MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
Marysville, California

FINANCIAL STATEMENTS
June 30, 2015

MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015
(Continued)

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MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

(Continued)

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management’s Discussion and Analysis* on pages 4 to 18 and the General Fund Budgetary Comparison Schedule, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of the District's Contributions on pages 59 to 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

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

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015 on our consideration of Marysville Joint Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marysville Joint Unified School District's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 14, 2015

Marysville Joint Unified School District
1919 B Street • Marysville, CA 95901 • (530) 741-6000 • Fax (530) 742-0573

Fiscal Year Ending June 30, 2015

This annual report consists of the following parts – Management's Discussion & Analysis, the basic financial statements, required supplementary information, supplementary information and findings and recommendations.

The Management's Discussion and Analysis consists of six sections:

- **Overview of the Financial Statements** – Serves as a guide to reading the financial statements provided in the sections following the Management's Discussion & Analysis.

- **Financial Highlights** – Emphasizes significant actions implemented by the District, as well as significant factors affecting the District.

- **Financial Analysis of the District as a Whole –** Illustrates the District's current, as well as, long-term assets and liabilities.

- **Financial Analysis of the District's Funds** – Illustrates and compares the District's primary activities.

- **Capital Asset and Debt Administration** – Illustrates the District's investment in capital assets and its level of debt.

- **Economic Factors and Next Year's Budget** – Illustrates issues that management sees as relevant to the future financial health of the District.

The following section provides an overview of the District's financial activities for the fiscal year ending June 30, 2015. It is management's view of the District's financial condition. It should be read in conjunction with the independent auditor's opinion, the basic financial statements, and the accompanying notes to those financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.

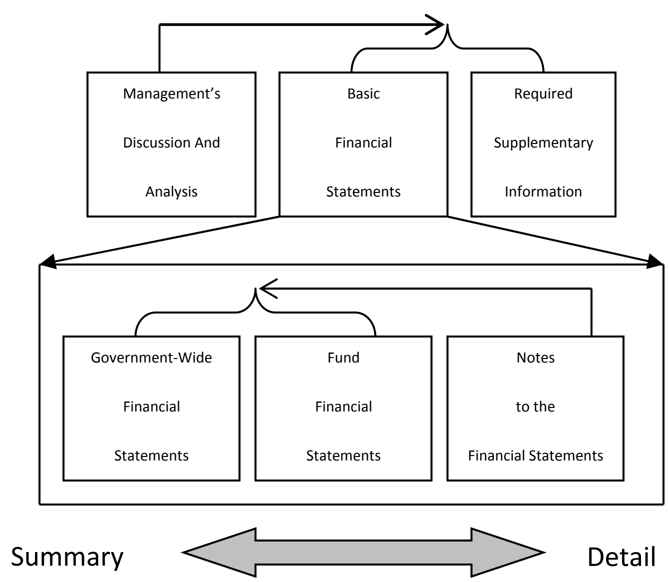
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The fund financial statements can be further broken down into two types:

- *Governmental funds statements* illustrate how basic services (such as regular and special education) were financed in the short-term, as well as what remains for future spending.

- *Fiduciary funds statements* provide information about the financial relationships in which the district acts solely as trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the fiscal year. The diagram presented here shows how the various parts of the annual financial report are arranged and relate to one another.



The chart on the next page summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and content of each of the statements.

Major Features of the Government-Wide and Fund Financial Statements

		Fund Statements	
	Government-Wide Statements	Government Funds	Fiduciary Funds
Scope	Entire district, except fiduciary activities	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as student activities monies
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance	Statement of Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset / liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities both short-term and long-term; Standard funds do not currently contain non-financial assets, though they can
Type of inflow / outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position (the difference between the District's assets plus deferred outflows of resources less liabilities and deferred inflows of resources) is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating. To assess the overall health of the District, additional non-financial factors (including the condition of the District's school buildings and other facilities) must be considered.

In the government-wide financial statements, the District's activities are reported as governmental activities. Most of the District's services are included here, such as regular education, special education, transportation and administration. Funding received from the State of California through general purpose funds, along with categorical and special funding received from the federal and state governments finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that certain revenues have been properly used.

There are two types of funds that the District utilizes:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps in the determination of whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. This information does not encompass the additional long-term focus of the government-wide statements; therefore additional information at the bottom of the governmental funds statements is provided that explains the relationship (or differences) between them.

- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets in these funds are used only for their intended purposes and only by those to whom they belong. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Positon. These activities are excluded from the government-wide financial statements because the District cannot use these assets to finance operations.

FINANCIAL HIGHLIGHTS

- The financial statements present the District's fiscal activity of expenditures, revenues, assets, liabilities, beginning, and ending fund balances.
- Fiscal year starts in July and ends in June.
- The financial statements reflect the District's educational policy into sound instructional programs and delivery systems through the prudent allocation of financial resources.
- School finance is a complex and dynamic process that evolves daily. There are many variables, which impact a school district's finances – including student enrollment, student attendance, inflation, school facilities, state and federal funding, state and national economy.
- The District, along with other districts across California, implemented the Local Control Funding Formula (LCFF) that replaced the long-standing revenue limit general purpose funding mechanism.
  - The LCFF is intended to provide a funding mechanism that is simple and transparent while allowing local educational agencies (LEAs) maximum flexibility in allocating resources to meet local needs.
  - The funding basis under the LCFF shifts from a primarily Average Daily Attendance (ADA) driven model to one that places emphasis on the student population/demographics, as well as, the District's ADA.
  - Full implementation of the LCFF is anticipated to occur by 2020-21.
- The District's General Fund had revenues over expenditures in the amount of $1.3 million ($2.6 million for the unrestricted General Fund).
- The District's ending General Fund Balance was $14.5 million.
- As of the California Longitudinal Pupil Achievement Data System (CALPADS) reporting date, October 2014, the District had 9,119 students whose activities that are reflected in the General Fund, and 374 students whose activities are reflected in the Charter School Fund.
- The General Fund average daily attendance (ADA), which much of the District's revenue is based, was 8,760.
- The General Funds ratio of attendance to CALPADS enrollment was approximately 96%.
- The District's General Fund collected $13.34 million in property taxes. In comparison, during 2013-14 the District collected $12.4 million. Due to State's local control funding formula structure, changes in property taxes does not affect the District's revenue; it does however, affect the District's monthly cash resources.
- Among the amounts expended for capital assets, the District incurred expenditures from the District's Special Revenue/Reserve Funds (non-general/charter funds) for the following major capital projects:
    - Foothill Wastewater System - $193,000

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A review of the District as a whole can best be seen in the strength of the District's net position and the subsequent changes in net position.

The computation of the District net position is presented by category in the table below:

Government-Wide Statement of Net Position	
Description	June 30, 2015
Assets:	
Cash	$ 22,934,732
Receivables	5,256,244
Inventories	418,494
Capital Assets, net of Depreciation	162,144,073
Total assets	190,753,543
Deferred Outflow of Resources	7,751,049
Liabilities:	
Accounts Payable	$ 7,208,465
Unearned Revenue	222,460
Long-term Liabilities	
Current Portion	2,174,225
Non-Current Portion	161,549,855
Total Liabilities	$171,155,005
Deferred Inflow of Resources	16,467,000
Net Position:	
Net investment in capital assets	$ 64,795,921
Restricted	11,616,014
Unrestricted	(65,529,348)
Total Net Position	$ 10,882,587

It should be noted that land is accounted for at purchase value, not market value, and is not depreciated. Most of the District's school sites have low values for today's market because the District acquired the land decades ago. This valuation of land is consistent with accounting rules set forth by the Governmental Accounting Standards Board (GASB).

Although the land and buildings owned by the District contribute to its net position/net assets, they are not available as assets that could be liquidated because of the nature of the District's operations and the fact that the District will be utilizing these assets fully for the foreseeable future.

Changes in Net Position

A summary of total District revenues, expenses, and change in net position is presented in the table below:

	Government-Wide Activities		
	2013-14	2014-15	% Variance
Revenues – Program:			
Charges for Services	$ 829,994	$ 1,494,426	
Operating Grants and Contributions	21,973,992	22,195,346	
Capital Grants and Contributions	3,239,487	1,012	
Taxes Levied for General Purposes	13,205,214	14,228,470	
Taxes Levied for Other Debt Service	4,217,068	4,443,312	
Unrestricted Federal and State Aid	52,935,398	60,353,512	
Interest and Investment Earnings	88,888	109,938	
Interagency Revenues	859,914	85,854	
Other General Revenues	935,341	1,038,937	
Total Revenues	$ 98,285,296	$103,950,807	5.76%
Expenses			
Instruction	$ 53,678,933	$ 57,997,032	
Instruction Related	8,429,717	9,761,650	
Pupil Services	14,646,991	15,399,407	
General Administration	6,615,062	7,182,139	
Plant Services	8,646,623	9,374,904	
Ancillary Services	400,724	477,256	
Enterprise Activities	75,677	87,930	
Interest on Long-Term Liabilities	4,528,253	6,255,410	
Other Expenses	2,701,446	2,598,099	
Total Expenses	$ 99,723,426	$ 109,133,827	9.44%
Decrease in Net Position:	$ (1,438,130)	$ (5,183,020)	
Net Position, Beginning of the Year *(14-15 Restated)*	89,175,537	16,065,607	
Net Position, End of the Year	$ 87,737,407	$ 10,882,587	-87.60%

As illustrated above, both revenues and expenses increased from prior year, however due to the cumulative effect of implementing GASB 68, the District's 2014-15 beginning net position was required to be adjusted by approximately $71.7 million.

