ROSEVILLE CITY SCHOOL DISTRICT
COUNTY OF PLACER
ROSEVILLE, CALIFORNIA

AUDIT REPORT

JUNE 30, 2016

ROSEVILLE CITY SCHOOL DISTRICT

JUNE 30, 2016

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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, 2016, 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[h1] of the Roseville City School District, as of June 30, 2016, 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 the Roseville City School District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information listed in the table of contents and 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 information listed in the table of contents and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2016 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 12, 2016

(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, 2016. 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 $12,324,953 or 11.1% during 2015-16.

- Capital assets, net of depreciation, decreased $3,966,918 primarily due to accumulated depreciation growing at a faster rate than acquisitions and improvements.

- The District continues 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 as required by the Governmental Accounting Standards Board.

- Long-term debt, excluding net pension liability, decreased $13,572,720 due primarily to the decrease in the deferred obligation for Chilton Middle School and the net payments on the outstanding general obligation bonds and certificates of participation.

- The District's average daily attendance (ADA) increased by 214 ADA in fiscal year 2015-16.

- 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 2015-16, General Fund expenditures and other financing uses totaled $87,962,307. At June 30, 2016, the District has available reserves of $7,429,401 in the General Fund, which represents a reserve of 8.4%.

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 $111,171,533 at June 30, 2015 to $123,496,486 at June 30, 2016, or 11.1%.

Comparative Statement of Net Position

	Governmental Activities	
	2015	2016
Assets		
Deposits and Investments	$ 40,902,071	$ 50,305,121
Receivables	3,650,428	4,459,734
Inventory	39,866	51,814
Prepaid Expenses	422,805	302,834
Capital Assets, net	208,045,134	204,078,216
Total Assets	253,060,304	259,197,719
Deferred Outflows of Resources		
Pension Deferrals	7,001,572	9,426,904
Deferred Payments to Developers	5,612,331	0
Bond Refunding	909,117	839,630
Total Deferred Outflows of Resources	13,523,020	10,266,534
Liabilities		
Current	15,519,485	16,230,199
Long-Term	123,766,306	122,831,009
Total Liabilities	139,285,791	139,061,208
Deferred Inflows of Resources		
Pension Deferrals	16,126,000	6,906,559
Net Position		
Net Investment in Capital Assets	167,216,138	170,346,617
Restricted for Capital Projects	14,815,773	16,681,894
Restricted for Debt Service (Deficit)	(8,585,009)	(5,731,464)
Restricted for Educational Programs	3,842,094	4,907,484
Restricted for Other Purposes	1,670,720	1,687,220
Unrestricted (Deficit)	(67,788,183)	(64,395,265)
Total Net Position	$ 111,171,533	$ 123,496,486

Table includes financial data of the combined governmental funds

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 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	
	2015	2016
Program Revenues		
Charges for Services	$ 1,926,839	$ 1,913,803
Operating Grants and Contributions	15,671,044	17,555,638
Capital Grants and Contributions	2,804	1,505
General Revenues		
Taxes Levied	37,658,171	42,613,805
Federal and State Aid	37,786,649	45,010,730
Interest and Investment Earnings	193,812	269,206
Miscellaneous	3,533,194	7,776,630
Total Revenues	96,772,513	115,141,317
Expenses		
Instruction	60,573,012	67,580,805
Instruction-Related Services	6,227,902	7,363,231
Pupil Services	12,054,489	11,604,106
General Administration	3,715,903	4,161,913
Plant Services	7,243,848	8,354,230
Ancillary Services	107,175	118,670
Interest on Long-Term Debt	2,481,555	2,216,743
Other Outgo	1,555,136	1,416,666
Total Expenses	93,959,020	102,816,364
Changes in Net Position	2,813,493	12,324,953
Net Position, Beginning	108,358,040	111,171,533
Net Position, Ending	$ 111,171,533	$ 123,496,486

Table includes financial data of the combined governmental funds

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

Overall 2015-16 revenues increased $18,368,804 (19.0%) compared to 2014-15 primarily due to the following:

- $7,217,066 increase in local control funding formula revenues.
- $4,395,051 increase in Mandated revenues.
- $212,019 increase in Lottery revenues.
- $4,145,875 increase in developer fees/redevelopment fees.
- $1,255,712 increase in Other State revenues primarily due to one-time Educator Effectiveness funding and an increase in STRS on-behalf pension contributions.

Total program expenses increased $8,857,344 (9.4%) during fiscal year 2015-16 mainly due to the following:

- Salaries and benefits increased approximately $7,242,139 primarily due to salary settlement and step and column movement. In addition, contributions to the Public Employees Retirement System and State Teacher's Retirement System continue to increase.
- $1,361,174 decrease in textbook related expenditures due to there being no textbook adoption in 2015-16.
- $501,779 decrease in materials and supplies from local control funding formula supplemental funds which reflect the District's 2015-16 local control accountability plan.
- $3,392,847 increase in pension costs due to the requirement that the District reflect its proportionate share of the net pension liabilities related to its participation in CalSTRS and CalPERS pension plans.

The table on the next page 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 $83,345,418 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.

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

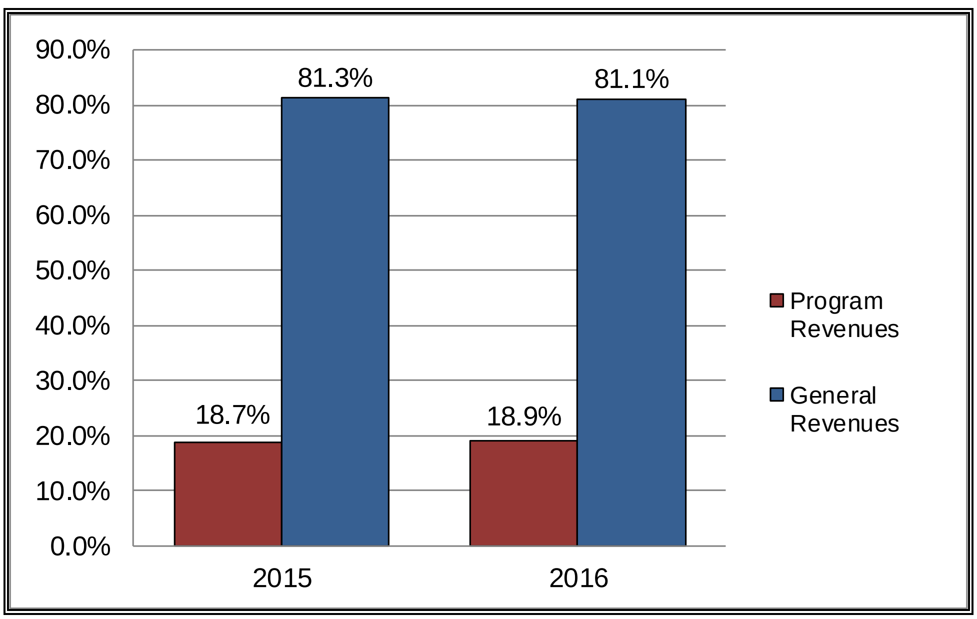
GOVERNMENTAL ACTIVITIES (CONTINUED)

Comparative Schedule of Costs of Services

	Total Cost of Services		Net Cost/(Revenue) of Services	
	2015	2016	2015	2016
Instruction	$ 60,573,012	$ 67,580,805	$ 52,808,193	$ 57,944,580
Instruction-Related Services	6,227,902	7,363,231	5,806,751	6,755,352
Pupil Services	12,054,489	11,604,106	5,058,542	4,918,353
General Administration	3,715,903	4,161,913	3,400,187	3,848,065
Plant Services	7,243,848	8,354,230	6,450,576	7,758,474
Ancillary Services	107,175	118,670	104,093	114,341
Interest on Long-Term Debt	2,481,555	2,216,743	2,481,555	2,216,743
Other Outgo	1,555,136	1,416,666	248,436	(210,490)
Totals	$ 93,959,020	$ 102,816,364	$ 76,358,333	$ 83,345,418

Table includes financial data of the combined governmental funds

In 2015-16, program revenues financed 18.9% of the total cost of providing the services listed above, while the remaining 81.1% was funded by the general revenues of the District.



