ROSEVILLE CITY SCHOOL DISTRICT
COUNTY OF PLACER
ROSEVILLE, CALIFORNIA

AUDIT REPORT

JUNE 30, 2015

ROSEVILLE CITY SCHOOL DISTRICT

JUNE 30, 2015

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FINANCIAL SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Roseville City 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 the Roseville City School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15, the budgetary comparison information on pages 65 and 66, the schedule of funding progress on page 67, the schedules of the proportionate share of the net pension liability on pages 68 and 69, and the schedules of contributions on pages 70 and 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Board of Education
Roseville City School District
Page Three

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015 on our consideration of Roseville City 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 City School District's internal control over financial reporting and compliance.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 11, 2015

ROSEVILLE CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(PREPARED BY DISTRICT MANAGEMENT)

This section of the Roseville City School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 through 3 and the District's financial statements, which immediately follow this section.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The Statement of Net Position and Statement of Activities, presented on pages 16 and 17, provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on pages 18 through 24, provide information about how the 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

- Total District's overall financial status improved during the year, as total net position increased $2,813,493 or 2.6% during 2014-15.

- Capital assets, net of depreciation, decreased $4,584,754 primarily due to accumulated depreciation growing at a faster rate than acquisitions and improvements.

- Fiscal year 2014-15 was the first year the District was required to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans. To present meaningful comparative information, the beginning balances related to the net pension liabilities were restated, as described in Note 21.

- Long-term debt, excluding net pension liability, decreased $7,860,403 due primarily to a decrease in the deferred obligation for Chilton Middle School, net of payments on the outstanding general obligation bonds and certificates of participation.

- The District's average daily attendance (ADA) decreased by 239 ADA in fiscal year 2014-15.

- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2014-15, General Fund expenditures and other financing uses totaled $81,931,300. At June 30, 2015, the District has available reserves of $6,036,775 in the General Fund, which represents a reserve of 7.4%.

THE FINANCIAL REPORT

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

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

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

Reporting the District as a Whole

The District as a whole is reported in the Government-wide statements and uses accounting methods similar to those used by companies in the private sector. All 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 financial health or position (net position) can be measured by taking the difference between the District's assets and liabilities.

- Increases or decreases in the net position 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.

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

THE FINANCIAL REPORT (CONCLUDED)

Reporting the District as a Whole (Concluded)

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 contract 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 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 City School District are the General Fund, Cafeteria Fund, Bond Interest and Redemption Fund, Developer Fees Fund, and County School Facilities 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 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 Governmental Funds. The District has no funds of this type.

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 $108,358,040 at June 30, 2014 to $111,171,533 at June 30, 2015, or 2.6%.

Comparative Statement of Net Position

	Governmental Activities	
	2014	2015
Assets		
Deposits and Investments	$ 38,485,230	$ 40,902,071
Receivables	6,635,485	3,650,428
Inventory	56,641	39,866
Prepaid Expenses	518,464	422,805
Capital Assets, net	212,629,888	208,045,134
Total Assets	258,325,708	253,060,304
Deferred Outflows of Resources		
Pension Deferrals*	4,291,533	7,001,572
Deferred Payments to Developers*	10,187,867	5,612,331
Bond Refunding	978,603	909,117
Total Deferred Outflows of Resources*	15,458,003	13,523,020
Liabilities		
Current	17,940,537	15,519,485
Long-Term*	147,485,134	123,766,306
Total Liabilities*	165,425,671	139,285,791
Deferred Inflows of Resources		
Pension Deferrals	0	16,126,000
Net Position		
Net Investment in Capital Assets*	168,747,309	167,216,138
Restricted for Capital Projects	13,297,689	14,815,773
Restricted for Debt Service (Deficit)	(11,061,178)	(8,585,009)
Restricted for Educational Programs	4,023,929	3,842,094
Restricted for Other Purposes	1,542,267	1,670,720
Unrestricted (Deficit)*	(68,191,976)	(67,788,183)
Total Net Position*	$ 108,358,040	$ 111,171,533

Table includes financial data of the combined governmental funds

* *The amounts presented for fiscal year 2013-14 have been adjusted to reflect the restatement discussed in Note 21 of these financial statements.*

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

The deficit Restricted for Debt Service balance presented on the previous page primarily reflects that the obligation for accumulated accreted interest on the District's outstanding capital appreciation bonds currently exceeds the amount available in the Bond Interest and Redemption Fund. The deficit will be eliminated by future property tax collections.

The deficit Unrestricted balance presented on the previous page is primarily due to the fact that the District is now required to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans.

Comparative Statement of Changes in Net Position

	Governmental Activities	
	2014	2015
Program Revenues		
Charges for Services	$ 1,908,436	$ 1,926,839
Operating Grants and Contributions	14,967,617	15,671,044
Capital Grants and Contributions	9,813	2,804
General Revenues		
Taxes Levied	34,634,487	37,658,171
Federal and State Aid	33,149,964	37,786,649
Interest and Investment Earnings	258,846	193,812
Miscellaneous	2,580,283	3,533,194
Total Revenues	87,509,446	96,772,513
Expenses		
Instruction	53,846,502	60,573,012
Instruction-Related Services	5,747,983	6,227,902
Pupil Services	11,837,541	12,054,489
General Administration	3,310,415	3,715,903
Plant Services	7,864,753	7,243,848
Ancillary Services	96,267	107,175
Interest on Long-Term Debt	2,824,680	2,481,555
Other Outgo	1,355,726	1,555,136
Total Expenses	86,883,867	93,959,020
Changes in Net Position	625,579	2,813,493
Net Position, Beginning*	107,732,461	108,358,040
Net Position, Ending*	$ 108,358,040	$ 111,171,533

Table includes financial data of the combined governmental funds

** The amounts presented for fiscal year 2013-14 have been adjusted to reflect the restatement discussed in Note 21 of these financial statements.*

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

Overall 2014-15 revenues increased $9,263,067 (10.6%) compared to 2013-14 primarily due to the following:

- $5,922,875 increase in local control funding formula revenues.
- $657,887 increase in Mandated Block Grant revenues.
- $230,829 increase in AB 602 Special Education revenues.
- $1,029,197 increase in developer fees/redevelopment fees.
- $802,029 increase in taxes levied for debt service.

Total program expenses increased $7,075,153 (8.1%) during fiscal year 2014-15 mainly due to the following:

- Salaries and benefits increased approximately $6,365,610 primarily due to a 5% salary settlement, step and column movement.
- The District spent $1,396,531 on textbooks for its math adoption during the 2014-15 fiscal year.

The table below presents the cost of major District activities. The table also shows each activity's cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The $76,358,333 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed below. Further detail is available on page 17 of this report.

Comparative Schedule of Costs of Services

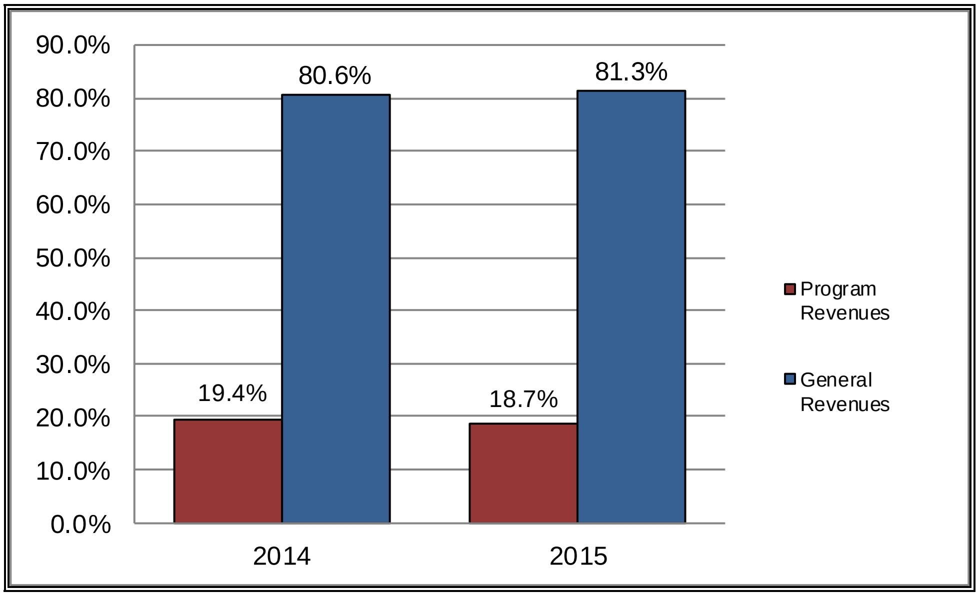
	Total Cost of Services		Net Cost/(Revenue) of Services	
	2014	2015	2014	2015
Instruction	$ 53,846,502	$ 60,573,012	$ 45,526,970	$ 52,808,193
Instruction-Related Services	5,747,983	6,227,902	5,479,458	5,806,751
Pupil Services	11,837,541	12,054,489	5,554,671	5,058,542
General Administration	3,310,415	3,715,903	3,073,836	3,400,187
Plant Services	7,864,753	7,243,848	7,519,250	6,450,576
Ancillary Services	96,267	107,175	96,193	104,093
Interest on Long-Term Debt	2,824,680	2,481,555	2,824,680	2,481,555
Other Outgo	1,355,726	1,555,136	(77,057)	248,436
Totals	$ 86,883,867	$ 93,959,020	$ 69,998,001	$ 76,358,333

Table includes financial data of the combined governmental funds

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

In 2014-15, program revenues financed 18.7% of the total cost of providing the services listed above, while the remaining 81.3% was funded by the general revenues of the District.



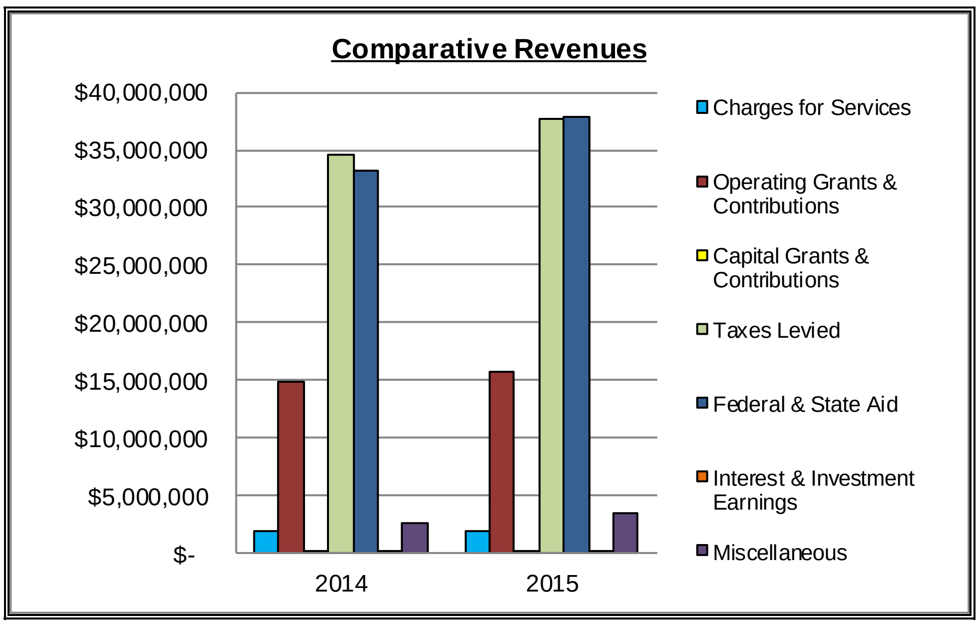
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Schedule of Revenues For Governmental Functions

	FYE 2014 Amount	Percent of Total	FYE 2015 Amount	Percent of Total
Program Revenues				
Charges for Services	$ 1,908,436	2.18%	$ 1,926,839	1.99%
Operating Grants & Contributions	14,967,617	17.10%	15,671,044	16.19%
Capital Grants & Contributions	9,813	0.01%	2,804	0.00%
General Revenues				
Taxes Levied	34,634,487	39.58%	37,658,171	38.91%
Federal & State Aid	33,149,964	37.88%	37,786,649	39.05%
Interest & Investment Earnings	258,846	0.30%	193,812	0.20%
Miscellaneous	2,580,283	2.95%	3,533,194	3.65%
Total Revenues	$ 87,509,446	100.00%	$ 96,772,513	100.00%