The Governmental Accounting Standards Board approved GASB Statement No. 68 (GASB 68), Accounting and Financial Reporting for Pensions. The primary objective of this Statement, issued in June 2012, is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Due to GASB 68, the District's beginning balance was restated for deferred outflows of resources for pensions of $4.5 million and the net pension liability of $76.3 million. Because of these restatements, the District's net position for fiscal year ending June 30, 2015 has been restated to $16.1 million from $87.7 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

FUND	2013-14	Net Change	2014-15
GENERAL (UNRESTRICTED & RESTRICTED)	$13,210,849	$1,313,875	$14,524,724
CHARTER SCHOOL	$453,860	$32,562	$486,422
ADULT EDUCATION	$76,416	($28,884)	$47,532
CHILD DEVELOPMENT	$143,353	$93,382	$236,735
CAFETERIA	$1,401,857	$43,753	$1,445,610
DEFERRED MAINTENANCE	$18,478	$562,569	$581,047
BUILDING	$670,762	($411,057)	$259,705
CAPITAL FACILITIES	$2,373,682	($1,432,063)	$941,619
COUNTY SCHOOL FACILITIES	$140,937	$1,012	$141,949
BOND INTEREST & REDEMPTION	$2,451,795	$789,561	$3,241,356
BLENDED COMPONENT DEBT SERVICE	$1,730,380	$346,965	$2,077,345
DEBT SERVICE	$4,202,491	($4,201,155)	$1,336
SCHOLARSHIP TRUST	$268,784	($3,175)	$265,609
TOTAL	**$27,143,644**	**($2,892,655)**	**$24,250,989**

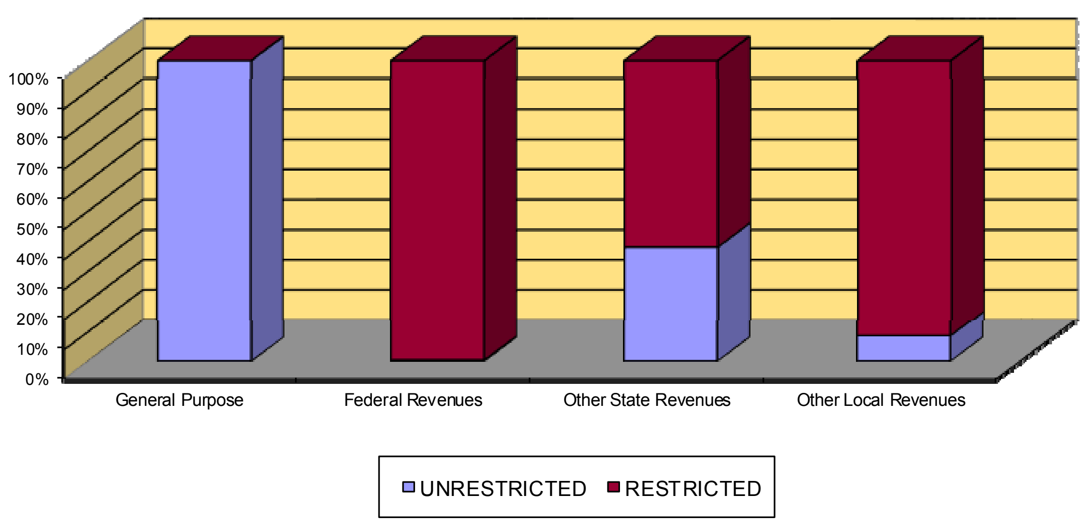
As the District completed the year, its funds reported a combined fund balance of $24 million in 2014-15, which is illustrated above. Approximately 27% ($6.6 million) of the District's ending fund balance is restricted for capital expenditures or debt service obligations.

2014-15 Financial Summary

General Fund Revenues

Illustrated below is a comparison of 2014-15 General Fund unrestricted and restricted revenues in relation to one another.

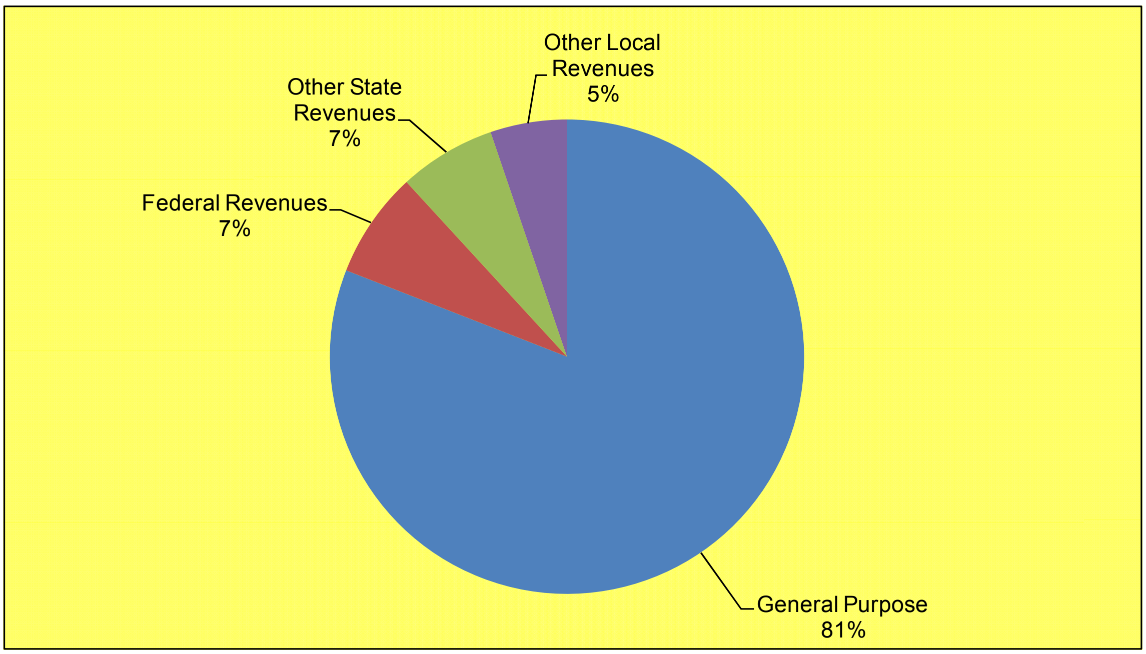
	Unrestricted	Restricted
General Purpose (LCFF)	69,782,521	0
Federal Revenue	25,326	6,218,427
Other State Revenue	2,187,643	4,353,956
Other Local Revenue	393,878	4,113,141
TOTAL	72,389,367	14,685,524



The District receives funding for the General Fund from several sources, as illustrated below:

Description	Total
General Purpose (LCFF)	$69,782,521
Federal Revenues	6,243,754
Other State Revenues	6,541,599
Other Local Revenues	4,507,017
Total	$87,074,892

Total General Fund Revenues

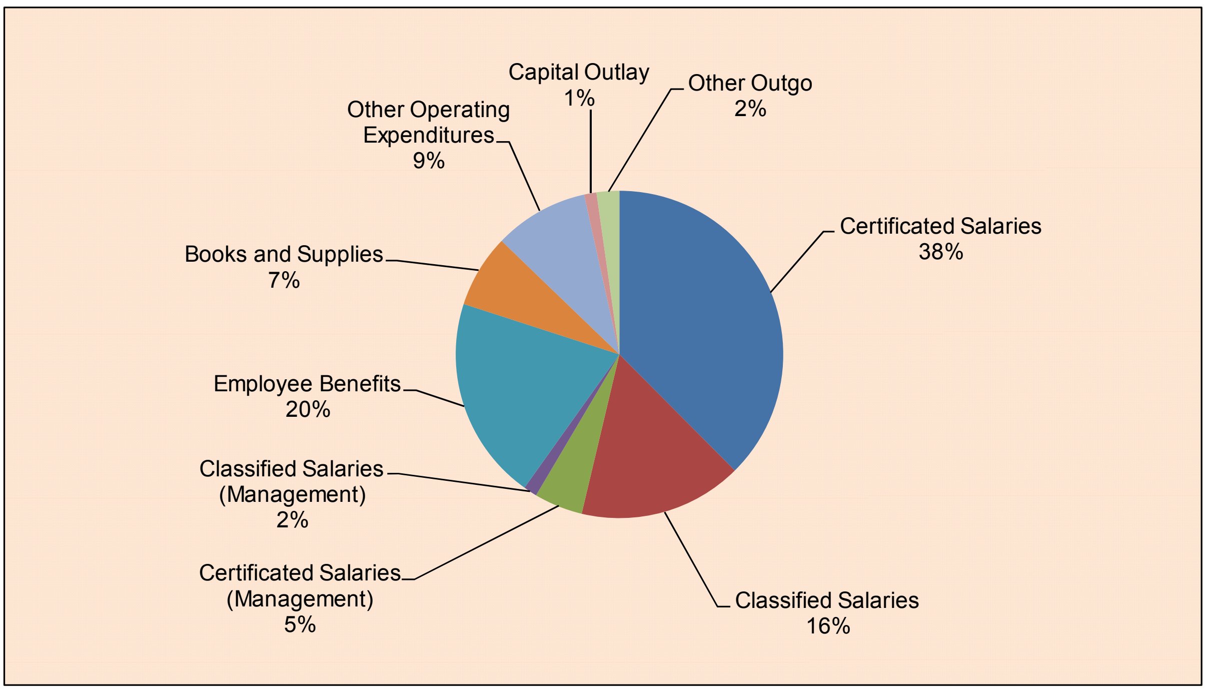


General Fund Expenditures

The General Fund is used for the majority of the functions within the District. As illustrated below, the largest part of expenditures are salaries and benefits that comprise of approximately 85% of the District's unrestricted budget, and approximately 79% of the total General Fund budget.

Description	Total
Certificated Salaries	$31,549,300
Certificated Salaries (Management)	$4,031,026
Classified Salaries	$13,571,504
Classified Salaries (Management)	$1,130,556
Benefits (Payroll Taxes and Health & Welfare Contributions)	$17,756,686
Books and Supplies	$6,058,625
Other Operating Expenditures	$7,835,083
Capital Outlay	$1,025,760
Other Outgo (includes debt service payments)	$2,707,773
TOTAL	**$85,666,313**

Total General Fund Expenditures



General Fund Budgetary to Actual Comparison

The District's 2014-15 General Fund had revenues in excess of expenditures in the amount of $1.31 million vs. 2013-14 revenues in excess of expenditures in the amount of $2.12 million. The primary difference related to additional general purpose revenues due to the Enacted State Budget (i.e. LCFF, Common Core funds, Clean Energy Job funds, etc…), as well as amounts carried over from 2013-14. In addition, various budgeted accounts for salaries, benefits, supplies and operating costs were partially unexpended at year-end. The District updates these accounts, and related encumbrances, periodically during the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets at Year-End (Net of Depreciation)

	2013-14	2014-15	Difference
Land	$ 7,581,576	$ 7,581,576	$ 0
Improvement of Sites	34,076,121	33,130,492	(945,629)
Buildings	61,209,403	57,629,960	(3,579,443)
Equipment	2,377,617	2,115,500	(262,117)
Work-In-Process	59,959,067	61,686,545	1,727,478
Totals	$ 165,203,784	$ 162,144,073	$ (3,059,711)

By the end of 2014-15, the District had invested a total of $3.4 million into capital assets. The decrease of $3.1 million in the District's capital assets consists of recognizing depreciation expense for the 2014-15 fiscal year and disposals.