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

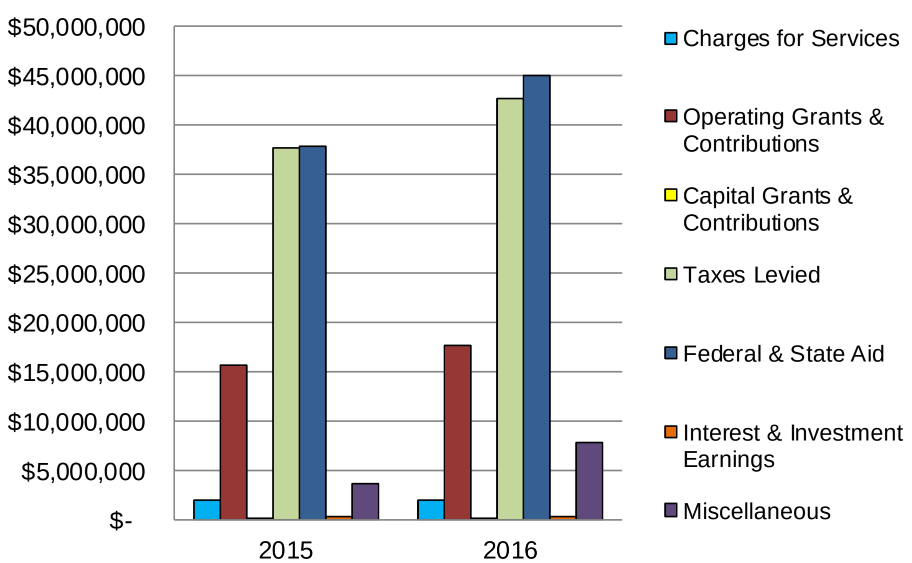
GOVERNMENTAL ACTIVITIES (CONTINUED)

Schedule of Revenues For Governmental Functions

	FYE 2015 Amount	Percent of Total	FYE 2016 Amount	Percent of Total
Program Revenues				
Charges for Services	$ 1,926,839	1.99%	$ 1,913,803	1.66%
Operating Grants & Contributions	15,671,044	16.19%	17,555,638	15.25%
Capital Grants & Contributions	2,804	0.00%	1,505	0.00%
General Revenues				
Taxes Levied	37,658,171	38.91%	42,613,805	37.01%
Federal & State Aid	37,786,649	39.05%	45,010,730	39.09%
Interest & Investment Earnings	193,812	0.20%	269,206	0.23%
Miscellaneous	3,533,194	3.65%	7,776,630	6.75%
Total Revenues	$ 96,772,513	100.00%	$ 115,141,317	100.00%

Table includes financial data of the combined governmental funds

Comparative Revenues



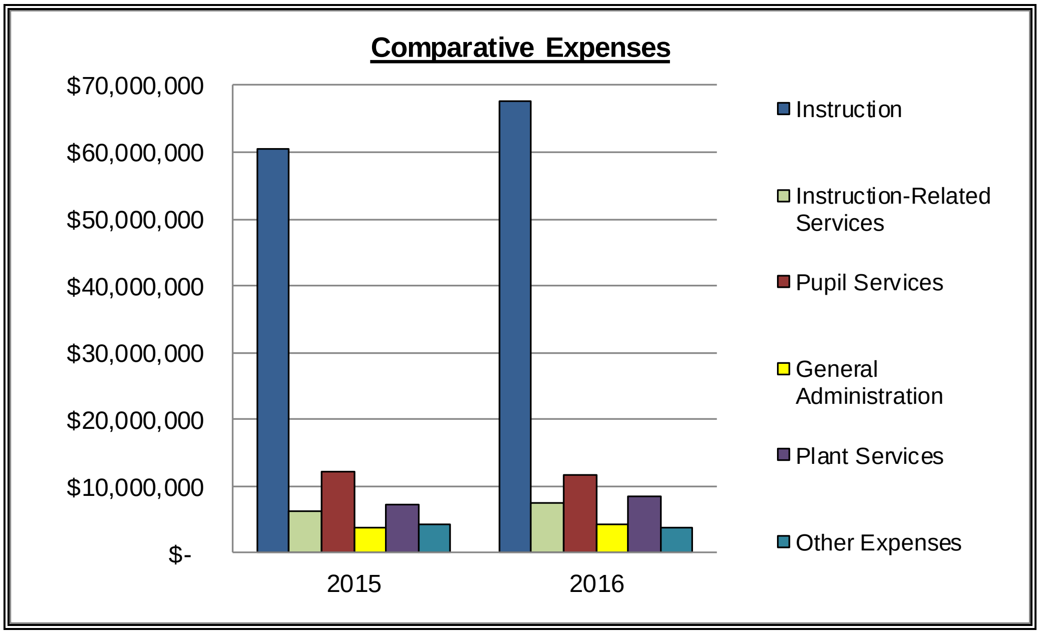
FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (CONTINUED)

GOVERNMENTAL ACTIVITIES (CONTINUED)

Schedule of Expenses For Governmental Functions

	FYE 2015 Amount	Percent of Total	FYE 2016 Amount	Percent of Total
Expenses				
Instruction	$ 60,573,012	64.47%	$ 67,580,805	65.73%
Instruction-Related Services	6,227,902	6.63%	7,363,231	7.16%
Pupil Services	12,054,489	12.83%	11,604,106	11.29%
General Administration	3,715,903	3.95%	4,161,913	4.05%
Plant Services	7,243,848	7.71%	8,354,230	8.13%
Other Expenses	4,143,866	4.41%	3,752,079	3.65%
Total Expenses	$ 93,959,020	100.00%	$ 102,816,364	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	
	2015	2016
Land	$ 40,714,239	$ 40,714,239
Sites and Improvements	16,770,808	16,827,201
Buildings and Improvements	206,198,249	206,787,425
Furniture and Equipment	3,719,659	4,140,631
Work-in-Progress	438,206	503,042
Subtotals	267,841,161	268,972,538
Less: Accumulated Depreciation	(59,796,027)	(64,894,322)
Capital Assets, net	$ 208,045,134	$ 204,078,216

Capital assets, net of depreciation, decreased $3,966,918 primarily due to accumulated depreciation growing at a faster rate than acquisitions and improvements.

Comparative Schedule of Long-Term Liabilities

	Governmental Activities	
	2015	2016
Compensated Absences	$ 136,364	$ 179,480
General Obligation Bonds	40,589,197	35,765,299
Certificates of Participation	9,695,000	8,755,000
Capital Leases	225,340	300,080
Deferred Obligation	12,601,227	3,454,282
Early Retirement Incentives	2,170,526	2,386,295
Other Post Employment Benefits	4,668,966	5,673,464
Totals Before GASB 68	70,086,620	56,513,900
Net Pension Liability	61,354,220	74,713,402
Totals	$ 131,440,840	$ 131,227,302

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 27% 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 3% 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 leases, the District's share of early retirement incentive payments, the value of the vacation earned, but not taken as of June 30, 2016, the Governmental Accounting Standards Board Statement 45 other post-employment benefit 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.

The District continues 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 as required by the Governmental Accounting Standards Board.

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, 2015	Fund Balances June 30, 2016	Increase (Decrease)
General	$ 13,941,220	$ 21,524,429	$ 7,583,209
Cafeteria	1,237,915	1,374,386	136,471
Bond Interest & Redemption	7,559,214	8,059,540	500,326
Developer Fees	14,771,483	16,666,685	1,895,202
County School Facilities	44,290	15,209	(29,081)
Totals	$ 37,554,122	$ 47,640,249	$ 10,086,127

The combined fund balances of all funds increased $10,086,127 primarily due to: (1) The District receiving one-time Mandate claims and Educator Effectiveness entitlements; (2) an increase in taxes levied for debt service; and (3) 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 2015-16.

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, part of which expire January 1, 2017, 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.

- Enrollment declined at the beginning of 2014-15 by 250 students, but increased by 214 in 2015-16 and by nearly 500 in 2016-17. 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. 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 - Business Services, Roseville City School District, 1050 Main Street, Roseville, CA 95678.

ROSEVILLE CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities
Assets	
Deposits and Investments (Note 2)	$ 50,305,121
Receivables (Note 3)	4,459,734
Stores Inventory (Note 1H)	51,814
Prepaid Expenses (Note 1H)	302,834
Capital Assets (Note 5)	
Land	40,714,239
Sites and Improvements	16,827,201
Buildings and Improvements	206,787,425
Furniture and Equipment	4,140,631
Work-in-Progress	503,042
Less: Accumulated Depreciation	(64,894,322)
Total Assets	259,197,719
Deferred Outflows of Resources	
Pension Deferrals (Note 12)	9,426,904
Bond Refunding	839,630
Total Deferred Outflows of Resources	10,266,534
Liabilities	
Accounts Payable and Other Current Liabilities	7,373,313
Accrued Interest Payable	354,652
Unearned Revenue (Note 1H)	105,941
Long-Term Liabilities:	
Portion Due or Payable Within One Year:	
Compensated Absences (Note 1H)	179,480
General Obligation Bonds (Note 6)	6,623,886
Certificates of Participation (Note 7)	975,000
Capital Leases (Note 8)	138,682
Early Retirement Incentives (Note 10)	479,245
Portion Due or Payable After One Year:	
General Obligation Bonds (Note 6)	29,141,413
Certificates of Participation (Note 7)	7,780,000
Capital Leases (Note 8)	161,398
Deferred Obligation (Note 9)	3,454,282
Early Retirement Incentives (Note 10)	1,907,050
Other Post Employment Benefits (Note 11)	5,673,464
Net Pension Liabilities (Note 12)	74,713,402
Total Liabilities	139,061,208
Deferred Inflows of Resources	
Pension Deferrals (Note 12)	6,906,559
Net Position	
Net Investment in Capital Assets	170,346,617
Restricted:	
For Capital Projects	16,681,894
For Debt Service (Deficit)	(5,731,464)
For Educational Programs	4,907,484
For Other Purposes	1,687,220
Unrestricted (Deficit)	(64,395,265)
Total Net Position	$ 123,496,486