Table includes financial data of the combined governmental funds



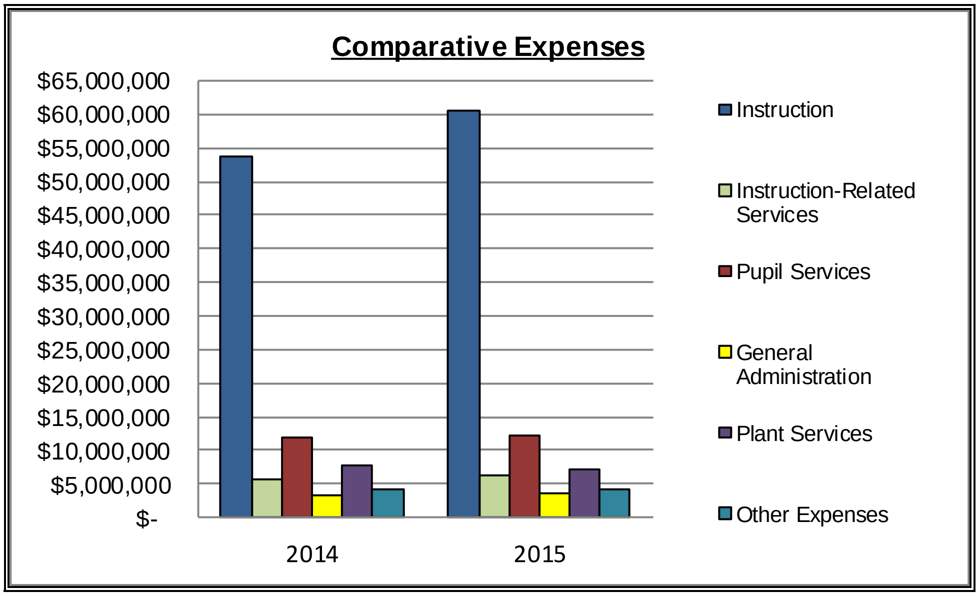
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Schedule of Expenses For Governmental Functions

	FYE 2014 Amount	Percent of Total	FYE 2015 Amount	Percent of Total
Expenses				
Instruction	$ 53,846,502	61.98%	$ 60,573,012	64.47%
Instruction-Related Services	5,747,983	6.62%	6,227,902	6.63%
Pupil Services	11,837,541	13.62%	12,054,489	12.83%
General Administration	3,310,415	3.81%	3,715,903	3.95%
Plant Services	7,864,753	9.05%	7,243,848	7.71%
Other Expenses	4,276,673	4.92%	4,143,866	4.41%
Total Expenses	$ 86,883,867	100.00%	$ 93,959,020	100.00%

Table includes financial data of the combined governmental funds



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

GOVERNMENTAL ACTIVITIES (CONTINUED)

Comparative Schedule of Capital Assets

	Governmental Activities	
	2014	2015
Land*	$ 40,714,239	$ 40,714,239
Sites and Improvements	16,770,808	16,770,808
Buildings and Improvements	205,718,924	206,198,249
Furniture and Equipment	3,619,206	3,719,659
Work-in-Progress	451,407	438,206
Subtotals*	267,274,584	267,841,161
Less: Accumulated Depreciation	(54,644,696)	(59,796,027)
Capital Assets, net*	$ 212,629,888	$ 208,045,134

** The amounts presented for fiscal year 2013-14 have been adjusted to reflect the restatement discussed in Note 21 of these financial statements.*

Capital assets, net of depreciation, decreased $4,584,754 primarily due to accumulated depreciation growing at a faster rate than acquisitions and improvements.

Comparative Schedule of Long-Term Liabilities

	Governmental Activities	
	2014	2015
Compensated Absences	$ 107,572	$ 136,364
General Obligation Bonds	44,660,584	40,589,197
Certificates of Participation	10,605,000	9,695,000
Capital Leases	94,000	225,340
Deferred Obligation*	17,176,763	12,601,227
Early Retirement Incentives	1,444,219	2,170,526
Other Post Employment Benefits	3,858,885	4,668,966
Totals Before GASB 68	77,947,023	70,086,620
Net Pension Liability*	76,448,618	61,354,220
Totals*	$ 154,395,641	$ 131,440,840

** The amounts presented for fiscal year 2013-14 have been adjusted to reflect the restatement discussed in Note 21 of these financial statements.*

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

GOVERNMENTAL ACTIVITIES (CONCLUDED)

The general obligation bonds are financed by the local taxpayers through voter-approved elections and represent 31% of the District's long-term debt. The liability for the certificates of participation represents 7% of the District's long-term debt and will be paid by developer fees. The deferred obligation represents 10% of the District's long-term debt; the amount will be financed by future developer fee revenues. The remaining portion of long-term debt, which will be paid from the General Fund, consists of a capital bus lease and Apple computer lease, the District's share of early retirement incentive payments, the value of the vacation earned, but not taken as of June 30, 2015, the Governmental Accounting Standards Board (GASB) Statement 45 other post employment benefits obligation and the GASB Statement 68 net pension liabilities. The District has continued to meet the debt service requirements of all its long-term debt.

Fiscal year 2014-15 is the first year the District has been required to record a liability in the financial statements to reflect the District's proportionate share of the net pension liabilities related to its participation in the CalSTRS and CalPERS pension plans (see Note 21 for restatement of beginning net pension liabilities).

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

FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

Comparative Schedule of Fund Balances

	Fund Balances June 30, 2014	Fund Balances June 30, 2015	Increase (Decrease)
General	$ 13,928,178	$ 13,941,220	$ 13,042
Cafeteria	1,013,803	1,237,915	224,112
Bond Interest & Redemption	6,840,667	7,559,214	718,547
Developer Fees	13,090,169	14,771,483	1,681,314
County School Facilities	207,520	44,290	(163,230)
Totals	$ 35,080,337	$ 37,554,122	$ 2,473,785

The combined fund balances of all funds increased $2,473,785 primarily due to: (1) an increase in taxes levied for debt service; and (2) developer fees collected exceeding expenditures and transfers out.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved in June for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim. The Original budget presented on page 65 includes only new revenues for 2014-15.

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- The new Local Control Funding Formula ("LCFF") replaces the statutory COLA provisions, rendering forecasts of future funding less certain and potentially more volatile. In the near-term district funding has increased, but with portions of the underlying funding for these increases depending on temporary voter-approved taxes that expire in 2016 and 2018, long-term increases in funding are less certain.

- The new "LCFF" model also removes protections for increases in unemployment insurance and contributions to the Public Employees Retirement System ("PERS"). Previously, increases or decreases in these expenses were offset dollar for dollar within the revenue limit calculation.

- Contributions to PERS and State Teacher's Retirement System ("STRS") are rising significantly necessitating increased fringe benefit expenditures through fiscal year 2020-21.

- Growth in student enrollment has slowed since 2011-12, when it fell to 0.50%, and remained in the 0.50% to 1.00% range through 2013-14. Enrollment declined at the beginning of 2014-15 by 250 students, but increased by 200 in 2015-16. Although district-wide growth in enrollment has slowed, the West Roseville Specific Plan Area continues to grow. The District currently has three schools in the area, Junction Elementary School, Barbara Chilton Middle School and Fiddyment Farm Elementary School. It is anticipated that the next elementary school will open in August 2017.

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 Dennis Snelling, Assistant Superintendent of Business Services, Roseville City School District, 1050 Main Street, Roseville, CA 95678.

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets	
Deposits and Investments (Note 2)	$ 40,902,071
Receivables (Note 4)	3,650,428
Stores Inventory (Note 1I)	39,866
Prepaid Expenses (Note 1I)	422,805
Capital Assets, Not Depreciated (Note 6)	41,152,445
Capital Assets, Net of Accumulated Depreciation (Note 6)	166,892,689
Total Assets	253,060,304
Deferred Outflows of Resources	
Pension Deferrals - CalSTRS (Note 13A)	5,787,926
Pension Deferrals - CalPERS (Note 13B)	1,213,646
Refunding (Note 1I)	909,117
Payments to Developers (Note 1I)	5,612,331
Total Deferred Outflows of Resources	13,523,020
Liabilities	
Accounts Payable and Other Current Liabilities	7,388,086
Accrued Interest Payable	383,903
Unearned Revenue (Note 1I)	72,962
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Compensated Absences (Note 1I)	136,364
General Obligation Bonds	6,042,586
Certificates of Participation	940,000
Capital Leases	83,803
Early Retirement Incentives	471,781
Portion Due or Payable After One Year:	
General Obligation Bonds (Note 7)	34,546,611
Certificates of Participation (Note 8)	8,755,000
Capital Leases (Note 9)	141,537
Deferred Obligation (Note 10)	12,601,227
Early Retirement Incentives (Note 11)	1,698,745
Other Post Employment Benefits (Note 12)	4,668,966
Net Pension Liability - CalSTRS (Note 13A)	50,898,627
Net Pension Liability - CalPERS (Note 13B)	10,455,593
Total Liabilities	139,285,791
Deferred Inflows of Resources	
Pension Deferrals - CalSTRS (Note 13A)	12,533,342
Pension Deferrals - CalPERS (Note 13B)	3,592,658
Total Deferred Inflows of Resources	16,126,000
Net Position	
Net Investment in Capital Assets	167,216,138
Restricted:	
For Capital Projects	14,815,773
For Debt Service (Deficit)	(8,585,009)
For Educational Programs	3,842,094
For Other Purposes	1,670,720
Unrestricted (Deficit)	(67,788,183)
Total Net Position	$ 111,171,533

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 60,573,012		$ 7,762,015	$ 2,804	$ (52,808,193)
Instruction-Related Services:					
Supervision of Instruction	689,357		168,115		(521,242)
Instructional Library and Technology	502,773		16,976		(485,797)
School Site Administration	5,035,772		236,060		(4,799,712)
Pupil Services:					
Home-to-School Transportation	1,757,214		71,494		(1,685,720)
Food Services	4,709,744	$ 1,849,337	3,047,484		187,077
Other Pupil Services	5,587,531		2,027,632		(3,559,899)
General Administration:					
Data Processing Services	938,743		6,263		(932,480)
Other General Administration	2,777,160	77,502	231,951		(2,467,707)
Plant Services	7,243,848		793,272		(6,450,576)
Ancillary Services	107,175		3,082		(104,093)
Interest on Long-Term Debt	2,481,555				(2,481,555)
Other Outgo	1,555,136		1,306,700		(248,436)
Total Governmental Activities	$ 93,959,020	$ 1,926,839	$ 15,671,044	$ 2,804	(76,358,333)
General Revenues					
Taxes Levied for General Purposes					30,423,414
Taxes Levied for Debt Service					6,749,418
Taxes Levied for Specific Purposes					485,339
Federal and State Aid - Unrestricted					37,786,649
Interest and Investment Earnings					193,812
Miscellaneous					3,533,194
Total General Revenues					79,171,826
Change in Net Position					2,813,493
Net Position - July 1, 2014 (As Restated - Note 21)					108,358,040
Net Position - June 30, 2015					$ 111,171,533

ROSEVILLE CITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Cafeteria
Assets and Deferred Outflows of Resources		
Assets:		
Deposits and Investments (Note 2)	$ 15,238,778	$ 1,103,028
Receivables (Note 4)	3,163,804	470,284
Due from Other Funds (Note 5)	196,203	489
Stores Inventory (Note 1I)		39,866
Prepaid Expenditures (Note 1I)	422,805	
Total Assets	19,021,590	1,613,667
Deferred Outflows of Resources:		
Payments to Developers (Note 1I)	0	0
Total Assets and Deferred Outflows of Resources	$ 19,021,590	$ 1,613,667
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts Payable	$ 5,079,881	$ 106,587
Due to Other Funds (Note 5)	489	196,203
Unearned Revenue (Note 1I)		72,962
Total Liabilities	5,080,370	375,752
Deferred Inflows of Resources:		
Mitigation Agreement Fees (Note 1I)	0	0
Fund Balances: (Note 16)		
Nonspendable	432,805	39,866
Restricted	3,842,094	1,198,049
Assigned	3,629,546	
Unassigned	6,036,775	
Total Fund Balances	13,941,220	1,237,915
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 19,021,590	$ 1,613,667

Bond Interest and Redemption	Developer Fees	County School Facilities	Total Governmental Funds
$ 7,554,132	$ 14,765,785	$ 2,240,348	$ 40,902,071
5,082	11,217	41	3,650,428
			196,692
			39,866
			422,805
7,559,214	14,777,002	2,240,389	45,211,862
0	5,612,331	0	5,612,331
$ 7,559,214	$ 20,389,333	$ 2,240,389	$ 50,824,193
	$ 5,519	$ 2,196,099	$ 7,388,086
			196,692
			72,962
	5,519	2,196,099	7,657,740
	5,612,331	0	5,612,331
			472,671
$ 7,559,214	14,771,483	44,290	27,415,130
			3,629,546
			6,036,775
7,559,214	14,771,483	44,290	37,554,122
$ 7,559,214	$ 20,389,333	$ 2,240,389	$ 50,824,193