Outstanding Debt at Year-End

	Balance July 1, 2014 *As restated*	2014-15	Difference
General Obligation Bonds (GOB)	$ 67,813,777	$ 67,053,777	$ (760,000)
Certificates of Participation (COP)	21,731,099	21,731,099	0
Accreted Interest (GOB & COP)	3,530,946	5,059,726	1,528,780
Qualified Zone Academy Bonds	4,451,939	0	(4,451,939)
Capital Lease Obligations	1,040,253	852,914	(187,339)
Unamortized Premiums	295,949	2,650,636	2,354,687
Net OPEB Obligation	4,666,752	5,372,218	705,466
Net Pension Liability	71,807,800	60,627,000	(11,180,800)
Compensated Absences	288,417	376,710	88,293
Totals	$ 175,626,932	$ 163,724,080	$ (11,902,852)

As illustrated above, the District's long-term liabilities, as a whole, decreased by approximately $11.9 million primarily due to the payment of the Qualified Zone Academy Bonds and the decrease in the Net Pension Liability.

ECONOMIC FACTORS AND NEXT YEAR'S ADOPTED BUDGET

The Governor released his revised 2015-16 budget proposal on May 14, 2015 (May Revision), which outlined an increase of general fund revenues from the January proposal over the three-year forecast period: 2013-14, 2014-15, and 2015-16. As a result, K-14 school districts & community colleges will receive $5.5 billion of the new general fund revenue which produces an increase of over $6 billion in Proposition 98 funding, after including additional local property tax collections. Therefore, 2015-16 Proposition 98 spending is estimated at $68.4 billion, which is comprised of one-time & ongoing spending. Illustrated below are the major components of the May Revision:

- Proposition 98 K-14 spending increases over the initial January budget proposal:

- $240 million in 2013-14
- $3.1 billion in 2014-15
- $2.7 billion in 2015-16

- Funding for the LCFF significantly increased by an additional $2.1 billion to $6.1 billion; thus, increasing the 2015-16 gap funding percent from 32.1% to 53.08%.

- One-time mandate repayments are an additional $2.4 billion for a total of $3.5 billion, which will offset any applicable mandate claim reimbursements for LEAs.

- Adult Education - the May Revision maintains $500 million to establish the Adult Education Block Grant program providing funds to school districts and community colleges.

- An additional $150 million (total of $900 million) in one-time Proposition 98 funding in each of the next three years to support a transitional Career Technical Education (CTE) Incentive Grant.

- $1.2 million increase to the K-12 Mandated Program Block Grant for increased participation (rates remain unchanged).

The Department of Finance (DOF) released the following updates to the estimated gap factors and COLA percentages as of May 2015:

	Actual 2014-15	Estimate 2015-16	Estimate 2016-17	Estimate 2017-18
LCFF Gap Funding Percentage	29.97%	53.08%	37.40%	36.74%
Annual COLA	0.85%	1.02%	1.60%	2.48%

Please note that the Enacted State Budget incorporated a gap percentage of 51.52% instead of 53.08%. However, since the information was not known for the District's adopted budget, the District used the 53.08% for its gap percentage, which amounts to a difference of approximately $59,000.

2015-16 MJUSD Primary Budget Components

❖ Average Daily Attendance (ADA) remains estimated at 8,796
  ➢ Estimate to increase ADA by approximately 158 ADA from 2014-15.

❖ The District's estimated unduplicated pupil percentage for supplemental & concentration funding at 82.25%. The percentage will be revised based on final data.

- ❖ Lottery revenue is estimated to be $128 per ADA for unrestricted purposes and $34 per ADA for restricted purposes.

- ❖ Mandated Cost Block Grant is estimated to remain at $28 for K-8 ADA and $56 for 9-12 ADA.

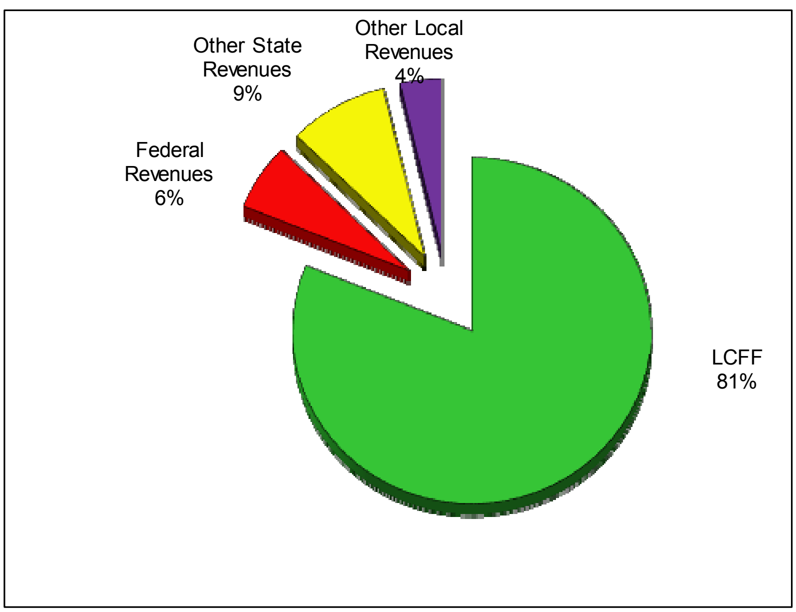
- ❖ One-Time Mandated Cost reimbursement was proposed to by $601 per ADA. However the final enacted amount was $529 per ADA; a difference of approximately $614,000. Since the enacted amount was not known during budget development, the adopted budget utilized the $601 per ADA factor.

- ❖ Except as illustrated under Contributions to Restricted Programs, all federal and state restricted categorical programs are self-funded.

General Fund Revenue Components

The District receives funding for its general operations from various sources as illustrated below:

Description	Amount
Local Control Funding Formula	$80,965,965
Federal Revenues	$6,208,630
Other State Revenues	$8,932,031
Other Local Revenues	$3,719,779
TOTAL	**$99,826,405**

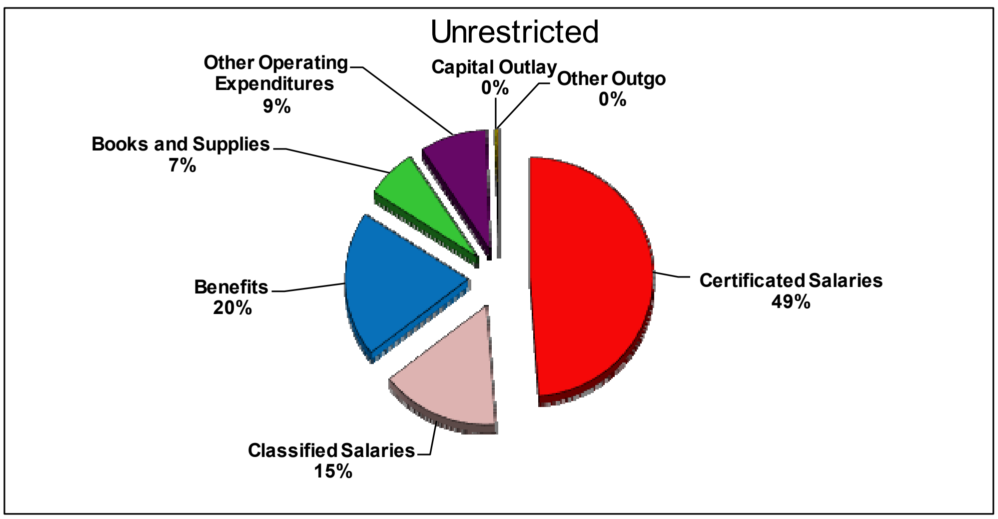


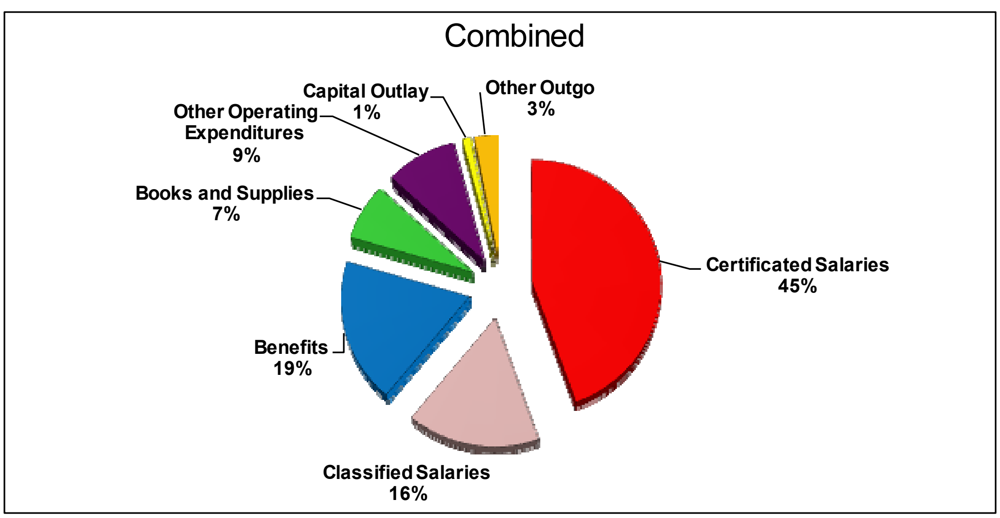
Operating Expenditure Components

The general fund is used for the majority of the functions within the District. As illustrated below, the largest part of expenditures are salaries and benefits that comprise of approximately 84% of the District's unrestricted budget, and approximately 80% of the total general fund budget.

Description	Unrestricted	Combined
Certificated Salaries	$34,113,534	$41,551,300
Classified Salaries	$10,899,618	$15,210,411
Benefits (Payroll Taxes and Health & Welfare Contributions)	$13,766,934	$17,335,854
Books and Supplies	$4,623,786	$6,833,732
Other Operating Expenditures	$6,102,967	$8,483,788
Capital Outlay	$154,568	$974,568
Other Outgo	$177,819	$2,747,862
TOTAL	**$69,839,226**	**$93,137,515**

Following is a graphical description of expenditures by percentage:





Contributions to/from Restricted Programs

The budget includes the following transfers of unrestricted resources to restricted programs to cover restricted program expenditures in excess of revenue:

Description	Amount
Special Education	$7,969,920
Restricted Maintenance Account	$2,895,700
TOTAL CONTRIBUTIONS	**$10,865,620**

Fund Summaries

As illustrated below, all Funds are anticipated to have a positive ending fund balance at June 30, 2016.