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ROSEVILLE CITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental Activities					
Instruction	$ 67,580,805		$ 9,634,720	$ 1,505	$ (57,944,580)
Instruction-Related Services:					
Supervision of Instruction	1,281,061		272,189		(1,008,872)
Instructional Library and Technology	578,004		18,682		(559,322)
School Site Administration	5,504,166		317,008		(5,187,158)
Pupil Services:					
Home-to-School Transportation	1,791,435		47,310		(1,744,125)
Food Services	5,143,716	$ 1,826,151	3,453,600		136,035
Other Pupil Services	4,668,955		1,358,692		(3,310,263)
General Administration:					
Data Processing Services	1,169,046		3,140		(1,165,906)
Other General Administration	2,992,867	72,160	238,548		(2,682,159)
Plant Services	8,354,230	15,492	580,264		(7,758,474)
Ancillary Services	118,670		4,329		(114,341)
Interest on Long-Term Debt	2,216,743				(2,216,743)
Other Outgo	1,416,666		1,627,156		210,490
Total Governmental Activities	$ 102,816,364	$ 1,913,803	$ 17,555,638	$ 1,505	(83,345,418)
General Revenues					
Taxes Levied for General Purposes					35,285,056
Taxes Levied for Debt Service					7,005,800
Taxes Levied for Specific Purposes					322,949
Federal and State Aid - Unrestricted					45,010,730
Interest and Investment Earnings					269,206
Miscellaneous					7,776,630
Total General Revenues					95,670,371
Change in Net Position					12,324,953
Net Position - July 1, 2015					111,171,533
Net Position - June 30, 2016					$ 123,496,486

ROSEVILLE CITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Cafeteria
Assets		
Deposits and Investments (Note 2)	$ 22,019,130	$ 1,158,033
Receivables (Note 3)	3,281,896	515,418
Due from Other Funds (Note 4)	320,351	
Stores Inventory (Note 1H)		51,814
Prepaid Expenditures (Note 1H)	302,834	
Total Assets	$ 25,924,211	$ 1,725,265
Liabilities and Fund Balances		
Liabilities:		
Accounts Payable	$ 4,397,963	$ 42,860
Due to Other Funds (Note 4)		203,897
Unearned Revenue (Note 1H)	1,819	104,122
Total Liabilities	4,399,782	350,879
Fund Balances: (Note 15)		
Nonspendable	312,834	51,814
Restricted	4,907,484	1,322,572
Committed	4,169,203	
Assigned	4,705,507	
Unassigned	7,429,401	
Total Fund Balances	21,524,429	1,374,386
Total Liabilities and Fund Balances	$ 25,924,211	$ 1,725,265

Bond Interest and Redemption	Developer Fees	County School Facilities	Total Governmental Funds
$ 8,051,615	$ 19,054,490	$ 21,853	$ 50,305,121
7,925	654,469	26	4,459,734
	6,420	2,890,548	3,217,319
			51,814
			302,834
$ 8,059,540	$ 19,715,379	$ 2,912,427	$ 58,336,822
	$ 41,692	$ 2,890,798	$ 7,373,313
	3,007,002	6,420	3,217,319
			105,941
	3,048,694	2,897,218	10,696,573
			364,648
$ 8,059,540	16,666,685	15,209	30,971,490
			4,169,203
			4,705,507
			7,429,401
8,059,540	16,666,685	15,209	47,640,249
$ 8,059,540	$ 19,715,379	$ 2,912,427	$ 58,336,822

ROSEVILLE CITY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Total Fund Balances - Governmental Funds		$ 47,640,249
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	$ 268,972,538	
Accumulated Depreciation	(64,894,322)	
Net		204,078,216
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 relating to pensions		9,426,904
Deferred inflows of resources relating to pensions		(6,906,559)
Unamortized costs: In governmental funds, the gain or loss from debt refunding activities is recognized in the period they are incurred. 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 deferred outflows of resources, are:		839,630
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	$ 179,480	
General Obligation Bonds	35,765,299	
Certificates of Participation	8,755,000	
Capital Leases	300,080	
Deferred Obligation	3,454,282	
Early Retirement Incentives	2,386,295	
Other Post Employment Benefits	5,673,464	
Net Pension Liabilities	74,713,402	
Total		(131,227,302)
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 owed at the end of the period was:		(354,652)
Total Net Position - Governmental Activities		$ 123,496,486

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Cafeteria
Revenues		
LCFF Sources:		
State Apportionment / Transfers	$ 38,141,860	
Local Taxes	35,224,453	
Total LCFF Sources	73,366,313	
Federal Revenue	3,574,570	$ 3,265,947
State Revenue	12,081,553	238,133
Local Revenue	5,938,868	2,028,338
Total Revenues	94,961,304	5,532,418
Expenditures		
Current:		
Instruction	59,713,504	
Supervision of Instruction	1,244,017	
Instructional Library and Technology	576,971	
School Site Administration	5,404,483	
Home-To-School Transportation	1,756,824	
Food Services	16,294	5,064,433
Other Pupil Services	4,492,059	
Data Processing Services	1,155,844	
Other General Administration	2,575,214	202,902
Plant Services	7,967,553	43,513
Facilities Acquisition and Construction	843,353	85,099
Ancillary Services	116,132	
Other Outgo	1,416,666	
Debt Service:		
Principal Retirement	548,313	
Interest and Issuance Costs	135,080	
Total Expenditures	87,962,307	5,395,947
Excess of Revenues Over (Under) Expenditures	6,998,997	136,471
Other Financing Sources (Uses)		
Operating Transfers In	370,908	
Operating Transfers Out		
Other Sources	213,304	
Total Other Financing Sources (Uses)	584,212	0
Net Change in Fund Balances	7,583,209	136,471
Fund Balances - July 1, 2015	13,941,220	1,237,915
Fund Balances - June 30, 2016	$ 21,524,429	$ 1,374,386

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

Bond Interest and Redemption	Developer Fees	County School Facilities	Total Governmental Funds
			$ 38,141,860
			35,224,453
			73,366,313
			6,840,517
$ 54,664			12,374,350
7,006,562	$ 13,200,843	$ 1,505	28,176,116
7,061,226	13,200,843	1,505	120,757,296
			59,713,504
			1,244,017
			576,971
			5,404,483
			1,756,824
			5,080,727
			4,492,059
			1,155,844
			2,778,116
	259,150	18,843	8,289,059
	53,537	242,419	1,224,408
			116,132
			1,416,666
5,916,588	940,000	9,146,945	16,551,846
644,312	304,425		1,083,817
6,560,900	1,557,112	9,408,207	110,884,473
500,326	11,643,731	(9,406,702)	9,872,823
		9,377,621	9,748,529
	(9,748,529)		(9,748,529)
			213,304
0	(9,748,529)	9,377,621	213,304
500,326	1,895,202	(29,081)	10,086,127
7,559,214	14,771,483	44,290	37,554,122
$ 8,059,540	$ 16,666,685	$ 15,209	$ 47,640,249

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, 2016

Net Change in Fund Balances - Governmental Funds		$ 10,086,127
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	$ 1,219,082	
Depreciation Expense	(5,182,352)	
Net		(3,963,270)
Gain or loss on disposal of capital assets: In governmental funds, the entire proceeds from the disposal of capital assets are reported as revenue. In the statement of activities, only the resulting gain or loss is reported. The difference between the proceeds from the disposal of capital assets and the resulting gain or loss is:		(3,648)
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:		16,551,846
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:		(213,304)
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:		(5,612,331)
Unmatured interest on long-term debt: In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, 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 the prior period, was:		(1,189,437)
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:		(43,116)
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:		(625,518)
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:		(1,004,498)
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:		(1,714,409)
Amortization of debt issue premium or discount or deferred gain or loss from debt refunding: In governmental funds, if debt is issued at a premium or discount, the premium or discount is recognized as Other Financing Sources or Other Financing Uses in the period it is incurred In the government-wide statements, the premium or discount, plus any deferred gain or loss from debt refunding, is amortized as interest over the life of the debt. The premiums, discount, or gain or loss on debt refunding activities and the amortization for the period are:		56,511
Change in Net Position of Governmental Activities		$ 12,324,953

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Private-Purpose Trust		
	Scholarship Funds	Agency Funds	Total Fiduciary Funds
Assets			
Deposits and Investments (Note 2)	$ 71,191	$ 241,390	$ 312,581
Receivables - Interest	57		57
Total Assets	71,248	241,390	312,638
Liabilities			
Due to Student Groups		241,390	241,390
Total Liabilities	0	241,390	241,390
Net Position			
Restricted	71,248	0	71,248
Total Net Position	$ 71,248	$ 0	$ 71,248

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

ROSEVILLE CITY SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Private-Purpose Trust Scholarship Funds
Additions	
Interest	$ 299
Deductions	
Books and Supplies	5,000
Scholarships Awarded	100
Total Deductions	5,100
Change in Net Position	(4,801)
Net Position	
Net Position - July 1, 2015	76,049
Net Position - June 30, 2016	$ 71,248

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. 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Concluded)

Fund Financial Statements:

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

C. 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Concluded)

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.