ROSEVILLE CITY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Fund Balances - Governmental Funds		$ 37,554,122
Amounts reported for governmental activities in the statement of net position are different from amounts reported in governmental funds due to the following:		
Capital assets: In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. Capital assets and accumulated depreciation are:		
Capital Assets	$ 267,841,161	
Accumulated Depreciation	(59,796,027)	
Net		208,045,134
Deferred outflows and inflows of resources relating to pensions: In governmental 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:		
Deferred outflows of resources related to pensions		7,001,572
Deferred inflows of resources related to pensions		(16,126,000)
Unamortized costs: In governmental funds, any gain or loss that results from debt refunding activities is recognized in the current year. In the government-wide statements, the gain or loss is deferred and amortized as interest over the life of the new or refunded debt, whichever period is shorter. The deferred amount from refunding, reported as a deferred outflows of resources, was:		909,117
Deferred recognition of earned but unavailable revenues: In governmental funds, revenue is recognized only to the extent that it is "available," meaning it will be collected soon enough after the end of the period to finance expenditures of that period. Receivables for revenues that are earned but unavailable are deferred until the period in which the revenues become available. In the government-wide statements, revenue is recognized when earned, regardless of availability. The amount of unavailable revenues that were deferred as a liability in governmental funds, but are recognized in the government-wide statements is:		5,612,331
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(383,903)
Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Compensated Absences	$ 136,364	
General Obligation Bonds	40,589,197	
Certificates of Participation	9,695,000	
Capital Leases	225,340	
Deferred Obligation	12,601,227	
Early Retirement Incentives	2,170,526	
Other Post Employment Benefits	4,668,966	
Net Pension Liability	61,354,220	
Total		(131,440,840)
Total Net Position - Governmental Activities		$ 111,171,533

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Cafeteria
Revenues		
LCFF Sources:		
State Apportionment / Transfers	$ 35,474,115	
Local Taxes	30,385,337	
Total LCFF Sources	65,859,452	
Federal Revenue	3,687,545	$ 2,932,878
State Revenue	6,216,650	236,409
Local Revenue	5,729,062	1,932,750
Total Revenues	81,492,709	5,102,037
Expenditures		
Current:		
Instruction	55,159,184	
Supervision of Instruction	707,847	
Instructional Library and Technology	512,737	
School Site Administration	5,158,756	
Home-To-School Transportation	1,738,873	
Food Services	631	4,681,722
Other Pupil Services	5,619,937	
Data Processing Services	954,136	
Other General Administration	2,396,479	196,203
Plant Services	7,101,336	
Facilities Acquisition and Construction	364,573	
Ancillary Services	109,457	
Other Outgo	1,555,136	
Debt Service:		
Principal Retirement	445,794	
Interest and Issuance Costs	106,424	
Total Expenditures	81,931,300	4,877,925
Excess of Revenues Over (Under) Expenditures	(438,591)	224,112
Other Financing Sources (Uses)		
Operating Transfers In	234,522	
Operating Transfers Out		
Other Sources	217,111	
Total Other Financing Sources (Uses)	451,633	0
Net Change in Fund Balances	13,042	224,112
Fund Balances - July 1, 2014	13,928,178	1,013,803
Fund Balances - June 30, 2015	$ 13,941,220	$ 1,237,915

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

Bond Interest and Redemption	Developer Fees	County School Facilities	Total Governmental Funds
			$ 35,474,115
			30,385,337
			65,859,452
			6,620,423
$ 57,195			6,510,254
6,734,078	$ 7,959,226	$ 2,804	22,357,920
6,791,273	7,959,226	2,804	101,348,049
			55,159,184
			707,847
			512,737
			5,158,756
			1,738,873
			4,682,353
			5,619,937
			954,136
			2,592,682
	114,180	50,218	7,265,734
	224,540		589,113
			109,457
			1,555,136
5,376,914	910,000	4,575,536	11,308,244
695,812	334,950		1,137,186
6,072,726	1,583,670	4,625,754	99,091,375
718,547	6,375,556	(4,622,950)	2,256,674
		4,459,720	4,694,242
	(4,694,242)		(4,694,242)
			217,111
0	(4,694,242)	4,459,720	217,111
718,547	1,681,314	(163,230)	2,473,785
6,840,667	13,090,169	207,520	35,080,337
$ 7,559,214	$ 14,771,483	$ 44,290	$ 37,554,122

ROSEVILLE CITY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances - Governmental Funds		$ 2,473,785
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds due to the following:		
Capital outlay: In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Capital Outlay Expenditures	$ 589,113	
Depreciation Expense	(5,173,867)	
Net		(4,584,754)
Debt service: In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:		11,308,244
Debt proceeds: In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premiums or discounts, were:		(217,111)
Earned but unavailable revenues: In governmental funds, revenues are recognized only to the extent that they are "available," meaning they will be collected soon enough after the end of the period to finance expenditures of that period. In government-wide statements, revenue is recognized when earned regardless of availability. The amount of earned but unavailable revenues relating to the current period, less revenues that became available in the current period, but related to a prior period is:		(4,575,536)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized as an expenditure in the period that it becomes due. In the government-wide statements, it is recognized in the period incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from a prior period, was:		(1,400,881)
Compensated absences: In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amounts earned. The difference between compensated absences paid and compensated absences earned was:		(28,792)
Early Retirement Incentives: In governmental funds, early retirement incentives are measured by the amounts paid during the period. In the statement of activities, early retirement incentives are measured by the amounts earned. The amount of early retirement incentives earned was:		(1,086,330)
Post employment benefits other than pensions (OPEB): In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		(810,081)
Pensions: In governmental 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:		1,678,438
Amortization of gain or loss from debt refunding: In governmental funds, any gain or loss resulting from debt refunding activities is recognized in the current year. In the government-wide statements, the gain or loss is deferred and amortized as interest over the life of the new or refunded debt, whichever period is shorter. Current year amortization of deferred amounts from refunding were:		(69,487)
Bond premiums: In governmental funds, bond premiums are recognized as Other Financing Sources in the period they are received. In the government-wide statements, bond premiums are amortized over the life of the debt. The premiums amortized for the period are:		125,998
Change in Net Position of Governmental Activities		$ 2,813,493

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	Private-Purpose Trust		
	Scholarship Funds	**Agency Funds**	**Total Fiduciary Funds**
Assets			
Deposits and Investments (Note 2)	$ 77,436	$ 218,363	$ 295,799
Receivables - Interest	11		11
Total Assets	77,447	218,363	295,810
Liabilities			
Accounts Payable	1,398		1,398
Due to Student Groups		218,363	218,363
Total Liabilities	1,398	218,363	219,761
Net Position			
Restricted	76,049	0	76,049
Total Net Position	$ 76,049	$ 0	$ 76,049

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Private-Purpose Trust
	Scholarship Funds
Additions	
Interest	$ 287
Deductions	
Books and Supplies	5,000
Contract Services	100
Total Deductions	5,100
Change in Net Position	(4,813)
Net Position	
Net Position - July 1, 2014	80,862
Net Position - June 30, 2015	$ 76,049

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Roseville City School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of California. It is governed by a five member Board of Education elected by registered voters of the District, which comprises an area in Placer County. The District was established in 1869 and serves students in kindergarten through eighth grade.

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

The financial reporting entity consists of the following:

- The primary government
- Organizations for which the primary government is financially accountable
- Other organizations for which the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, the organization should be included as a component unit.

Component Units are legally separate organizations for which elected officials of the primary government (District) are financially accountable. The District is financially accountable for the Roseville City Schools Public Financing Corporation (the "Corporation") and therefore the Corporation meets the reporting entity definition. Accordingly, the financial activities of the Corporation have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the Corporation that satisfy the financial reporting entity criteria:

- The Corporation's Board of Directors was appointed by the District's Board of Education.
- The Corporation has no employees. The District's Superintendent and the Assistant Superintendent - Business Services function as agents of the Corporation. Neither individual receives additional compensation for work performed in this capacity.
- The District exercises significant influence over operations of the Corporation as the District will always be the sole lessee of all facilities owned by the Corporation.
- All major financing arrangements, contracts, and financial transactions of the Corporation must have the consent of the District.
- 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's lease payments will be the sole revenue source of the Corporation.
- The District has assumed a "moral obligation", and potentially a legal obligation, for any debt incurred by the Corporation.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Concluded)

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 January 1990. The Corporation was formed for the sole purpose of providing financial assistance to the District for construction and acquisition of major capital facilities. When the Corporation's Certificates of Participation have been paid with State reimbursements and the District's developer fees, title to all Corporation property will pass to the District for no additional consideration.

The Corporation's financial activity is blended with the District's financial data and is presented in the Developer Fees Fund. Certificates of Participation issued by the Corporation are reported as a liability in the Statement of Net Position.

Governmental Accounting Standards Board Statement No. 39 (GASB 39), *Determining Whether Certain Organizations are Component Units*, provides further guidance, stating that a legally separate organization should be reported as a component unit if specific criteria are met. The District has determined that there are no organizations, for which the District is not financially accountable, which should be reported within its financial reporting entity under GASB 39.

B. Implementation of New Accounting Pronouncements

In June 2012, the Governmental Accounting Standard Board (GASB) issued GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions,* with required implementation for the District during the year ended June 30, 2015. The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regards to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

In November 2013, the Governmental Accounting Standard Board (GASB) issued GASB Statement No. 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date,* with required implementation for the District during the year ended June 30, 2015. The objective of this statement is to address an issue regarding application of the transition provisions of GASB 68. This issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of GASB 68.

The effect on beginning net position that resulted from implementing GASB 68 and GASB 71 is presented in Note 21.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District and its component units. The effect of interfund activity within the governmental activities column has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

Fund Financial Statements:

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

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

Fiduciary funds are reported using the economic resources measurement focus.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

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

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

Unearned Revenue:

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

Expenses/Expenditures:

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basis of Accounting (Concluded)

Expenses/Expenditures (Concluded):

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

E. Fund Accounting

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

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

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

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

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

The District's funds are organized into major and fiduciary funds as follows:

Major Governmental Funds:

The *General Fund* is the general operating fund of the District.

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

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

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

The *County School Facilities Fund* is used to account for state apportionments received (Education Code Sections 17070.10-17076.10) and expenditures for new school facility construction or modernization projects.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Accounting (Concluded)

Fiduciary Funds:

Expendable Trust Funds are used to account for assets held by the District as trustee. The District maintains two expendable private-purpose trust funds, collectively the Scholarship Fund, to provide scholarships or financial aid to benefit the students of the District.

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for the twelve (12) student body accounts. The District maintains student body funds, which are used to account for the raising and expending of money to promote the general welfare, and educational experience of the student body.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By state law, the District's Governing Board must adopt a final budget no later than July 1.

A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund and Cafeteria Fund as required supplementary information on pages 65 and 66.

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

G. Use of Estimates

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

H. Encumbrances

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1. Deposits and Investments

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

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The County is authorized to deposit cash and invest excess funds by California *Government Code* Section 53648 et seq. The funds maintained by the County are either secured by the FDIC or are collateralized.

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

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

2. Inventory and Prepaid Expenses/Expenditures

Inventory is recorded using the consumption method in that inventory acquisitions are initially recorded in inventory asset accounts and are recorded as expenditures when the supplies are used. Inventory is valued at average cost and consists of expendable supplies held for consumption.

Prepaid expenses/expenditures represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred.

Reported inventory and prepaid expense/expenditures are equally offset by a reserve, which indicates that these amounts are not available for appropriation.

3. Capital Assets

Furniture and equipment purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost, and capital improvement, acquisition, or construction with an original cost of $50,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

3. Capital Assets (Concluded)

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

Asset Class	Years
Site and Improvements	20
Buildings and Improvements	20-50
Furniture and Equipment	5-20

4. Deferred Outflows 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 and so will not be recognized as an expense or expenditure until then. The District has three items that meet the criterion for reporting in this category. The first item represents employer contributions and state on-behalf payments made to the pension plans subsequent to the measurement date of the net pension liability and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. The second item is the deferred amount on refunding, which resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The third item represents deferred payments to developers for costs related to the construction of Barbara Chiton Middle School and Fiddyment Farm Elementary School.

5. Unearned Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualifying expenditures have been incurred. Unearned revenue is recorded to the extent that cash received on specific projects and programs exceeds qualifying expenditures. Unearned revenue in the Cafeteria Fund represents the unused balances on prepaid meal accounts at June 30, 2015.

6. Compensated Absences

All vacation pay is accrued when incurred in the government-wide financial statements. Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken, since such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

7. 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) and California Public Employees' Retirement System (CalPERS), and additions to/deductions from the CalSTRS' and CalPERS' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as liabilities in the Statement of Net Position. Premiums and discounts as well as refunding costs are deferred and amortized over the life of the obligation, when applicable. Liabilities are reported net of applicable premiums, discounts or refunding costs.

In the fund financial statements, governmental funds recognize premiums and discounts as well as issuance and refunding costs, when the debt is issued. The face amount of the debt issued, premiums, discounts, issuance and refunding costs are reported as other financing sources or uses.