FUND	2014-15	Est. Net Change	2015-16
GENERAL (UNRESTRICTED & RESTRICTED)	$14,524,724	$1,603,823	$16,128,547
CHARTER SCHOOL	$486,422	$867	$487,289
ADULT EDUCATION	$47,532	$80	$47,612
CHILD DEVELOPMENT	$236,735	($4,400)	$232,335
NUTRITION SERVICES	$1,445,610	$165,939	$1,611,549
DEFERRED MAINTENANCE	$581,047	($509,688)	$71,359
BUILDING FUND	$259,705	($259,705)	$0
CAPITAL FACILITIES	$941,619	($122,141)	$819,478
COUNTY SCHOOL FACILITIES	$141,949	$236	$142,185
BOND INTEREST & REDEMPTION	$3,241,356	$4,410	$3,245,766
BLENDED COMPONENT DEBT SERVICE	$2,077,345	$2,510	$2,079,855
DEBT SERVICE	$1,336	$2	$1,338
SCHOLARSHIP TRUST	$265,609	($4,214)	$261,395
TOTAL	**$24,250,989**	**$877,719**	**$25,128,708**

Contacting the District's Financial Management

This financial report is designed to provide our parents, citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions regarding this report or need additional financial information, contact:

Ryan DiGiulio
Assistant Superintendent of Business Services
Marysville Joint Unified School District
1919 B Street
Marysville, CA 95901
(530) 749-6115

BASIC FINANCIAL STATEMENTS

MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 22,934,732
Receivables	5,256,244
Stores inventory	418,494
Non-depreciable capital assets (Note 4)	69,268,121
Depreciable capital assets, net of accumulated depreciation (Note 4)	92,875,952
Total assets	190,753,543
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - pensions (Notes 7 and 8)	5,092,226
Deferred loss from debt refunding	2,658,823
Total deferred outflows	7,751,049
LIABILITIES	
Accounts payable	7,208,465
Unearned revenue	222,460
Long-term liabilities (Note 5):	
Due within one year	2,174,225
Due after one year	161,549,855
Total liabilities	171,155,005
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 7 and 8)	16,467,000
NET POSITION	
Net investment in capital assets	64,795,921
Restricted (Note 6)	11,616,014
Unrestricted	(65,529,348)
Total net position	$ 10,882,587

See accompanying notes to financial statements.

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

		Program Revenues			Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	$ 57,997,032	$ 247,259	$ 9,965,299	$ 1,012	$ (47,783,462)
Instruction-related services:					
Supervision of instruction	2,750,336	7,503	1,745,803	-	(997,030)
Instructional library, media and technology	759,906	282	208,888	-	(550,736)
School site administration	6,251,408	2,280	252,358	-	(5,996,770)
Pupil services:					
Home-to-school transportation	4,617,026	240	2,971	-	(4,613,815)
Food services	5,768,673	350,546	6,118,419	-	700,292
All other pupil services	5,013,708	48,026	1,997,514	-	(2,968,168)
General administration:					
Data processing	1,623,504	-	47	-	(1,623,457)
All other general administration	5,558,635	32,469	947,252	-	(4,578,914)
Plant services	9,374,904	2,255	58,072	-	(9,314,577)
Ancillary services	477,256	208	4,158	-	(472,890)
Enterprise activities	87,930	-	-	-	(87,930)
Other outgo	6,255,410	803,358	894,565	-	(4,557,487)
Interest on long-term liabilities	2,598,099	-	-	-	(2,598,099)
Total governmental activities	$ 109,133,827	$ 1,494,426	$ 22,195,346	$ 1,012	(85,443,043)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	14,228,470
Taxes levied for debt service	4,443,312
Federal and state aid not restricted to specific purposes	60,353,512
Interest and investment earnings	109,938
Interagency revenues	85,854
Miscellaneous	1,038,937
Total general revenues	80,260,023
Change in net position	(5,183,020)
Net position July 1, 2014	87,737,407
Cumulative effect of GASB 68 implementation	(71,671,800)
Net position, July 1, 2014, as restated	16,065,607
Net position, June 30, 2015	$ 10,882,587

See accompanying notes to financial statements.

MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Govern-mental Funds
ASSETS				
Cash and investments:				
Cash in County Treasury	$ 14,066,135	$ 3,241,356	$ 5,593,101	$ 22,900,592
Cash in revolving fund	30,000	-	1,910	31,910
Cash with Fiscal Agent	-	-	2,230	2,230
Receivables	3,555,870	-	1,700,374	5,256,244
Due from other funds	841,071	-	95,502	936,573
Stores inventory	297,348	-	121,146	418,494
Total assets	$ 18,790,424	$ 3,241,356	$ 7,514,263	$ 29,546,043
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 3,980,355	$ -	$ 421,275	$ 4,401,630
Unearned revenue	189,843	-	32,617	222,460
Due to other funds	95,502	-	841,071	936,573
Total liabilities	4,265,700	-	1,294,963	5,560,663
Fund balances:				
Nonspendable	327,348	-	123,056	450,404
Restricted	2,155,358	3,241,356	6,096,244	11,492,958
Assigned	3,881,243	-	-	3,881,243
Unassigned	8,160,775	-	-	8,160,775
Total fund balances	14,524,724	3,241,356	6,219,300	23,985,380
Total liabilities and fund balances	$ 18,790,424	$ 3,241,356	$ 7,514,263	$ 29,546,043

See accompanying notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET - TO THE STATEMENT OF NET POSITION
June 30, 2015

Total fund balances - Governmental Funds		$ 23,985,380
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $223,207,746 and the accumulated depreciation is $61,063,673 (Note 4).		162,144,073
In governmental funds, for debt refundings, the difference between reacquisition price and net carrying amount of the old debt for debt refunding is recognized in the period they are incurred. In the government-wide statements, the gain is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.		2,658,823
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2015 consisted of (Note 5):		
General Obligation Bonds	$ (67,053,777)	
Accreted Interest	(5,059,726)	
Certificates of Participation	(21,731,099)	
Net pension liability (Notes 7 and 8)	(60,627,000)	
Capitalized lease obligations	(852,914)	
Unamortized premium on long-term liabilities	(2,650,636)	
Other postemployment benefits (OPEB) (Note 9)	(5,372,218)	
Compensated absences	(376,710)	
		(163,724,080)
In government funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported (Notes 7 and 8).		
Deferred outflows of resources relating to pensions	$ 5,092,226	
Deferred inflows of resources relating to pensions	(16,467,000)	
		(11,374,774)
Unmatured interest is not recognized until it is due and, therefore, it is not accrued as a payable in governmental funds.		(2,806,835)
Total net position - governmental activities		$ 10,882,587

See accompanying notes to financial statements.

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

	General Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Govern-mental Funds
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	$ 56,440,035	$ -	$ 2,496,755	$ 58,936,790
Local sources	13,342,486	-	-	13,342,486
Total LCFF	69,782,521	-	2,496,755	72,279,276
Federal sources	6,243,753	-	5,458,580	11,702,333
Other state sources	6,541,599	43,490	2,439,835	9,024,924
Other local sources	4,507,019	2,225,858	3,568,400	10,301,277
Total revenues	87,074,892	2,269,348	13,963,570	103,307,810
Expenditures:				
Current:				
Certificated salaries	35,580,326	-	1,994,246	37,574,572
Classified salaries	14,702,060	-	2,915,192	17,617,252
Employee benefits	17,756,686	-	1,909,515	19,666,201
Books and supplies	6,058,625	-	2,947,860	9,006,485
Contract services and operating expenditures	7,835,083	-	1,289,722	9,124,805
Other outgo	2,476,412	-	103,740	2,580,152
Capital outlay	1,025,760	-	2,148,518	3,174,278
Debt service:				
Principal retirement	187,339	395,000	4,761,939	5,344,278
Interest	44,022	1,084,787	3,646,087	4,774,896
Total expenditures	85,666,313	1,479,787	21,716,819	108,862,919
Excess (deficiency) of revenues over (under) expenditures	1,408,579	789,561	(7,753,249)	(5,555,109)
Other financing sources (uses):				
Interfund transfers in	817,312	-	1,162,016	1,979,328
Interfund transfers out	(912,016)	-	(1,067,312)	(1,979,328)
Proceeds from issuance of general obligation bonds	-	-	33,490,000	33,490,000
Premium on issuance of general obligation bonds	-	-	2,720,629	2,720,629
Payment to refunding escrow	-	-	(33,545,000)	(33,545,000)
Total other financing sources (uses)	(94,704)	-	2,760,333	2,665,629
Change in fund balances	1,313,875	789,561	(4,992,916)	(2,889,480)
Fund balances, July 1, 2014	13,210,849	2,451,795	11,212,216	26,874,860
Fund balances, June 30, 2015	$ 14,524,724	$ 3,241,356	$ 6,219,300	$ 23,985,380

See accompanying notes to financial statements.

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

Net change in fund balances - Total Governmental Funds		$ (2,889,480)
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	$ 3,407,573	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(5,249,272)	
If a planned capital project is canceled and will not be completed, costs previously capitalized as work in progress must be written of to expense (Note 4).	(1,218,012)	
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 (Note 5).	(36,210,629)	
In governmental funds, gain/losses on refunding of debt are not recognized. In the government-wide statements, gain/losses on refunding of debt are deferred and amortized over the life of the debt.	1,537,785	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	5,344,278	
Payments made to the refunding escrow is an other financing use in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	33,545,000	
Debt issue premiums are recognized as revenues in the period they are incurred. In government-wide statements, issuance premiums are amortized over the life of the debt (Note 5).	365,942	
Accreted interest is an expense that is not recognized in the governmental funds (Note 5).	(1,528,780)	
Interest on long-term liabilities is recognized in the period that it becomes due. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was:	(1,163,692)	
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was (Notes 7 and 8).	(329,974)	
In the statement of activities, expenses related to compensated absences and other postemployment benefits are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	(793,759)	(2,293,540)
Change in net position of governmental activities		$ (5,183,020)

See accompanying notes to financial statements.

MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND AGENCY FUNDS
June 30, 2015

	Trust Fund Scholarship Trust Fund	Agency Fund Student Body Funds
ASSETS		
Cash in County Treasury (Note 2)	$ 265,609	$ -
Cash on hand and in banks (Note 2)	-	388,570
Stores inventory	-	17,689
Total assets	265,609	406,259
LIABILITIES		
Due to student groups	-	406,259
NET POSITION		
Restricted (Note 6)	$ 265,609	$ -

See accompanying notes to financial statements.

MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST FUND
For the Year Ended June 30, 2015

	Scholarship Trust Fund
Additions:	
Other local sources	$ 3,641
Deductions:	
Other outgo	6,816
Change in fund balance	(3,175)
Net position, July 1, 2014	268,784
Net position, June 30, 2015	$ 265,609

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The District has determined the following represent component units:

The District and the Marysville Joint Unified School District Financing Corporation (the "Corporation") have a financial and operational relationship which meet the reporting entity definition criteria of *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, for inclusion of the Corporation as a blended component unit of the District.

