,798	\$ 530,047	\$ 222,923
Liabilities:				
Due to student groups	\$ 144,172	\$ 608,798	\$ 530,047	\$ 222,923
<u>Granite Bay High</u>				
Assets:				
Cash on hand and in banks	\$ 433,415	\$ 1,197,958	\$ 1,214,129	\$ 417,244
Liabilities:				
Due to student groups	\$ 433,415	\$ 1,197,958	\$ 1,214,129	\$ 417,244
<u>Roseville High</u>				
Assets:				
Cash on hand and in banks	\$ 314,096	\$ 536,976	\$ 611,168	\$ 239,904
Liabilities:				
Due to student groups	\$ 314,096	\$ 536,976	\$ 611,168	\$ 239,904

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2016

	Balance July 1, <u>2015</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2016</u>
<u>Total Student Body Account</u>				
Assets:				
Cash on hand and in banks	\$ 1,225,460	\$ 3,708,707	\$ 3,740,613	\$ 1,193,554
Liabilities:				
Due to student groups	\$ 1,225,460	\$ 3,708,707	\$ 3,740,613	\$ 1,193,554

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
ORGANIZATION
June 30, 2016

Roseville Joint Union High School District was established in 1912 and is comprised of an area of approximately 108 square miles in Placer and Sacramento Counties. There were no changes in the boundaries of the District during the current year. The District is a political subdivision of the State of California. The District is currently operating five high schools, one continuation education school, one adult education school, and an independent study program.

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Paige Stauss	President	November 2016
Scott E. Huber	Vice President	November 2018
R. Jan Pinney	Clerk	November 2016
Rene Aguilera	Member	November 2016
Linda M. Park	Member	November 2018

ADMINISTRATION

Ron Severson
Superintendent

Joe Landon
Assistant Superintendent, Business Services

Steve Williams
Assistant Superintendent, Personnel Services

Jess Borjon
Assistant Superintendent, Curriculum and Instruction

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
For the Year Ended June 30, 2016

	<u>Second Period Report</u>	<u>Annual Report</u>
Secondary:		
Regular Classes	9,766	9,724
Special Education	<u>20</u>	<u>20</u>
ADA Totals	<u><u>9,786</u></u>	<u><u>9,744</u></u>

See accompanying notes to supplementary information.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2016

<u>Grade Level</u>	1986-87 Minutes Require- ment	2015-16 Actual Minutes	Number of Days Traditional Calendar	<u>Status</u>
Grade 9	64,800	65,002	180	In compliance
Grade 10	64,800	65,002	180	In compliance
Grade 11	64,800	65,002	180	In compliance
Grade 12	64,800	65,002	180	In compliance

See accompanying notes to supplementary information.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2016

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Federal Expend- itures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Adult Education Programs:		
84.002A	Adult Basic Education: English Literacy & Civics Education - Local Grant	14109	\$ 55,039
84.002	Adult Secondary Education (Section 231)	13978	152,443
84.002A	Adult Education: Adult Basic Education & ESL (Section 231)	14508	<u>68,812</u>
	Subtotal Adult Education Programs		<u>276,294</u>
	Special Education Programs:		
84.027	IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	1,294,985
84.027A	IDEA Mental Health Services, Part B, Sec 611	14468	<u>132,879</u>
	Subtotal Special Education Programs		<u>1,427,864</u>
84.010	NCLB, Title I, Part A, Basic Grant, Low Income and Neglected	14329	768,756
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	144,342
84.330B	Advance Placement Program	14831	22,159
84.365	NCLB, Title III: Limited English Proficiency (LEP) Student Program	10084	22,979
84.367	NCLB, Title II, Part A, Improving Teacher Quality Local Grants	14341	<u>118,329</u>
	Total U.S. Department of Education		<u>2,780,723</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
93.778	Medi-Cal Admin Activities (MAA)	10060	4,042
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
10.553	Child Nutrition: School Programs	13390	<u>1,242,012</u>
	Total Federal Programs		<u>\$ 4,026,777</u>