9. Deferred Inflows of Resources

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District has two items that meet the criterion for reporting in this category. The first item represents the net difference between projected and actual earnings on pension plan investments and will be recognized in pension expense over a closed period of five years. The second item represents fees from mitigation agreements that will be collected in the future in amounts necessary to satisfy the portion of the deferred obligation related to Barbara Chilton Middle School and Fiddyment Farm Elementary School. This revenue is accrued under the accrual basis of accounting, but is deferred until it is available under the modified accrual basis of accounting.

10. Fund Balances

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Continued)

10. Fund Balances (Concluded)

Nonspendable Fund Balance consists of funds that are inherently nonspendable, due to their form or that are legally or contractually required to be maintained intact.

Restricted Fund Balance consists of funds that have limitations on use that are externally enforceable by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance consists of funds that are set aside for a specific purpose by the District's highest level of decision making authority, the Governing Board. The Governing Board may commit fund balance by taking formal action, such as majority vote or resolution, no later than June 30th; however, the amount can be determined subsequent to the release of the financial statements. The same formal action must be taken by the Governing Board to remove or change the limitations placed on the funds.

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the District. The Governing Board has delegated authority to assign amounts to be used for a specific purpose to the Assistant Superintendent, Business Services for the purpose of reporting amounts in the annual financial statement.

Unassigned Fund Balance consists of positive net resources of the General Fund in excess of what can properly be classified in the previous four categories. The Board has adopted a minimum fund balance policy consisting of unassigned amounts as follows:

The District will maintain an economic uncertainty reserve of at least 3% of the General Fund operating expenditures (including other financing), to avoid the need for service level reductions in the event of an economic downturn which causes revenues to come in lower than budgeted. The District will maintain an additional District economic uncertainty reserve of at least 2% of total General Fund operating expenditures (including other financing), to avoid the need for service level reductions, to meet cash flow requirements, and to maintain a solid bond rating. These reserves may be increased from time to time in order to address specific anticipated revenue shortfalls (state actions, etc.). In the event that the balance drops below the established minimum, the District will develop a plan to replenish the fund balance to the established minimum level.

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

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

I. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity (Concluded)

11. Local Control Funding Formula (LCFF)/Property Tax

As part of the 2013-14 State Budget Act, the formula for determining the level of funding per student changed from the "revenue limit" formula to the "Local Control Funding Formula" (LCFF). The LCFF creates base, supplemental and concentration grants as the new general purpose entitlement to replace most existing funding streams, including the State aid portion of the revenue limit and most State categorical programs from prior years. District funding under the LCFF is generally provided by a mix of State aid and local property taxes.

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

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California *Revenue and Taxation Code.* This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District. The California Department of Education reduces the District's LCFF entitlement by the District's local property tax revenue. Any balance remaining is paid from the State General Fund, and is known as LCFF State Aid.

NOTE 2 - DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2015, consist of the following:

	Governmental Activities	Fiduciary Activities
Cash on Hand and in Banks	$ 200	$ 218,363
Cash in Revolving Funds	10,000	
County Pool Investments	40,891,871	77,436
Total Deposits and Investments	$ 40,902,071	$ 295,799

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash on Hand and in Banks

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

Cash in Revolving Funds

Cash in revolving funds consist of all cash maintained in commercial bank accounts that are used as revolving funds as well as petty cash funds.

County Pool Investments

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

General Authorization

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Segmented Time Distribution

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

Governmental Activities:

Investment Type	Carrying Value	Fair Value	Less Than 1 Year	More Than 1 Year
County Pool Investments	$ 40,891,871	$ 40,861,886	$ 12,851,241	$ 28,040,630

Fiduciary Activities:

Investment Type	Carrying Value	Fair Value	Less Than 1 Year	More Than 1 Year
County Pool Investments	$ 77,436	$ 77,379	$ 24,336	$ 53,100

Credit Risk

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

Governmental Activities:

	Carrying	Fair	Rating as of Year End		
Investment Type	Value	Value	AAA	Aa	Unrated
County Pool Investments	$ 40,891,871	$ 40,861,886			$ 40,891,871

Fiduciary Activities:

	Carrying	Fair	Rating as of Year End		
Investment Type	Value	Value	AAA	Aa	Unrated
County Pool Investments	$ 77,436	$ 77,379			$ 77,436

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

Concentration of Credit Risk

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

Custodial Credit Risk - Deposits

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

Custodial Credit Risk - Investments

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have a policy limiting the amount of securities that can be held by counterparties. As of June 30, 2015, the District does not have any investments that are held by counterparties.

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There were no excess of expenditures over appropriations in the General Fund or Cafeteria Fund as of June 30, 2015.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2015 consist of the following:

	General Fund	Cafeteria Fund	Bond Interest & Redemption Fund	Developer Fees Fund	County School Facilities Fund	Totals
Federal Government	$ 465,657	$ 431,549				$ 897,206
State Government	1,429,487	33,608				1,463,095
Local Governments	1,100,390	2,502				1,102,892
Interest	11,082	578	$ 5,082	$ 11,217	$ 41	28,000
Miscellaneous	157,188	2,047				159,235
Totals	$ 3,163,804	$ 470,284	$ 5,082	$ 11,217	$ 41	$ 3,650,428

NOTE 5 - INTERFUND ACTIVITIES

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

A. Due From/Due To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2015 are as follows:

Funds	Interfund Receivables	Interfund Payables
General	$ 196,203	$ 489
Cafeteria	489	196,203
Totals	$ 196,692	$ 196,692

The Cafeteria Fund owes $196,203 to the General Fund for indirect costs that were charged to the child nutrition program in fiscal year 2014-15.

The General Fund owes $489 to the Cafeteria Fund to reimburse for expenditure charges that were corrected during the year-end closing process.

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

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for fiscal year 2014-15 were as follows:

Funds	Transfer In	Transfer Out
General	$ 234,522	
Developer Fees		$ 4,694,242
County School Facilities	4,459,720	
Totals	$ 4,694,242	$ 4,694,242

Transfer $234,522 from the Developer Fees Fund to the General Fund for 3% administrative costs based on fiscal year 2014-15 revenue.

Transfer $4,459,720 from the Developer Fees Fund to the County School Facilities Fund for the Barbara Chilton Middle School.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015, is shown below:

	Balances July 1, 2014	Additions	Deletions	Balances June 30, 2015
Land*	$ 40,714,239			$ 40,714,239
Sites and Improvements	16,770,808			16,770,808
Buildings and Improvements	205,718,924	$ 479,325		206,198,249
Furniture and Equipment	3,619,206	122,989	$ 22,536	3,719,659
Work-in-Progress	451,407	466,124	479,325	438,206
Totals at Historical Cost*	267,274,584	1,068,438	501,861	267,841,161
Less Accumulated Depreciation for:				
Sites and Improvements	5,053,316	838,540		5,891,856
Buildings and Improvements	47,063,976	4,122,424		51,186,400
Furniture and Equipment	2,527,404	212,903	22,536	2,717,771
Total Accumulated Depreciation	54,644,696	5,173,867	22,536	59,796,027
Governmental Activities Capital Assets, net*	$ 212,629,888	$ (4,105,429)	$ 479,325	$ 208,045,134

** The amounts presented as of July 1, 2014 have been adjusted to reflect the restatement discussed in Note 21.*

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:

Instruction	$ 4,759,659
Supervision of Instruction	2,317
Home-To-School Transportation	24,282
Food Services	59,421
Other Pupil Services	86,890
Data Processing	5,297
Other General Administration	206,439
Plant Services	29,562
Total Depreciation Expense	$ 5,173,867

NOTE 7 - GENERAL OBLIGATION BONDS

The District's outstanding general obligation debt, excluding $1,637,656 of unamortized bond premiums, as of June 30, 2015 is as follows:

A. Current Interest Bonds

Date Of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2014	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2015
2012	3.00-5.00	8/1/28	$ 17,075,000	$ 15,990,000	$ 0	$ 1,225,000	$ 14,765,000

NOTE 7 - GENERAL OBLIGATION BONDS (CONTINUED)

A. Current Interest Bonds (Concluded)

The annual requirements to amortize the current interest bonds payable, outstanding as of June 30, 2015, are as follows:

Year Ended June 30	Principal	Interest	Totals
2016	$ 1,350,000	$ 644,313	$ 1,994,313
2017	1,475,000	580,437	2,055,437
2018	1,635,000	502,687	2,137,687
2019	625,000	450,875	1,075,875
2020	675,000	428,125	1,103,125
2021-2025	4,270,000	1,589,313	5,859,313
2026-2030	4,735,000	442,156	5,177,156
Totals	$ 14,765,000	$ 4,637,906	$ 19,402,906

B. Capital Appreciation Bonds

Date Of Issue	Accretion Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2014	Accreted Interest Current Year	Redeemed Current Year	Outstanding June 30, 2015
1992	6.25-6.60	8/1/17	$ 12,796,847	$ 17,296,909	$ 905,456	$ 4,151,914	$ 14,050,451
2003	5.11-5.58	8/1/27	5,258,924	9,610,021	526,069		10,136,090
Totals			$ 18,055,771	$ 26,906,930	$ 1,431,525	$ 4,151,914	$ 24,186,541

The outstanding obligation for the 1992 Series A capital appreciation bonds is as follows:

Year Ended June 30	Accretion Rate %	Amount of Original Issue (Principal)	Accreted Interest	Totals
2016	6.60	$ 1,023,932	$ 3,518,334	$ 4,542,266
2017	6.60	1,055,437	3,626,591	4,682,028
2018	6.60	1,087,928	3,738,229	4,826,157
Totals		$ 3,167,297	$ 10,883,154	$ 14,050,451

The annual requirements to amortize the 1992 Series A capital appreciation bonds at June 30, 2015, are as follows:

Year Ended June 30	Principal	Interest	Totals
2016	$ 1,023,932	$ 3,542,656	$ 4,566,588
2017	1,055,437	3,967,451	5,022,888
2018	1,087,928	4,437,072	5,525,000
Totals	$ 3,167,297	$ 11,947,179	$ 15,114,476

NOTE 7 - GENERAL OBLIGATION BONDS (CONCLUDED)

B. Capital Appreciation Bonds (Concluded)

The outstanding obligation for the 2002 Series A capital appreciation bonds is as follows:

Year Ended June 30	Accretion Rate %	Amount of Original Issue (Principal)	Accreted Interest	Totals
2016		$ 0	$ 0	$ 0
2017		0	0	0
2018		0	0	0
2019	5.11	551,628	475,224	1,026,852
2020	5.19	545,860	480,063	1,025,923
2021-2025	5.27-5.52	2,632,177	2,446,575	5,078,752
2026-2030	5.54-5.58	1,529,259	1,475,304	3,004,563
Totals		$ 5,258,924	$ 4,877,166	$ 10,136,090

The annual requirements to amortize the 2002 Series A capital appreciation bonds at June 30, 2015, are as follows:

Year Ended June 30	Principal	Interest	Totals
2016	$ 0	$ 0	$ 0
2017	0	0	0
2018	0	0	0
2019	551,628	648,372	1,200,000
2020	545,860	719,140	1,265,000
2021-2025	2,632,177	4,812,823	7,445,000
2026-2030	1,529,259	3,995,741	5,525,000
Totals	$ 5,258,924	$ 10,176,076	$ 15,435,000

NOTE 8 - CERTIFICATES OF PARTICIPATION

On December 1, 1998, the Roseville City School Public Financing Corporation issued certificates of participation in the amount of $19,270,000, with interest rates from 3.2% to 4.875%. The proceeds from the sale of the certificates were used to finance a portion of the cost of construction of three new elementary schools and one new middle school.

On January 25, 2012, the District entered into a lease purchase agreement with the Roseville City School Public Financing Corporation in the amount of $12,505,000, with an interest rate of 3.30% per annum. The District used the proceeds from the agreement to redeem $12,070,000 of the outstanding 1998 certificates of participation.

At June 30, 2015, the outstanding principal balance for the certificates of participation was $9,695,000.

NOTE 8 - CERTIFICATES OF PARTICIPATION (CONCLUDED)

The certificates of participation mature through fiscal year 2023-24 as follows:

Year Ended June 30	Principal	Interest	Totals
2016	$ 940,000	$ 304,425	$ 1,244,425
2017	975,000	272,828	1,247,828
2018	1,010,000	240,075	1,250,075
2019	1,040,000	206,250	1,246,250
2020	1,075,000	171,352	1,246,352
2021-2025	4,655,000	313,583	4,968,583
Totals	$ 9,695,000	$ 1,508,513	$ 11,203,513

NOTE 9 - CAPITAL LEASES

During fiscal year 2009-10, the District entered into a capital lease agreement for the purchase of three special education school buses. The lease agreement provides for title to pass upon expiration of the lease period.

During fiscal year 2014-15, the District entered into a capital lease agreement to finance the purchase of $217,111 of computer equipment. The lease agreement provides for title to pass upon expiration of the lease period.