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.

D. 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Concluded)

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.

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.

E. 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. 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.

G. 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.

H. 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Inventory and Prepaid Expenses/Expenditures (Concluded)

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. 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 District will sometimes report 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 outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

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, 2016.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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. 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 five classifications in governmental fund financial statements are as follows:

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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

9. Fund Balances (Concluded)

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 Governing Board 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.

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

The formula for determining the level of funding per student is the "Local Control Funding Formula" (LCFF). District funding under the LCFF is generally provided by a mix of state aid and local property taxes.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

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

10. Local Control Funding Formula (LCFF)/Property Tax (Concluded)

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, 2016, consist of the following:

	Governmental Activities	Fiduciary Activities
Cash on Hand and in Banks	$ 200	$ 303,375
Cash in Revolving Funds	10,000	
County Pool Investments	50,294,921	9,206
Total Deposits and Investments	$ 50,305,121	$ 312,581

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.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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	$ 50,294,921	$ 50,429,721	$ 17,098,066	$ 33,196,855

Fiduciary Activities:

Investment Type	Carrying Value	Fair Value	Less Than 1 Year	More Than 1 Year
County Pool Investments	$ 9,206	$ 9,231	$ 3,130	$ 6,076

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:

Investment Type	Carrying Value	Fair Value	Rating as of Year End		
			AAA	Aa	Unrated
County Pool Investments	$ 50,294,921	$ 50,429,721			$ 50,294,921

Fiduciary Activities:

Investment Type	Carrying Value	Fair Value	Rating as of Year End		
			AAA	Aa	Unrated
County Pool Investments	$ 9,206	$ 9,231			$ 9,206

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.

NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

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, 2016, the District does not have any investments that are held by counterparties.

Derivative Investments

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

NOTE 3 - RECEIVABLES

Receivables at June 30, 2016 consist of the following:

	General Fund	Cafeteria Fund	Bond Interest & Redemption Fund	Developer Fees Fund	County School Facilities Fund	Totals
Federal Government	$ 199,482	$ 465,139				$ 664,621
State Government	1,032,091	35,132				1,067,223
Local Governments	1,795,969					1,795,969
Interest	24,845	742	$ 7,925	$ 18,755	$ 26	52,293
Miscellaneous	229,509	14,405		635,714		879,628
Totals	$ 3,281,896	$ 515,418	$ 7,925	$ 654,469	$ 26	$ 4,459,734

NOTE 4 - 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.

NOTE 4 - INTERFUND ACTIVITIES (CONCLUDED)

A. Due From/Due To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2016 are as follows:

Funds	Interfund Receivables	Interfund Payables
General	$ 320,351	
Cafeteria		$ 203,897
Developer Fees	6,420	3,007,002
County School Facilities	2,890,548	6,420
Totals	$ 3,217,319	$ 3,217,319

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 2015-16 were as follows:

Funds	Transfers In	Transfers Out
General	$ 370,908	
Developer Fees		$ 9,748,529
County School Facilities	9,377,621	
Totals	$ 9,748,529	$ 9,748,529

Transfer $370,908 from the Developer Fees Fund to the General Fund for 3% administrative costs based on fiscal year 2015-16 revenue.

Transfer $7,740,343 from the Developer Fees Fund to the County School Facilities Fund for the Fiddyment Farms Elementary School.

Transfer $1,637,278 from the Developer Fees Fund to the County School Facilities Fund for the Barbara Chilton Middle School.

NOTE 5 - CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2016, is shown below:

	Balances July 1, 2015	Additions	Deletions	Balances June 30, 2016
Land	$ 40,714,239			$ 40,714,239
Sites and Improvements	16,770,808	$ 56,393		16,827,201
Buildings and Improvements	206,198,249	589,176		206,787,425
Furniture and Equipment	3,719,659	508,677	$ 87,705	4,140,631
Work-in-Progress	438,206	473,309	408,473	503,042
Totals at Historical Cost	267,841,161	1,627,555	496,178	268,972,538
Less Accumulated Depreciation for:				
Sites and Improvements	5,891,856	838,777		6,730,633
Buildings and Improvements	51,186,400	4,141,863		55,328,263
Furniture and Equipment	2,717,771	201,712	84,057	2,835,426
Total Accumulated Depreciation	59,796,027	5,182,352	84,057	64,894,322
Governmental Activities Capital Assets, net	$ 208,045,134	$ (3,554,797)	$ 412,121	$ 204,078,216

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:

Instruction	$ 4,756,975
Supervision of Instruction	2,317
Home-To-School Transportation	33,924
Food Services	57,067
Other Pupil Services	86,890
Data Processing	9,342
Other General Administration	201,023
Plant Services	34,814
Total Depreciation Expense	$ 5,182,352

NOTE 6 - GENERAL OBLIGATION BONDS

The District's outstanding general obligation debt, excluding $1,511,658 of unamortized bond premiums, as of June 30, 2016 is as follows:

A. Current Interest Bonds

Year of Issue	Interest Rate %	Date of Maturity	Amount of Original Issue	Outstanding July 1, 2015	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2016
2012	3.00-5.00	8/1/28	$ 17,075,000	$ 14,765,000	$ 0	$ 1,350,000	$ 13,415,000

NOTE 6 - GENERAL OBLIGATION BONDS (CONTINUED)

A. Current Interest Bonds (Concluded)

The annual requirements to amortize the current interest bonds payable, outstanding as of June 30, 2016, are as follows:

Year Ended June 30	Principal	Interest	Totals
2017	$ 1,475,000	$ 580,437	$ 2,055,437
2018	1,635,000	502,688	2,137,688
2019	625,000	450,875	1,075,875
2020	675,000	428,125	1,103,125
2021	710,000	398,562	1,108,562
2022-2026	4,620,000	1,377,063	5,997,063
2027-2031	3,675,000	255,844	3,930,844
Totals	$ 13,415,000	$ 3,993,594	$ 17,408,594

B. Capital Appreciation Bonds

Year of Issue	Accretion Rate %	Date of Maturity	Amount of Original Issue	Outstanding July 1, 2015	Accreted Interest Current Year	Redeemed Current Year	Outstanding June 30, 2016
1992	6.25-6.60	8/1/17	$ 12,796,847	$ 14,050,451	$ 662,232	$ 4,566,588	$ 10,146,095
2003	5.11-5.58	8/1/27	5,258,924	10,136,090	556,456		10,692,546
			$ 18,055,771	$ 24,186,541	$ 1,218,688	$ 4,566,588	$ 20,838,641

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
2017	6.60	$ 1,055,437	$ 3,940,711	$ 4,996,148
2018	6.60	1,087,928	4,062,019	5,149,947
Totals		$ 2,143,365	$ 8,002,730	$ 10,146,095

The annual requirements to amortize the 1992 Series A capital appreciation bonds at June 30, 2016, are as follows:

Year Ended June 30	Principal	Interest	Totals
2017	$ 1,055,437	$ 3,967,451	$ 5,022,888
2018	1,087,928	4,437,072	5,525,000
Totals	$ 2,143,365	$ 8,404,523	$ 10,547,888

NOTE 6 - 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
2017		$ 0	$ 0	$ 0
2018		0	0	0
2019	5.11	551,628	528,509	1,080,137
2020	5.19	545,860	534,154	1,080,014
2021	5.27	539,927	539,476	1,079,403
2022-2026	5.35-5.54	2,605,245	2,735,449	5,340,694
2027-2031	5.56-5.58	1,016,264	1,096,034	2,112,298
Totals		$ 5,258,924	$ 5,433,622	$ 10,692,546

The annual requirements to amortize the 2002 Series A capital appreciation bonds at June 30, 2016, are as follows:

Year Ended June 30	Principal	Interest	Totals
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	539,927	795,073	1,335,000
2022-2026	2,605,245	5,249,755	7,855,000
2027-2031	1,016,264	2,763,736	3,780,000
Totals	$ 5,258,924	$ 10,176,076	$ 15,435,000

NOTE 7 - 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, 2016, the outstanding principal balance for the certificates of participation was $8,755,000.