See accompanying notes to supplementary information.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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

See accompanying notes to supplementary information.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 For the Year Ended June 30, 2016
 (UNAUDITED)

<u>General Fund</u>	(Budgeted) <u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues and other financing sources	<u>\$ 109,916,097</u>	<u>\$ 104,958,879</u>	<u>\$ 91,300,174</u>	<u>\$ 81,323,583</u>
Expenditures	109,735,253	98,938,155	91,183,791	81,264,234
Other uses and transfers out	<u>845,000</u>	<u>3,095,000</u>	<u>1,065,600</u>	<u>525,600</u>
Total outgo	<u>110,580,253</u>	<u>102,033,155</u>	<u>92,249,391</u>	<u>81,789,834</u>
Change in fund balance	<u>\$ (664,156)</u>	<u>\$ 2,925,724</u>	<u>\$ (949,217)</u>	<u>\$ (466,251)</u>
Ending fund balance	<u>\$ 19,403,930</u>	<u>\$ 20,068,086</u>	<u>\$ 17,142,362</u>	<u>\$ 18,091,579</u>
Available reserves	<u>\$ 17,204,592</u>	<u>\$ 12,072,603</u>	<u>\$ 12,296,756</u>	<u>\$ 12,830,820</u>
Designated for economic uncertainties	<u>\$ 5,942,416</u>	<u>\$ 9,435,988</u>	<u>\$ 9,941,844</u>	<u>\$ 9,831,433</u>
Undesignated fund balance	<u>\$ 11,262,176</u>	<u>\$ 2,636,615</u>	<u>\$ 2,354,912</u>	<u>\$ 2,999,387</u>
Available reserves as a percentage of total outgo	<u>15.56%</u>	<u>11.83%</u>	<u>12.69%</u>	<u>15.57%</u>
Total long-term liabilities	<u>\$ 180,103,161</u>	<u>\$ 194,765,573</u>	<u>\$ 188,237,533</u>	<u>\$ 126,909,567</u>
Average daily attendance at P-2, excluding classes for adults	<u>9,651</u>	<u>9,786</u>	<u>9,778</u>	<u>9,804</u>

The General Fund fund balance has increased by \$1,510,256 over the past three years. The District projects an decrease of \$664,156 for the fiscal year ending June 30, 2017. For a district this size, the State of California recommends available reserves of at least three percent of total General Fund expenditures, transfers out and other uses. The District maintains reserves in excess of recommended levels.

The District has incurred operating deficits in two of the past three years, and anticipates incurring an operating deficit during the 2016-2017 fiscal year.

Total long-term liabilities have increased by \$67,856,006 over the past two years.

Average daily attendance has decreased by 18 over the past two years and is anticipated to decrease by 135 from June 30, 2016 to the year ending June 30, 2017.

See accompanying notes to supplementary information.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2016

Charter Schools Chartered by District

There are no charter schools operating in the District.

Included in District
Financial Statements, or
Separate Report

N/A

See accompanying notes to supplementary information.

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 NOTES TO SUPPLEMENTARY INFORMATION
 June 30, 2016

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. The District neither met nor exceeded its target funding. 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

The Schedule of Expenditure of Federal Awards includes the federal award activity of Roseville Joint Union High School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21 Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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, 2016.

<u>Description</u>	<u>Number</u>	<u>CFDA Amount</u>
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 4,068,063
Less: Medi-Cal Billing Option revenues in excess of expenditures	93.778	<u>(41,286)</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 4,026,777</u>

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

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

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
June 30, 2015

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

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 section has been derived from audited information.

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 14502 requires certain disclosures 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, 2016, the District did not adopt such a program.