Future minimum capital lease payments under these agreements are as follows:

Year Ended June 30	Lease Payments
2016	$ 89,001
2017	89,549
2018	55,771
Total payments	234,321
Less amounts representing interest	(8,981)
Present value of net minimum lease payments	$ 225,340

The District will receive no sublease rental revenues nor pay any contingent rentals for the leased assets.

NOTE 10 - DEFERRED OBLIGATION

During fiscal year 2003-04, the District entered into a School Mitigation Agreement with various developers (“Developers”) relative to the West Roseville Specific Plan (WRSP). Under the terms of the agreement, the Developers intend to construct and dedicate four elementary schools and one middle school to accommodate the students generated from the development of the WRSP and the District will reimburse the Developers for site acquisition costs, site development costs, and construction costs, less amounts received from the State.

NOTE 10 - DEFERRED OBLIGATION (CONCLUDED)

The District will deposit state apportionments into the County School Facilities Fund and deposit developer fees from the WRSP area into a restricted resource in the Developer Fees Fund. In the event sufficient developer fees are not collected from the WRSP area to cover costs, the underfunded amount shall be treated as an advance to the District and payment deferred until such time as sufficient WRSP developer fees are received.

During fiscal year 2012-13, the District received advances totaling $6,988,896 from the Developers against future school impact fee collections from the WRSP area for the Fiddyment Farm Elementary School.

Payments to satisfy the deferred obligation are being paid on a quarterly basis from developer fees received in the WRSP area. During fiscal year 2014-15, the District made payments to Developers in the amount of $4,575,536.

As of June 30, 2015, Fiddyment Farm Elementary School and Barbara Chilton Middle School have been completed under the agreement with Developers and the District has a deferred obligation to the Developers in the amount of $10,963,949 and $1,637,278 for Fiddyment Farm Elementary School and Barbara Chilton Middle School, respectively.

NOTE 11 - EARLY RETIREMENT INCENTIVES

In addition to the pension benefits described in Note 13, the District adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible certificated employees was increased by two years. The future liability for these early retirement incentives at June 30, 2015, is $2,170,526.

The future payments under these early retirement incentive agreements will be made through fiscal year 2022-23 as follows:

Year Ended June 30	STRS Golden Handshakes
2016	$ 615,561
2017	506,554
2018	479,778
2019	356,223
2020	248,379
2021-25	452,578
Subtotal	2,659,073
Less amount representing interest	(488,547)
Total	$ 2,170,526

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS

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

Plan Descriptions: The District provides coverage to employees who retire from active status at a minimum age of 55 with at least 15 years of service and are eligible for pension benefits under either the California State Teachers' Retirement System (CalSTRS) or California Public Employees' Retirement System (CalPERS).

The District subsidizes premiums for the retirees and dependents up to the District cap (currently set at $7,187 per year); until the retiree reaches age 65 for certificated retirees or for five years, but not beyond age 65 for classified retirees. The District's subsidy is 50% for retirees with 15 years of service with an additional 10% added for each additional year of service, with 100% subsidy for 20 plus years of service. The retiree is responsible for self-paying any excess premiums above the District subsidy.

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

The District had 646 eligible active employees and 41 eligible retired employees covered under the OPEB plan as of February 1, 2014, the effective date of the biennial OPEB valuation. For the District, OPEB benefits are administered by District personnel. No separate financial statements are issued.

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

Annual OPEB Cost and Net OPEB Obligation: The following table shows the components of the District's annual OPEB cost for the fiscal year ended June 30, 2015, the amount actually contributed to the plan, and changes in the District's net OPEB obligation that resulted in a net OPEB obligation of $4,668,966 for the year ended June 30, 2015.

Annual required contribution (ARC)	$ 1,077,656
Interest on Net OPEB Obligation	183,297
Adjustment to ARC	(171,035)
Annual OPEB cost (expense)	1,089,918
Contributions for the fiscal year	(279,837)
Increase in Net OPEB Obligation	810,081
Net OPEB Obligation - June 30, 2014	3,858,885
Net OPEB Obligation - June 30, 2015	$ 4,668,966

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (CONCLUDED)

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

Fiscal Year Ended	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
June 30, 2015	$ 1,089,918	25.7%	$ 4,668,966
June 30, 2014	1,058,624	27.1%	3,858,885
June 30, 2013	1,096,626	27.9%	3,086,897

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

In the February 1, 2014, actuarial valuation, the liabilities were computed using the entry age normal method and the unfunded actuarial accrued liability is being amortized using the level percentage of payroll method over an closed 30 year amortization period for the initial UAAL and an open 30 year amortization period for the residual UAAL. The actuarial assumptions utilized a 4.75% discount rate, the expected long-term rate of return on District assets, a 2.75% inflation rate, and 2.75% compensation increase rate. The valuation assumes a 4% healthcare cost trend rate based on the actuary's long-term assumption that the average increase over time cannot continue to outstrip general inflation by a wide margin.

NOTE 13 - RETIREMENT PLANS

Qualified employees are covered under retirement plans maintained by agencies of the State of California. Certificated employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California State Teachers' Retirement System (CalSTRS) and classified employees are eligible to participate under the multiple-employer, cost-sharing defined benefit plan administered by the California Public Employees' Retirement System (CalPERS).

NOTE 13 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS)

Plan Descriptions, Benefits Provided and Employees Covered

The California State Teachers Retirement System (CalSTRS) administers a defined benefit plan, the State Teachers' Retirement Plan, which provides pension benefits to California full-time and part-time public school teachers and certain other employees of the public school system. The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs and to defray reasonable expenses for administering the STRP. The Teachers' Retirement Board (board) has exclusive control over the administration of the retirement system plans and the investment of funds. Although CalSTRS is the administrator of the STRP, the State of California is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity of the STRP. CalSTRS issues a stand-alone comprehensive annual financial report available to the public that can be found on the CalSTRS website.

Defined Benefit Program:

The Defined Benefit Program has two benefit formulas: (1) CalSTRS 2% at 60 with members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS and (2) CalSTRS 2% at 62 with members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS. Members are eligible for normal retirement at age 60 (CalSTRS 2% at 60) or age 62 (CalSTRS 2% at 62), with a minimum of five years of credited service. After earning five years of credited service, members become fully vested in retirement benefits. There is a postretirement annual benefit adjustment increase of 2.0 percent per year on a simple basis and this benefit is vested for members who pay the higher contribution rates enacted in AB 1469, or retired in 2014. The Defined Benefit Program provides retirement benefits based on a 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. The Teachers' Retirement Law (Education Code Section 22000 et. seq.), as enacted and amended by the California Legislature, established the plan and CalSTRS as the administrator. The benefit terms of the plan may be amended through legislation.

Purchasing power protection is provided to members of the Defined Benefit Program through the Purchasing Power Protection Program. Quarterly annual distributions to retired and disabled members and beneficiaries restore purchasing power up to 85% of the initial monthly allowance. Funding for this program is from School Lands Revenue and the Supplemental Benefit Maintenance Account.

Defined Benefit Supplement Program:

The Defined Benefit Supplement Program, established pursuant to Chapter 74, Statutes of 2000 (AB 1509), is a defined benefit pension program that operates within the STRP. All members of the Defined Benefit Program who make contributions to CalSTRS on creditable compensation earned on and after January 1, 2001, have an account under the Defined Benefit Supplement Program and are eligible to receive a Defined Benefit Supplement benefit based on the amount of funds contributed to the Defined Benefit Supplement account.

NOTE 13 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Plan Descriptions, Benefits Provided and Employees Covered (Concluded)

Defined Benefit Supplement Program (Concluded):

Membership in the Defined Benefit Supplement Program is mandatory. Interest is credited to the nominal DBS Program accounts at the minimum guaranteed annual rate established by the board prior to each plan year, which was 3% for the fiscal year ended June 30, 2014. The board may credit additional earnings to members' nominal accounts if actual investment earnings exceed the minimum guaranteed annual rate and meet the criteria set out in board policy.

Cash Balance Benefit Program:

The Cash Balance Benefit Program, established under Chapter 592, Statutes of 1995 (AB 1298), and subsequently merged into the STRP by Chapter 1048, Statutes of 1998 (SB 2085), is a defined benefit pension program. The Cash Balance Benefit Program is designed for employees of California's public schools who are hired to perform creditable service for less than 50% of the full-time equivalent for the position. Participation in the Cash Balance Benefit Program is optional; a school district or county office of education may elect to offer the Cash Balance Benefit Program. The District has not made this election.

STRP Replacement Benefits Program:

The STRP Replacement Benefits Program is an excess benefits arrangement for Defined Benefit Program members that is administered as a qualified excess benefit arrangement through a separate pension program apart from the other three STRP programs and is established in accordance with Internal Revenue Code (IRC) Section 415(m). IRC Section 415(b) imposes a dollar limit on the annual retirement benefits an individual may receive from a qualified defined benefit pension plan. The limit for individual CalSTRS members varies based on the age at which they retire. In 2014, the federal dollar limit for retirees is $210,000, without considering the member's retirement age. Under CalSTRS 2% at 62, members will not receive any benefits in excess of the IRC Section 415(b) limit.

Contributions

Defined Benefit Program:

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law (Education Code Section 22000 et seq.) Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method. The statutory contribution rates and other sources of contributions to the Defined Benefit Program are as follows:

Members: Under CalSTRS 2% at 60, the member contribution rate was 8.0% of applicable member earnings. Under CalSTRS 2% at 62, members contribute 50% of the normal cost of their retirement plan, which resulted in a contribution rate of 8.0% of applicable member earnings. 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% annual benefit adjustment increase to retirement benefits.

NOTE 13 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Contributions (Continued)

Defined Benefit Program (Concluded):

Members (Concluded): As a result of AB 1469, effective July 1, 2014, the Legislature cannot reduce the 2% 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 the portion of the 2% annual benefit adjustment.

Employers: The required contribution rate was 8.25% of applicable member earnings. In accordance with AB 1469, employer contributions will increase from 8.25% to a total of 19.1% of applicable member earnings phased in over the next seven years, beginning in fiscal year 2014-15. The contribution rate for fiscal year 2014-15 was 8.88%.

State: The required contribution was 2.017% of the members’ creditable earnings from the fiscal year ending in the prior calendar year. In addition, beginning October 1, 1998, a statutory contribution rate of 0.524%, adjustable annually in 0.25% increments up to a maximum of 1.505%, 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 beginning in October 1, 2013, at an additional contribution rate of 1.024%.

The amount of District contributions to CalSTRS for the fiscal year ended June 30, 2015, was 8.88% of applicable member earnings in the fiscal year. The District’s contribution to CalSTRS for the fiscal year ended June 30, 2015 was $3,730,036.

The District provides, at their cost, an additional two years of service credit to increase the amount of participating members’ monthly retirement benefits. The cost to the District will be paid in installments not to exceed eight years, with interest charged on the unpaid balance at the actuarially assumed rate of return on investments for the Defined Benefit Program (currently at 7.5%). As of June 30, 2015, the outstanding balance of these payables to CalSTRS was $2,170,526 (See Note 11).

Defined Benefit Supplement Program

Beginning July 1, 2002, for creditable service in excess of one year credit within one fiscal year, member contributions of 2% and employer contributions of 8% are credited to the members nominal Defined Benefit Supplement Program account (up to the compensation cap). Contributions for compensation as a result of retirement incentives or limited-term enhancements are credited to the members’ Defined Benefit Supplement Program accounts for CalSTRS 2% at 60 members.

Cash Balance Benefit Program

The District does not participate in this program.

NOTE 13 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Contributions (Concluded)

STRP Replacement Benefits Program

The program is funded as needed. Contributions that would otherwise be credited to the Defined Benefit Program each month are instead credited to the Replacement Benefits Program to fund monthly program costs. Monthly employer contributions are received and paid to members in amounts equivalent to the benefits not paid as a result of IRC Section 415(b), subject to withholding for any applicable income or employment taxes.

Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2013
Experience Study	July 1, 2006 through June 30, 2010
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return [1]	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

[1] Net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.5% assumed investment rate of return for funding purposes, which is net of administrative expenses.

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. Refer to CalSTRS July 1, 2006 - June 30, 2010 Experience Analysis available on CalSTRS website 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 investments 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 (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally 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 February 2, 2012, the date the current experience study was approved by the board.

NOTE 13 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

Actuarial Methods and Assumptions (Concluded)

Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	4.50%
Private Equity	12%	6.20%
Real Estate	15%	4.35%
Inflation Sensitive	5%	3.20%
Fixed Income	20%	0.20%
Cash / Liquidity	1%	0.00%
Total	100%	

* 10-year geometric average

Discount Rate

The discount rate used to measure the total pension liability was 7.60%. 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 increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60%) and assuming that contributions, benefit payments, and administrative expenses 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 of the Plan as of the measurement date, calculated using the discount rate of 7.60%, 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 one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	Discount Rate 1% Decrease 6.60%	Discount Rate Current Rate 7.60%	Discount Rate 1% Increase 8.60%
District's proportionate share of the net pension liability	$ 79,337,648	$ 50,898,627	$ 27,185,652

NOTE 13 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Continued)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

The State of California is considered to be a nonemployer contributing entity of the STRP. The state's proportionate share of the collective net pension liability used in the proportionate share calculation was 37.65% for the year ended June 30, 2014. The District's proportionate share of the STRP net pension liability and deferred items was calculated by multiplying the District's proportionate share of contributions for employers and nonemployer contributing entity by the aggregate amounts reported by CalSTRS as of June 30, 2014.