NOTE 7 - CERTIFICATES OF PARTICIPATION (CONCLUDED)

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

Year Ended June 30	Principal	Interest	Totals
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	1,105,000	135,382	1,240,382
2022-2026	3,550,000	178,200	3,728,200
Totals	$ 8,755,000	$ 1,204,087	$ 9,959,087

NOTE 8 - CAPITAL LEASES

During fiscal year 2009-10, the District entered into a capital lease agreement for the purchase of three special education school buses valued at $205,000. 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.

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 capital lease payments under these agreements are as follows:

Year Ended June 30	Lease Payments
2017	$ 144,310
2018	110,532
2019	54,761
Total payments	309,603
Less amounts representing interest	(9,523)
Present value of net minimum lease payments	$ 300,080

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

NOTE 9 - 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.

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 2015-16, the District made payments to Developers in the amount of $9,384,041 and incurred $237,096 of additional costs related to Fiddyment Farm Elementary School.

At June 30, 2016, Barbara Chilton Middle School and Fiddyment Farm Elementary School have been completed under this agreement and the District has a $3,454,282 remaining deferred obligation to the Developers for Fiddyment Farm Elementary School.

NOTE 10 - EARLY RETIREMENT INCENTIVES

In addition to the pension benefits described in Note 12, 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 payments under these early retirement incentive agreements will be made through fiscal year 2023-24 as follows:

Year Ended June 30	STRS Golden Handshakes
2017	$ 657,164
2018	615,108
2019	484,194
2020	368,132
2021	270,458
2022-26	637,831
Subtotal	3,032,887
Less amount representing interest	(646,592)
Total	$ 2,386,295

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

In addition to the early retirement incentives described in Note 10 and the pension benefits described in Note 12, the District offers other post employment benefits (OPEB) to employees who meet certain criteria. The District records the liability for this benefit in accordance with Governmental Accounting Standards Board Statement No. 45.

Plan Descriptions: The District provides medical 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 681 eligible active employees and 46 eligible retired employees covered under the OPEB plan as of February 1, 2016, 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, 2016, the amount actually contributed to the plan, and changes in the District's net OPEB obligation that resulted in a net OPEB obligation of $5,673,464 for the year ended June 30, 2016.

Annual required contribution (ARC)	$ 1,341,596
Interest on Net OPEB Obligation	210,103
Adjustment to ARC	(238,626)
Annual OPEB cost (expense)	1,313,073
Contributions for the fiscal year	(308,575)
Increase in Net OPEB Obligation	1,004,498
Net OPEB Obligation - June 30, 2015	4,668,966
Net OPEB Obligation - June 30, 2016	$ 5,673,464

NOTE 11 - 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, 2016	$ 1,313,073	23.5%	$ 5,673,464
June 30, 2015	1,089,918	25.7%	4,668,966
June 30, 2014	1,058,624	27.1%	3,858,885

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.

In the February 1, 2016, actuarial valuation, the liabilities were computed using the entry age normal method and the unfunded actuarial accrued liability (UAAL) is being amortized using the level percentage of payroll method over an closed 30 year amortization period for the initial UAAL and an open 24 year amortization period for the residual UAAL. The actuarial assumptions utilized a 4.5% 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% medical 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.

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.

NOTE 12 - 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 12 - RETIREMENT PLANS (CONTINUED)

The District reported net pension liabilities, deferred outflows of resources, and deferred inflows of resources in the accompanying statement of net position as follows:

Pension Plan	Net Pension Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources
CalSTRS	$ 60,983,670	$ 7,045,359	$ 5,617,533
CalPERS	13,729,732	2,381,545	1,289,026
Totals	$ 74,713,402	$ 9,426,904	$ 6,906,559

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The California State Teachers Retirement System (CalSTRS) provides pension benefits, including disability and survivor benefits, to California full-time and part-time public school teachers and certain other employees of the public school system. The Teachers' Retirement Law (California 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. CalSTRS issues a stand-alone comprehensive annual financial report available to the public that can be found on the CalSTRS website.

Benefits Provided

The State Teachers' Retirement Plan (STRP) is a multiple-employer, cost-sharing defined benefit plan. 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. 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.

The STRP Defined Benefit Program has two benefit formulas:

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

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. There are several differences between the two benefit formulas and some of the differences are noted below.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

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

Benefits Provided (Concluded)

CalSTRS 2% at 60

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

CalSTRS calculates retirement benefits based on one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of service, or for classroom teachers with less than 25 years of credited service if the employer entered into, extended, renewed, or amended an agreement prior to January 1, 2014, to elect to pay the additional benefit cost for all of its classroom teachers. One year final compensation means a member's highest average annual compensation earnable for 12 consecutive months based on the creditable compensation that a member could earn in a school year while employed on a full-time basis. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62

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

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for any 36 consecutive months of credited service.

Contributions

Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. 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 9.20% of applicable member earnings for fiscal year 2015-16. Under CalSTRS 2% at 62, the member contribution rate was 8.56% of applicable member earnings for fiscal year 2015-16. The rate imposed on CalSTRS 2% at 62 members is based on the normal cost of benefits.

Employers: Pursuant to Chapter 47, Statutes of 2014 (AB 1469 - Bonta), the employer contribution rate was 10.73% of applicable member earnings for fiscal year 2015-16. The District contributed $4,893,909 to the plan for the fiscal year ended June 30, 2016.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

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

Contributions (Concluded)

State: The contribution was 2.017% of the members' creditable earnings from the fiscal year ending in the prior calendar year. Also, as a result of AB 1469 - Bonta, the additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in Education Code Section 22955.1(b). The additional state contribution for the fiscal year ended June 30, 2016 was 2.874%. Including a 2.50% contribution for SBMA funding, the total state appropriation to the defined benefit program was 7.391% for the fiscal year ended June 30, 2016.

Payable for Benefit Enhancement

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 7.50%). The District's outstanding balance of these payables to CalSTRS was $2,386,295 at June 30, 2016 (See Note 10).

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

At June 30, 2016, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability associated with the District was as follows:

District's proportionate share of the net pension liability	$ 60,983,670
State's proportionate share of the net pension liability associated with the District	1,291,519
Total net pension liability attributed to District	$ 62,275,189

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The District's proportion of the net pension liability was based on a District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. The District's proportionate share of the net pension liability as of June 30, 2014 and June 30, 2015 was as follows:

Proportion - June 30, 2014	0.0871%
Proportion - June 30, 2015	0.0906%
Change - Increase (Decrease)	0.0035%

NOTE 12 - 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 (Concluded)

For the fiscal year ended June 30, 2016, the District recognized pension expense of $9,608,535, which includes $2,802,825 of support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
District contributions subsequent to the measurement date	$ 4,893,909	
Differences between expected and actual experience		$ 1,018,662
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	2,151,450	
Net differences between projected and actual earnings on plan investments		4,598,871
Totals	$ 7,045,359	$ 5,617,533

The 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2017	$ (1,744,533)
2018	(1,744,533)
2019	(1,744,533)
2020	1,389,920
2021	188,798
2022	188,798

Differences between expected and actual experience, changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2015. Differences between projected and actual earnings on plan investments are netted and reduced over a closed 5-year period.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

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

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2014
Experience Study	July 1, 2006 through June 30, 2010
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return [1]	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit	2.00% simple for DB (Annually)
	Maintain 85% purchasing power level for DB

[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. See CalSTRS July 1, 2006 - June 30, 2010 Experience Analysis for more information.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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.

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:

NOTE 12 - RETIREMENT PLANS (CONTINUED)

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

Actuarial Methods and Assumptions (Concluded)

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 as per AB 1469 - Bonta. 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 table 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	$ 92,080,595	$ 60,983,670	$ 35,139,616

Pension Plan's Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

B. California Public Employees' Retirement System (CalPERS)

Plan Description, Benefits Provided, and Employees Covered

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by 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 death 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. 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 are required to contribute the higher of 50% of the total normal cost rate for their defined benefit plan or 6.0% of their salary. The District's contractually required contribution rate for the fiscal year ended June 30, 2016 was 11.847% of annual payroll. The District's contribution to CalPERS for the fiscal year ended June 30, 2016 was $1,395,858.

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

As of June 30, 2016, the District reported a liability of $13,729,732 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

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

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

The District's proportionate share of the net pension liability as of June 30, 2014 and June 30, 2015 was as follows:

Proportion - June 30, 2014	0.0921%
Proportion - June 30, 2015	0.0931%
Change - Increase (Decrease)	0.0010%

For the fiscal year ended June 30, 2016, the District recognized pension expense of $1,198,466. At June 30, 2016, 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	$ 1,395,858	
Differences between expected and actual experience	791,439	
Changes of assumptions		$ 850,866
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	194,248	
Net differences between projected and actual earnings on plan investments		438,160
Totals	$ 2,381,545	$ 1,289,026

The 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2017	$ (277,455)
2018	(277,455)
2019	(312,170)
2020	563,741

NOTE 12 - RETIREMENT PLANS (CONTINUED)

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

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

Differences between expected and actual experience, changes in assumptions, and changes in employer's proportion and differences in employer's contributions and employer's proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of June 30, 2015. Differences between projected and actual earnings on plan investments are netted and reduced over a closed 5-year period.

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuations were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Consumer Price Inflation	2.75%
Payroll Growth	3.00%
Investment Rate of Return (1)	7.50%
Post Retirement Benefit Increase (2)	

(1) Net of pension plan investment and administrative expenses, includes inflation
(2) 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, 2014 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.

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 Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS website.

NOTE 12 - RETIREMENT PLANS (CONTINUED)

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

Discount Rate (Continued)

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 Schools 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.

The following table 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.

NOTE 12 - RETIREMENT PLANS (CONCLUDED)

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

Discount Rate (Concluded)

Asset Class	Current Target Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	19.0%	0.99%	2.43%
Inflation Assets	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	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 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	$ 22,346,283	$ 13,729,732	$ 6,564,494

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

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 3.75% of employees' gross earnings from July 2015 through June 2016.

NOTE 13 - 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 $2,802,825 (7.12589% of creditable compensation subject to CalSTRS).

NOTE 14 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2016, is shown below.

	Balances July 1, 2015	Additions	Deductions	Balances June 30, 2016	Due within One Year
Compensated Absences	$ 136,364	$ 43,116		$ 179,480	$ 179,480
General Obligation Bonds:					
Current Interest	14,765,000		$ 1,350,000	13,415,000	1,475,000
Capital Appreciation	24,186,541	1,218,688	4,566,588	20,838,641	5,022,888
Bond Premiums	1,637,656		125,998	1,511,658	125,998
Certificates of Participation	9,695,000		940,000	8,755,000	975,000
Capital Leases	225,340	213,304	138,564	300,080	138,682
Deferred Obligation	12,601,227	237,096	9,384,041	3,454,282	
Early Retirement Incentives	2,170,526	625,518	409,749	2,386,295	479,245
Other Post Employment Benefits	4,668,966	1,313,073	308,575	5,673,464	
Net Pension Liabilities	61,354,220	13,359,182		74,713,402	
Totals	$ 131,440,840	$ 17,009,977	$ 17,223,515	$ 131,227,302	$ 8,396,293

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 15 - FUND BALANCES

The fund balances as of June 30, 2016 are as follows:

	General Fund	Cafeteria Fund	Bond Interest & Redemption Fund	Developer Fees Fund	County School Facilities Fund	Totals
Nonspendable:						
Revolving Cash	$ 10,000					$ 10,000
Stores Inventory		$ 51,814				51,814
Prepaid Expenditures	302,834					302,834
Total Nonspendable	312,834	51,814				364,648
Restricted:						
Categorical Programs	4,126,448	1,322,572				5,449,020
Capital Projects				$ 16,666,685	$ 15,209	16,681,894
Debt Service			$ 8,059,540			8,059,540
Local Programs	781,036					781,036
Total Restricted	4,907,484	1,322,572	8,059,540	16,666,685	15,209	30,971,490
Committed:						
Curriculum Adoption	2,000,000					2,000,000
Technology/Wi-Fi Upgrade	650,000					650,000
Other Commitments	1,519,203					1,519,203
Total Committed	4,169,203	0	0	0	0	4,169,203
Assigned:						
Curriculum Adoption	2,300,000					2,300,000
Wi-Fi Upgrade	649,686					649,686
Phone System	375,000					375,000
LCFF Supplemental	199,663					199,663
Other Assignments	1,181,158					1,181,158
Total Assigned	4,705,507	0	0	0	0	4,705,507
Unassigned:						
Economic Uncertainties - Required	2,638,870					2,638,870
Economic Uncertainties - District	1,759,247					1,759,247
Other Unassigned	3,031,284					3,031,284
Total Unassigned	7,429,401	0	0	0	0	7,429,401
Total Fund Balances	$ 21,524,429	$ 1,374,386	$ 8,059,540	$ 16,666,685	$ 15,209	$ 47,640,249

NOTE 16 - 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.

NOTE 16 - EARLY RETIREMENT INCENTIVE PROGRAM (CONCLUDED)

Retiree Information

Eleven 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	59	28	$ 98,060	$ 22,906	$ 60,146	$ 16,828
Principal	59	33	129,027	27,870	121,794	26,711
Teacher	60	18	96,823	22,708	60,146	16,828
Teacher	59	32	98,060	22,906	60,146	16,828
Teacher	67	25	96,823	22,708	60,146	16,828
Teacher	62	29	96,823	22,708	60,146	16,828
Nurse	58	24	91,514	21,857	60,146	16,828
Teacher	59	18	96,823	22,708	60,146	16,828
Teacher	63	29	96,823	22,708	60,146	16,828
Teacher	67	16	91,514	21,857	60,146	16,828
Teacher	65	17	96,823	22,708	60,146	16,828
			$ 1,089,113	$ 253,644	$ 723,254	$ 194,991

Additional Costs

As a result of this early retirement incentive program, the District expects to incur $728,112 in additional costs over an eight year period as presented below:

Retirement costs	$ 724,152
Administrative costs	3,960
Total additional costs	$ 728,112

NOTE 17 - 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 2015-16, 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 18 - 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.

NOTE 18 - JOINT VENTURES (CONCLUDED)

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 19 - 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.

C. School Construction, Dedication, and Reimbursement Agreement

The District entered into a School Construction, Dedication and Reimbursement Agreement effective March 17, 2016 with Roseville Schools, LLC to construct a fourth school in the West Roseville Specific Plan Area, which is scheduled to open in August 2017. Site acquisition costs, site development costs and construction costs for the School will be funded by a combination of school impact fees and state reimbursement. The District has established a school impact fee specifically for the project.

Under the terms of the agreement, Roseville Schools, LLC, at its sole cost and expense, subject to its right to reimbursement of the amounts provided in the agreement, shall construct and dedicate the School and the District agrees to reimburse Roseville Schools, LLC for costs incurred from available state funding and school impact fees received for the Project. In the event available funding for the Project is insufficient to reimburse costs incurred, the unfunded amount shall be treated as an advance to the District and payment deferred until such time as there are sufficient funds in the WRSP account to satisfy the Deferred Obligation. Where two or more Deferred Obligations exist simultaneously, payments shall be made in order incurred, on a first incurred/first paid basis, with payments continuing until all Deferred Obligations are fully satisfied (See Note 9).

D. Capital Lease

On June 24, 2016, the District entered into a capital lease agreement to finance the purchase of $116,427 of computer equipment. The commencement date of the lease is July 1, 2016. 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 $29,890 beginning in fiscal year 2016-17.

NOTE 20 - 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 12, 2016, 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.

Capital Lease

On August 22, 2016, the District entered into a capital lease agreement to finance the purchase of $89,896 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 $23,588 beginning in fiscal year 2016-17.

REQUIRED 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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
LCFF Sources:				
State Apportionment / Transfers	$ 42,489,619	$ 38,881,501	$ 38,141,860	$ (739,641)
Local Sources	29,626,748	34,379,998	35,224,453	844,455
Total LCFF Sources	72,116,367	73,261,499	73,366,313	104,814
Federal Revenue	3,523,799	3,739,625	3,574,570	(165,055)
Other State Revenue	8,865,741	11,716,512	12,081,553	365,041
Other Local Revenue	5,126,516	5,888,451	5,938,868	50,417
Total Revenues	89,632,423	94,606,087	94,961,304	355,217
Expenditures				
Certificated Salaries	44,264,843	46,197,626	46,187,065	10,561
Classified Salaries	10,054,104	11,004,332	10,998,571	5,761
Employee Benefits	13,598,661	16,658,787	16,652,556	6,231
Books and Supplies	5,589,701	5,271,784	3,599,905	1,671,879
Services and Other Operating Expenditures	7,429,705	8,140,418	7,840,093	300,325
Capital Outlay	749,283	814,379	786,960	27,419
Debt Service:				
Principal Retirement	619,601	609,362	548,313	61,049
Interest and Fiscal Charges	169,521	169,521	135,080	34,441
Other Expenditures	1,309,635	1,296,932	1,213,764	83,168
Total Expenditures	83,785,054	90,163,141	87,962,307	2,200,834
Excess of Revenues Over Expenditures	5,847,369	4,442,946	6,998,997	2,556,051
Other Financing Sources				
Operating Transfers In	223,682	370,909	370,908	(1)
Other Sources		213,304	213,304	
Total Other Financing Sources	223,682	584,213	584,212	(1)
Net Change in Fund Balances	6,071,051	5,027,159	7,583,209	$ 2,556,050
Fund Balances - July 1, 2015	13,941,220	13,941,220	13,941,220	
Fund Balances - June 30, 2016	$ 20,012,271	$ 18,968,379	$ 21,524,429	

SEE NOTES TO REQUIRED 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, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Federal Revenue	$ 3,055,781	$ 2,893,080	$ 3,265,947	$ 372,867
Other State Revenue	229,756	249,563	238,133	(11,430)
Other Local Revenue	1,981,154	2,125,137	2,028,338	(96,799)
Total Revenues	5,266,691	5,267,780	5,532,418	264,638
Expenditures				
Classified Salaries	1,785,875	1,844,731	1,813,022	31,709
Employee Benefits	506,056	509,369	486,964	22,405
Food and Supplies	2,455,000	2,610,700	2,610,348	352
Services and Other Operating Expenditures	274,000	272,613	197,612	75,001
Capital Outlay	90,000	87,226	85,099	2,127
Other Expenditures	180,000	202,902	202,902	
Total Expenditures	5,290,931	5,527,541	5,395,947	131,594
Net Change in Fund Balances	(24,240)	(259,761)	136,471	$ 396,232
Fund Balances - July 1, 2015	1,237,915	1,237,915	1,237,915	
Fund Balances - June 30, 2016	$ 1,213,675	$ 978,154	$ 1,374,386	

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Value of Assets	Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
2/1/16	$ 0	$ 9,106,850	$ 9,106,850	0%	$ 50,934,915	17.9%
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%

SEE NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

ROSEVILLE CITY SCHOOL DISTRICT

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

JUNE 30, 2016

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	State's Proportionate Share of the NPL Associated to District	Total NPL Attributed to District	District's Covered Employee Payroll	District's Proportionate Share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2016	0.0906%	$ 60,983,670	$ 1,291,519	$ 62,275,189	$ 42,043,514	145.05%	74.02%
2015	0.0871%	50,898,627	1,205,001	52,103,628	38,808,424	131.15%	76.52%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. 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, 2016

Year Ended June 30	District's Proportion of the NPL	District's Proportionate Share of the NPL	District's Covered Employee Payroll	District's Proportionate Share of the NPL as a % of Covered Employee Payroll	Plan Fiduciary Net Position As a % of Total Pension Liability
2016	0.0931%	$ 13,729,732	$ 10,312,089	133.14%	79.43%
2015	0.0921%	10,455,593	9,663,284	108.20%	83.38%

* The amounts presented for each fiscal year were determined based on a measurement date that was one year prior to the year-end date. This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. 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 *

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Employee Payroll	Contributions As a % of Covered Employee Payroll
2016	$ 4,893,909	$ 4,893,909	$ -	$ 45,609,590	10.73%
2015	3,730,036	3,730,036	-	42,004,910	8.88%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF CONTRIBUTIONS - CALPERS *

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Year Ended June 30	Actuarially Determined Contributions	Contributions In Relation to Contractually Required Contributions	Contribution Deficiency/ (Excess)	District's Covered Employee Payroll	Contributions As a % of Covered Employee Payroll
2016	$ 1,395,858	$ 1,395,858	$ -	$ 11,782,375	11.847%
2015	1,213,646	1,213,646	-	10,310,475	11.771%

* This is a 10-year schedule, however the information in this schedule is not required to be presented retroactively. Additional years will be added to this schedule as information becomes available until 10 years are presented.

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. These schedules present the original adopted budget, final adopted budget, and the actual revenues and expenditures of each of these funds by object. There were no excess of expenditures over appropriations in the General Fund and Cafeteria Fund as of June 30, 2016.

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.

SUPPLEMENTARY INFORMATION SECTION

ROSEVILLE CITY SCHOOL DISTRICT

ORGANIZATION/BOARD OF EDUCATION/ADMINISTRATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

ADMINISTRATION

Derk Garcia
Superintendent

Jamey Schrey
Assistant Superintendent - Educational Services

Jerrold Jorgensen
Assistant Superintendent - Personnel Services

Dennis Snelling
Assistant Superintendent - Business Services

Debbie Morris
Assistant Superintendent - Student Services

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	P-2 Report			
	TK / K - 3	**4 - 6**	**7 - 8**	**Totals**
Regular ADA	4,333.64	3,275.72	2,125.81	9,735.17
Extended Year Special Education	5.94	3.03	0.97	9.94
Special Education - Nonpublic	3.89	7.18	4.35	15.42
Extended Year Special Education - Nonpublic	0.07	0.31	0.26	0.64
Totals	4,343.54	3,286.24	2,131.39	9,761.17

	Annual Report			
	TK / K - 3	**4 - 6**	**7 - 8**	**Totals**
Regular ADA	4,350.57	3,274.11	2,125.33	9,750.01
Extended Year Special Education	5.94	3.03	0.97	9.94
Special Education - Nonpublic	4.13	7.71	4.49	16.33
Extended Year Special Education - Nonpublic	0.07	0.31	0.26	0.64
Totals	4,360.71	3,285.16	2,131.05	9,776.92

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Grade Level	Minutes Required	2015-16 Actual Minutes	Number of Days Traditional Calendar	Number of Days Multitrack Calendar	Status
Kindergarten	36,000	36,000	180	N/A	In Compliance
Grade 1	50,400	54,331	180	N/A	In Compliance
Grade 2	50,400	54,331	180	N/A	In Compliance
Grade 3	50,400	54,331	180	N/A	In Compliance
Grade 4	54,000	54,331	180	N/A	In Compliance
Grade 5	54,000	54,331	180	N/A	In Compliance
Grade 6	54,000	57,222	180	N/A	In Compliance
Grade 7	54,000	57,222	180	N/A	In Compliance
Grade 8	54,000	57,222	180	N/A	In Compliance

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identification Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture:				
Passed through California Department of Education (CDE):				
Child Nutrition: Team Nutrition Grant	10.574	15332		$ 5,220
Child Nutrition Cluster:				
National School Lunch	10.555	13524		2,419,246
School Needy Breakfast	10.553	13526		478,888
Summer Food Service Program	10.559	13004		54,048
USDA Food Commodities	10.555	*		308,545
Subtotal Child Nutrition Cluster				3,260,727
Total U.S. Department of Agriculture				3,265,947
U.S. Department of Education:				
Passed through CDE:				
NCLB: Title I Basic Grant Low-Income & Neglected	84.010	14329		875,756
NCLB: Title II Improving Teacher Quality	84.367	14341		192,906
NCLB: Title III Programs:				
NCLB: Title III Immigrant Education Program	84.365	15146		12,209
NCLB: Title III Limited English Proficient	84.365	14346		152,036
Subtotal NCLB: Title III Programs				164,245
Passed through Placer County SELPA:				
Special Education Cluster (IDEA):				
IDEA Part B Local Assistance	84.027	13379		1,607,005
IDEA Part B Preschool Grants	84.173	13430		62,346
IDEA Part B Preschool Local Entitlement	84.027A	13682		200,742
IDEA Part B Mental Health Allocation	84.027A	15197		110,092
Subtotal Special Education Cluster (IDEA)				1,980,185
Total U.S. Department of Education				3,213,092
U.S. Department of Health and Human Services:				
Medicaid Cluster:				
Passed through California Department of Health Services:				
Medi-Cal Billing Option	93.778	10013		218,904
Passed through Sutter County Office of Education:				
Medi-Cal Administrative Activities	93.778	10060		19,997
Subtotal Medicaid Cluster				238,901
Total U.S. Department of Health and Human Services				238,901
Total Federal Expenditures			$ 0	$ 6,717,940

* Pass-Through Entity's Identification Number is not available or not applicable

ROSEVILLE CITY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Developer Fees Fund
June 30, 2016 Annual Financial and Budget Report Fund Balance	$ 16,375,205
Adjustment Increasing Fund Balance:	
Understatement of Mitigation/Developer Fees	291,480
June 30, 2016 Audited Financial Statements Fund Balance	$ 16,666,685

Auditor's Comments

The audited financial statements of all other funds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2016.