The following are those aspects of the relationship between the District and the Corporation which satisfy *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*, as amended by GASB Statement No. 39 criteria:

A - Accountability:

1. The Corporation's Board of Directors was appointed by the District's Board of Trustees.

2. The Corporation has no employees. The District's Assistant Superintendent of Business Services functions as the agent of the Corporation and does not receive additional compensation for work performed in this capacity.

3. The District's Board exercises significant influence over operations of the Corporation as the District is the sole lessee of all facilities owned by the Corporation.

4. All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.

5. 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.

6. The District's lease payments are the sole revenue source of the Corporation.

7. The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B - Scope of Public Service:

The Corporation was formed for the sole purpose of financially assisting the District. The Corporation was formed to provide financing assistance to the District for construction, rehabilitation and acquisition of major capital facilities to support the student population.

C - Financial Presentation:

For financial presentation purposes, the Corporation's financial activity has been blended with the financial data of the District. The basic financial statements present the Corporation's financial activity within the Building Fund.

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

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

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A - Major Funds

1. General Fund:

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

2. Bond Interest and Redemption Fund:

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

B - Other Funds

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

Capital Projects Funds are used to account for resources used for the acquisition of capital facilities by the District. This includes the Building, Capital Facilities, and County School Facilities Funds.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. This includes the Debt Service for Blended Component Units Fund and Debt Service Fund.

The Scholarship Trust Fund is a Trust Fund used to account for amounts held by the District as Trustee, to be used to provide scholarships to students of the District.

Student Body Funds are used to account for revenues and expenditures of the various student body organizations. All cash activity, assets and liabilities of the various student bodies of the District are accounted for in Student Body Funds.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Receivables: Receivables are made up principally of amounts due from the State of California for Local Control Funding Formula funding and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2015.

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

Capital Assets: Capital assets purchased or acquired, with an original cost of $15,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 30 years depending on asset types.

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported which is in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. Amortization for the year ended June 30, 2015 totaled $140,130. Additionally, the District has recognized a deferred outflow of resources related to the payments made subsequent to the measurement date for the pensions and changes in proportion and differences between District contributions and proportionate share of contributions.

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	STRP	PERF B	Total
Deferred outflows of resources	$ 3,173,951	$ 1,918,275	$ 5,092,226
Deferred inflows of resources	$ 11,040,000	$ 5,427,000	$ 16,467,000
Net pension liability	$ 44,833,000	$ 15,794,000	$ 60,627,000
Pension expense	$ 4,528,125	$ 1,401,075	$ 5,929,200

Compensated Absences: Compensated absences totaling $376,710 are recorded as a liability of the District. The liability is for the earned but unused benefits.

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

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

Net Position: Net position is displayed in three components:

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

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A - Nonspendable Fund Balance:

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

B - Restricted Fund Balance:

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

C - Committed Fund Balance:

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

D - Assigned Fund Balance:

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

E - Unassigned Fund Balance:

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

New Accounting Pronouncements: In June 2012 the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement replaces the requirements of GASB Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and GASB Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This Statement is effective for the District's fiscal year ending June 30, 2015. Based on the implementation of GASB Statement No. 68, the District's July 1, 2014 net position was restated by $71,671,800 because of the recognition of the beginning net pension liability and deferred outflows of resources.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

NOTE 2 - CASH AND INVESTMENTS

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

	Governmental Activities	Fiduciary Activities
Pooled Funds:		
Cash in County Treasury	$ 22,900,592	$ 265,609
Deposits:		
Cash on hand and in banks	-	388,570
Revolving cash fund	31,910	-
Investments:		
Cash with Fiscal Agent	2,230	-
Total	$ 22,934,732	$ 654,179

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

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

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

Custodial Credit Risk - Deposits: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2015, the carrying amount of the District's accounts was $422,710 and the bank balance was $441,117. The total uninsured bank balance at June 30, 2014 was $71,970.

Investments: The Cash with Fiscal Agent represents debt proceeds that have been set aside in the Debt Service Fund for the repayment of the Qualified Zone Academy Bond and other long-term liabilities. These amounts are held by a third party custodian in the District's name.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2015, the District had no significant interest rate risk related to cash and investments held.

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

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2015, the District had no concentration of credit risk.

(Continued)

NOTE 3 - INTERFUND TRANSACTIONS

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

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

Fund	Interfund Receivables	Interfund Payables
Major Fund:		
General Fund	$ 841,071	$ 95,502
Non-Major Funds:		
Charter School Fund	2,843	388,165
Child Development Fund	73,687	124,933
Cafeteria Fund	18,972	327,311
Capital Facilities Fund	-	662
Totals	$ 936,573	$ 936,573

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

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

Transfer from the General Fund to the Deferred Maintenance Fund per Local Control Accountability Plan.	$ 820,000
Transfer from the Charter Schools Fund to the General Fund for indirect support.	377,221
Transfer from the Cafeteria Fund to the General Fund for indirect support.	321,027
Transfer from the Capital Facilities Fund to the Debt Service Fund to accumulated funds for future QZAB obligations.	250,000
Transfer from the Child Development Fund to the General Fund for indirect support.	119,064
Transfer from the General Fund to the Child Development Fund for a contribution.	72,219
Transfer from the General Fund to the Cafeteria Fund for uncollected student balances.	17,814
Transfer from the General Fund to the Charter Schools Fund for a donation account transfer.	1,983
	$ 1,979,328

(Continued)

NOTE 4 - CAPITAL ASSETS

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

Governmental Activities	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Non-depreciable:				
Land	$ 7,581,576	$ -	$ -	$ 7,581,576
Work-in-process	59,959,067	2,945,490	(1,218,012)	61,686,545
Depreciable:				
Buildings	106,565,367	118,501	-	106,683,868
Site improvements	37,805,953	-	-	37,805,953
Equipment	9,243,296	343,582	(137,074)	9,449,804
Totals, at cost	221,155,259	3,407,573	(1,355,086)	223,207,746
Less accumulated depreciation:				
Buildings	(45,355,964)	(3,697,944)	-	(49,053,908)
Site improvements	(3,729,832)	(945,629)	-	(4,675,461)
Equipment	(6,865,679)	(605,699)	137,074	(7,334,304)
Total accumulated depreciation	(55,951,475)	(5,249,272)	137,074	(61,063,673)
Capital assets, net	$ 165,203,784	$ (1,841,699)	$ (1,218,012)	$ 162,144,073

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 4,657,796
Transportation	475,080
Centralized Data Processing	31,539
Food Services	25,846
Plant Services	15,371
All Other General Administration	43,640
Total Deprecation Expense	$ 5,249,272

NOTE 5 - LONG-TERM LIABILITIES

Refunding General Obligation Bonds: On November 13, 2014, the District issued $33,490,000 of General Obligation Bonds to refund the 2008 and 2006 General Obligation Bonds. The bonds mature serially in varying amounts during the succeeding years through August 2033, with interest rates ranging from 3.0% through 5.0%. As of June 30, 2015, $17,415,000 of refunded bonds were still outstanding and scheduled to be paid on August 1, 2016.

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

The following is a schedule of future payments on the 2014 Refunding Bonds, as of June 30, 2015:

Year Ended June 30,	Principal	Interest	Total
2016	$ 940,000	$ 1,310,038	$ 2,250,038
2017	445,000	1,282,338	1,727,338
2018	745,000	1,258,538	2,003,538
2019	840,000	1,226,838	2,066,838
2020	960,000	1,190,838	2,150,838
2021-2025	6,765,000	5,083,063	11,848,063
2026-2030	10,925,000	3,029,513	13,954,513
2031-2034	11,870,000	792,419	12,662,419
	$ 33,490,000	$ 15,173,585	$ 48,663,585

Although the advance refundings resulted in the recognition of an accounting loss of $1,677,913 for the year ended June 30, 2015, the District in effect reduced its aggregate debt service payments by $4,750,719 over the next 15 years and obtained an economic gain of $3,434,317.

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

Old debt service cash flows	$ 53,702,215
New debt service cash flows	48,951,496
Total cash flow difference	$ 4,750,719
Present value of old debt service cash flows	$ 36,167,379
Present value of new debt service cash flows	32,733,062
Economic gain	$ 3,434,317

On September 18, 2008, the District issued $19,000,000 of General Obligation Bonds to raise money for authorized school purposes. The bonds mature serially in varying amounts during the succeeding years through August 2016, with interest ranging from 4.0% to 5.5%.

The following is a schedule of future payments on the 2008 General Obligation Bonds, as of June 30, 2015:

Year Ended June 30,	Principal	Interest	Total
2016	$ 145,000	$ 853,321	$ 998,321
2017	215,000	846,071	1,061,071
	$ 360,000	$ 1,699,392	$ 2,059,392

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

On August 5, 2009, the District issued $34,433,777 of General Obligation Bonds to raise money for authorized school purposes. The bonds mature serially in varying amounts during the succeeding years through August 2036, with interest rates ranging from 5.0% through 5.50%.

The following is a schedule of future payments on the 2009 General Obligation Bonds, as of June 30, 2015:

Year Ended June 30,	Principal	Interest	Total
2016	$ 400,000	$ 1,528,406	$ 1,928,406
2017	500,000	1,508,406	2,008,406
2018	610,000	1,483,406	2,093,406
2019	730,000	1,452,906	2,182,906
2020	860,000	1,412,756	2,272,756
2021-2025	3,975,871	6,353,181	10,329,052
2026-2030	7,863,142	5,740,481	13,603,623
2031-2035	16,870,000	2,751,106	19,621,106
2036-2037	1,394,764	7,700,236	9,095,000
	$ 33,203,777	$ 29,930,884	$ 63,134,661

Certificates of Participation (COPs): On August 9, 2006, the District issued $22,145,000 in Certificates of Participation for the purpose of providing funds for the District's 2006 capital projects. The District is required to make lease payments of principal and interest in conjunction with these Certificates of Participation. Semi-annual principal and interest payments are due each February and August 1, beginning in 2007 and ending in February 2022. Interest rates range from 3.6% to 4.25%.

Scheduled payments for the 2006 COPs are as follows:

Year Ending June 30,	COPs Payments
2016	$ 552,994
2017	551,394
2018	553,669
2019	549,969
2020	550,259
2021-2022	1,105,475
Total payments	3,863,760
Less amount representing interest	(508,760)
Net present value of minimum payments	$ 3,355,000

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

On July 1, 2012, the District issued $18,376,099 in Certificates of Participation for the purpose of implementing the District's 2012 capital projects and refunding $12,275,000 of the District's 2006 Certificates of Participation. The District is required to make lease payments of principal and interest in conjunction with these Certificates of Participation. Semi-annual principal and interest payments are due each June and December 1, beginning in 2023 and ending in June 2042. Interest rates range from 6.29% to 6.31%.