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

Board of Education
 Roseville Joint Union High School District
 Roseville, California

Report on Compliance with State Laws and Regulations

We have audited Roseville Joint Union High School District's compliance with the types of compliance requirements described in the State of California's *2015-16 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, 2016.

<u>Description</u>	<u>Procedures Performed</u>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Independent Study	Yes
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	No, see below
Transportation Maintenance of Effort	Yes
Educator Effectiveness	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
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	No, see below
Immunizations	No, see below
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)

We did not perform any procedures related to Kindergarten Continuance because the District is a high school district and does not have any grades K-8.

We did not perform any procedures related to Early Retirement Incentive Program because the District did not offer this program.

The District does not operate a Juvenile Court Schools Program; therefore, we did not perform any testing of these programs.

We did not perform any procedures related to Middle or Early College High School because the District does not have any Middle or Early College High Schools.

We did not perform any procedures related to K-3 Grade Span Adjustment because the District is a high school district and does not have any grades K-3.

We did not perform any procedures related to After School Education and Safety Program because the District did not receive any After School Education and Safety Program funding in the current year.

We did not perform any procedures related to Independent Study-Course Based because the District does not offer this program.

We did not perform any procedures related to Immunizations because the District is a high school district and does not claim Kindergarten or 7th grade students.

We did not perform any procedures related to charter schools because the District does not sponsor any charter schools.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Roseville Joint Union High School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2015-16 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Roseville Joint Union High School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Roseville Joint Union High 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 Roseville Joint Union High School District's compliance.

Opinion on Compliance with State Laws and Regulations

In our opinion, Roseville Joint Union High School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2016.

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 *2015-16 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
November 14, 2016

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

Board of Education
Roseville Joint Union High School District
Roseville, 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 Roseville Joint Union High School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Roseville Joint Union High School District's basic financial statements, and have issued our report thereon dated November 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Roseville Joint Union High 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 Roseville Joint Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Roseville Joint Union High 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 Roseville Joint Union High 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
November 14, 2016

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

Board of Education
Roseville Joint Union High School District
Roseville, California

Report on Compliance for Each Major Federal Program

We have audited Roseville Joint Union High School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Roseville Joint Union High School District's major federal programs for the year ended June 30, 2016. Roseville Joint Union High 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Roseville Joint Union High 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Roseville Joint Union High 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 Roseville Joint Union High School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Roseville Joint Union High 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, 2016.

(Continued)

Report on Internal Control Over Compliance

Management of Roseville Joint Union High 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 Roseville Joint Union High 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 the Uniform Guidance, 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 Roseville Joint Union High 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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
November 14, 2016

FINDINGS AND RECOMMENDATIONS

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2016

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 X 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 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	Child Nutrition: School Programs

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

STATE AWARDS

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

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2016

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
<p>2015-001</p> <p><u>Condition at Oakmont High School:</u></p> <ul style="list-style-type: none">• No record of receipt books issued to student clubs.• No evidence of dual counts being performed during cash collection. <p><u>Condition at Woodcreek High School:</u></p> <ul style="list-style-type: none">• No evidence of dual counts being performed during cash collection. <p><u>Recommendations:</u></p> <ul style="list-style-type: none">• Sub-receipt books should be issued to those collecting ASB moneys and records of sub receipt books should be maintained by ASB advisors.• Funds should be counted in dual custody and evidenced by initials or a signature.	Implemented.	
<p>2015-002</p> <p><u>Condition at Independence High School:</u></p> <ul style="list-style-type: none">• The number of days reported for 5 students were understated by 35 days. The student files had appropriate assignment records to support the attendance for those days the students were marked absent.• Attendance was claimed for 2 students prior to the written agreement being signed by all required parties, resulting in an overstatement of 4 days. <p><u>Recommendation:</u> The District should ensure all pupil attendance is accurately reflected in the attendance system. Additionally, the District should review independent study agreements and ensure attendance is only claimed after the agreement has been signed by all required parties.</p>	Implemented.	