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	GENERAL FUND			
	(Budget)* 2016-17	2015-16	2014-15	2013-14
Revenues and Other Financial Sources	$ 96,256,267	$ 95,545,516	$ 81,944,342	$ 74,384,984
Expenditures	97,895,587	87,962,307	81,931,300	73,045,630
Other Uses and Transfers Out	0	0	0	0
Total Outgo	97,895,587	87,962,307	81,931,300	73,045,630
Change in Fund Balance	(1,639,320)	7,583,209	13,042	1,339,354
Ending Fund Balance	$ 19,885,109	$ 21,524,429	$ 13,941,220	$ 13,928,178
Available Reserves	$ 10,490,058	$ 7,429,401	$ 6,036,775	$ 7,337,326
Reserve for Economic Uncertainties **	$ 4,894,780	$ 4,398,117	$ 4,096,567	$ 3,652,282
Available Reserves as a Percentage of Total Outgo	10.7%	8.4%	7.4%	10.0%
Total Long-Term Liabilities	$ 122,831,009	$ 131,227,302	$ 131,440,840	$ 154,395,641
Average Daily Attendance at P-2	9,894	9,761	9,547	9,786

* 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 fund balance of the General Fund increased $7,596,251 over the past two years due primarily to the receipt of $5,052,061 of one-time state funds for the outstanding mandate claims. The fiscal year 2016-17 budget projects a decrease of $1,639,320. 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 decreased $23,168,339 over the past two years due primarily to the District's payments on the outstanding deferred obligation and general obligation bonds.

Average daily attendance (ADA) decreased 25 ADA (less than 1%) over the past two years. The District anticipates an increase of 133 ADA (1.4%) in fiscal year 2016-17.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

The District 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.

C. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position of the District.

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rates

The District has not elected to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

D. 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.

NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES (CONCLUDED)

E. 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 *2015-16 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting* that could have a direct and material effect on each of the District's state programs identified on the following page for the fiscal year ended June 30, 2016.

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 *2015-16 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting*, 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 that could have a direct and material effect on the District's state programs 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:

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

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
Ratio 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
School Districts, County Offices of Education, and Charter Schools:	
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Not Applicable
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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2015-16 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 2016-001**. 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 *2015-16 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 12, 2016

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

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

Board of 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, 2016, 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 12, 2016.

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.

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 12, 2016.

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 12, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Roseville City School District
Roseville, California

Report on Compliance for Each Major Federal Program

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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, the 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, 2016.

P.O. Box 2196 / Folsom, CA 95763 / Phone (916) 966-3883 / Fax (916) 966-3815

Report on Internal Control over Compliance

Management of the 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

December 12, 2016

FINDINGS AND QUESTIONED COSTS SECTION

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material 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 2 CFR 200.516(a)?	_____ Yes	X No

Identification of major programs:

CFDA Numbers	Federal Programs
84.367	NCLB: Title II Improving Teacher Quality
84.027 / 84.027A / 84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	X Yes	_____ No

State Awards

Any audit findings required to be reported in accordance with the *2015-16 Guide for Annual Audits of K-12 Local Educational Agencies and State Compliance Reporting?*	X Yes	_____ No
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, 2016.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no matters to report for the fiscal year ended June 30, 2016.

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

2016 - 001 / 40000

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 English learner eligibility status assigned to one student on the CALPADS "1.18 - FRPM/English Learner/Foster Youth - Student List" report, from the students that are only English Learner (EL) eligible as identified under the "ELAS Designation" column.

Context: Based on the student's 2014-15 CELDT scores, it appeared that the student met the criterion to be reclassified English proficient and the school site's EL Coordinator thought the student had been reclassified at the end of fiscal year 2014-15. Our testing did not indicate exceptions at the other schools tested and we verified that the EL Coordinator did not perform similar duties at any other school sites in the District. Therefore we determined that the condition appears to be isolated to Stoneridge Elementary School.

Effect: The unduplicated English Learner-eligible pupil count certified by the District was overstated by eight pupils.

Questioned Costs: We extrapolated the impact of the error to the remaining population of EL only eligible students reported for Stoneridge Elementary. Our initial testing at Stoneridge Elementary resulted in one deviation out of seven students tested or a 14.29% error rate. This error rate was multiplied to the remaining EL only population at Stoneridge, which was forty-nine students. This calculation resulted in seven additional pupil counts for a total of eight questioned pupil counts.

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

UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (CONTINUED)

Questioned Costs (Continued):

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:

	Total Enrollment	Total Unduplicated Eligible Free/ Reduced Meal Counts	EL Funding Eligible	Unduplicated FRPM/EL Eligible Count
Certified Pupil Counts:				
Barbara Chilton Middle	482	65	31	80
Blue Oaks Elementary	521	72	40	99
Bradford Woodbridge Elem.	342	247	122	258
Catherine Gates Elementary	575	142	52	172
Crestmont Elementary	482	219	62	229
Diamond Creek Elementary	581	86	47	107
Ferris Spanger Elementary	424	157	34	164
Fiddyment Farm	517	74	49	96
George A. Buljan Middle	1,113	362	85	378
George Cirby Elementary	383	282	155	294
George Sargeant Elementary	449	193	77	198
Junction Elementary	724	66	68	112
Robert C. Cooley Middle	918	283	83	305
Stoneridge Elementary	536	55	68	111
Thomas Jefferson Elementary	482	98	67	138
Vencil Brown Elementary	378	75	34	92
Warren T. Eich Middle	797	249	52	260
William Kaseberg Elementary	316	189	42	194
NPS School Group	13	4	2	6
Totals	10,033	2,918	1,170	3,293
Audit Adjustments:				
Barbara Chilton Middle				
Blue Oaks Elementary				
Bradford Woodbridge Elem.				
Catherine Gates Elementary				
Crestmont Elementary				
Diamond Creek Elementary				
Ferris Spanger Elementary				
Fiddyment Farm				
George A. Buljan Middle				
George Cirby Elementary				
George Sargeant Elementary				
Junction Elementary				
Robert C. Cooley Middle				
Stoneridge Elementary			(8)	(8)
Thomas Jefferson Elementary				
Vencil Brown Elementary				
Warren T. Eich Middle				
William Kaseberg Elementary				
NPS School Group				
Totals	0	0	(8)	(8)

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	482	65	31	80
Blue Oaks Elementary	521	72	40	99
Bradford Woodbridge Elem.	342	247	122	258
Catherine Gates Elementary	575	142	52	172
Crestmont Elementary	482	219	62	229
Diamond Creek Elementary	581	86	47	107
Ferris Spanger Elementary	424	157	34	164
Fiddyment Farm	517	74	49	96
George A. Buljan Middle	1,113	362	85	378
George Cirby Elementary	383	282	155	294
George Sargeant Elementary	449	193	77	198
Junction Elementary	724	66	68	112
Robert C. Cooley Middle	918	283	83	305
Stoneridge Elementary	536	55	60	103
Thomas Jefferson Elementary	482	98	67	138
Vencil Brown Elementary	378	75	34	92
Warren T. Eich Middle	797	249	52	260
William Kaseberg Elementary	316	189	42	194
NPS School Group	13	0	2	6
Totals	10,033	2,914	1,162	3,285

The estimated fiscal impact from this noncompliance is $2,317. 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 $4,409 reduction to the District’s target entitlement but only a $2,317 reduction in the current year gap funding.

Cause: The District did not independently verify that EL Coordinators at the various school sites were following established District policies and procedures.

Recommendation: The District should establish additional oversight procedures over EL Coordinators at school sites to ensure that all pupils, who are reported as English Learner-eligible on the CALPADS “1.18 - FRPM/English Learner/Foster Youth - Student List” report have appropriate documentation supporting their EL designation consistent with District policies and procedures.

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

UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (CONCLUDED)

District Response: The District agrees with the finding and has developed procedures to implement the recommendation during the 2016-17 fiscal year.

ROSEVILLE CITY SCHOOL DISTRICT

SCHEDULE OF PRIOR YEAR RECOMMENDATIONS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Recommendations	Current Status	Explanation If Not Fully Implemented
STATE AWARDS		
15 - 001 / 40000		
UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS		
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.	Implemented	

MANAGEMENT LETTER

STEPHEN ROATCH ACCOUNTANCY CORPORATION
Certified Public Accountants

MANAGEMENT LETTER

December 12, 2016

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, 2016, 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 12, 2016, 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 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 or incomplete supporting receipts or invoices
- Reimbursements made to employees for goods delivered to personal residence
- Reimbursement made to employee for purchases not yet received
- Reimbursement requests not submitted timely
- Payment made directly to contractor without collecting W-9 information or reporting the payment to District Office
- Not following District procedures when contracting with busing companies for fieldtrips
- Cash count sheets not consistently completed by class or club prior to submitting funds to be deposited
- Inadequate reconciliation between student store sales and actual receipts
- No explanations noted for differences on ticket reconciliation forms for dances
- Inadequate student body minutes maintained

We recommend the District continue to provide annual in-service training for employees involved with the student body activity accounts. In addition, we recommend the District Office prepare and distribute student body accounting manuals to all school sites to establish standardized District procedures.

Regarding the status of the management comments made during fiscal year 2014-15, we noted that the District appears to have implemented two of the five areas related to student body activities.

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