Scheduled payments for the 2012 COPs are as follows:

Year Ending June 30,	COPs Payments
2021-2025	$ 8,460,000
2026-2030	14,095,000
2031-2035	14,095,000
2036-2040	14,095,000
2041-2042	5,640,000
Total payments	56,385,000
Less amount representing interest	(38,008,901)
Net present value of minimum payments	$ 18,376,099

Qualified Zone Academy Bonds: In April 2004, the District entered into an agreement with Washington Mutual Community Development, Inc. for a $4,451,939 QZAB Lease Purchase to finance renovation and modernization projects of the District's school buildings. The District is required to deposit $404,722 each year commencing August 15, 2005 and ending August 15, 2014 to a QZAB sinking fund to accumulate resources to repay the $4,451,939 QZAB. The QZAB was paid off in August 2014.

Capitalized Lease Obligation: In February 2010, the District entered into a capital lease purchase agreement with Capital One Bank, for $1,535,000 to finance the purchase of District school buses. The District is required to make lease payments of principal and interest in conjunction with these capital leases through February 2020. The District has capitalized in the category of Equipment, $1,535,000 of school buses, with an accumulated depreciation of $921,000, as of June 30, 2015.

Scheduled payments for the capital lease are as follows:

Year Ending June 30,	Capital Lease Payments
2016	$ 193,691
2017	193,691
2018	193,691
2019	193,691
2020	193,692
Total payments	968,456
Less amount representing interest	(115,542)
Net present value of minimum payments	$ 852,914

(Continued)

NOTE 5 - LONG-TERM LIABILITIES (Continued)

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

	Balance July 1, 2014 as restated	Additions	Deductions	Balance June 30, 2015	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds	$ 67,813,777	$ 33,490,000	$ 34,250,000	$ 67,053,777	$ 1,485,000
Accreted Interest	1,485,811	344,078	-	1,829,889	-
Certificates of Participation	21,731,099	-	-	21,731,099	425,000
Accreted Interest	2,045,135	1,184,702	-	3,229,837	-
Qualified Zone Academy Bond	4,451,939	-	4,451,939	-	-
Capitalized lease obligations	1,040,253	-	187,339	852,914	155,708
Unamortized premium on long-term liabilities	295,949	2,720,629	365,942	2,650,636	108,517
Other postemployment benefits (Note 9)	4,666,752	1,735,547	1,030,081	5,372,218	-
Net pension liability (Notes 7 and 8)	71,807,800	-	11,180,800	60,627,000	-
Compensated absences	288,417	88,293	-	376,710	-
Total	$ 175,626,932	$ 39,563,249	$ 51,466,101	$ 163,724,080	$ 2,174,225

Payments on the General Obligations Bonds are made from the Bond Interest and Redemption Fund and the Debt Service Fund for Blended Component Units. Payments on the Certificates of Participation are made from the Capital Facilities Fund. Payments on the Qualified Zone Academy Bond are made from the Debt Service Fund. Payments on the Capitalized lease obligations are made from the General Fund. Payments on compensated absences, net pension liability and other postemployment benefits are made from the fund for which the related employee worked.

(Continued)

NOTE 6 - NET POSITION / FUND BALANCES

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

	Governmental Activities
Restricted for unspent categorical program revenues	$ 2,155,358
Restricted for special revenues	2,797,346
Restricted for capital projects	1,343,273
Restricted for debt service	5,320,037
Total restricted net position	$ 11,616,014

	Fiduciary Activities
Restricted for scholarships	$ 265,609

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

	General Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:				
Revolving cash fund	$ 30,000	$ -	$ 1,910	$ 31,910
Stores inventory	297,348	-	121,146	418,494
Prepaid expenditures	-	-	-	-
Subtotal nonspendable	327,348	-	123,056	450,404
Restricted:				
Unspent categorical revenues	2,155,358	-	-	2,155,358
Capital projects	-	-	1,343,273	1,343,273
Special revenue	-	-	2,674,290	2,674,290
Debt service	-	3,241,356	2,078,681	5,320,037
Subtotal restricted	2,155,358	3,241,356	6,096,244	11,492,958
Assigned:				
Lottery (site discretionary)	1,828,248	-	-	1,828,248
Site carryover for targeted allocations	1,379,495	-	-	1,379,495
In progress: one-time projects	510,519	-	-	510,519
Education Protection Act	162,981	-	-	162,981
Subtotal assigned	3,881,243	-	-	3,881,243
Unassigned:				
Designated for economic uncertainty	2,520,120	-	-	2,520,120
Undesignated	5,640,655	-	-	5,640,655
Subtotal unassigned	8,160,775	-	-	8,160,775
Total fund balances	$ 14,524,724	$ 3,241,356	$ 6,219,300	$ 23,985,380

(Continued)

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

General Information about the State Teachers’ Retirement Plan

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

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

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

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

CalSTRS 2% at 60

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

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

(Continued)

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

CalSTRS 2% at 62

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

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

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

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

Members - Under CalSTRS 2% at 60, the member contribution rate was 8.15 percent of applicable member earnings for fiscal year 2014-15. Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 8.0 percent of applicable member earnings for fiscal year 2014-15.

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

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

Employers – 8.88 percent of applicable member earnings.

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

(Continued)

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

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

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

The District contributed $3,173,951 to the plan for the fiscal year ended June 30, 2015.

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

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

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

(Continued)

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

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

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

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

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

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

District's proportionate share of the net pension liability	$ 44,833,000
State's proportionate share of the net pension liability associated with the District	27,072,000
Total	$ 71,905,000

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2014, the District's proportion was 0.077 percent, which was an increase of zero from its proportion measured as of June 30, 2013.

(Continued)

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

For the year ended June 30, 2015, the District recognized pension expense of $4,528,125 and revenue of $1,961,405 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	11,040,000
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-
Contributions made subsequent to measurement date	3,173,951	-
Total	$ 3,173,951	$ 11,040,000

$3,173,951 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2016	$ 2,760,000
2017	$ 2,760,000
2018	$ 2,760,000
2019	$ 2,760,000

Differences between expected and actual experience, changes of assumptions and differences between projected and actual earnings on plan investments. The schedule does not include deferred outflows/inflows of resources for changes in the employer's proportionate share of contributions. Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2014. The STRP net pension liability as of June 30, 2013 and the STRP net pension liability as of June 30, 2014 are based on the June 30, 2013 actuarial valuation for the first year of implementation. As a result there are no differences between expected and actual experience or changes in assumptions subject to amortization. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

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

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

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

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

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

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

* 10-year geometric average

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

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

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

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	$ 69,883,000	$ 44,833,000	$ 23,946,000

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

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

General Information about the Public Employer's Retirement Fund B

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

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

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

(Continued)

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

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

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

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

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

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

The District contributed $1,816,275 to the plan for the fiscal year ended June 30, 2015.

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

At June 30, 2015, the District reported a liability of $15,794,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2014, the District's proportion was 0.139 percent, which was an increase of 0.001 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of $1,401,075. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Net differences between projected and actual earnings on investments	-	5,427,000
Changes in proportion and differences between District contributions and proportionate share of contributions	102,000	-
Contributions made subsequent to measurement date	1,816,275	-
Total	$ 1,918,275	$ 5,427,000

(Continued)

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

$1,816,275 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,	
2016	$ 1,322,750
2017	$ 1,322,750
2018	$ 1,322,750
2019	$ 1,356,750

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

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

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

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

(Continued)

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

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

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

* 10-year geometric average

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

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

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

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

(Continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 27,629,000	$ 15,794,000	$ 5,758,000

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

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description: Marysville Joint Unified School District's Retired Employees Healthcare Plan (REHP) is a single-employer defined benefit healthcare plan administered by the Marysville Joint Unified School District. REHP provides medical and dental insurance benefits to eligible retirees, their spouses and if applicable, dependents.

The District issues a publicly available financial report that includes financial statements and required supplementary information for REHP. That report may be obtained by writing to Marysville Joint Unified School District, 1919 B Street, Marysville, California 95901, or by calling (530) 749-6125.

Funding Policy: The contribution requirements of plan members and the District are established and may be amended by the Board of Trustees. The required contribution is based on projected "pay-as-you-go" financing requirements. For the fiscal year ended June 30, 2015, the District's "pay-as-you-go" expenses were $1,030,081.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation: The Districts annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50.108-.109. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	$ 1,782,726
Interest on net OPEB obligation	221,671
Adjustment to annual required contribution	(268,850)
Annual OPEB cost (expense)	1,735,547
Contributions made	(1,030,081)
Increase in net OPEB obligation	705,466
Net OPEB obligation - beginning of year	4,666,752
Net OPEB obligation - end of year	$ 5,372,218

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015 and preceding two years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 1,641,220	71.6%	$ 3,839,174
June 30, 2014	$ 1,914,759	56.8%	$ 4,666,752
June 30, 2015	$ 1,735,547	59.4%	$ 5,372,218

Funded Status and Funding Progress: As of February 1, 2014, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was $17.1 million, all of which is unfunded, resulting in an unfunded actuarial accrued liability (UAAL) of $17.1 million. The covered payroll (annual payroll of active employees covered by the Plan) was $48.6 million, and the ratio of the UAAL to the covered payroll was 35.2 percent. The OPEB plan is currently being operated as a pay-as-you-go plan.

(Continued)

NOTE 9 - OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. 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 liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the February 1, 2014 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.75 percent investment rate (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 4.0 percent initially. An inflation rate of 2.75 percent was used. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015, was 28 years.