As of June 30, 2015, the District reported a liability of $50,898,627 for its proportionate share of the net pension liability. For the fiscal year ended June 30, 2015, the District recognized pension expense of $4,393,847.

The District's proportionate share of the net pension liability as of June 30, 2013 and June 30, 2014 was as follows:

	CalSTRS
Proportion - June 30, 2013	0.0871%
Proportion - June 30, 2014	0.0871%
Change - Increase (Decrease)	0.0000%

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 3,730,036	
District's Proportionate share of State On-Behalf payments subsequent to the measurement date	2,057,890	
Net differences between projected and actual earnings on plan investments *		$ 12,533,342
Totals	$ 5,787,926	$ 12,533,342

* *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.*

$3,730,036 reported as deferred outflows of resources were related to District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. The District also recognized revenue in the amount of $2,057,890 for their proportionate support provided by the state as on-behalf payments subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

NOTE 13 - RETIREMENT PLANS (CONTINUED)

A. California State Teachers' Retirement System (CalSTRS) (Concluded)

District's Proportionate Share of the Net Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Concluded)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2016	$ 3,133,336
2017	3,133,336
2018	3,133,335
2019	3,133,335

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the comprehensive annual financial report issued by CalSTRS available on their website. The pension plan's fiduciary net position has been determined on the same basis used by the pension plan. CalSTRS maintains its accounting records using the accrual basis of accounting. It recognizes member contributions in the period in which the contributions are earned. CalSTRS recognizes employer and state contributions when earned and the employer or state has made a formal commitment to provide the contributions.

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the Employers Schools Pool Plan (the Plan) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the CalPERS. All employees who work at least half time or are appointed to a job that will last at least six months and one day are eligible for CalPERS. Benefits vest after five years. Employees are eligible to retire at or after age 50 having attained five years of credited service and are entitled to an annual retirement benefit, payable monthly for life. Employees hired after January 1, 2013 with five years of credit service must be at least age 52 to retire. The Plan provides retirement, disability, and disability benefits, and annual cost-of-living adjustments to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process.

NOTE 13 - RETIREMENT PLANS (CONTINUED)

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

Contributions (Concluded)

The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary, and new members entering into the plan on or after January 1, 2013 shall pay the higher of fifty percent of normal costs or 6.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2015 was 11.771% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2015 was $1,213,646.

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

As of June 30, 2015, the District reported a liability of $10,455,593 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	CalPERS
Proportion - June 30, 2013	0.0921%
Proportion - June 30, 2014	0.0921%
Change - Increase (Decrease)	0.0000%

For the fiscal year ended June 30, 2015, the District recognized pension expense of $929,289. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 1,213,646	
Net differences between projected and actual earnings on pension plan investments		$ 3,592,658
Totals	$ 1,213,646	$ 3,592,658

$1,213,646 reported as deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016.

NOTE 13 - RETIREMENT PLANS (CONTINUED)

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

Pension Liabilities, Pension Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2016	$ 898,165
2017	898,165
2018	898,164
2019	898,164

Actuarial Assumptions

The total pension liability in the June 30, 2013 actuarial valuations were determined using the following actuarial methods and assumptions:

	CalPERS
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases (1)	
Investment Rate of Return (2)	7.50%
Post Retirement Benefit Increase (3)	

(1) Varies by entry age and service
(2) Net of pension plan investment and administrative expenses, includes inflation
(3) Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

Mortality rate table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

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

NOTE 13 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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 Pool. The results of the crossover testing for the Pool are presented in a detailed report that can be obtained at CalPERS's website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. For the Pool, this difference was deemed immaterial.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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 pension fund cash flows. 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 funds' 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 for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE 13 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate (Concluded)

The table below reflects the 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. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period
(b) An expected inflation of 3.0% used for this period

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 of the Plan as of the measurement date, calculated using the discount rate of 7.50%, 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 one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	Discount Rate 1% Decrease 6.50%	Discount Rate Current Rate 7.50%	Discount Rate 1% Increase 8.50%
District's proportionate share of the net pension liability	$ 18,341,496	$ 10,455,593	$ 3,866,125

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 13 - RETIREMENT PLANS (CONCLUDED)

C. Social Security or Alternative Plan

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Accumulation Program for Part-Time and Limited-Service employees (APPLE) as its alternative plan. Contributions made by the District and participating employees vest immediately. The District contributed 7.5% of employees' gross earnings from July 2014 through June 2015.

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

The District was the recipient of on-behalf payments made by the State of California to the State Teachers' Retirement System (CalSTRS) for K-12 Education. This payment consists of state general fund contributions to CalSTRS of $2,057,890 (5.678848% of creditable compensation subject to CalSTRS).

NOTE 15 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2015, is shown below.

	Balances July 1, 2014	Additions	Deductions	Balances June 30, 2015	Due within One Year
Compensated Absences	$ 107,572	$ 136,364	$ 107,572	$ 136,364	$ 136,364
General Obligation Bonds:					
Current Interest	15,990,000		1,225,000	14,765,000	1,350,000
Capital Appreciation	26,906,930	1,431,525	4,151,914	24,186,541	4,566,588
Bond Premiums	1,763,654		125,998	1,637,656	125,998
Certificates of Participation	10,605,000		910,000	9,695,000	940,000
Capital Leases	94,000	217,111	85,771	225,340	83,803
Deferred Obligation*	17,176,763		4,575,536	12,601,227	
Early Retirement Incentives	1,444,219	1,086,330	360,023	2,170,526	471,781
Other Post Employment Benefits	3,858,885	1,089,918	279,837	4,668,966	
Net Pension Liability - CalSTRS*	62,221,627		11,323,000	50,898,627	
Net Pension Liability - CalPERS*	14,226,991		3,771,398	10,455,593	
Totals*	$ 154,395,641	$ 3,961,248	$ 26,916,049	$ 131,440,840	$ 7,674,534

** The amounts presented as of July 1, 2014 have been adjusted to reflect the restatement discussed in Note 21.*

The general obligation bonds are obligations of the Bond Interest and Redemption Fund, which is primarily funded by property tax collections. The certificates of participation and deferred obligation are financed by developer fees. The compensated absences, capital leases, early retirement incentives, and other post employment benefits, are obligations of the General Fund. The net pension liabilities will be financed by contributions made to the pension plans from the General Fund and Cafeteria Fund.

NOTE 16 - FUND BALANCES

The fund balances as of June 30, 2015 are as follows:

	General Fund	Cafeteria Fund	Bond Interest & Redemption Fund	Developer Fees Fund	County School Facilities Fund	Totals
Nonspendable	$ 432,805	$ 39,866				$ 472,671
Restricted	3,842,094	1,198,049	$ 7,559,214	$ 14,771,483	$ 44,290	27,415,130
Assigned	3,629,546					3,629,546
Unassigned:						
Economic Uncertainties - Required	2,457,940					2,457,940
Economic Uncertainties - District	1,638,627					1,638,627
Other	1,940,208					1,940,208
Total Fund Balances	$ 13,941,220	$ 1,237,915	$ 7,559,214	$ 14,771,483	$ 44,290	$ 37,554,122

NOTE 17 - EARLY RETIREMENT INCENTIVE PROGRAM

The District adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years. Eligible employees must have five or more years of service under the California State Teachers' Retirement System and retire during a period of not more than 120 days or less than 60 days from the date of the formal action taken by the District.

Retiree Information

Twenty-two employees retired in exchange for the additional two years of service credit.

Position Vacated	Age	Service Credit	Retiree Salary	Retiree Benefits	Replacement Salary	Replacement Benefits
Teacher	58	16	$ 90,404	$ 15,477	$ 48,057	$ 13,886
Teacher	61	15	91,522	16,532	48,057	13,886
Teacher	66	21	91,522	19,945	48,057	13,886
Teacher	56	30	90,404	12,602	48,057	13,886
Teacher	58	26	91,522	12,758	48,057	13,886
Teacher	61	25	90,404	12,602	48,057	13,886
Teacher	62	15	88,342	15,909	48,057	13,886
Teacher	59	13	89,182	19,619	48,057	13,886
Teacher	65	19	92,596	20,095	48,057	13,886
Teacher	58	19	90,404	13,321	48,057	13,886
Teacher	68	30	90,404	19,789	48,057	13,886
Principal	64	22	123,552	17,223	96,223	20,600
Teacher	62	19	90,404	13,321	48,057	13,886
Teacher	63	16	86,686	14,959	48,057	13,886
Teacher	62	25	91,522	12,758	48,057	13,886
Teacher	67	11	86,687	19,271	48,057	13,886
Teacher	68	19	80,213	18,369	48,057	13,886
Teacher	63	25	90,404	12,602	48,057	13,886
Teacher	59	27	90,404	12,602	48,057	13,886
Teacher	63	18	90,404	14,039	48,057	13,886
Teacher	63	26	90,404	12,602	48,057	13,886
Principal	61	22	117,394	16,365	96,223	20,600
			$ 2,034,780	$ 342,760	$ 1,153,586	$ 318,920

NOTE 17 - EARLY RETIREMENT INCENTIVE PROGRAM (CONCLUDED)

Additional Costs

As a result of this early retirement incentive program, the District expects to incur $1,377,502 in additional costs as presented below:

Retirement costs	$ 1,369,582
Administrative costs	7,920
Total additional costs	$ 1,377,502

NOTE 18 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014-15, the District participated in one joint powers authority (JPA) for purposes of pooling risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage for each of the past three years.

NOTE 19 - JOINT VENTURES

The District participates in two joint ventures under joint powers agreements (JPAs); the Schools Insurance Group (SIG) for workers' compensation, property and liability, and health and welfare insurance, and School Project for Utility Rate Reduction (SPURR) for direct purchase of gas, electricity, and other utility services. SPURR also provides advisory services relative to utilities. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

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

NOTE 20 - COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards and Grants

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

B. Litigation

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

NOTE 21 - RESTATEMENT OF NET POSITION

During fiscal year 2014-15, the District implemented Governmental Accounting Standards Board Statement No. 68 (GASB 68) and Statement No. 71 (GASB 71), as discussed in Note 1B. As a result, the beginning net position of the District has been restated to reflect the District's proportionate share of the net pension liability related to its participation in the CalSTRS and CalPERS pension plans, and the deferral of prior year contributions made to CalSTRS and CalPERS, which were previously reported as components of pension expense in the prior fiscal year. (In accordance with GASB 71, the beginning net position restatement does not reflect any other adjustments related to deferred inflows or outflows of resources related to pensions, which result from differences between expected and actual, projected and actual earnings on investments, or changes in assumptions, as the information required to determine such amounts was not available during the first year implementation of GASB 68.).

The beginning net position balance has also been restated to include transactions that took place in prior fiscal years as a result of an agreement with Roseville Schools, LLC related to the land purchase and certain planning costs associated with Fiddyment Farm Elementary School.

The effects of the restatements on the current year financial statements are as follows:

	Statement of Activities
Net Position - July 1, 2014 (as originally stated)	$ 177,285,125
Understatement of Capital Assets - Land	3,230,000
Understatement of Deferred Outflows of Resources - CalSTRS	3,183,505
Understatement of Deferred Outflows of Resources - CalPERS	1,108,028
Understatement of Deferred Outflows of Resources - Payments to Developers	3,975,053
Understatement of Deferred Obligation	(3,975,053)
Understatement of Net Pension Liability - CalSTRS	(62,221,627)
Understatement of Net Pension Liability - CalPERS	(14,226,991)
Net Restatement	(68,927,085)
Net Position - July 1, 2014 (as restated)	$ 108,358,040

NOTE 22 - SUBSEQUENT EVENTS

The District's management has evaluated events or transactions that occurred for possible recognition or disclosure in the financial statements from the balance sheet date through December 11, 2015, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that require disclosure in or adjustment to the current year financial statements, except as noted below.

On October 5, 2015, the District entered into a capital lease agreement to finance the purchase of $213,304 of computer equipment. The lease agreement provides for title to pass upon expiration of the lease period. Future minimum lease payments under the agreement require four annual payments of $54,761 beginning in fiscal year 2015-16.