NOTE 10 - JOINT POWERS AGREEMENT

The District is a member with other school districts in two Joint Powers Authorities, Schools Insurance Group (SIG) for workers' compensation and Northern California Schools Insurance Group (NCSIG) for property and liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from coverage in the prior year. The following is a summary of financial information for SIG and NCSIG at June 30, 2014 (the most recent information available):

	SIG	NCSIG
Total assets	$ 86,315,315	$ 8,704,263
Total liabilities	$ 31,253,582	$ 4,687,921
Total net position	$ 55,061,733	$ 4,016,342
Total revenues	$ 82,124,047	$ 7,338,861
Total expenses	$ 80,784,567	$ 7,244,625

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

(Continued)

NOTE 11 - CONTINGENCIES

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula:				
State apportionment	$ 57,841,777	$ 56,713,737	$ 56,440,035	$ (273,702)
Local sources	11,789,662	13,003,581	13,342,486	338,905
Total LCFF	69,631,439	69,717,318	69,782,521	65,203
Federal sources	6,147,864	7,458,583	6,243,753	(1,214,830)
Other state sources	3,896,103	5,923,223	6,541,599	618,376
Other local sources	4,239,366	4,446,199	4,507,019	60,820
Total revenues	83,914,772	87,545,323	87,074,892	(470,431)
Expenditures:				
Current:				
Certificated salaries	35,025,730	36,154,704	35,580,326	574,378
Classified salaries	13,579,363	14,771,845	14,702,060	69,785
Employee benefits	15,783,375	17,079,444	17,756,686	(677,242)
Books and supplies	6,338,485	8,403,646	6,058,625	2,345,021
Contract services and operating expenditures	8,553,043	9,295,939	7,835,083	1,460,856
Other outgo	1,129,149	2,274,162	2,476,412	(202,250)
Capital outlay	98,616	1,721,742	1,025,760	695,982
Debt service:				
Principal retirement	179,711	186,142	187,339	(1,197)
Interest	52,606	47,356	44,022	3,334
Total expenditures	80,740,078	89,934,980	85,666,313	4,268,667
Excess (deficiency) of revenues over (under) expenditures	3,174,694	(2,389,657)	1,408,579	3,798,236
Other financing sources:				
Operating transfers in	802,571	365,712	817,312	451,600
Operating transfers out	(820,000)	(833,206)	(912,016)	(78,810)
Total other financing sources:	(17,429)	(467,494)	(94,704)	372,790
Change in fund balance	3,157,265	(2,857,151)	1,313,875	4,171,026
Fund balance, July 1, 2014	13,210,849	13,210,849	13,210,849	-
Fund balance, June 30, 2015	$ 16,368,114	$ 10,353,698	$ 14,524,724	$ 4,171,026

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
March 25, 2010	$ -	$11.4 million	$11.4 million	0%	$48.8 million	23.4%
February 1, 2012	$ -	$17.4 million	$17.4 million	0%	$45.4 million	38.4%
February 1, 2014	$ -	$17.1 million	$17.1 million	0%	$48.6 million	35.2%

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015
District's proportion of the net pension liability	0.077%
District's proportionate share of the net pension liability	$ 44,833,000
District's proportionate share of the net pension liability associated with the District	27,072,000
Total net pension liability	$ 71,905,000
District's covered-employee payroll	$ 34,171,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	131.20%
Plan fiduciary net position as a percentage of the total pension liability	76.52%

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

All years prior to 2015 are not available.

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015
District's proportion of the net pension liability	0.139%
District's proportionate share of the net pension liability	$ 15,794,000
District's covered-employee payroll	$ 14,605,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	108.14%
Plan fiduciary net position as a percentage of the total pension liability	83.38%

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

All years prior to 2015 are not available.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015
Contractually required contribution	$ 3,173,951
Contributions in relation to the contractually required contribution	$ -
Contribution deficiency (excess)	$ 3,173,951
District's covered-employee payroll	$ 35,743,000
Contributions as a percentage of covered-employee payroll	8.88%

All years prior to 2015 are not available.

Public Employer's Retirement Fund B
Last 10 Fiscal Years

		2015
Contractually required contribution	$	1,816,275
Contributions in relation to the contractually required contribution	$	1,816,275
Contribution deficiency (excess)	$	-
District's covered-employee payroll	$	15,430,000
Contributions as a percentage of covered-employee payroll		11.77%

All years prior to 2015 are not available.

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

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

Excess of expenditures over appropriations for the year ended June 30, 2015 were as follows:

General Fund	Excess Expenditures
Employee benefits	$ 677,242

This excess is not in accordance with Education Code 42600.

B - Schedule of Other Postemployment Benefits Funding Progress

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarially accrued liability for benefits with the actuarial value of accumulated plan assets.

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

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

D – Schedule of the District's Contributions

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

E – Changes of Benefit Terms

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

F - Changes of Assumptions

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

SUPPLEMENTARY INFORMATION

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

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Debt Service Fund for Blended Component Units	Debt Service Fund	Total
ASSETS											
Cash in County Treasury	$ 988,145	$ 47,532	$ 8,251	$ 408,727	$ 592,047	$ 376,469	$ 952,636	$ 141,949	$ 2,077,345	$ -	$ 5,593,101
Cash in revolving fund	-	-	-	1,910	-	-	-	-	-	-	1,910
Cash with fiscal agent	-	-	-	-	-	-	894	-	-	1,336	2,230
Receivables	49,576	-	355,075	1,290,683	-	5,040	-	-	-	-	1,700,374
Due from other funds	2,843	-	73,687	18,972	-	-	-	-	-	-	95,502
Stores inventory	-	-	-	121,146	-	-	-	-	-	-	121,146
Total assets	$ 1,040,564	$ 47,532	$ 437,013	$ 1,841,438	$ 592,047	$ 381,509	$ 953,530	$ 141,949	$ 2,077,345	$ 1,336	$ 7,514,263
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	$ 149,521	$ -	$ 75,345	$ 52,356	$ 11,000	$ 121,804	$ 11,249	$ -	$ -	$ -	$ 421,275
Due to other funds	388,165	-	124,933	327,311	-	-	662	-	-	-	841,071
Unearned revenue	16,456	-	-	16,161	-	-	-	-	-	-	32,617
Total liabilities	554,142	-	200,278	395,828	11,000	121,804	11,911	-	-	-	1,294,963
Fund balances:											
Nonspendable	-	-	-	123,056	-	-	-	-	-	-	123,056
Restricted	486,422	47,532	236,735	1,322,554	581,047	259,705	941,619	141,949	2,077,345	1,336	6,096,244
Total fund balances	486,422	47,532	236,735	1,445,610	581,047	259,705	941,619	141,949	2,077,345	1,336	6,219,300
Total liabilities and fund balances	$ 1,040,564	$ 47,532	$ 437,013	$ 1,841,438	$ 592,047	$ 381,509	$ 953,530	$ 141,949	$ 2,077,345	$ 1,336	$ 7,514,263

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

	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Debt Service Fund for Blended Component Units	Debt Service Fund	Total
Revenues:											
Local Control Funding Formula (LCFF):											
State apportionment	$ 2,496,755	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,496,755
Total LCFF	2,496,755	-	-	-	-	-	-	-	-	-	2,496,755
Federal sources	777	-	144,904	5,312,899	-	-	-	-	-	-	5,458,580
Other state sources	189,827	-	1,789,986	417,677	-	-	-	-	42,345	-	2,439,835
Other local sources	124,434	847	21,330	418,415	2,058	27,401	821,343	1,012	2,150,776	784	3,568,400
Total revenues	2,811,793	847	1,956,220	6,148,991	2,058	27,401	821,343	1,012	2,193,121	784	13,963,570
Expenditures:											
Current:											
Certificated salaries	1,343,652	-	650,594	-	-	-	-	-	-	-	1,994,246
Classified salaries	134,070	28,179	540,316	2,171,183	-	-	41,444	-	-	-	2,915,192
Employee benefits	500,066	1,552	384,234	1,011,547	-	-	12,116	-	-	-	1,909,515
Books and supplies	155,974	-	198,976	2,443,614	31,953	3,893	113,450	-	-	-	2,947,860
Contract services and operating expenditures	250,939	-	41,873	123,841	107,535	704,778	60,756	-	-	-	1,289,722
Other outgo	-	-	-	-	-	-	103,740	-	-	-	103,740
Capital outlay	19,292	-	-	51,840	120,001	421,554	1,535,831	-	-	-	2,148,518
Debt service:											
Principal	-	-	-	-	-	-	-	-	310,000	4,451,939	4,761,939
Interest	-	-	-	-	-	1,973,862	136,069	-	1,536,156	-	3,646,087
Total expenditures	2,403,993	29,731	1,815,993	5,802,025	259,489	3,104,087	2,003,406	-	1,846,156	4,451,939	21,716,819
Excess (deficiency) of revenues over (under) expenditures	407,800	(28,884)	140,227	346,966	(257,431)	(3,076,686)	(1,182,063)	1,012	346,965	(4,451,155)	(7,753,249)
Other financing sources (uses):											
Interfund transfers in	1,983	-	72,219	17,814	820,000	-	-	-	-	250,000	1,162,016
Interfund transfers out	(377,221)	-	(119,064)	(321,027)	-	-	(250,000)	-	-	-	(1,067,312)
Proceeds from the sale of bonds	-	-	-	-	-	33,490,000	-	-	-	-	33,490,000
Premium from the sale of bonds	-	-	-	-	-	2,720,629	-	-	-	-	2,720,629
Payment to refunded bond escrow agent	-	-	-	-	-	(33,545,000)	-	-	-	-	(33,545,000)
Other financing sources (uses)	(375,238)	-	(46,845)	(303,213)	820,000	2,665,629	(250,000)	-	-	250,000	2,760,333
Net change in fund balances	32,562	(28,884)	93,382	43,753	562,569	(411,057)	(1,432,063)	1,012	346,965	(4,201,155)	(4,992,916)
Fund balances, July 1, 2014	453,860	76,416	143,353	1,401,857	18,478	670,762	2,373,682	140,937	1,730,380	4,202,491	11,212,216
Fund balances, June 30, 2015	$ 486,422	$ 47,532	$ 236,735	$ 1,445,610	$ 581,047	$ 259,705	$ 941,619	$ 141,949	$ 2,077,345	$ 1,336	$ 6,219,300

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

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Student Body Funds				
Marysville High School				
Assets:				
Cash on hand and in banks	$ 130,947	$ 375,757	$ 366,063	$ 140,641
Inventory	5,784	14,163	6,080	13,867
Total assets	$ 136,731	$ 389,920	$ 372,143	$ 154,508
Liabilities:				
Due to student groups	$ 136,731	$ 389,920	$ 372,143	$ 154,508
Lindhurst High School				
Assets:				
Cash on hand and in banks	$ 174,238	$ 177,979	$ 191,462	$ 160,755
Inventory	4,217	6,814	7,734	3,297
Total assets	$ 178,455	$ 184,793	$ 199,196	$ 164,052
Liabilities:				
Due to student groups	$ 178,455	$ 184,793	$ 199,196	$ 164,052
Elementary and Middle Schools				
Assets:				
Cash on hand and in banks	$ 71,716	$ 199,528	$ 184,070	$ 87,174
Inventory	925	3,245	3,645	525
Total assets	$ 72,641	$ 202,773	$ 187,715	$ 87,699
Liabilities:				
Due to student groups	$ 72,641	$ 202,773	$ 187,715	$ 87,699

(Continued)

Student Body Funds (Continued)	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Total Agency Funds				
Assets:				
Cash on hand and in banks	$ 376,901	$ 753,264	$ 741,595	$ 388,570
Inventory	10,926	24,222	17,459	17,689
Total assets	$ 387,827	$ 777,486	$ 759,054	$ 406,259
Liabilities:				
Due to student groups	$ 387,827	$ 777,486	$ 759,054	$ 406,259

MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
ORGANIZATION
June 30, 2015

Marysville Joint Unified School District was established in 1966. The District is a political subdivision of the State of California. The District currently operates 22 individual school sites. The District also operates Child Care/Preschool Programs in 9 locations, and Marysville Charter Academy of the Arts. There were no changes in District boundaries for the year.

BOARD OF TRUSTEES

Name	Office	Term Expires
Bernard Rechs	President	December 2016
Glen Harris	Vice President	December 2016
Anthony Dannible	Trustee Representative	December 2016
Jim Flurry	Clerk	December 2016
Jeff Boom	Member	December 2018
Frank Crawford	Member	December 2018
Randy Rasmussen	Member	December 2018

ADMINISTRATION

Gay S. Todd
Superintendent/Secretary of the Board

Ramiro Carreon
Assistant Superintendent Personnel Services

Ryan DiGiulio
Assistant Superintendent Business Services

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

	Second Period Report	Annual Report
DISTRICT		
Elementary:		
Transitional kindergarten through Third	3,069	3,067
Fourth through Sixth	2,154	2,158
Seventh and Eighth	1,116	1,112
Special Education	3	5
Total Elementary	6,342	6,342
Secondary:		
Ninth through Twelfth	2,289	2,260
Special Education	6	7
Total Secondary	2,295	2,267
Total District	8,637	8,609
CHARTER SCHOOLS		
Marysville Charter Academy of the Arts - Classroom-Based:		
Seventh and Eighth	139	137
Ninth through Twelfth	212	209
Subtotal Classroom-Based	351	346
Marysville Charter Academy of the Arts - Non-Classroom-Based:		
Seventh and Eighth	1	1
Ninth through Twelfth	2	2
Subtotal Non-Classroom Based	3	3
Total Marysville Charter Academy of the Arts	354	349

See accompanying notes to supplementary information.

Grade Level	Statutory Minutes Require-ment	Reduced Minutes Require-ment	2014-15 Actual Minutes	Number of Days Traditional Calendar	Status
TRADITIONAL SCHOOLS					
Kindergarten	36,000	35,000	36,000	180	In Compliance
Grade 1	50,400	49,000	50,650	180	In Compliance
Grade 2	50,400	49,000	50,650	180	In Compliance
Grade 3	50,400	49,000	54,480	180	In Compliance
Grade 4	54,000	52,500	54,480	180	In Compliance
Grade 5	54,000	52,500	60,305	180	In Compliance
Grade 6	54,000	52,500	60,305	180	In Compliance
Grade 7	54,000	52,500	60,410	180	In Compliance
Grade 8	54,000	52,500	60,410	180	In Compliance
Grade 9	64,800	63,000	64,833	180	In Compliance
Grade 10	64,800	63,000	64,833	180	In Compliance
Grade 11	64,800	63,000	64,833	180	In Compliance
Grade 12	64,800	63,000	64,833	180	In Compliance
CHARTER SCHOOL					
Marysville Charter Academy for the Arts					
Grade 7	54,000	52,457	64,885	180	In Compliance
Grade 8	54,000	52,457	64,885	180	In Compliance
Grade 9	64,800	62,949	64,885	180	In Compliance
Grade 10	64,800	62,949	64,885	180	In Compliance
Grade 11	64,800	62,949	64,885	180	In Compliance
Grade 12	64,800	62,949	64,885	180	In Compliance

See accompanying notes to supplementary information.

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
	U.S. Department of Education - Passed though California Department of Education		
	Special Education Program:		
84.027	Special Ed IDEA: Basic and Local Assistance Entitlement, Part B, Sec 611 (Formerly 94-142)	13379	$ 1,572,117
84.027A	Special Ed: IDEA Mental Health Services, Part B, Sec 611	14468	135,953
	Subtotal Special Education Program		1,708,070
84.367	NCLB: Title II, Part A, Improving Teacher Quality	14341	224,647
84.010	NCLB: Title I, Part A, Basic Grants Low-Income	14329	3,301,907
84.330B	NCLB: Title I, Part G, Advanced Placement (AP) Test Fee Reimbursement Program	14831	26,104
84.196	NCLB: Title X, McKinney-Vento Homeless Children Assistance Grants	14332	48,781
84.365	NCLB: Title III, Limited English Proficiency	14346	308,436
84.060A	Title IX, Part A, Indian Education	10011	341,253
84.048	Carl D. Perkins Career and Technical Education: (Sec 131)	13924	119,702
	Total U.S. Department of Education		6,078,900

(Continued)

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expend-itures
U.S. Department of Agriculture - Passed through California Department of Education			
10.555	National School Lunch Program	23165	$ 5,173,263
10.582	Child Nutrition: Fresh Fruit and Vegetable Program	14968	108,231
10.579	National School Lunch Program Equipment Assistant Grants	14906	31,405
	Total U.S. Department of Agriculture		5,312,899
U.S. Department of Health and Human Services - Passed through California Department of Education			
93.778	Medi-Cal Billing Option	10013	126,013
93.596	Child Development: Federal Child Care, Center Based	13609	144,904
	Total U.S. Department of Health and Human Services		270,917
U.S. Department of the Interior - Passed through California Department of Education			
15.130	Johnson O'Malley: Indian Education Assistance	*	13,810
	Total Federal Awards		$ 11,676,526

* District is unable to provide PCA number.

See accompanying notes to supplementary information.

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

MARYSVILLE JOINT UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
For the Year Ended June 30, 2015
UNAUDITED

General Fund	(Budget) 2016	2015	2014	2013
Revenues and other financing sources	$ 99,826,405	$ 87,892,204	$ 80,654,912	$ 76,604,271
Expenditures	93,137,515	85,666,313	78,474,767	76,854,189
Other uses and transfers out	32,552	912,016	-	11,615
Total outgo	93,170,067	86,578,329	78,474,767	76,865,804
Change in fund balance	$ 6,656,338	$ 1,313,875	$ 2,180,145	$ 261,533
Ending fund balance	$ 21,181,062	$ 14,524,724	$ 13,210,849	$ 11,030,704
Available reserves	$ 11,665,966	$ 8,160,775	$ 7,355,183	$ 7,660,191
Designated for economic uncertainties	$ 3,010,000	$ 2,520,120	$ 2,330,000	$ 2,284,559
Undesignated fund balance	$ 8,655,966	$ 5,640,655	$ 5,025,183	$ 5,375,632
Available reserves as percentages of total outgo	12.5%	9.4%	9.4%	9.9%
All Funds				
Total long-term liabilities	$ 161,549,855	$ 163,724,080	$ 103,819,132	$ 102,515,359
Average daily attendance at P-2	8,574	8,637	8,754	8,758

The General Fund fund balance has increased by $3,755,553 over the past three years. The District has incurred operating surpluses in each of the past three years and anticipates incurring an operating surplus during the 2015-2016 fiscal year. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses, for which the District is in compliance.

Total long-term liabilities have increased by $61,208,721 over the past two years.

Average daily attendance has decreased by 121 over the past two years. The District anticipates a decrease in ADA of 63 for the 2015-2016 fiscal year.

SCHEDULE OF CHARTER SCHOOLS
For the Year Ended June 30, 2015

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
Marysville Charter Academy for the Arts	Included as the Charter Schools Fund
Paragon Collegiate Academy	Separate Report

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

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

C - Schedule of Expenditure of Federal Awards

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

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

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		$ 11,702,333
Less: Medi-Cal Billing Option funds received in excess of expenditures.	93.778	(25,807)
Total Schedule of Expenditure of Federal Awards		$ 11,676,526

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

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

E - Schedule of Financial Trends and Analysis - Unaudited

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2015-2016 fiscal year, as required by the State Controller's Office. The information in this schedule has been derived from audited information.

(Continued)

NOTE 1 - PURPOSE OF SCHEDULES (Continued)

F - Schedule of Charter Schools

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

NOTE 2 - EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2015, the District did not adopt this program.

Crowe Horwath LLP
Independent Member Crowe Horwath International

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

Board of Trustees
Marysville Joint Unified School District
Marysville, California

Report on Compliance with State Laws and Regulations

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

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

(Continued)

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

We did not perform any procedures related to Juvenile Court Schools or Early or Middle High Schools because the District did not operate these programs.

We did not perform any procedures related to After School Education and Safety Program - Before School because the District does not operate a program before school.

We did not perform any procedures related to Nonclassroom-Based Instruction/Independent Study for charter schools or Determination of Funding for Nonclassroom-Based Instruction, for charter schools because the Nonclassroom-based ADA for the District's charter school was below the level that requires testing.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion with State Laws and Regulations

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 14, 2015

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

Board of Trustees
Marysville Joint Unified School District
Marysville, 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 Marysville Joint Unified School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Marysville Joint Unified School District's basic financial statements, and have issued our report thereon dated December 14, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified other matters involving internal control that were communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2015-001.

(Continued)

Compliance and Other Matters

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

Response to Finding

Marysville Joint Unified School District's response to the finding identified in our audit is described in the accompanying schedule of Audit Findings and Questioned Costs. Marysville Joint Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 14, 2015

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

Board of Trustees
Marysville Joint Unified School District
Marysville, California

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

(Continued)

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
December 14, 2015

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified not considered to be material weakness(es)? ______ Yes __X__ None reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

FEDERAL AWARDS

Internal control over major programs:
- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified not considered to be material weakness(es)? ______ Yes __X__ None reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? ______ Yes __X__ No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	NCLB: Title I, Part A, Improving Teacher Quality

Dollar threshold used to distinguish between Type A and Type B programs: $350,296

Auditee qualified as low-risk auditee? __X__ Yes ______ No

STATE AWARDS

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

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

2015-001 DEFICIENCY - STUDENT BODY ACCOUNTING (30000)

Criteria

Internal Controls – Safeguarding of Assets

Condition

At Lindhurst High School it was noted that tally sheets were not used by student groups to track individual sales of items.

Effect

There exists a risk that ASB funds could potentially be misappropriated.

Cause

Adequate internal control procedures have not been consistently followed.

Fiscal Impact

Not determinable.

Recommendation

School sites should maintain supporting documentation, either sub receipts or tally sheets, to support initial sales and cash collection, which reconciles back to deposits.

Corrective Action Plan

Lindhurst High School will supply student groups with tally sheets for student events with sales to record and track individual sales.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2014-001 At Marysville High School a report of financial transactions of the various club accounts is not submitted to the school principal for review. At McKenney Intermediate there is no evidence of that the principal reviews the report of financial transactions of the various club accounts. There is no evidence of approval by the principal of the dance activity. School sites should implement the proper control procedures in order to protect ASB funds from misappropriation. Report of financial transaction of the various club accounts should be submitted to the school Principal for review and approval and the process should be documented. All ASB activities should be approved by the principal.	Partially implemented	See current year finding 2015-001.