SUPPLEMENTARY INFORMATION SECTION

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
LCFF Sources:				
State Apportionment / Transfers	$ 37,535,745	$ 36,217,530	$ 35,474,115	$ (743,415)
Local Sources	27,690,152	29,630,583	30,385,337	754,754
Total LCFF Sources	65,225,897	65,848,113	65,859,452	11,339
Federal Revenue	3,458,897	3,948,950	3,687,545	(261,405)
Other State Revenue	2,672,354	5,859,030	6,216,650	357,620
Other Local Revenue	5,086,619	5,650,488	5,729,062	78,574
Total Revenues	76,443,767	81,306,581	81,492,709	186,128
Expenditures				
Certificated Salaries	40,627,455	42,614,635	42,611,922	2,713
Classified Salaries	9,296,105	9,631,271	9,628,414	2,857
Employee Benefits	12,459,614	14,411,093	14,355,718	55,375
Books and Supplies	5,092,881	7,322,093	5,683,806	1,638,287
Services and Other Operating Expenditures	7,193,140	8,272,011	7,493,516	778,495
Capital Outlay	88,615	520,387	246,773	273,614
Debt Service:				
Principal Retirement	444,651	445,851	445,794	57
Interest and Fiscal Charges	109,318	108,118	106,424	1,694
Other Expenditures	1,361,686	1,358,938	1,358,933	5
Total Expenditures	76,673,465	84,684,397	81,931,300	2,753,097
Excess of Revenues (Under) Expenditures	(229,698)	(3,377,816)	(438,591)	2,939,225
Other Financing Sources				
Operating Transfers In	189,180	234,522	234,522	
Other Sources	217,112	217,112	217,111	(1)
Total Other Financing Sources	406,292	451,634	451,633	(1)
Net Change in Fund Balances	176,594	(2,926,182)	13,042	$ 2,939,224
Fund Balances - July 1, 2014	13,928,178	13,928,178	13,928,178	
Fund Balances - June 30, 2015	$ 14,104,772	$ 11,001,996	$ 13,941,220	

SEE NOTES TO SUPPLEMENTARY INFORMATION

ROSEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CAFETERIA FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Federal Revenue	$ 2,912,173	$ 2,912,173	$ 2,932,878	$ 20,705
Other State Revenue	225,022	225,022	236,409	11,387
Other Local Revenue	1,921,845	1,921,845	1,932,750	10,905
Total Revenues	5,059,040	5,059,040	5,102,037	42,997
Expenditures				
Classified Salaries	1,671,177	1,661,213	1,660,363	850
Employee Benefits	568,820	554,955	552,554	2,401
Food and Supplies	2,400,000	2,353,797	2,322,538	31,259
Services and Other Operating Expenditures	238,000	261,000	146,267	114,733
Capital Outlay	65,000	30,000		30,000
Other Expenditures	180,000	196,203	196,203	
Total Expenditures	5,122,997	5,057,168	4,877,925	179,243
Net Change in Fund Balances	(63,957)	1,872	224,112	$ 222,240
Fund Balances - July 1, 2014	1,013,803	1,013,803	1,013,803	
Fund Balances - June 30, 2015	$ 949,846	$ 1,015,675	$ 1,237,915	

SEE NOTES TO SUPPLEMENTARY INFORMATION

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Value of Assets	Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
2/1/14	$ 0	$ 7,097,938	$ 7,097,938	0%	$ 42,818,859	16.6%
2/1/12	0	6,598,633	6,598,633	0%	42,661,488	15.5%
2/1/10	0	5,726,672	5,726,672	0%	39,328,079	14.6%

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS

JUNE 30, 2015

CalSTRS	**6/30/14 ***
District's proportion of the collective net pension liability	0.0871%
District's proportionate share of the collective net pension liability	$ 50,898,627
Portion of state's total proportionate share of the collective net pension liability associated with the District	1,205,001
Total collective net pension liability attributed to District	$ 52,103,628
District's covered-employee payroll	$ 38,808,424
District's proportionate share of the collective net pension liability as a percentage of covered-employee payroll	131.15%
Plan fiduciary net position as a percentage of the total pension liability	76.52%

* The information presented above is determined as of the measurement date of the collective net pension liability. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. In the future, additional years will be added to this schedule as information becomes available until 10-years are presented.

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS

JUNE 30, 2015

CalPERS		**6/30/14 ***
District's proportion of the collective net pension liability		0.0921%
District's proportionate share of the collective net pension liability	$	10,455,593
District's covered-employee payroll	$	9,663,284
District's proportionate share of the collective net pension liability as a percentage of covered-employee payroll		108.20%
Plan fiduciary net position as a percentage of the total pension liability		83.38%

* The information presented above is determined as of the measurement date of the collective net pension liability. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. In the future, additional years will be added to this schedule as information becomes available until 10-years are presented.

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALSTRS

JUNE 30, 2015

CalSTRS	**6/30/14 ***
Statutorily required District contributions (actuarially determined)	$ 3,730,036
Contributions recognized by pension plan in relation to the statutorily required District contributions	3,730,036
Contribution deficiency (excess)	$ 0
District's covered-employee payroll	$ 42,004,910
Contributions recognized by pension plan in relation to statutorily required District contribution as a percentage of covered-employee payroll	8.88%

Methods and Assumptions Used to Determine Contribution Rates

The following actuarial methods and assumptions were used to determine the actuarially determined contribution for the STRP presented above:

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll basis
Amortization Period	Open
Remaining Amortization Period	30 years
Asset Valuation Method	Expected value with 33% adjustment to market value
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Interest on Accounts	4.50%
Wage Growth	3.75%
Consumer Price Inflation	3.00%
Post-retirement Benefit Increases	2.00% simple

Changes in Benefit Terms

The California Public Employees' Pension Reform Act of 2013 (PEPRA) resulted in a new benefit formula. CalSTRS 2% at 62, for members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. Significant changes compared to CalSTRS 2% at 60 benefit formula include raising the normal retirement age from 60 to 62 and placing a limit on creditable compensation to 120 percent of the Social Security wage base, annually adjusted for changes to the Consumer Price Index.

Changes of Assumptions

There were no changes in major assumptions from the June 30, 2012, actuarial valuation.

* This information is determined as of June 30, 2014, reflecting the most recent information available from the pension plan. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. In the future, additional years will be added to this schedule as information becomes available until 10-years are presented.

SCHEDULE OF CONTRIBUTIONS - CALPERS

JUNE 30, 2015

CalPERS		**6/30/14 ***
Contractually required District contribution (actuarially determined)	$	1,213,646
Contributions recognized by pension plan in relation to the contractually required District contributions		1,213,646
Contribution deficiency (excess)	$	0
District's covered-employee payroll	$	10,310,475
Contributions recognized by pension plan in relation to contractually required District contribution as a percentage of covered-employee payroll		11.771%

Methods and Assumptions Used to Determine Contribution Rates

Valuation Date	June 30, 2013
Funding Method	Individual Entry Age Normal Cost
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	Varies
Asset Valuation Method	Expected Value of Assets Smoothing Technique
Inflation	2.75%
Salary Increases	5.06% Average, Including Inflation of 3.00%
Investment Rate of Return	7.50%, net of Administrative Expenses
Retirement Age	CalPERS Experience Study
Mortality	CalPERS Experience Study

Changes in Benefit Terms

There were no changes to benefit terms that applied to all members of the CalPERS.

Changes of Assumptions

There were no changes in assumptions.

* This information is determined as of June 30, 2014, reflecting the most recent information available from the pension plan. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. In the future, additional years will be added to this schedule as information becomes available until 10-years are presented.

ROSEVILLE CITY SCHOOL DISTRICT

ORGANIZATION/BOARD OF EDUCATION/ADMINISTRATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

ORGANIZATION

The Roseville City School District was established on May 14, 1869, and operates fourteen elementary schools and four middle schools. The District encompasses and serves the City of Roseville. There were no changes in the boundaries of the District during the year.

BOARD OF EDUCATION

Name	Office	Term Expires
Jefferson Willoughby	President	November, 2016
Susan E. Duane	Clerk	November, 2018
Gary Miller	Member	November, 2016
Hallie Romero	Member	November, 2018
James Brian Vlahos	Member	November, 2018

ADMINISTRATION

Derk Garcia
Superintendent

Gary Callahan
Assistant Superintendent - Educational Services

Jerrold Jorgensen
Assistant Superintendent - Personnel Services

Dennis Snelling
Assistant Superintendent - Business Services

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	P-2 Report			
	TK / K - 3	**4 - 6**	**7 - 8**	**Totals**
Regular ADA	4,213.41	3,287.55	2,016.05	9,517.01
Extended Year Special Education	5.58	2.80	0.98	9.36
Special Education - Nonpublic	5.59	6.56	6.57	18.72
Extended Year Special Education - Nonpublic	0.38	0.70	0.45	1.53
Totals	4,224.96	3,297.61	2,024.05	9,546.62

	Annual Report			
	TK / K - 3	**4 - 6**	**7 - 8**	**Totals**
Regular ADA	4,220.36	3,282.88	2,011.10	9,514.34
Extended Year Special Education	5.58	2.80	0.98	9.36
Special Education - Nonpublic	5.84	6.32	6.92	19.08
Extended Year Special Education - Nonpublic	0.38	0.70	0.45	1.53
Totals	4,232.16	3,292.70	2,019.45	9,544.31

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Grade Level	Minutes Required	Adjusted Minutes Required	2014-15 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	35,000	36,000	180	N/A	In Compliance
Grade 1	50,400	49,000	54,054	180	N/A	In Compliance
Grade 2	50,400	49,000	54,054	180	N/A	In Compliance
Grade 3	50,400	49,000	54,054	180	N/A	In Compliance
Grade 4	54,000	52,500	54,054	180	N/A	In Compliance
Grade 5	54,000	52,500	54,054	180	N/A	In Compliance
Grade 6	54,000	52,500	57,303	180	N/A	In Compliance
Grade 7	54,000	52,500	57,303	180	N/A	In Compliance
Grade 8	54,000	52,500	57,303	180	N/A	In Compliance

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Program Name	Federal Catalog Number	Pass-Through Identification Number	Federal Program Expenditures
U.S. Department of Agriculture:			
Passed through California Department of Education (CDE):			
Child Nutrition Cluster:			
National School Lunch	10.555	13524	$ 2,677,487
School Basic Breakfast	10.553	13525	22,311
School Needy Breakfast	10.553	13526	460,174
Summer Food Service Program	10.559	13004	54,358
Subtotal Child Nutrition Cluster			3,214,330
U.S. Department of Education:			
Passed through CDE:			
NCLB: Title I Basic Grant Low-Income & Neglected	84.010	14329	1,006,528
NCLB: Title II Improving Teacher Quality	84.367	14341	248,908
NCLB: Title III Programs:			
NCLB: Title III Immigrant Education Program	84.365	15146	27,213
NCLB: Title III Limited English Proficient	84.365	14346	124,177
Subtotal NCLB: Title III Programs			151,390
Passed through Roseville Joint Union High School District:			
NCLB: Title X McKinney-Vento Homeless Assistance	84.196	14332	14,768
Passed through Placer County SELPA:			
Special Education Cluster:			
IDEA Part B Local Assistance	84.027	13379	1,558,739
IDEA Part B Preschool Grants	84.173	13430	66,901
IDEA Part B Preschool Local Entitlement	84.027A	13682	217,889
IDEA Part B Mental Health Allocation	84.027A	14468	156,678
Subtotal Special Education Cluster			2,000,207
U.S. Department of Health and Human Services:			
Passed through California Department of Health Services:			
Medi-Cal Billing	93.778	10013	189,953
Total			$ 6,826,084

SEE NOTES TO SUPPLEMENTARY INFORMATION

Auditor's Comments

The audited financial statements of all funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2015.

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	GENERAL FUND			
	(Budget)* 2015-16	2014-15	2013-14	2012-13
Revenues and Other Financial Sources	$ 89,856,105	$ 81,944,342	$ 74,384,984	$ 67,748,091
Expenditures	83,785,054	81,931,300	73,045,630	66,845,618
Other Uses and Transfers Out	0	0	0	0
Total Outgo	83,785,054	81,931,300	73,045,630	66,845,618
Change in Fund Balance	6,071,051	13,042	1,339,354	902,473
Ending Fund Balance	$ 20,012,271	$ 13,941,220	$ 13,928,178	$ 12,588,824
Available Reserves	$ 11,457,403	$ 6,036,775	$ 7,337,326	$ 8,193,642
Reserve for Economic Uncertainties **	$ 4,189,253	$ 4,096,567	$ 3,652,282	$ 3,342,281
Available Reserves as a Percentage of Total Outgo	13.7%	7.4%	10.0%	12.3%
Total Long-Term Liabilities ***	$ 123,766,306	$ 131,440,840	$ 154,395,641	$ 87,125,140
Average Daily Attendance at P-2	9,586	9,547	9,786	9,658

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

** Reported balances are a component of available reserves.

*** The amount presented for fiscal year 2013-14 has been adjusted to reflect the restatement discussed in Note 21 related to the implementation of Governmental Accounting Standards Board Statement No. 68 (GASB 68).

The fund balance of the General Fund increased $1,352,396 over the past two years. The fiscal year 2015-16 budget projects an increase of $6,071,051. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

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

Long-term liabilities increased $44,315,700 over the past two years due primarily to the implementation of Governmental Accounting Standards Board Statement No. 68.

Average daily attendance (ADA) decreased 111 ADA (1.1%) over the past two years. The District anticipates an increase of 39 ADA in fiscal year 2015-16.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

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

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, the District is required to present a Schedule of Revenues, Expenditures, and Changes in Fund Balance budgetary comparison for the General Fund and each Major Special Revenue Fund that has an adopted budget. This schedule presents the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. See Note 3 for any excess of expenditures over appropriations.

B. Schedule of Funding Progress

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

C. Schedule of the Proportionate Share of the Net Pension Liability

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the District's proportion and proportionate share of the collective net pension liability, the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability associated with the District, if applicable, the District's covered-employee payroll, the District's proportionate share of the collective net pension liability as a percentage of the District's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

D. Schedule of Contributions

In accordance with Governmental Accounting Standards Board Statement No. 68, the District is required to present separately for each cost-sharing pension plan through which pensions are provided a 10-year schedule presenting certain information. The information required to be presented includes the statutorily or contracted required District contribution, the amount of contributions recognized by the pension plan in relation to the required District contribution, the difference between the required District contribution and the amount recognized by the pension plan, the District's covered-employee payroll, and the amount of contributions recognized by the pension plan in relation of the District as a percentage of the District's covered-employee payroll.

E. 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.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

F. Schedule of Instructional Time

The District participated in the Longer Day incentive funding program for the current fiscal year, but the District did not meet or exceed its LCFF target funding. This schedule presents information on the instructional days provided and the amount of instructional time offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 of Part 26 of the Education Code.

G. Schedule of Expenditures of Federal Awards

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

The following schedule provides a reconciliation between the revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent federal funds that were recorded as revenues in a prior year but were expended in the current year, federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2015, or represent expenditures of federal commodities that are not recorded as federal revenues on the District's general ledger.

	CFDA Number	Amount
Total federal revenues reported on the Statement of Revenues, Expenditures and Changes in Fund Balances		$ 6,620,423
Medi-cal Billing	93.778	(75,791)
USDA Food Distribution	10.555	281,452
Total expenditures reported on the Schedule of Expenditures of Federal Awards		$ 6,826,084

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

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

I. Schedule of Financial Trends and Analysis

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

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Education
Roseville City School District
Roseville, California

Report on State Compliance

We have audited Roseville City School District's compliance with the types of compliance requirements described in the *2014-15 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* for the fiscal year ended June 30, 2015.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's state 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 *2014-15 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting (K-12 Audit Guide)*, prescribed in the *California Code of Regulations*, Title 5, section 19810 and following. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Roseville City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Roseville City School District's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine Roseville City School District's compliance with state laws and regulations applicable to the following items:

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Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No (see below)
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Yes
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupational Centers or Programs Maintenance of Effort	Not Applicable
Adult Education Maintenance of Effort	Not Applicable
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/ Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform procedures for the independent study program because the average daily attendance claimed by the District does not exceed the threshold that requires testing.

Opinion on State Compliance

In our opinion, Roseville City School District complied, in all material respects, with the types of compliance requirements referred to above for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *2014-15 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* and which is described in the accompanying Schedule of Findings and Questioned Costs, as noted in **Finding 15-001**. Our opinion on state compliance on the programs previously identified is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 11, 2015

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

Board of Education
Roseville City 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 the Roseville City School District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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Compliance and Other Matters

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

We noted other matters involving internal control and its operation that we have communicated to management of Roseville City School District in a separate letter dated December 11, 2015.

Purpose of this Report

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 11, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Education
Roseville City School District
Roseville, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

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

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Report on Internal Control Over Compliance

Management of Roseville City 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 11, 2015

FINDINGS AND QUESTIONED COSTS SECTION

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs:

CFDA Numbers	Federal Programs
10.553 / 10.555 / 10.559	Child Nutrition Cluster
84.010	NCLB: Title I Basic Grant Low-Income & Neglected

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

State Awards

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

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no matters to report for the fiscal year ended June 30, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2015.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

15 - 001 / 40000

SIGNIFICANT DEFICIENCY

UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS

Criteria: Education Code Section 42238.02(b)(2), commencing with the 2013-14 fiscal year, requires a school district or charter school to annually submit its enrolled free and reduced-price meal eligibility, foster youth, and English learner pupil-level records for enrolled pupils to the Superintendent using the California Longitudinal Pupil Achievement Data System (CALPADS). Education Code Section 42238.02(b)(3)(B) states that the Controller shall include instructions necessary to enforce paragraph (2) in the audit required by Education Code Section 14502.1 and that the instructions shall include, but are not necessarily limited to, procedures for determining if the English learner, foster youth, and free or reduced-price meal eligible pupil counts are consistent with the school district's or charter school's English learner, foster youth, and free or reduced-price meal eligible pupil records.

Condition: The documents maintained by the District did not support the free or reduced price meal eligibility status assigned to certain students on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report, who had a "No" under the "Direct Certification" column, and who did not possess any other status designation that allowed the pupils to be reported as part of the unduplicated pupil count.

Context: The disallowed pupil counts were limited to pupils who had not submitted an approved FRPM application between July 1, 2014 and October 31, 2014, who had a "No" under the "Direct Certification" column, and who did not possess any other status designation that allowed the pupils to be reported as part of the unduplicated pupil count.

Effect: The unduplicated FRPM-eligible pupil counts certified by the District were overstated by 187 pupils.

Questioned Costs: We performed alternative audit procedures to isolate the population with the same characteristics where the initial discrepancy was discovered at all District schools.

A summary of certified enrollment, unduplicated pupil counts, pupil count adjustments, and audited unduplicated pupil counts is presented for the District's schools, as follows:

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (CONTINUED)

Questioned Costs (Continued):

	Total Enrollment	Total Unduplicated Eligible Free/ Reduced Meal Counts	EL Funding Eligible	Unduplicated FRPM/EL Eligible Count
Certified Pupil Counts:				
Barbara Chilton Middle	373	53	18	64
Blue Oaks Elementary	517	83	55	120
Bradford Woodbridge Elementary	284	235	120	242
Catherine Gates Elementary	596	131	53	168
Crestmont Elementary	456	203	55	213
Diamond Creek Elementary	580	91	53	113
Ferris Spanger Elementary	456	173	31	178
Fiddyment Farm	383	72	51	94
George A. Buljan Middle	1,108	372	82	386
George Cirby Elementary	367	281	146	284
George Sargeant Elementary	459	214	91	223
Junction Elementary	741	81	79	136
Robert C. Cooley Middle	934	305	72	321
Stoneridge Elementary	474	57	54	101
Thomas Jefferson Elementary	485	91	73	132
Vencil Brown Elementary	408	87	36	107
Warren T. Eich Middle	783	245	44	251
William Kaseberg Elementary	397	262	74	269
NPS School Group	19	0	5	6
Totals	9,820	3,036	1,192	3,408
Audit Adjustments:				
Barbara Chilton Middle		(4)		(4)
Blue Oaks Elementary		(11)		(11)
Bradford Woodbridge Elementary		(10)		(10)
Catherine Gates Elementary		(8)		(8)
Crestmont Elementary		(12)		(12)
Diamond Creek Elementary		(5)		(5)
Ferris Spanger Elementary		(3)		(3)
Fiddyment Farm		(4)		(4)
George A. Buljan Middle		(26)		(26)
George Cirby Elementary		(9)		(9)
George Sargeant Elementary		(15)		(15)
Junction Elementary		(14)		(14)
Robert C. Cooley Middle		(12)		(12)
Stoneridge Elementary		(14)		(14)
Thomas Jefferson Elementary		(6)		(6)
Vencil Brown Elementary		(3)		(3)
Warren T. Eich Middle		(17)		(17)
William Kaseberg Elementary		(14)		(14)
NPS School Group		0		0
Totals	0	(187)	0	(187)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (CONTINUED)

Questioned Costs (Concluded):

	Total Enrollment	Total Unduplicated Eligible Free/ Reduced Meal Counts	EL Funding Eligible	Unduplicated FRPM/EL Eligible Count
Adjusted Pupil Counts:				
Barbara Chilton Middle	373	49	18	60
Blue Oaks Elementary	517	72	55	109
Bradford Woodbridge Elementary	284	225	120	232
Catherine Gates Elementary	596	123	53	160
Crestmont Elementary	456	191	55	201
Diamond Creek Elementary	580	86	53	108
Ferris Spanger Elementary	456	170	31	175
Fiddyment Farm	383	68	51	90
George A. Buljan Middle	1,108	346	82	360
George Cirby Elementary	367	272	146	275
George Sargeant Elementary	459	199	91	208
Junction Elementary	741	67	79	122
Robert C. Cooley Middle	934	293	72	309
Stoneridge Elementary	474	43	54	87
Thomas Jefferson Elementary	485	85	73	126
Vencil Brown Elementary	408	84	36	104
Warren T. Eich Middle	783	228	44	234
William Kaseberg Elementary	397	248	74	255
NPS School Group	19	0	5	6
Totals	9,820	2,849	1,192	3,221

The estimated fiscal impact from this noncompliance is $78,859. Questioned costs were determined by multiplying the statewide gap funding rate by the revised funding gap that resulted from recalculating supplementary grant funding using the audit determined unduplicated LCFF pupil counts. The District did not qualify to receive concentration grant funding. The result was a $261,465 reduction to the District's target entitlement but only a $78,859 reduction in the current year gap funding.

Cause: The District used the same database to update FRPM-eligibility for both the child nutrition program and for CALPADS reporting. However, the District did not establish appropriate procedures to ensure that pupils, who were granted FRPM-eligibility status based on their prior year eligibility for the first 30 days of the school year for the child nutrition program, were not coded as FRPM-eligible in CALPADS unless an approved FRPM application was submitted between July 1 and October 31 of the school year.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS (CONCLUDED)

UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (CONCLUDED)

Recommendation: The District should establish procedures to ensure that all pupils, who are reported as FRPM-eligible on the CALPADS “1.18 - FRPM/English Learner/Foster Youth - Student List” report and who are not directly certified, have an approved FRPM application or alternative income form submitted between July 1 and October 31 of each school year.

District Response: The District agrees with the finding and has developed procedures to implement the recommendation during the 2015-16 fiscal year.

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Recommendations	Current Status	Explanation If Not Fully Implemented
FINANCIAL STATEMENTS		
14 - 001 / 30000		
STORES INVENTORY		
The District should emphasize the importance of providing accurate and complete inventory counts and valuations. The District should establish internal control procedures that require employees to verify the accuracy and completeness of reports generated by the computerized inventory program.	Implemented	
14 - 002 / 30000		
SCHOOL MITIGATION AGREEMENTS		
The District should establish written procedures to annually index the mitigation fees charged to Developers. The procedures should include a review of the calculation by a second employee and retention of all documents that support the index rate used in the calculation.	Implemented	

MANAGEMENT LETTER

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

MANAGEMENT LETTER

December 11, 2015

Governing Board and Management
Roseville City School District
Roseville, California

In planning and performing our audit of the financial statements of Roseville City School District as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered Roseville City School District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for expressing our opinion on the effectiveness of Roseville City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

During our audit we noted deficiencies in internal control other than significant deficiencies and material weaknesses and certain matters that we consider to be opportunities for strengthening the District's internal controls and operating efficiency. The management points that accompany this letter summarize our comments and suggestions regarding these matters. This letter does not affect our report dated December 11, 2015, on the financial statements of Roseville City School District.

STUDENT BODY ACTIVITIES

The District should ensure that school personnel responsible for oversight of student body activities have the proper training or resources available to them to ensure that student body activities are conducted consistent with District policies and procedures. We noted several instances where student body personnel, including advisors, were either unaware of District policies or procedures or did not follow District policies or procedures. The areas where we noted a breakdown in internal control were a result of our audit at various school sites and include the following:

- Missing authorization from required signor for disbursements
- Inadequate student body minutes maintained
- Inadequate reconciliation between student store sales and actual receipts
- Not following District procedures when contracting with busing companies for fieldtrips
- Non-student body related subaccounts commingled with student body funds

We recommend the District continue to provide annual in-service training for employees involved with the student body activity accounts.

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Regarding the status of the management comments made during fiscal year 2013-14, we noted that the District appears to have implemented three of the six areas related to student body activities. The District also appears to have implemented appropriate sales and use tax reporting procedures at the school sites.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel. The comments included in this letter are only a result of audit procedures performed based on risk assessment procedures and not all deficiencies or weaknesses in controls may have been identified.

This report is intended solely for the information and use of the Governing Board, management, and others within the District and is not intended to be and should not be used by anyone other than these specified parties.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants