# SIX NEW ISSUES—BOOK-ENTRY ONLY ALL ISSUES BANK QUALIFIED

RATINGS Moody's: All Issues Rated "MIG 1" See "MISCELLANEOUS—Ratings" herein

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject, however, to certain qualifications described in this Official Statement, under existing law, interest on each issue of Notes (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Bond Counsel, interest on each issue of Notes is exempt from personal income taxation imposed by the State of California. Each issue of Notes is a "qualified tax-exempt obligations" under section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS—Tax Matters" herein.

> \$1,300,000 Auburn Union School District

\$4,200,000 Dry Creek Joint Elementary School District

> \$3,300,000 Loomis Union School District

\$10,000,000 Rocklin Unified School District

\$9,000,000 Roseville City School District

\$11,500,000 Roseville Joint Union High School District

#### (Placer County, California) 2010 Tax and Revenue Anticipation Notes

#### Dated: Date of Delivery

#### Due: September 1, 2011

The above-captioned Notes (collectively the "Notes") will be issued in fully registered form, without coupons. The Notes will be registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Notes. Individual purchases of Notes will be made in book-entry form only in denominations of \$5,000 or any integral multiple thereof. Purchasers of the Notes will not receive securities certificates representing their ownership interest in the Notes. The principal of and interest on each Note will be paid at maturity by the Treasurer and Tax Collector of the County of Placer (the "County") as paying agent (the "Paying Agent"), to DTC, which is obligated in turn to remit such principal and interest to its DTC participants for subsequent disbursement to the Beneficial Owners of the Notes, as described herein. See "THE NOTES" herein.

#### The Notes will not be subject to redemption prior to maturity.

The Notes of each District are issued to finance, in part, the general fund cash flow requirements of such District (collectively the "Districts" or individually, the "District") during Fiscal Year 2010-2011.

The Notes of each District, in accordance with California law, are general obligations of the respective Districts but are payable only out of taxes, income, revenue, cash receipts and other moneys of the respective Districts attributable to Fiscal Year 2010-2011 and legally available for payment thereof. See "THE NOTES— Security for and Sources of Payment" herein. The County Resolutions (as defined herein) authorizing the Notes require certain revenues of the Districts pledged to the payment of the Notes to be held by the Paying Agent in trust in a separate fund until the principal of and interest on the Notes has been paid in full or provision has been made therefor.

THE DISTRICTS ARE WHOLLY INDEPENDENT LEGAL ENTITIES, AND THE NOTES ARE SEPARATE SECURITIES, SEPARATELY ISSUED AND SEPARATELY SECURED BY AND PAYABLE FROM, RESPECTIVELY, THE PLEDGED REVENUES OF EACH DISTRICT. THE OBLIGATION OF EACH DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON ITS NOTE IS A GENERAL OBLIGATION SOLELY OF SAID DISTRICT, AND NEITHER THE GENERAL FUND, CREDIT NOR TAXING POWER OF THE OTHER DISTRICTS ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE NOTES OF THE OTHER DISTRICTS.

The following firm, serving as financial advisor to the Districts, has structured this issue:



This cover page contains certain information for general reference only. It is **not** intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Issuer	Principal Amount	Interest Rate	<u>Yield</u>	CUSIP+
Auburn Union School District	\$ 1,300,000	2.00%	0.75%	050285 AL9
Dry Creek Joint Elementary School District	\$ 4,200,000	2.00	0.75	262386 FM2
Loomis Union School District	\$ 3,300,000	2.00	0.75	543451 CR7
Rocklin Unified School District	\$10,000,000	2.00	0.75	773754 GF7
Roseville City School District	\$ 9,000,000	2.00	0.75	777798 HZ5
Roseville Joint Union High School District	\$11,500,000	2.00	0.75	777849 MR8

The Notes are offered when, as and if issued by the Districts and accepted by the Underwriter, subject to the approval of legality by Quint & Thimmig LLP, San Francisco, California, Bond Counsel. Certain disclosure matters will be passed upon for the Districts by Quint & Thimmig LLP, San Francisco, California, Disclosure Counsel. It is expected that the Notes in definitive form will be available for delivery to DTC in New York, New York, on or about September 2, 2010.

# Southwest Securities, Inc.

#### Dated: August 12, 2010

t Copyright 2010, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the Districts and are included solely for the convenience of the registered owners of the Notes. The Districts are not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Notes.

This Official Statement does not constitute an offering of any security other than the original offering of the Notes by the Districts. No dealer, broker, salesperson or other person has been authorized by the Districts to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the Districts.

The issuance and sale of the Notes have not been registered under the Securities Act of 1933 in reliance upon an exemption under Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy securities in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the Districts, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Districts. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Districts since the date hereof. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Any statement made in this Official Statement involving a forecast, estimate or matter of expectation or opinion, whether or not expressly so stated, is intended solely as such and not as a representation of fact. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements". Such statements are generally identifiable by the terminology used, such as, "are expected to," "will continue," "is anticipated," "forecast," "expect," "intend," "estimate," "plan," "budget," "project," or similar words and phrases. The achievement of the outcomes projected in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to be materially different from the expected results expressed or implied by such forward-looking statements. The Districts do not plan to issue any updates or revisions to those forward-looking statements if or when the expectations, events, conditions or circumstances on which such statements are based occur or fail to occur.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER. THIS PAGE INTENTIONALLY LEFT BLANK

# School District Governing Boards and Superintendents

#### Auburn Union School District 255 Epperle Lane Auburn, CA 95603

(530) 885-7242

Clark Gehlbach, President Ken Nittler, Secretary Linda Beasley, Trustee Daniel Beriant, Trustee Lynn Hargrove, Trustee Michele Schuetz, Superintendent

# Loomis Union School District

3290 Humphrey Road Loomis, CA 95650 (916) 652-1800

Jim Foster, President Mike Edwards, Clerk Jeanne Duvall, Trustee Tim Rudolph, Trustee Kurt Turner, Trustee Paul Johnson, Superintendent

Roseville City School District 1050 Main Street Roseville, CA 95678 (916) 771-1600

Susan Goto, President Krista Bernasconi, Clerk Rene Aguilera, Member Gary Miller, Member Stella Premo, Member Richard L. Pierucci, Superintendent

#### Dry Creek Joint

Elementary School District 9707 Cook Riolo Road Roseville, CA 95747 (916) 770-8800

Diane Howe, President Scott Otsuka, Clerk Tracy Pittman, Member Jeff Randall, Member Anne Silberstein, Member Mark Geyer, Superintendent

# **Rocklin Unified School District**

2615 Sierra Meadows Drive Rocklin, CA 95677 (916) 624-2428

Wendy Lang, President Greg Daley, Vice President Camille Maben, Member Todd Lowell, Member Steve Paul, Member Kevin Brown, Superintendent

Roseville Joint Union High School District 1750 Cirby Way Roseville, CA 95661 (916) 786-2051

> R. Jan Pinney, President Garry Genzlinger, Vice President Scott Huber, Clerk Jack Duran, Member Paige K. Strauss, Member Toni Monetti, Superintendent

# **Professional Services**

Bond Counsel and Disclosure Counsel Quint & Thimmig LLP San Francisco, California **Financial Advisor** Capitol Public Finance Group, LLC Sacramento, California

Paying Agent Placer County Treasurer-Tax Collector Auburn, California

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# **OFFICIAL STATEMENT**

\$1,300,000 Auburn Union School District

\$4,200,000 Dry Creek Joint Elementary School District

> \$3,300,000 Loomis Union School District

\$10,000,000 Rocklin Unified School District

\$9,000,000 Roseville City School District

\$11,500,000 Roseville Joint Union High School District

# (Placer County, California) 2010 Tax and Revenue Anticipation Notes

#### INTRODUCTION

This introduction is not a summary of this official statement (the "Official Statement"). It is only a brief description of and guide to, and is more qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Notes to potential investors is made only by means of the entire Official Statement.

This Official Statement is provided to furnish information in connection with the sale of 2010 Tax and Revenue Anticipation Notes (collectively, the "Notes" or individually, the "Note") by the Board of Supervisors of the County of Placer (the "County"), in the name and on behalf of the Auburn Union School District, the Dry Creek Joint Elementary School District, the Loomis Union School District, the Rocklin Unified School District, the Roseville City School District, and the Roseville Joint Union High School District (collectively the "Districts," or individually, a "District"), in the principal amounts as shown above and on the cover of this Official Statement.

#### General

The Notes are general obligations of the respective Districts but are payable only out of taxes, income, revenue, cash receipts and other moneys of the respective Districts attributable to the fiscal year ending June 30, 2011 (the "Fiscal Year 2010-2011") and legally available therefor (the "Pledged Revenues"). The Districts may, under existing law, issue the Notes only if the principal of and interest on the Notes will not exceed 85% of the estimated moneys which

will be lawfully available for the payment of the Notes. The Notes will be dated their date of delivery and will mature on the date set forth on the cover hereof.

Pursuant to the State of California Constitution and laws of the State of California, specifically Section 53850 *et seq.* of the California Government Code, the Districts have pledged for the payment of the Notes and the interest thereon certain unrestricted moneys to be received by the District in the months of January and April of 2011.

THE DISTRICTS ARE WHOLLY INDEPENDENT LEGAL ENTITIES, AND THE NOTES ARE SEPARATE SECURITIES, SEPARATELY ISSUED AND SEPARATELY SECURED BY AND PAYABLE FROM, RESPECTIVELY, THE PLEDGED REVENUES. THE OBLIGATION OF EACH DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON ITS NOTE IS A GENERAL OBLIGATION SOLELY OF SAID DISTRICT, AND NEITHER THE GENERAL FUND, CREDIT OR TAXING POWER OF THE OTHER DISTRICTS ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE NOTES OF THE OTHER DISTRICTS.

### Authority for Issuance of the Notes

The Notes are issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act"), and, under such statute, are obligations of the Districts but are payable solely from Pledged Revenues. See "THE NOTES—Authority for Issuance."

#### **Purpose of the Notes**

Proceeds of the Notes will be used and expended for any purpose for which the Districts are authorized to expend funds from the general fund of the Districts, including, but not limited to, current expenses, capital expenditures, investment, and reinvestment, and the discharge of other obligations or indebtedness of the Districts. See "THE NOTES—Purpose of the Notes."

### **Continuing Disclosure**

The Districts have covenanted for the benefit of the registered owners of the Notes to provide notice of the occurrence of certain enumerated events, if material, which notice of material events will be filed by the Districts with the Municipal Securities Rulemaking Board (and with the appropriate State information depository, if any). The specific nature of the information to be contained in the notices of material events is summarized in APPENDIX B— FORM OF CONTINUING DISCLOSURE CERTIFICATES. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The Districts have never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

### **Professionals Involved in the Offering**

With respect to the Notes, Capitol Public Finance Group, LLC, Sacramento, California has acted as Financial Advisor (the "Financial Advisor") with respect to the sale and delivery of each Note (see "MISCELLANEOUS—Financial Advisor" herein) and Quint & Thimmig LLP, San Francisco, California, has acted as bond counsel (the "Bond Counsel") and as disclosure counsel ("Disclosure Counsel"). Bond Counsel and Disclosure Counsel will receive compensation from the Districts contingent upon the sale and delivery of the Notes.

#### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Information concerning this Official Statement, the Notes, the Districts or any other information relating to the sale and delivery of the Notes, including the Resolutions and audited financial statements of each District, are available for public inspection and may be obtained by contacting the Districts' Financial Advisor, Capitol Public Finance Group, LLC, 1900 Point West Way Suite 273, Sacramento, California 95815, telephone (916) 641-2734.

#### THE NOTES

#### Authority for Issuance

The Notes are issued pursuant to Section 53850 *et. seq.* of the California Government Code (the "Government Code") and pursuant to the respective resolutions adopted by the Board of Trustees of each District (the "Governing Boards") and by the Placer County Board of Supervisors (the "County Board"). The County Board adopted its resolutions authorizing the Notes on July 13, 2010 (together with the resolutions adopted by the Governing Boards, the "Resolutions").

#### **Purpose of the Notes**

The Notes are issued in anticipation of future receipt of moneys intended as general revenues of the Districts. Proceeds of the Notes shall be deposited in the general fund of the Districts in the treasury of the County and shall be used and expended by the Districts for any purpose for which the Districts are authorized to expend funds from their general fund, including, but not limited to, current expenses, capital expenditures, investment and reinvestment and the discharge of other obligations or indebtedness of the Districts.

#### **Description of the Notes**

The Notes will be issued in fully registered form without coupons, initially registered in the name of Cede & Co. ("Cede & Co."), nominee of The Depository Trust Company, New York, New York ("DTC"). As long as the Notes are held by DTC or a successor securities depository, ownership of the Notes will be evidenced by book-entry. See "THE NOTES—Book-Entry Only System."

The Notes shall be dated the date of delivery, shall mature (without option of prior redemption) on September 1, 2011, shall bear interest (payable at maturity and calculated on the basis of a 360-day year of twelve 30-day months) at the rate indicated on the cover page hereof, and shall be issued in fully registered form in denominations of \$5,000 principal amount or any integral multiple thereof. Both the interest on and the principal of the Notes shall be payable to the registered owners of the Notes. The Treasurer-Tax Collector of the County of Placer will act as Paying Agent, Registrar, and Transfer Agent (the "Paying Agent") with respect to each Note.

The Notes are not subject to redemption prior to their stated maturity date.

#### **Bank Qualified Obligations**

Each District has designated its Notes as "qualified tax-exempt obligations," thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct a portion of such institution's interest expense allocable to such qualified taxexempt obligations, all as determined in accordance with Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

## Security for and Sources of Payment

The principal amount of the Notes, together with interest thereon will be payable only out of taxes, income, revenue, cash receipts and other moneys which are received by the Districts for Fiscal Year 2010-2011 and which are lawfully available for the payment of current expenses and other obligations of the Districts (the "Unrestricted Revenues"). Pursuant to the Act, the Districts have, as described below, pledged their Unrestricted Revenues for the payment of the Notes and the interest thereon.

As security for the payment of the interest on and principal of the Notes, the County (for and on behalf of the Districts) has agreed to deposit in trust in a special fund (the "Repayment Fund"): (i) an amount equal to fifty percent (50%) of the principal amount of the Notes from the Unrestricted Revenues received by the Districts in the month ending on January 31, 2011, and (ii) an amount equal to fifty percent (50%) of the principal amount of the Notes from the Unrestricted Revenues received by the Districts in the month ending on April 30, 2011, and (iii) an amount sufficient to pay the interest on the Notes at maturity, from the Unrestricted Revenues received by the Districts in the month ending on May 31, 2011, together with an amount sufficient (net of anticipated earnings on money in the Repayment Fund) to satisfy and make up any deficiency in the Repayment Fund with respect to the prior required deposits therein.

In the event that there have been insufficient Unrestricted Revenues received by the Districts to permit the deposit into the Repayment Fund of the full amount of the Unrestricted Revenues required to be deposited with respect to such month, then the amount of any deficiency in the Repayment Fund shall be satisfied and made up from any other moneys of the Districts lawfully available for the payment of the interest on and principal of the Notes (all as provided in the Resolutions and Sections 53856 and 53857 of the California Government Code).

The Notes are by statute general obligations of the Districts, and to the extent the Notes are not paid from the Pledged Revenues, the principal of and interest on the Notes shall be paid from any other moneys of the Districts lawfully available therefor.

THE DISTRICTS ARE WHOLLY INDEPENDENT LEGAL ENTITIES, AND THE NOTES ARE SEPARATE SECURITIES, SEPARATELY ISSUED AND SEPARATELY SECURED BY AND PAYABLE FROM, RESPECTIVELY, PLEDGED REVENUES OF EACH DISTRICT. THE OBLIGATION OF EACH DISTRICT TO PAY THE PRINCIPAL OF AND INTEREST ON ITS NOTE IS A GENERAL OBLIGATION SOLELY OF SAID DISTRICT, AND NEITHER THE GENERAL FUND, CREDIT NOR TAXING POWER OF THE OTHER DISTRICTS ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE NOTES OF THE OTHER DISTRICTS.

### Limitations on Remedies

The enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the Districts, may become subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional

situations, of the police powers inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Because the County will be in possession of the taxes and other revenues to be set aside to pay the Notes and the Districts may request the County to invest these funds in the Placer County Treasury Pool, should the County file bankruptcy while the Notes are outstanding, a court might hold that the owners of the Notes do not have a valid lien on the amounts set aside in the Repayment Fund. In that case, unless the owners could "trace" the funds, the owners would not be secured creditors of the County. There can be no assurance that the owners could successfully so "trace" the Pledged Revenues and other unrestricted revenues, if any, set aside in the Repayment Fund.

### **Investment of Note Proceeds**

Pursuant to the County Resolution, proceeds from the sale of the Notes will be deposited by the Treasurer-Tax Collector of the County of Placer (the "County Treasurer") in proceeds funds to the credit of the Districts. Moneys in such proceeds funds shall be invested as permitted by the laws of the State and the County Resolution. The proceeds of the Notes will be invested to mature on or before the maturity date of the Notes. See "PLACER COUNTY INVESTMENT POOL."

### **Other Funds**

The Districts maintain certain segregated and special purpose funds outside of their general funds not pledged to the payment of the Notes, which could, if needed and to the extent monies are available therein, be accessed on a temporary basis through school district legislative action. Such borrowed amounts must be repaid within the fiscal year borrowed, or in the following fiscal year under certain circumstances. See APPENDIX A—EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE DISTRICTS FOR THE YEAR ENDED JUNE 30, 2009 for a description of such other significant funds maintained by the Districts.

### **Book-Entry-Only System**

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Districts believe to be reliable, but the Districts take no responsibility for the accuracy thereof. The Districts cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest or principal with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Notes. The Notes will be issued as fullyregistered securities registered initially in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTC), as well as by the New York Stock Exchange, Inc., the America Stock Exchange, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, and trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com* and *www.dtc.org*.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of Notes ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Notes representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Districts as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Districts on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, the Districts or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be their responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County or the Districts, or the County or the Districts may decide to discontinue use of the system of book-entry transfers through DTC. Under such circumstances, in the event that a successor securities depository is not obtained, fully registered physical certificates are required to be printed and delivered.

In the event that the book-entry-only system is discontinued, payments of principal and interest with respect to the Notes shall be payable as described herein under the caption "THE NOTES— Payment," and transfers will be governed as described herein under the caption "Registration and Transfer of Notes."

# Paying Agent

Payments of interest on and principal of the Notes will be paid by the Paying Agent directly to DTC. DTC will remit such payments to DTC Participants and such payments will thereafter be paid by DTC Participants to the Beneficial Owners. No assurance is given by the Districts that DTC or DTC Participants will make prompt transfer of payments to Beneficial Owners. The Districts are not responsible or liable for payments or failures to pay by DTC or any DTC Participant, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or any DTC Participant, or for any other act or omission of DTC or any DTC Participants. The Paying Agents, the Districts, the County and the Underwriter of the Notes have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing or reviewing any records relating to beneficial ownership, of interests in the Notes.

The Paying Agent cannot and does not give any assurances that DTC, DTC Participants or others will distribute payments with respect to the Notes received by DTC or its nominee as the registered owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will provide service and act in the manner described in this Official Statement.

The County and the Paying Agent shall be entitled to treat the person in whose name any Note is registered as the owner thereof for all purposes of the County Resolution and for purposes of payment of interest on and principal of the Notes, notwithstanding any notice to the contrary received by the Paying Agent or the County; and the County and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Notes; and neither the County nor the Paying Agent will have any responsibility or obligations, legal or otherwise, to the Beneficial Owners or to any other party, including DTC or its successors (or substitute depository or its successor), except as the registered owner of any Notes, and the Paying Agent may rely conclusively on its records as to the identity of the registered owners of the Notes.

So long as the outstanding Notes are registered in the name of Cede & Co. or its registered assigns, the County and the Paying Agent shall cooperate with Cede & Co., as sole registered owner, or its registered assigns in effecting payment of the principal of and interest on the Notes by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

### **Registration and Transfer of Notes**

The Notes shall be initially issued and registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, New York, New York and shall be evidenced by a single Note for each of the Notes. Registered ownership of the Notes, or any portion thereof, may not thereafter be transferred except as set forth in the County Resolution.

*In the event that the book-entry system as described above is no longer used with respect to the Notes, the following provisions will govern the registration, transfer, and exchange of the Notes.* 

Subject to the provisions of the County Resolution, the registration of any Note may, in accordance with its terms, be transferred or exchanged for a like aggregate principal amount of Notes in authorized denominations, upon the registration books kept by the Paying Agent for such purpose, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Note for cancellation, and in the case of a transfer, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Paying Agent.

Whenever any Note shall be surrendered for transfer or exchange, the County shall execute and the Paying Agent shall deliver a new Note or Notes of authorized denominations, for a like aggregate principal amount. The Paying Agent shall require the registered owner requesting such registration of transfer to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange.

The Paying Agent will keep or cause to be kept, at its office in Auburn, California, sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection. Upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Notes as hereinbefore provided.

All Notes surrendered for payment or registration of transfer, if surrendered to any person other than the Paying Agent, shall be delivered to the Paying Agent and shall be promptly canceled. No Note shall be delivered in lieu of or in exchange for any canceled Notes except as expressly permitted under the terms of the County Resolution.

# PLACER COUNTY INVESTMENT POOL

The following information provides a general description of the County's investment policy, current portfolio holdings, and valuation procedures. The information has been furnished by the County for use as disclosure information on securities issues. The Districts make no guaranty as to the accuracy or completeness of this information, nor has such information been audited by the Districts. Further information may be obtained directly from the Treasurer-Tax Collector, County of Placer, 2976 Richardson Drive, 2<sup>nd</sup> Floor, Auburn, California 95603.

The County Treasurer manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited in the Treasury by the County, all school and community college districts within the County, and various special districts within the County. State law requires that all moneys of the County, school and community college districts and certain special districts be held in the County Treasury by the Treasurer. The County Treasurer accepts funds only from agencies located within the County. The moneys on deposit are predominantly derived from local government revenues consisting of property taxes, state and federal funding and other fees and charges.

Moneys deposited in the County Treasury by the participants represent an undivided interest in all assets and investments in the County Treasury based upon the amount deposited and the average daily balances. All investments in the County Treasurer's investment pool are amortized and accrued monthly and are priced on a monthly basis for informational purposes. Gains and losses are recorded when they are actually realized upon sale or other disposition of the investment and adjusting entries for market value are made at year-end if necessary as required by GASB 31. Investment earnings, less actual treasury administrative costs, are distributed monthly to all pool participants on a pro-rata basis based on average daily balance.

The County Treasurer's investment policy states that preservation of capital and maintenance of liquidity shall be of primary concern with earnings to be at market rates of return commensurate with minimum levels of risk. The County Treasurer maintains a reserve of cash and cash equivalents projected to be more than sufficient to meet foreseeable liquidity needs. The County Treasurer's investment policy allows for the purchase of a variety of securities as specified by California Government Code Sections 53601 and 53635 with further limitations and specifications regarding market risk, maturity, credit ratings, and diversification. The County Treasurer Oversight Committee monitor's the County Treasurer's investment policy annually. The County Treasury Oversight Committee monitor's the County Treasurer's conformance to the investment policy. Copies of the County Treasurer's investment policy can be obtained from the County TreasurerTax Collector, 2976 Richardson Drive, Auburn, California 95603.

Type of Investment	Market Value	Book Value	% of Portfolio <sup>(2)</sup>
U.S. Treasury Securities	\$ 92,156,000.00	\$ 90,619,860.46	8.83%
Federal Agency Coupons	654,682,708.34	649,937,833.35	63.30
Medium Term Notes	173,929,465.75	170,109,458.75	16.57
PFA – HELICOPTER	1,301,112.61	1,301,112.61	0.13
Local Agency GO Bond	245,000.00	245,000.00	0.02
Local Agency Bonds	44,568,908.00	44,568,908.00	4.34
Rolling Repurchase Agreements – 2	70,017,521.28	70,017,521.28	6.82
mPower Placer	33,319.00	33,319.00	0.00
Total Investments	\$1,036,934,034.98	\$1,026,833,013.45	100.00%
Cash			
Passbook/Checking			
(not included in yield calculations)	\$ 75,397,837.49	\$ 75,397,837.49	
Total Cash and Investments	\$1,112,331,872.47	\$1,102,230,850.94	

The following is a summary of the Treasurer's Investment Pool as of June 30, 2010:

Source: County of Placer Treasurer-Tax Collector's Office.

<sup>(1)</sup> Market Value priced at Book Value.

<sup>(2)</sup> Excluding cash.

# CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

# Article XIIIA of the California Constitution

On June 6, 1978, California voters approved Proposition 13, which added Article XIIIA to the California Constitution ("Article XIIIA"). Article XIIIA, as amended, limits the amount of any *ad valorem* taxes on real property to 1% of the "full cash value," and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIIIA provides that the 1% limitation does not apply to *ad valorem* taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds or more of the votes cast on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the voters of the district, but only if certain accountability measures are included in the proposition.

Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year until new construction or a change of ownership occurs.

Article XIIIA has subsequently been amended to permit reduction of "full cash value" in the event of declining property values caused by substantial damage, destruction or other factors, to provide that there would be no increase in "full cash value" in the event of reconstruction of property damaged or destroyed in a disaster, and in various other minor or technical ways.

Both the California State Supreme Court and the United States Supreme Court have upheld the validity of Article XIIIA.

State law permits county assessors who have reduced the assessed valuation of a property as a result of natural disasters, economic downturns or other factors, to subsequently "recapture" such value (up to the pre-decline value of the property) at an annual rate higher than 2%, depending on the assessor's measure of the restoration value of the damaged property.

# Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

# Article XIIIB of the California Constitution

An initiative to amend the California Constitution entitled "Limitation of Government Appropriations," was approved on November 6, 1979, thereby adding Article XIIIB to the California Constitution ("Article XIIIB"). Under Article XIIIB, state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the appropriations limit. Article XIIIB does not affect the appropriation of moneys which are excluded from the definition of "appropriations subject to limitation," including appropriations for debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit was originally to be based on certain fiscal year 1978-79 expenditures, and adjusted annually to reflect changes in consumer prices, population, and services provided by these entities. Among other provisions of Article XIIIB, if these entities' revenues in any consecutive two-year period exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. In the event the District receives any proceeds of taxes in excess of the allowable limit in any fiscal year, the District may implement a statutory procedure to concurrently increase the District's appropriations limit and decrease the State's allowable limit, thus nullifying the need for any return. Certain features of Article XIIIB were modified by Proposition 111 in 1990 (see "CONSTITUTIONAL AND PROVISIONS STATUTORY AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Proposition 111").

# **Proposition 98**

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act, have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of General Fund revenues as the percentage appropriated to such districts in 1986-87, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, is transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget (see "DISTRICT FINANCIAL INFORMATION—Effect of State Budget on Revenues").

# **Proposition 111**

On June 5, 1990, the voters of California approved the "Traffic Congestion Relief and Spending Limitation Act of 1990 ("Proposition 111"), which modified the State Constitution to alter the Article XIIIB spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

The most significant provisions of Proposition 111 are summarized as follows:

- a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.
- b. *Treatment of Excess Tax Revenues.* "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year

are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

- c. *Exclusions from Spending Limit*. Two new exceptions have been added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, excluded are all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, excluded are any increases in gasoline taxes above the current nine cents per gallon level, sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990.
- d. *Recalculation of Appropriations Limit*. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.
- School Funding Guarantee. There is a complex adjustment in the formula enacted in e. Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) a certain percentage of State general fund revenues (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

# **Proposition 218**

November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID ("Article XIIC" and "Article XIID," respectively), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum

authorized rate without a two-thirds vote. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a duty on the County to levy a property tax sufficient to pay debt service on the Districts outstanding general obligation bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of the Districts outstanding general obligation bonds or to otherwise interfere with performance of the duty of the District and the County with respect to such taxes which are pledged as security for payment of the District's outstanding general obligation bonds. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

The Districts do not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. The Districts do, however, receive a portion of the basic 1% percent *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the Districts, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the Districts thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

# **Proposition 1A**

On November 2, 2004, California voters approved Proposition 1A, which amended the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State may not (i) reduce any local sales tax rates or alter the method of allocation, (ii) shift property taxes from local governments to schools or community colleges, (iii) make changes in how property tax revenues are shared among local governments without two-thirds approval of both houses of the State legislature and (iv) decrease Vehicle License Fees revenues without providing local governments with equal replacement funding.

Beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if (i) the Governor proclaims that the shift is needed due to a severe financial hardship of the State, (ii) the State Legislature approves the shift with a two-thirds vote of both houses and (iii) certain other conditions are met. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years.

Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. This provision does not apply to mandates relating to schools, community colleges or to those mandates relating to employee rights.

## **Future Initiatives**

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID and Propositions 98, 111, 218, and 1A were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time, other initiative measures could be adopted, further affecting the Districts revenues or the Districts ability to expend revenues.

# LOCAL PROPERTY TAXATION

# Ad Valorem Property Taxation

Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the Districts as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; or possessory interests belonging or assessed to the assessee.

# **Taxation of State-Assessed Utility Property**

A portion of property tax revenue of the Districts is derived from utility property subject to assessment by the State Board of Equalization ("SBE"). State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions that are assessed as part of a "going concern" rather than as individual pieces of real or personal property. The assessed value of unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the Districts) according to statutory formulae generally based on the distribution of taxes in the prior year.

Changes in the California electric utility industry structure and in the way in which components of the industry are regulated and owned, including the sale of electric generation assets to largely unregulated, nonutility companies, may affect how utility assets are assessed in the future, and which local agencies are to receive the property taxes. The Districts are unable to predict the impact of these changes on its utility property tax revenues, or whether legislation or litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the Districts.

# Alternative Method of Tax Apportionment

In June of 1993, the Board of Supervisors of the County approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis (irrespective of actual collections) to local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan was effective for the fiscal year commencing July 1, 1993, and pursuant to the Teeter Plan the County purchased all delinquent receivables (comprised of delinquent taxes, penalties, and interest) which had accrued as of June 30, 1993, from local taxing entities and selected special assessment districts and community facilities districts. Under the Teeter Plan, the County distributes tax collections on a cash basis to taxing entities during the fiscal year and at year-end distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities and those special assessment districts and community facilities districts which the County determines are eligible to participate in the Teeter Plan.

The County reserves the right to exclude from the Teeter Plan any special tax levying agency or assessment levying agency if such agency has provided for accelerated foreclosure proceedings in the event of non-payment of such special taxes or assessments except that, if such agency has a delinquency rate in the collection of such special tax or assessment as of June 30 of any fiscal year that is equal to or less than the County's delinquency rate on the collection of current year *ad valorem* taxes on the countywide secured assessment roll, such agency's special taxes or assessments may, at the County's option, be included in the Teeter Plan.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. The Board of Supervisors of the County may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the County if the rate of secure tax delinquency in that agency. If the Teeter Plan is discontinued subsequent to its implementation, secured property taxes would be allocated to political subdivisions (including the Districts) for which the County acts as the tax-levying or tax-collecting agency as collected (see "Ad Valorem Property Taxation" above).

# GENERAL SCHOOL DISTRICT INFORMATION

The information in this section concerning funding procedures of K-12 school districts in the State is provided as supplementary information only. For specific financial information on each District, see "DISTRICT INFORMATION."

#### **State Funding of School Districts**

Annual State apportionments of basic and equalization aid to K-12 school districts for general purposes are made according to a revenue limit per unit of average daily attendance ("A.D.A."). If a district's total revenue limit exceeds its property tax revenue, its annual State apportionments, subject to certain adjustments, amount to the difference between the revenue limit and a district's actual property tax receipts (after any redevelopment agency tax increment or other deductions or "shifts" that may be in effect under State law). A.D.A. is determined by school districts twice a year, in December ("First Period A.D.A.") and April ("Second Period A.D.A.").

The calculation of the amount of State apportionment a school district is entitled to receive each year is summarized as follows: first, the prior year Statewide revenue limit per A.D.A. is recalculated with certain adjustments for equalization and other factors; second, this adjusted prior year Statewide revenue limit per A.D.A. is inflated according to formulas based on the implicit price deflator for government goods and services and the Statewide average revenue limit per A.D.A. for each type of A.D.A., yielding the school district's current year "component" revenue limits per A.D.A.; third, the current year component revenue limits per A.D.A. are applied to the school district's A.D.A. for either the current or prior year, as the district elects; fourth, revenue limit adjustments known as "add-ons" are calculated for each school district size and providing meals for needy pupils, among others); and fifth, local property tax revenues are deducted from the total revenue limit calculated for each district to arrive at the amount of State apportionment each school district is entitled to for the current year.

The State revenue limit is calculated three times a year for each school district on the basis of projections submitted by the district on or about December 10, based on First Period A.D.A., and April 15 and June 30, both based on Second Period A.D.A. A.D.A. calculations are based on actual attendance and do not include excused absences. Revenue limit calculations are made by each school district, reviewed by the County Office of Education and submitted to the State Department of Education. The State Department of Education reviews the calculations for accuracy, determines the amount of State apportionment owed to each school district and notifies the State Controller to distribute the apportionments. The first calculation is performed for the First Principal Apportionment in February, the second calculation for the Second Principal Apportionment, in essence a correction that is made in October of the next fiscal year.

#### **Basic Aid Districts**

In the event that a school district's property tax revenue exceeds its calculated revenue limit entitlement, that school district retains all of its property tax revenue, and State apportionments to that district are limited to the minimum "basic aid" amount of \$120 per A.D.A. set forth in the Constitution. Currently the State allocates basic aid funding to categorical entitlements that would have been received in any event. Such districts are commonly known as "Basic Aid Districts." The Districts are not Basic Aid districts.

# State of California Fiscal Issues

The following information concerning the State's budgets has been obtained from publicly available information which the Districts believe to be reliable; however, the Districts do not guarantee the accuracy or completeness of this information and has not independently verified such information. On March 13, 2009, the Legislative Analyst's Office (the "LAO") released a report analyzing the provisions of the 2009 Budget Act (the "2009 Budget Act Report"). In November 2009, the Legislative Analyst's Office (the "LAO") released its report "The 2010-11 Budget: California's Fiscal Outlook" (the "Fiscal Outlook Report), on January 12, 2010 released its overview of the Governor's proposed budget for fiscal year 2010-11 and on May 18, 2010, released its report on the May revision to the Governor's proposed budget for fiscal year 2010-11. The following information has been adapted from information recently provided by the State in connection with its issuance of certain of its bonds and by the LAO in the reports listed above.

As a result of State budget shortfalls in recent years, the Districts have received significantly less revenue from the State and has had to reduce expenditures.

State Current Financial Stress. Since the start of 2008, the State has been experiencing the most significant economic downturn and financial pressure since the Great Depression of the 1930s. As a result of continuing weakness in the state economy, state tax revenues have declined precipitously, resulting in large budget gaps and cash shortfalls. The Legislature and the Governor have had to adopt three major budget plans, covering both the 2008-09 and 2009-10 fiscal years, in less than 11 months, in response to continuing deterioration in the State's fiscal condition. In the course of these three budget plans, the Legislature enacted some \$60 billion in budget solutions, including some revenue increases and borrowing, but consisting primarily of expenditure reductions which have affected almost all state government, education, social services and other programs funded by the State.

The initial 2008 Budget Act adopted in September 2008 estimated State General Fund revenues and transfers for fiscal year 2008-09 of approximately \$102 billion with expenditures of \$103.4 billion. By the time of the adoption of the amended State budget for 2009 (the "Amended 2009 Budget Act") in July 2009, State General Fund revenues (even including certain new revenues) for the 2009-10 fiscal year were estimated at only \$89.5 billion and expenditures at \$84.6 billion. The Amended 2009 Budget Act only provided for a \$500 million reserve at June 30, 2010. A number of the budgetary assumptions used by the State in enacting the Amended 2009 Budget were not fully realized and as discussed in further detail below, as of May 2010, the State is projecting a \$7.7 billion budget shortfall in fiscal year 2009-10 and a \$10.2 billion shortfall in fiscal year 2010-11.

*Cash Management and Impact on Schools.* The sharp drop in revenues over the last two fiscal years has also resulted in a significant depletion of cash resources to pay the State's obligations. For a period of one month, in February 2009, the State deferred making certain payments from the State General Fund in order to conserve cash resources for high priority obligations, such as education and debt service. Full payments resumed in March 2009, and the State was able to pay all its obligations through June 30, 2009, including repayment of \$5.5 billion of 2008-09 revenue anticipation notes. However, by July 2009, as new budget gaps were identified and with the failure to adopt corrective actions, the State's cash resources had dwindled so far that, commencing July 2, 2009, the State Controller began to issue registered warrants (or "IOUs") for certain lower priority obligations in lieu of warrants (checks) which could be immediately cashed. The registered warrants, the issuance of which did not require the consent of the recipients thereof, bore interest. With enactment of the Amended 2009 Budget Act in late July 2009, and the ability to issue \$1.5 billion of interim 2009-10 revenue anticipation notes, the State has been able to call all its outstanding registered warrants for redemption on September 4, 2009. The issuance of state registered warrants this year was only

the second time the State has issued state registered warrants to such types of state creditors since the 1930s.

To better manage its cash flow in light of declining revenues, the State has enacted several statutes deferring the amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year, in order to more closely align the State's revenues with its expenditures. This technique has been used several times through the enactment of budget bills in fiscal years 2008-09 and 2009-10. Some of these statutory deferrals were made permanent, and others were implemented only for one fiscal year.

The advance apportionment for most school districts was modified for fiscal year 2009-10 pursuant to Chapter 23, Statutes of 2009. This bill reduced the annual estimated state aid for July, August, and November by adjusting the monthly percentage to meet a statewide target deferral amount of \$1 billion in July, \$1.5 billion in August, and \$1 billion in November. The reduced amounts were restored in December, October, and January respectively.

On March 1, 2010, the Governor signed a bill (and on March 4, 2010 and March 22, 2010, subsequently signed clean-up bills to amend and clarify certain provisions of such bill) to provide additional cash management flexibility to State fiscal officials (the "Cash Management Bill").

The Cash Management Bill authorizes deferral of certain payments during fiscal year 2010-11 for K-12 school districts, including charter schools (not to exceed \$2.5 billion in the aggregate at any one time, and a maximum of three deferrals during the fiscal year). Deferrals of payments to K-12 schools may be made in July 2010, October 2010 and March 2011, for not to exceed 60, 90 and 30 days, respectively, but depending on actual cash flow conditions at the time, the State Controller, State Treasurer and Director of Finance of the State may either accelerate or delay the deferrals up to 30 days, or reduce the amounts deferred. On March 30, 2010, the State Controller, State Treasurer and Director of Finance of the State jointly provided a written declaration to the Legislature and State Department of Education of the expected amounts and timing of payment deferrals for the 2010-11 fiscal year. On April 16, 2010, the State Department of Education and the State Superintendent of Public Instruction issued a letter informing school districts of the expected amounts and timing of payment deferrals, which are as follows:

(1) 100% of the July 2010 payment will be deferred for 60 days to September 2010, in the amount of \$2.5 billion. A \$1,249,500,000 portion of this amount includes amounts further deferred from February and June 2010 pursuant to previous enactments;

(2) 100% of the October 2010 payment will be deferred for 90 days to January 2011, in the amount of \$2.5 billion; and

(3) 100% of the March 2011 payment will be deferred until April 29, 2011, in the amount of \$2.5 billion.

Certain school districts that can demonstrate hardship in procedures specified in the Cash Management Bill will not be subject to these deferrals. The application for an exemption from the payment deferrals requires, among other things, the school district, county of office of education or State Board of Education that granted an applicant's charter to certify to the State Superintendent of Public Instruction that deferral will cause an applicant to be unable to meet its expenditure obligations during the deferral period. In addition, an applicant must demonstrate that it has exhausted all internal and external sources of borrowing and will be forced to cease operations if payments are deferred. In total, the State Department of Finance

estimates all deferrals authorized under the Cash Management Bill (which includes deferrals to community colleges, school districts, social services and other entities receiving State funds) will improve the State's cash position by up to \$5.3 billion in certain months, thereby reducing the need for external cash management borrowing or other measures.

There can be no assurances that the fiscal stress and cash pressures currently facing the State will not continue or become more difficult, or that continuing declines in State tax receipts or other impacts of the current economic recession will not further materially adversely affect the financial condition of the State. The Department of Finance has projected that multibillion dollar budget gaps will occur annually through at least fiscal year 2012-13 without further corrective actions.

*Enactment of State Budget for 2009-10.* The State's budget for fiscal year 2009-10 was enacted in an unusual sequence. The 2008 Budget Act was one of the latest ever enacted, having been delayed until mid-September 2008 as a result of the difficulty of balancing the budget with reduced revenues, as declining economic conditions were already evident. The 2008 Budget Act, however, was based on revenue assumptions made in the spring of 2008, which proved to be greatly overstated by the time actual revenue results for September and October 2008 were received. With the financial market meltdown starting in September 2008, which resulted in massive federal assistance and caused large drops in stock market and other asset values and reductions in consumer spending, projections of tax revenues, which are heavily dependent on capital gains taxes and sales taxes, had to be dramatically reduced. In November 2008, the Governor announced that the 2008 Budget Act would be billions of dollars out of balance, and called several special sessions of the Legislature to enact corrective actions.

*Initial 2009 Budget Act.* The Initial 2009 Budget Act was adopted by the Legislature on February 19, 2009, along with a number of implementing measures, and signed by the Governor on February 20, 2009. In February, the State enacted \$36 billion in solutions to what was then estimated to be a \$42 billion State General Fund budget gap for the combined 2008-09 and 2009-10 fiscal years. It also provided for five budget-related measures that would have provided an estimated \$6 billion in additional budget solutions, to be placed before the voters on May 19, 2009. These measures were all rejected by the voters.

Under the Initial 2009 Budget Act, based on then-current assumptions about the State's financial circumstances, and assuming receipt of approximately \$8.0 billion of federal stimulus funds to offset State General Fund costs and voter approval of various ballot measures, State General Fund revenues and transfers were projected to increase 9.3%, from \$89.4 billion in fiscal year 2008-09 to \$97.7 billion in fiscal year 2009-10. The Initial 2009 Budget Act contained State General Fund appropriations of \$92.2 billion, compared to \$94.1 billion in 2008-09, a 2.0% decrease. The June 30, 2010 total reserve was projected to be 45 \$2.1 billion, an increase of \$5.5 billion compared to the estimated June 30, 2009 reserve deficit of negative \$3.4 billion.

After adoption of the Initial 2009 Budget Act, the State continued to experience continuing significant declines in revenues and other financial pressures. On May 14, 2009, the Governor released the 2009-10 May Revision. Together with subsequent revisions, the 2009-10 May Revision identified a further budget shortfall through the 2009-10 fiscal year of approximately \$24 billion.

Adoption of Amended 2009 Budget Act. On July 24, 2009, the Legislature approved the amendments to the Initial 2009 Budget Act and the Governor signed the Amended 2009 Budget Act on July 28, 2009. The Amended 2009 Budget Act includes another \$24 billion in

solutions to address the further deterioration of the State's fiscal situation identified in the 2009-10 May Revision.

Under the Amended 2009 Budget Act, State General Fund revenues and transfers are projected to increase 6.4%, from a revised \$84.1 billion in fiscal year 2008-09 to \$89.5 billion in fiscal year 2009-10. The Amended 2009 Budget Act contains State General Fund appropriations of \$84.6 billion in 2009-10, compared to \$91.5 billion in 2008-09, a 7.5% decrease. The June 30, 2010 total reserve is projected to be \$500 million as compared to the revised June 30, 2009 reserve of negative \$4.5 billion.

The Amended 2009 Budget Act contains the following major State General Fund components:

1. <u>Addressing the Deficit</u> – The \$60 billion in budget solutions adopted for the combined fiscal years 2008-09 and 2009-10 (\$36 billion in solutions were adopted in February 2009 and \$24 billion in July 2009) are wide-ranging and touch all three of the State's major revenue sources (personal income taxes, corporation taxes and sales and use taxes). Spending cuts are implemented in virtually every State program that receives State General Fund support. The budget solutions include spending reductions of \$31.0 billion (52% of total solutions). The spending reductions consist primarily of reductions in education spending under Proposition 98 (\$14.9 billion reduction), higher education (\$3.3 billion reduction), employee compensation (\$2.0 billion reduction), and reductions in other spending due to the use of redevelopment agency revenues and fund balances to pay costs that would otherwise be payable from the State General Fund (\$1.7 billion reduction). The budget solutions also include an estimated receipt of \$8.0 billion (13% of total solutions) of federal stimulus funds which will be used to offset State General Fund expenditures. Additional solutions include \$12.5 billion of tax increases (21% of total solutions), and \$8.4 billion of other solutions (14% of total solutions). Significant elements of the other budget solutions include:

- *Proposition 1A of 2004 Borrowing from Local Governments* The Amended 2009 Budget Act authorizes the State to exercise its borrowing authority under Proposition 1A of 2004 to borrow from local agencies up to 8% of their 2008-09 property tax revenues. This borrowing is estimated to generate \$1.935 billion that will be used to offset State General Fund costs for a variety of court, health, corrections, and K-12 programs. The enabling legislation specifies the borrowed sums will be repaid by the State, with interest, no later than the end of June 2013.
- *Redevelopment Agency Borrowing* The Amended 2009 Budget Act also contains a shift of \$1.7 billion in local redevelopment agency funds to the State from current revenues and reserves in 2009-10 and \$350 million in 2010-11. Under the Amended 2009 Budget Act these revenues are ultimately shifted to schools that serve the redevelopment areas. An association of redevelopment agencies has announced that it will sue to block this transfer which if successful could adversely affect the State's financial condition. (The failure of the Legislature, during the regular session ended on September 11, 2009, to pass clean-up legislation clearly authorizing redevelopment agencies to borrow from low- and moderate-income housing accounts may jeopardize the ability of some agencies to make their full payment to the Supplemental Education Revenue Augmentation Fund in 2009-10, thus some portion of the \$1.7 billion budget solution may not be achieved in 2009-10 as planned. It is likely that these funds could be paid in later years as agencies receive new revenues with which to make the payments.)

- *Payroll Shift* One-time savings of \$1.618 billion (\$937.6 million State General Fund) from shifting the June payments for employee payroll and active and retiree health to July each year beginning with the pay period ending June 30, 2010. This payment shift excludes the University of California, California State University, Community Colleges, the Legislature, the California Exposition and State Fair, and local trial courts.
- *State Compensation Insurance Fund Sale* One-time revenues of \$1 billion from the sale of certain assets of the State Compensation Insurance Fund ("SCIF").

2. <u>Federal Stimulus</u> – The Amended 2009 Budget Act assumed the receipt of at least \$8 billion from the American Recovery and Reinvestment Act of 2009 to offset State General Fund expenditures in fiscal years 2008-09 and 2009-10. Final estimates put this amount at about \$8.1 billion. As of the end of August 2009, approximately \$5 billion has been received by the State.

3. <u>Cash Flow Management</u> – The deterioration of revenues resulted in a cash shortage in 2008-09 and 2009-10. In order to manage cash flow and provide for timely payments of the State's obligations, the Amended 2009 Budget Act includes a number of cash solutions to better balance timing of receipts and disbursements.

4. <u>Proposition 98</u> – The Proposition 98 Guarantee for 2009-10 is projected to be \$50.4 billion, of which \$35.0 billion is the State General Fund portion. See "— Proposition 98 and K-14 Funding" below.

5. K<u>-12 Education</u> – The Amended 2009 Budget Act includes \$66.7 billion for K-12 education programs for 2009-10 of which \$35.0 billion is funded from the State General Fund. This reflects a decrease of \$1.8 billion or 2.6% below the revised 2008-09 budget. Total per-pupil expenditures are projected to decrease by \$262 to \$11,259 in 2009-10.

6. <u>Higher Education</u> – The Amended 2009 Budget Act reflects a total funding of \$20.9 billion, including \$12.5 billion State General Fund and Proposition 98 sources for all major segments of Higher Education (excluding infrastructure and stem cell research). This reflects an increase of \$1.416 billion (including \$248.6 million State General Fund and Proposition 98 sources) above the revised 2008-09 estimate.

7. <u>Health and Human Services</u> – The Amended 2009 Budget Act includes \$24.8 billion in non- Proposition 98 State General Fund expenditures for Health and Human Service Programs for 2009-10, which is a decrease of \$3.9 billion or 13.5% from the revised 2008-09 estimate. Due to the State's severe fiscal shortfall, the Initial 2009 Budget Act included \$2.4 billion in proposed State General Fund expenditure reductions in Health and Human Services programs in 2009-10, and the Amendments to the 2009 Budget Act include an additional \$3.4 billion in 2009-10 State General Fund expenditure reductions in these programs. Unlike the budget enacted by the Legislature in February, the Amended 2009 Budget Act reflects significant State General Fund relief for Health and Human Services programs resulting from the American Recovery and Reinvestment Act of 2009.

8. <u>Transportation Funding</u> – The Amended 2009 Budget Act includes \$1.441 billion of State General Fund expenditures to fully fund local transportation programs under Proposition 42 in 2009-10. Proposition 1B was also passed in November 2006, providing \$19.9 billion in bonding authority for a total of 16 programs intended to

address a broad range of transportation priorities including rehabilitation and expansion of highways, transit and transit security, port security, and air quality. The authority for the use of any bond funds must be provided for in a budget act. The Amended 2009 Budget Act appropriates \$4.2 billion of funds from the Proposition 1B bond authorization. Additionally, the Amended 2009 Budget Act directs \$953 million of funds from sales tax on fuels to offset costs of programs otherwise likely to be funded from the State General Fund such as debt service on transit bonds and other transportation programs. Of this amount approximately \$816 million is for uses substantially similar to those that are the subject of litigation related to the 2008 Budget Act. On September 30, 2009 the Supreme Court denied review of an adverse Court of Appeal decision in this case.

9. <u>Budget Stabilization Account</u> – Under normal circumstances, the State would set aside a specified portion of estimated annual State General Fund revenues for fiscal year 2009-10 in the BSA for reserves that may be used to offset future shortfalls in the State General Fund. Given the magnitude and urgency of the State's ongoing financial stress, the Amended 2009 Budget Act continues to suspend the transfer to the BSA for the 2009-10 fiscal year.

10. <u>Prison Funding</u> – The Amended 2009 Budget Act includes \$7.9 billion in State General Fund expenditures for the California Department of Corrections and Rehabilitation ("CDCR"). In arriving at this figure, a total of \$1.2 billion of savings for CDCR operations was assumed. Approximately \$600 million of these savings require further legislative approval to implement and will be achieved through, among other things, prison and parole reforms. (Legislative action on September 11 results in fewer reforms than assumed in the Amended 2009 Budget Act, and will therefore generate less savings. The savings loss is estimated at \$233.4 million.)

*New Revenues.* The Amended 2009 Budget Act includes several major changes in State General Fund revenues described below. The Amended 2009 Budget Act did not include any additional tax increases over those provided for pursuant to the Initial 2009 Budget Act, though it does include certain tax law changes intended to increase tax compliance and accelerate some revenues that were not in the Initial 2009 Budget Act.

As part of the Amended 2009 Budget Act, the Department of Finance assumed that revenues in fiscal year 2009-10 would be \$3.0 billion lower than the level assumed in the 2009-10 May Revision forecast. The Department of Finance also revised revenues prior to 2008-09 upward by an increase of \$1.3 billion to account for a prior-year adjustment that affects the beginning balance, and reduced 2008-09 revenues by \$1.8 billion, for an aggregate reduction over all fiscal years of \$3.5 billion. The change for years prior to 2008-09 is related to the 2008 Budget Act provision that imposed a 20% penalty for corporations that understate their tax liability by \$1 million or more. The penalty revenues, which were received in 2008-09 but attributable to prior years, resulted in a positive \$1.3 billion prior-year adjustment to corporation tax revenues for years prior to 2008-09. The Department of Finance assumed a \$1.8 billion reduction to revenues in 2008-09 from the 2009-10 May Revision forecast based on the trends seen in May and June tax collections. For 2008-09 and 2009-10, the revenue reductions were not allocated to any specific revenue source.

In the following paragraphs, the additional amounts expected to be generated from the respective tax law changes were derived from the 2009-10 May Revision, and do not take into account the \$3.0 billion reduction for 2009-10 described above.

- <u>Temporary Sales Tax Increase</u>: Effective April 1, 2009, the State General Fund sales and use tax rate was temporarily increased by 1 cent, from 5% to 6%. This tax increase will be in effect through June 30, 2011. At the time of adoption, this tax law change was expected to generate additional sales tax revenues of \$1.203 billion in 2008-09 and \$4.533 billion (net of \$213 million transferred to the Transportation Investment Fund under Proposition 42) in 2009-10 for the State General Fund.
- <u>Vehicle License Fees</u>: Effective May 19, 2009, vehicle license fees were temporarily increased from 0.65% to 1.15% with 0.35% going to the State General Fund and 0.15% going to the Local Safety and Protection Account for local law enforcement grant programs previously funded from the State General Fund. Vehicle license fees apply to the value of the vehicle (initially its market value and then subject to a standard depreciation schedule). This increase is scheduled to remain in effect through June 30, 2011. At the time of adoption, this law change was expected to generate additional revenues of approximately \$360 million in 2008-09 and \$1.6 billion in 2009-10.
- <u>Personal Income Tax Surcharge</u>: The Amended 2009 Budget Act provides for a temporary addition of 0.25% to each personal income tax rate for tax years 2009 and 2010. At the time of adoption, this change was expected to generate approximately \$2.8 billion of additional State General Fund revenues in 2009-10.
- <u>Dependent Exemption Credit Reduction</u>: The Amended 2009 Budget Act includes a temporary reduction in the Personal Income Tax exemption credit for dependents to the amount provided for the personal credit for tax years 2009 and 2010 from \$309 to \$99 (tax year 2008 values). At the time of adoption, this change was expected to generate approximately \$1.4 billion of additional State General Fund revenues in 2009-10.

The Amended 2009 Budget Act includes tax law changes affecting the State General Fund as described below.

- <u>Non-Retailer Registration for Use Tax</u>: Under current law, non-retailers those who do not sell tangible personal property are not required to register with the Board of Equalization ("BOE"). This law change will require non-retailers that hold a business license and have at least \$100,000 in gross receipts to register with the BOE and submit a return that details purchases made during the year that were subject to the use tax yet for which no use tax was paid. This law change is expected to increase State General Fund sales and use tax revenue by \$26 million in 2009-10 and \$123 million in 2010-11, with increasing amounts thereafter.
- <u>Accelerate Estimated Tax Payments</u>: Under current law, individuals and corporations are required to pay 30% each with the first two estimated payments, and 20% each for the last two estimated payments. Under this law change, beginning with the 2010 tax year, the first quarter estimated payment percentage will remain at 30%, the second quarter will increase to 40%, the third estimated payment will be eliminated, and the fourth quarter estimated payment will increase from 20% to 30%. This law change is expected to accelerate \$610 million into 2009-10 (\$250 million in personal income tax receipts and \$360 million in corporate tax receipts).

- <u>Accelerate Wage Withholding</u>: This tax law change will increase current wage withholding rates by 10% and is expected to accelerate \$1.7 billion of personal income tax receipts into 2009-10.
- <u>Require Backup Withholding</u>: Under current federal law, gambling winnings reported on Internal Revenue Service ("IRS") Form W2G and payments made by banks and businesses reported on various IRS 1099 forms may be subject to backup withholding on those payments. Payments reported on IRS 1099 forms include payments to independent contractors, rents, commissions, and royalty payments. This law change will conform state law to federal law by requiring a withholding rate of 7% for state purposes whenever it is required for federal purposes. This law change is expected to increase personal income tax revenues by \$32 million in 2009-10.

*Projected Future Deficits.* Since many of the actions taken to balance the State's Amended 2009 Budget Act were either one-time actions, or involve loans which have to be repaid, or are based on temporary revenue increases or the limited receipt of federal stimulus funds, budget gaps of several billions of dollars a year are expected to recur in 2010-11 and subsequent years. At the time of adoption of the Amended 2009 Budget Act, the Department of Finance projected that, using expenditure obligations under existing law and various assumptions concerning revenues in future years, the State would, in the absence of taking additional steps to balance its budget, face an "operating deficit" (expenditures exceeding revenues in the same fiscal year) of \$7.4 billion in fiscal year 2010-11, \$15.5 billion in 2011-12 and \$15.1 billion in 2012-13. These projections contained a number of assumptions including that the State will ultimately prevail in the pending and threatened litigation concerning budget actions.

The Fiscal Outlook Report updates expenditure and revenue projections for fiscal year 2009-10 and later fiscal years and projects an addition \$14.4 billion budget shortfall in fiscal year 2010-11 if no corrective actions are taken and ongoing budget shortfalls of at least \$20 billion in each fiscal year through 2013-14.

The financial condition of the State is subject to a number of other risks in the future, including particularly potential significant increases in required state contributions to the Public Employees' Retirement System, increased financial obligations related to Other Post-Employment Benefits, and increased debt service.

*Proposition 98 Funding*. The 2009 Budget Amendments reduce Proposition 98 funding to \$49.1 billion in fiscal year 2008-09, a change of \$1.6 billion from the levels set by the Initial 2009 Budget Act. This reduction is achieved primarily by reverting unallocated categorical programs funding that had not been distributed at the end of the 2008-09 fiscal year to the State General Fund. The 2009 Budget Amendments also create a future funding obligation, or "maintenance factor," of \$11.2 billion as a result of the reductions in Proposition 98 funding for fiscal year 2008-09. Payments with respect to this funding obligation will be required in future fiscal years until repaid in full.

For fiscal year 2009-10, the Amended Budget Act reduces Proposition 98 funding to \$50.4 billion, a change of \$4.5 billion from the funding levels set by the 2009 Budget Act. This figure reflects a total reduction in Proposition 98 funding of \$5.3 billion, which is offset by \$850 million in redevelopment revenues shifted from certain state agencies, as discussed above. The bulk of this reduction consists primarily of (i) \$2.1 billion in reductions to school district and county office of education revenue limit payments, (ii) \$80 million in reductions to basic aid school district categorical programs, (iii) \$580 million in reductions to ongoing

California Community College funding, and (iv) a deferral of \$1.7 billion in school district revenue limit payments and \$115 million community college apportionments from the 2009-10 fiscal year to August of the 2010-11 fiscal year. As a cash management measure, the 2009 Budget Amendments also defer approximately \$2 billion in K-12 apportionments from the first few months of the 2009-10 fiscal year to December 2009 and January 2010.

*Governor's Proposed 2010-11 State Budget*. On January 8, 2010, the Governor released his proposed budget for fiscal year 2010-11 (the "Proposed 2010-11 Budget"). On January 12, 2010, the Legislative Analyst's Office released its overview of the Proposed 2010-11 Budget (the "LAO Report"). The following information is adapted from the LAO Report.

The Proposed 2010-11 Budget estimates that, absent corrective measures, the State will end fiscal year 2009-10 with a \$6.6 billion deficit. Also, General Fund expenditures in fiscal year 2010-11 are projected to exceed revenues by approximately \$12.3 billion. The projected budget gap results from an inability of the state to achieve previous budget solutions in several areas, the effects of certain adverse court rulings, and the expiration of various onetime and temporary budget solutions approved as part of the 2009-10 State budget.

To address the projected budget gap, the Proposed 2010-11 Budget includes approximately \$19.9 billion worth of measures affecting both fiscal year 2009-10 and 2010-11. Specifically, the Proposed 2010-11 Budget includes \$7.6 billion of expenditure reductions, \$7.9 billion worth of measures requiring either federal government funding or flexibility to change programs funded wholly or in part by the federal government, and \$4.5 of additional solutions, comprised primarily of fund shifts.

With the implementation of these measures, the Proposed 2010-11 Budget assumes year-end revenues of \$88.1 billion for fiscal year 2009-10, an increase of 6.4% from the prior year. The State is projected to end the 2009-10 fiscal year with a \$5.4 billion deficit, thus eliminating the \$500 million surplus enacted as part of the 2009 Budget Amendments. For fiscal year 2010-11, the Proposed 2010-11 Budget assumes total expenditures of \$82.9 billion (reflecting a decrease of 3.7% from the prior year) and total revenues of \$89.3 billion (reflecting an increase of 1.4% from the prior year). The State is also projected to end fiscal year 2010-11 with a \$1 billion surplus.

Total Proposition 98 expenditures are reduced by \$893 million in fiscal year 2009-10. The bulk of these reductions come from mid-year adjustments to Proposition 98 funding. Specifically, the Proposed 2010-11 Budget recognizes \$340 million in purported savings from increased K-3 class sizes and \$228 million in various baseline adjustments resulting primarily from reduced student attendance.

For fiscal year 2010-11, the Proposed 2010-11 Budget implements \$1.5 billion in reductions to K-12 revenue limit funding. This reduction would be achieved by (1) requiring school districts to spend less on central administration, (2) consolidating county office of education functions, and (3) removing restrictions on the contracting out of non-instructional services. The remaining cuts include recognizing a 0.38% decline in costs of living adjustments (\$230 million), reducing eligibility and reimbursement rates for CalWORKs Stage 3 child care (\$200 million), and recognizing additional savings from increased K-3 class sizes (\$210 million). The Proposed 2010-11 Budget also provides \$126 million to fund a 2.2% enrollment growth at California community colleges, and \$77 million to fund three K-12 mandates.

The Proposed 2010-11 Budget would implement new flexibility for school districts to respond to the various proposed cuts, including (1) eliminating seniority rules that apply to layoffs, assignments/reassignments, transfers and hires, (2) eliminating rules regarding

priority for receiving substitute teacher assignments, and (3) extending the layoff notification window to 60 days after the state budget has been enacted.

With the implementation of these measures, the Proposed 2010-11 Budget provides for \$49.8 billion in Proposition 98 funding for fiscal year 2009-10, including \$34.6 billion from the State general fund. For fiscal year 2010-11, Proposition 98 funding is set at \$49.9 billion, including \$36.1 from the State general fund, reflecting an increase of 0.2% from the prior year. The LAO notes that, while Proposition 98 funding remains virtually flat across fiscal years 2009-10 and 2010-11, the State general fund share will increase by approximately 4.1%, while the share covered by local property tax revenues will decline by approximately 8.7%. While this is attributable in part to the slumping real estate market, the bulk of the decline in State general fund support results from the one-time \$850 million contribution from redevelopment agencies approved as part of the 2009 Budget Amendments.

Generally, the LAO is supportive of the Proposed 2010-11 Budget's funding of Proposition 98, particularly the Governor's efforts to keep Proposition 98 spending flat across the current and coming fiscal year, and the flexibility options for school districts. However, the LAO notes that minimum funding guarantee for fiscal year 2010-11 could rise if the Legislature does not adopt the proposed modifications to transportation funding discussed herein, or if the State does not receive all the anticipated federal stimulus funds built into the Proposed 2010-11 Budget. Moreover, the LAO notes that approximately \$600 million of the proposed reductions to education funding are predicated on the receipt by the State of a federal waiver of maintenance-of- effort requirements under ARRA.

In addition to the provisions regarding education funding discussed above, the Proposed 2010-11 Budget includes the following major features:

- *Transportation Funding*. Elimination of most Proposition 42 transportation funding by repealing the State sales tax on gasoline. The State would make up the lost revenues by increasing the per gallon excise tax on gasoline (the "Gas Tax"). For fiscal year 2010-11, this proposal is projected to reduce fuel sales tax revenues by \$2.8 billion. The Proposed 2010-11 Budget would partially offset this loss with a 10.8 cents per gallon increase of the Gas Tax, which is projected to generate \$1.9 billion in revenues, resulting in a net reduction of transportation revenues of approximately \$1 billion. The Proposed 2010-11 Budget does not provide any additional public transit or rail funding, either in fiscal year 2010-11 or going forward. In addition, by reducing State sales tax revenues, the Proposed 2010-11 Budget expects to achieve additional savings by lowering the Proposition 98 minimum funding guarantee.
- *State Employees.* \$1.6 million of anticipated general fund savings by ending the current employee furlough program and instituting (1) a 5% reduction of state employee salaries across the board, (2) a 5% increase in employee pension contributions, and (3) a 5% unallocated reduction of departmental personnel costs.
- Medi-Cal. \$750 million of various measures designed to reduce Medi-Cal costs through unspecified limits on services, utilization controls, and increased cost sharing with benefits recipients through copayment requirements or premiums. The Proposed 2010-11 Budget also anticipates \$294 million in savings in fiscal years 2009-10 and 2010-11 by eliminating full-scope Medi-Cal services for certain immigrants, eliminating adult day health care benefits, delaying

payments to institutional providers, and rescinding family planning rate increases.

- *Corrections/Rehabilitation.* \$811 million of assumed savings from the reduction of inmate medical costs. The LAO notes that the Proposed 2010-11 Budget fails to specify the measures of achieving this savings. The Proposed 2010-11 Budget also assumes savings of \$25 million in fiscal year 2009-10 and \$292 million in 2010-11 by requiring that certain non-serious, non-violent and non-sex-offense felonies result in one-year county jail sentences in lieu of state prison sentences.
- Department of Developmental Services. \$200 million in assumed savings in fiscal year 2010-11 through various cost-control measures for the Department of Developmental Services ("DDS").
- *Delay of Local Government Mandate Payments.* \$137 million in anticipated reductions by suspending mandates not related to elections, law enforcement and property taxes. The Proposed 2010-11 Budget also anticipates saving \$95 million by deferring scheduled mandates for costs incurred prior to fiscal year 2004-05.
- *Social Services.* \$178 million in reductions to SSI/SSP programs by reducing grants to individuals by \$15 per month (or 1.8%). The Proposed 2010-11 Budget also includes a 15.7% reduction in CalWORKs grants, with assumed general fund savings of \$117 million.
- *Proposition 10 Ballot Proposal.* The Proposed 2010-11 Budget would place, on the June 2010 election ballot, a measure to allow use of Proposition 10 early childhood development funds for State general fund-supported DDS and Department of Social Services programs that serve children. It is anticipated that these measures would generate \$550 million in general fund savings. The LAO notes that this proposal is similar to the Proposition 1D ballot proposal that was unsuccessfully put to the voters as part of the 2009 Budget Act.
- Proposition 63 Ballot Proposal. The Proposed 2010-11 Budget would also place on the June 2010 election ballot a measure shifting \$452 million of Proposition 63 mental health funds to pay State general fund costs for specified Department of Mental Health programs in fiscal years 2010-11 and 2011-12. The LAO notes that this proposal is similar to the Proposition 1E ballot proposal that was unsuccessfully put to the voters as part of the 2009 Budget Act.
- Other Measures. The Proposed 2010-11 Budget also includes the following measures: (1) elimination of the Cash Assistance Program for Immigrants and the California Food Assistance Program (\$200 million); (2) use of automated speed enforcement systems to reduce state costs for trial courts (\$297 million); (3) a 4.8% surcharge on residential and commercial property insurance (\$200 million) to cover fire protections costs; (4) approval by the Legislature of a lease to mine oil and gas off the Santa Barbara coast (\$197 million) to cover costs associated with the State park system.

In addition to the various expenditures reductions and revenue measures described above, the Proposed 2010-11 Budget relies heavily on the receipt of federal government funding, or operating flexibility for state-federal programs, collectively totaling \$7.9 billion. As discussed above, the LAO notes that other portions of the Proposed 2010-11 Budget, including some cuts to education funding, may also require federal approval.

The Proposed 2010-11 Budget identifies \$6.9 billion of federal funds to relieve fiscal year 2010-11 general fund costs, many of which, if received, would be of a one-time nature. These funds include the following:

- *Medi-Cal/Medicare*. Assumed savings of \$1.8 billion by having the federal government increase the State's Federal Medical Assistance Percentage ("FMAP") funding ratio. The Proposed 2010-11 Budget also would request the federal government to extend through June 30, 2011 the increased FMAP provided as part of ARRA, resulting in an assumed savings of \$1.2 billion. Pursuant to ARRA, this increased FMAP is set to expire during calendar year 2010. Finally, the Proposed 2010-11 Budget assumes \$1 billion in Medi-Cal relief from various federal moneys the Governor's administration believes are owed to the State, including funds related to health costs for individuals actually eligible for Medicare and changes to the level of state funding for prescription drug costs.
- Other Federal Funds. The Proposed 2010-11 Budget assumes State general fund savings in connection with other miscellaneous programs, including: (1) \$1 billion of anticipated federal reimbursement for special education services; (2) \$538 million from an extension of ARRA funding for the CalWORKs program; and (3) \$880 million of federal funding to fully offset costs of incarcerating undocumented immigrants, which the LAO notes is substantially in excess the federal funding the State has received in past years for such costs (approximately \$111 million per year).

The Proposed 2010-11 Budget includes other expenditure and revenue measures that may be triggered in the event some of the above-described federal funds are not received. Possible expenditure reductions (\$3.8 billion) include elimination of the CalWORKs, IHSS and Health Families programs, and well as an additional 5% state employee salary reduction. Possible one-time revenue increases (\$2.3 billion) include the extension of business tax changes relating to operating losses, extension of the temporary reduction in the dependent personal income tax credit approved as part of the 2009 Budget Act, and the delayed implementation of various other personal and corporate tax breaks.

While generally supportive of the Proposed 2010-11 Budget's revenue forecasts, the LAO perceives some flaws. Beyond questioning some of the assumed savings claimed by the Proposed 2010-11 Budget, the LAO notes that many of the proposed measures, such as a unilateral increase in state employee pension contributions, raise questions regarding their legality. Other proposed cuts to health, social services and transportation funding may face lawsuits. Finally, the LAO cautions that it is highly unlikely that the State will receive all the federal funds or flexibility sought by the Proposed 2010-11 Budget, and advocates more modest assumptions in the receipt of such federal assistance.

Additional information regarding the Proposed 2010-11 Budget may be obtained from the LAO at <u>www.lao.ca.gov</u>.

*Governor's May Revision to the Proposed 2010-11 Budget.* On May 14, 2010, the Governor released his May revision to the Proposed 2010-11 Budget (the "May Revision"). On May 18, 2010, the LAO released its summary of the May Revision (the "LAO May Revision Summary"). The following information is drawn from the May Revision Summary.

The May Revision estimates a total budget deficit of \$17.9 billion through fiscal year 2010-11, a net reduction of approximately \$1 billion from the deficit projected by the Proposed 2010-11 Budget. This reduction results from (1) increased State revenues occasioned by the gas tax and enhanced Medicaid federal matching funds and (2) offsetting cost increases and declines in State revenues. Absent corrective action, the May Revision estimates that the State will end fiscal year 2009-10 with a \$7.7 billion deficit. State general fund expenditures for fiscal year 2010-11 are also expected to exceed revenues by approximately \$10.2 billion.

To address this projected gap, the May Revision proposes measures totaling \$19.1 billion for both fiscal years 2009-10 and 2010-11. These measures are in addition to, or modify, those set out by the Proposed 2010-11 Budget. Specifically, the May Revision proposes \$12.2 billion in expenditure reductions, \$2.6 billion in loans, transfers and fund shifts, and \$900,000 in revenue increases. The May Revision also assumes the receipt of \$3.4 billion in federal funds, a significant decrease from the amount assumed by the Proposed 2010-11 Budget.

With the implementation of these measures, the May Revision assumes, for fiscal year 2009-10, yearend revenues of \$86.5 billion and expenditures of \$86.4 billion. The May Revision projects that the State will end the 2009-10 fiscal year with a deficit of \$6.8 billion. For fiscal year 2010-11, the May Revision projects total revenues of \$91.4 billion and expenditures of \$83.4 billion. The May Revision projects that the State will end the 2010-11 fiscal year with a \$1.2 billion reserve.

For fiscal year 2009-10, the May Revision keeps total Proposition 98 funding virtually unchanged at \$49.9 billion. This level of funding is maintained despite a drop in State general fund revenues and a corresponding decrease in the Proposition 98 minimum guarantee. As a result, the May Revision provides for \$503 million more than the Proposed 2010-11 Budget. The May Revision counts this over-appropriation as a payment towards the State's \$11.2 billion in outstanding maintenance factor payments. Although total Proposition 98 funding remains relatively unchanged, the State general fund share increases to \$35.8 billion (an increase of approximately \$1.2 billion) to offset declines in local property tax revenues.

For fiscal year 2010-11, the May Revision reduces total Proposition 98 funding to \$48.4 billion, including \$35 billion from the State general fund. The May Revision purports to achieve the bulk of this reduction (\$1.2 billion) by eliminating all Proposition 98 support for state-subsidized child care. The May Revision also purports to achieve \$1.5 billion in savings by "rebenching" the Proposition 98 minimum funding guarantee to reflect the elimination of these child care services. The LAO notes that the legality of this rebenching is unclear and suggests that the Legislature consider suspending Proposition 98 in fiscal year 2009-10 and fund the minimum Proposition 98 guarantee amount of \$50.8 billion in fiscal year 2010-11 or suspend the guarantee in both fiscal years and fund a flat amount of \$49.8 billion in both years.

Other significant measures included as part of the May Revision are discussed below:

- *State Employees.* \$795 million in anticipated savings from a mandatory personal leave program pursuant to certain State employees will have their take-home pay reduced by the equivalent of eight hours of pay each month during fiscal year 2010-11. Such employees would be credited with a corresponding amount of personal leave hours.
- *CalWORKs.* \$1.2 billion by the elimination of the CalWORKs program. Combined with other CalWORKs reductions set forth in the Proposed 2010-11 Budget, total savings are assumed to be \$2.5 billion. The LAO recommends the

rejection of this proposal, principally on grounds that the State would forego significant amounts of federal funding tied to CalWORKs and that elimination of the program would shift to counties the cost of providing services to needy families.

- *Medi-Cal.* Approximately \$900 million in savings from a variety of changes to the Medi- Cal program, including: (i) enrolling seniors and persons with disabilities in managed care; (ii) imposing new copayment requirements for various services, hospital stays and emergency room visits; (iii) limiting physician and clinic visits to ten per year; and (iv) freezing hospital rates. The May Revision assumes federal approval of these reductions. The May Revision also largely eliminates the Drug Medi-Cal program, a substance abuse program partly funded by the federal government.
- *Health*. \$602 million in purported savings by allowing counties to provide no more than the minimum range of mental health services required by the federal government for participation in Medicaid. The May Revision has also removed the Proposition 63 ballot measure included in the Proposed 2010-11 Budget.
- *In-Home Supportive Services.* With a majority of prior In-Home Supportive Services ("IHSS") reductions blocked by court decisions, the May Revision proposes \$750 million in savings to be achieved through cost-containment measures developed in consultation with stakeholders. For fiscal year 2010-11, the net benefit to the State general fund is projected to be \$637 million after factoring in the receipt of federal matching funds under the American Reinvestment and Recovery Act.
- *Corrections/Rehabilitation*. \$244 million in anticipated savings by requiring that certain non-serious, non-violent, non-sex offenders convicted of specified felonies, and who receive a sentence of three years or less, serve such sentences in county jails rather than state prisons.
- *Federal Funding*. As mentioned above, the State has already received federal Medicaid matching funds amounting to approximately \$680 million. The May Revision assumes the receipt of an additional \$3.4 billion in federal aid, with approximately half coming from the congressional extension of the FMAP program and other federal economic stimulus funds. The LAO notes that this amount is significantly lower than the amount of federal funds assumed by the Proposed 2010-11 Budget, and, accordingly, no "trigger" list of alternative proposals is included in the May Revision.
- *Other Measures.* \$1.6 billion of one-time budget relief from the use of special fund monies for State general fund purposes. Also, the May Revision assumes approximately \$200 million in savings through the use of federal retiree reinsurance funds to reduce costs associated with the PERS program.

The LAO May Revision Summary concludes that the State continues to face an ongoing annual General Fund budget gap of around \$20 billion through at least 2014-15. The LAO calculates these ongoing shortfalls will range between \$4 billion and \$7 billion through fiscal year 2014-15 even if all of the Governor's recommendations in the May Revise are implemented.

*Future Budgets and Actions.* The Diistricts cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the current State budget deficit, changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the Diistricts will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools. Continued State budget shortfalls in future fiscal years could have an adverse financial impact on the State General Fund budget.

The Districts anticipate that with the size of the deficit in the State budget, they will receive less revenue from the State in fiscal year 2009-10 and in response to the expected reductions has adopted a fiscal year 2009-10 budget that reduces expenditures to offset these revenue reductions.

# State Funding of Schools Without a State Budget

On May 29, 2002, the Court of Appeal of the State of California for the Second Appellate District in *White v. Davis et al.* (combined with *Howard Jarvis Taxpayers Association et al. v. Westly* in appeal) held, among other things, that absent adoption of a budget bill or an emergency appropriation by the Legislature, the State Controller may disburse State funds authorized by (a) a continuing appropriation enacted by the Legislature, (b) a self-executing provision of the State constitution, including payment of certain funds for public schools under Article XVI, Section 8.5 of the State constitution, and (c) mandate of federal law, such as prompt payment of minimum wage and overtime compensation mandated by the federal Fair Labor Standards Act and benefits under federal food stamp, foster care and adoption, child support and child welfare programs. The Court of Appeal specifically concluded that Article XVI, Section 8.0 of the State constitution does not constitute a self-executing authorization to disburse revenue limit apportionment to school districts; legislative appropriation is required for revenue limit disbursement. On May 1, 2003, the California Supreme Court in its decision in White v. Davis et al granted review to two other matters and let these particular conclusions of the Court of Appeal stand without ruling on them.

During the 2003-04 State budget impasse, the State Controller announced that only "payments of prior year obligations, constitutional authorizations, federal mandates and continuous legislative appropriations would be made." The State Controller concluded that revenue limit apportionments to school districts, under provisions of the Education Code implementing Article XVI, Section 8 of the State constitution, are authorized as continuous legislative appropriations, so disbursed these funds without a budget bill or emergency appropriation enacted. The State Controller did not disburse certain categorical and other funds to school districts until the 2003-04 Budget Act was enacted.

# **State Funding of School Construction**

The State makes funding for school facility construction and modernization available to K-12 school districts throughout the State through the Office of Public School Construction ("OPSC") and the State Allocation Board ("SAB"), financed with proceeds of State general obligation bonds authorized and issued for this purpose. Such bonds were authorized in the amount of \$13.05 billion, \$11.40 billion of which were for K-12 school facilities and \$1.65 billion of which were for higher education facilities, on November 5, 2002 under Proposition 47, passed by 58.9% of the State-wide vote. An additional bond measure for education capital projects was approved on March 2, 2004 under Proposition 55, passed by 50.6% of the State-wide vote, in an authorization amount of \$12.3 billion, \$10.0 billion of which is for K-12 school facilities and \$2.3 billion of which is for higher education facilities. The SAB allocates bond funds for 50% of approved new construction costs, 60% of approved modernization costs

(80% for modernization project applications made prior to February 1, 2002), or up to 100% of approved costs of any type if the school district is approved for "hardship" funding. The school district is responsible for the portion of costs not funded by the State. School districts routinely apply for such funding whenever they have projects they believe meet OPSC and SAB criteria for funding.

# State Retirement Programs

School districts participate in the State of California Teachers Retirement System ("STRS"). STRS covers all full-time and most part-time employees with teaching certificates. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools. School districts also participate in the State of California Public Employees Retirement System ("PERS"). PERS covers all classified personnel, generally those employees without teaching certificates, who are employed at least four hours per day. In order to receive PERS benefits, an employee must be at least 50 years old and have had five years of covered PERS service as a public employee.

Contribution rates to PERS varies with changes in actuarial assumptions and other factors, such as changes in benefits and investment performance, and are set by a State retirement board for PERS. The contribution rates are set by statute for STRS at a constant 8.25% of salary. STRS has a substantial State-wide unfunded liability. Under current law, the liability is the responsibility of the State and not of individual school districts. See the district descriptions herein for information regarding the Districts' contributions to these retirement systems.

# **Post-Retirement Healthcare Benefits**

In addition to pension benefits, school districts provide post-retirement healthcare benefits to eligible certificated and classified employees who retire. School districts pay healthcare insurance premiums for retiree coverage by contract. Expenditures for postretirement healthcare benefits are recognized as the premiums are paid. See the district descriptions herein for information regarding the Districts' contributions and liabilities for these post-retirement healthcare benefits.

# **County Office of Education**

In each county there is a county superintendent of schools (the "County Superintendent") and a county board of education. The Office of the County Superintendent, frequently known as the "County Office of Education" (the "County Office" herein) in each county provides the staff and organization that carries out the activities and policies of the County Superintendent and county board of education for that county.

County Offices provide instructional and support services to school districts within their counties, and various State mandated services county-wide, particularly in special education and juvenile court education services. County Office business services departments act as a control point for a variety of information, including pupil data collection, attendance accounting, teacher credential registration, payroll accounting, retirement and tax information and school district budgets, and also report such information to the State Department of Education. All school district budgets must be approved by their County Office and each district must provide its County Office with scheduled interim reports throughout the fiscal year. County Offices also act as enforcement entities which intervene in district fiscal matters should a district fail to meet State budget and reporting criteria. The Districts are under the jurisdiction of, and are served by, the County Office for Placer County.

# **School District Budget Process**

School districts are required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. School districts' annual general fund expenditures are characterized in large part by multi-year expenditure commitments such as union contracts. Year-to-year fluctuations in State and local funding of school district general funds could result in revenue decreases which, if large enough, may not easily be offset by an equal reduction in expenditures until at least the following fiscal year. School districts are required by State law to maintain general fund reserves which can be drawn upon in the event of a resulting excess of expenditures over revenues for a given fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

School districts must adopt a budget no later than June 30 of each year. The budget must be submitted to the County Superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the County Superintendent, or as needed. For both dual and single budgets submitted on July 1, the County Superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations and is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the County Superintendent will approve or disapprove the adopted budget for each school district. Pursuant to State law, the county superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved.

Subsequent to approval, the County Superintendent throughout the fiscal year is authorized to monitor each school district under his or her jurisdiction pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If a County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and the County Superintendent may do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) develop and impose, after also consulting with the district's board, revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of any collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

At minimum, school districts are required by statute to file with their County Superintendent and the State Department of Education a First Interim Financial Report by December 15th covering financial operations from July 1 through October 31st, and a Second Interim Financial Report by March 15th covering financial operations from November 1 through January 31st. Section 42131 of the Education Code requires that each interim report be certified by the school board as either (a) "positive," certifying that the district, "based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years," (b) "qualified," certifying that the district, "based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years," or (c) "negative," certifying that the district, "based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year." A certification by a school board may be revised by the County Superintendent. If either the First or Second Interim Report is not "positive," the County Superintendent may require the district to provide a Third Interim Financial Report by June 1st covering financial operations from February 1st through April 30th. If not required, a Third Interim Financial Report is not prepared. Each interim report shows fiscal year to date financial operations and the current budget, with any budget amendments made in light of operations and conditions to that point. After the close of the fiscal year, an unaudited financial report for the fiscal year is prepared and filed without certification with the County Superintendent and the State Department of Education.

# **Accounting Practices**

The accounting policies of California school districts conform to generally accepted accounting principles, as modified in accordance with policies and procedures of the California School Accounting Manual. This manual, pursuant to Section 41010 of the Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

#### **Revenue Sources**

The Districts categorize their general fund revenues into four sources: (1) revenue limit sources (consisting of a mix of State and local revenues), (2) federal revenues, (3) other State revenues and (4) other local revenues. Each of these revenue sources is described below.

*Revenue Limit Sources.* Since fiscal year 1973-74, California school districts have operated under general purpose revenue limits established by the State Legislature. In general, revenue limits are calculated for each school district by multiplying the Average Daily Attendance (the "ADA") for such district by a base revenue limit per unit of ADA. The revenue limit calculations are adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type.

Funding of the Districts' revenue limits are provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments will amount to the difference between the Districts' revenue limits and their local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

*Federal Revenues.* The federal government provides funding for several of the Districts' programs, including special education and programs such as No Child Left Behind, Drug Free

Schools, and the free and reduced lunch program. Federal revenues are for the most part restricted.

*Other State Revenues.* As discussed above, the Districts receive a State apportionment of basic and equalization aid in an amount equal to the difference between the Districts' revenue limits and its property tax revenues. In addition to such apportionment revenue, the Districts receive substantial other State revenues.

These other State revenues are primarily restricted revenues funding items such as the Special Education Master Plan, School Improvement Program, Economic Impact Aid, Class Size Reduction Program, and home-to-school transportation.

Other State revenues include the California State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instructional material.

*Other Local Revenues.* In addition to property taxes, the Districts receive additional local revenues from items such as interest earnings, leases and rentals, and other local sources.

# AUBURN UNION SCHOOL DISTRICT

#### General Information

The Auburn Union School District (the "Auburn District") is one of the oldest, continuously operating school systems in the State of California. Organized in 1852, it provides education to  $K - 8^{th}$  grade students within a 64 square mile area located in southeastern Placer County, including the City of Auburn and the adjacent unincorporated areas of the County. The Auburn District is located 40 miles northeast of Sacramento on the western slope of the California High Sierra. The Auburn District operates three K-5 elementary schools and one 6-8 middle school. The Auburn District is a feeder district to the Placer Union High School District. The Auburn District is governed by a five-member Board of Trustees (the "Auburn Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the Auburn District are administered by a Superintendent appointed by the Auburn Board who is responsible for the day to day operation as well as supervision of the Auburn District's other key personnel. Michele Schuetz is the Auburn District Superintendent, and Douglas Crancer is the Assistant Superintendent of Business and Facilities.

# Average Daily Attendance and Revenue Limit

The following table reflects historical and estimated average daily attendance for the Auburn District. A.D.A. calculations are based on actual attendance.

# AUBURN UNION SCHOOL DISTRICT Average Daily Attendance

Academic Year	2006-07	2007-08	2008-09	2009-10	2010-11*
Average Daily Attendance	2,322	2,299	2,198	2,083	1,409

\*Academic Year 2010-11 is estimated. Beginning in 2010, ADA does not include E.V. Cain Charter School.

The Auburn District's annual revenue limit per A.D.A. was \$6,103 per A.D.A. for 2009-10, and is projected to be approximately \$6,079 per A.D.A. for 2010-11. See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—State Funding of Education" for an explanation of revenue limit funding.

#### **Employee Relations**

The Auburn District has two recognized bargaining units which represent its employees. The California Teachers Association, through its local Auburn Union School District Teacher's Association, represents teachers, nurses, and librarians. Its contract with the Auburn District expired on June 30, 2010. The California School Employees Association, Chapter No. 171, represents classified employees. Its contract with the Auburn District expires on June 30, 2011.

# **Retirement Programs**

The Auburn District's contribution to STRS for fiscal year 2009-10 was \$630,096 and in fiscal year 2010-11 is projected to be \$419,124. The Auburn District's contribution to PERS for fiscal year 2009-10 was \$353,688 and in fiscal year 2010-11 is estimated to be \$271,756.

# **General Fund Budget and Comparative Financial Statements**

The Auburn District's Second Interim Report for fiscal year 2009-10 was certified as "Qualified," and the Auburn District's 2010-11 budget has been approved by the County Superintendent.

The following table reflects the Auburn District's general fund revenues, expenditures and fund balances from fiscal year 2007-08 through fiscal year 2010-11. Year-end general fund balances are comprised of reserved and unreserved funds, including a reserve for economic uncertainty.

	2007-08 Audited	2008-09 Audited	2009-10 Estimated Actuals	2010-11 Budget
REVENUES				
Revenue Limit Sources:	\$ 12,489,732	\$ 11,682,208	\$ 10,000,637	\$ 6,892,160
Federal Revenue Sources	1,011,806	1,538,046	1,522,429	1,534,978
Other State Revenues	2,902,165	2,717,381	2,686,195	2,217,875
Other Local Revenues	1,510,623	1,260,092	1,044,587	848,985
Total Revenues	17,914,326	17,197,727	15,253,848	11,493,998
EXPENDITURES				
Salaries:				
Certificated Salaries	8,860,436	8,133,736	7,670,000	5,373,517
Classified Salaries	2,209,179	2,197,205	2,180,325	1,668,690
Employee Benefits	2,937,764	2,938,593	2,995,027	2,165,960
Books and Supplies	626,869	567,061	545,731	243,037
Services and Other Operating				
Expenditures	2,223,864	2,106,162	2,524,209	2,467,767
Capital Outlay	97,000	76,528	59,407	0
Otĥer Outgo	550,011	616,284	602,639	706,189
Direct Support and Indirect Costs	0	0	(38,366)	(179,560)
DebtService	0	0	0	0
Total Expenditures	17,505,123	16,635,569	16,538,972	12,445,600
TOTAL OTHER FINANCING				
SOURCES (USES)	(319,311)	70,399	595,525	228,000
CHANGE IN FUND BALANCE	89,892	632,557	(689,599)	(723,602)
BEGINNING FUND BALANCE	2,646,939	2,736,831	3,369,388	2,679,789
ENDING FUND BALANCE	\$ 2,736,831	\$ 3,369,388	\$ 2,679,789	\$ 1,956,187

#### AUBURN UNION SCHOOL DISTRICT General Fund Revenues, Expenditures and Fund Balance

# Audit

Basic Financial Statements with Management's Discussion and Analysis and Independent Auditors Report and certain Supplementary Information for the year ended June 30, 2009, are included in APPENDIX A—EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE DISTRICTS FOR THE YEAR ENDED JUNE 30, 2009. The Auburn District considers its audited financial statements to be documents of public record. The Auburn District has not requested its auditors, Perry-Smith LLP, to review this Official Statement, nor have they done so.

# **District Debt**

*Short-Term Obligations:* The Auburn District has in the past issued short-term tax and revenue anticipation notes. On September 16, 2009, the Auburn District issued \$1,800,000 of Tax and Revenue Anticipation Notes (the "Auburn 2009 TRANs"), which were rated MIG1 by

Moody's Investors Service and are set to mature on September 15, 2010. All funds pledged to repayment of the Auburn 2009 TRANs have been deposited by the Auburn District. The Auburn District has never defaulted on any of its short-term obligations.

*Certificates of Participation:* The Auburn District has outstanding certificates of participation, issued to fund purchase, construction and renovation of certain school facilities. As of June 30, 2009, the Auburn District had \$38,203,580 of certificates of participation outstanding. Although the Auburn District certificates of participation are general fund obligations and subject to annual appropriations, revenues from several revenue funds are used by the Auburn District as the source of lease payments. The Auburn District has covenanted to include all debt service payments on each of its certificates of participation in its annual budgets.

*Current Ratings*. The Auburn District's current credit ratings are as follows:

Standard	& Poor's	Mood	dy's	Fite	ch
Uninsure	d Ratings	Uninsured	Ratings	Uninsured	d Ratings
GO/Issuer	Lease	GO/Issuer	Lease	GO/Issuer	Lease
NA	А	NA	NA	NA	NA

# Assessed Value

The following table shows the Auburn District's assessed value for the most recent five years:

# AUBURN UNION SCHOOL DISTRICT Assessed Value

Assessed Value
3,809,889,553
4,057,901,336
4,121,074,859
4,006,189,397
3,775,920,286

# Monthly Cash Flows

The Auburn District has prepared for use in this Official Statement the following cash flow statements that show unaudited actual and projected cash receipts and disbursements for Fiscal Year 2009-10, and projected cash receipts and disbursements for Fiscal Year 2010-11.

**2010 Tax and Revenue Anticipation Notes** AUBURN UNION SCHOOL DISTRICT

2009-2010 General Fund Actual Cashflow

Beginning Cash         55,340,956         53           Revenue Limit         79,156         79,156           Revenue Limit         79,156         227           Revenue Limit         79,156         227           Revenue Limit         79,156         227           Other State Sources         33,173         227           Other State Sources         33,173         0           Local Sources         33,173         0           Zotal Receipts         3112,556         1,           Supplies and Benefits         2176,205         1,           Supplies and Benefits         235,724         1,           Supplies and Benefits         235,724         1,           Supplies and Services         176,205         1,           Capital Outlay         0         2         2           Other Outgo         2         2         2         2           Other Outgo         2         2         2         3         3           Prior Year Transactions         789,311,931         51         6         (1,           Prior Year Transactions         789,336         1         2         2         2         2         3         3         6	\$3,836,917 6,161 0 0 14,821 520,981 1,133,253 163,937 11,141 11,141 11,141 11,141 0 0 81,308,332 236,400 (1,050,950)	\$2,785,967 365,840 6,855 89,693 105,627 105,627 105,627 105,627 105,627 114,892 147,996 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 10,977 10,977 10,977 10,977 10,977 10,977 10,977 10,977 10,977 10,977 10,977 10,977 10,977 10,977 10,977 10,977 10,977 10,977 10,975 10,97	\$5,975,898 229,818 443,179 512,332 166,464 0 0 0 1,145,953 412,407 7,500 65,925 65,925 81,631,786	\$2,657,709 93,908 1136,665 91,653 57,895 0 \$380,122	\$1,/35,523 4,674,861 60,204 329,069	\$6,289,029 412,919	\$4,766,920	\$4,197,046	\$3,616,298	\$4,895,291	\$3,839,058	\$3,346,956
	6,161 0 0 14,821 520,981 1,33,253 163,937 11,141 0 0 0 0 11,308,332 236,400	365,840 6,855 89,693 105,627 1,817,914 \$2,385,928 1,114,892 147,996 19,977 19,977 19,977 19,977 18,4,870 84,870	229,818 443,179 512,332 166,464 81,351,793 1,145,953 412,407 7,500 65,925 65,925 81,631,786	93,908 136,665 91,653 57,895 0 \$380,122	4,674,861 60,204 329,069	412.919						
	6,161 0 0 14,821 520,981 520,981 11,141 11,141 11,141 0 0 0 0 236,400 236,400	365,840 6,855 89,693 105,627 1,817,914 \$2,385,928 1,114,892 147,996 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 10,84,870 84,870	229,818 443,179 512,332 166,464 0 81,351,793 1,145,953 412,407 7,500 65,953 65,925 65,925 81,631,786	93,908 136,665 91,653 57,895 0 \$380,122	4,674,861 60,204 329,069	412.919						
	0 0 0 \$20,981 14,821 0 11,133,253 163,937 11,141 0 0 0 11,308,332 236,400 236,400	6,855 89,603 105,627 1,817,914 \$2,385,928 1,114,892 147,996 19,977 19,977 19,977 19,977 19,977 19,977 10,077 10,077 10,077 10,077 10,077 10,077 10,077 10,077 10,077 10,077 10,077 10,077 10,077 10,077 10,077 10,077 10,077 10,077 10,075 10,00	443,179 512,332 166,464 0 \$1,351,793 1,145,953 412,407 7,500 65,925 65,925 81,631,786	136,665 91,653 57,895 0 \$380,122	60,204 329,069	A A A A A A A A A A A A A A A A A A A	395.892	38.598	3.185.872	49,174	171.134	9.703.332
	0 14,821 0 \$20,981 1,133,253 163,937 11,141 0 0 0 11,308,332 236,400 236,400	89,693 105,627 1,817,914 52,385,928 1,1114,892 147,996 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 10,9777 10,9777 10,9777 10,9777 10,9777 10,9777 10,9777 10,9777 10,97777 10,97777 10,97777 10,977777 10,9777777777777777777777777777777777777	512,332 166,464 0 81,351,793 1,145,953 412,407 7,500 65,925 65,925 81,631,786	91,653 57,895 0 \$380,122	329,069	3.682	30.399	247.865	151.862	81.798	202.981	1.365.717
	14,821 0 \$20,981 1,133,253 163,937 11,141 0 0 11,308,332 236,400 236,400	105,627 1,817,914 \$2,385,928 1,114,892 147,996 19,977 19,977 19,977 19,977 19,977 19,977 10,877 84,870 84,870	166,464 0 81,351,793 1,145,953 412,407 7,500 65,925 65,925 81,631,786	57,895 0 \$380,122		324,998	334,465	318,743	78,701	93,884	428,738	2.602.276
	236,981 520,981 1,133,253 163,937 11,141 0 0 1,308,332 236,400 236,400 1,050,950)	1,817,914 \$2,385,928 1,114,892 147,996 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,977 19,876 \$1,282,866 \$4,870	0 81,351,793 1,145,953 412,407 7,500 65,925 65,925 81,631,786	0 \$380,122	160.602	66.649	28.735	154.791	90,541	103,803	(19.375)	963.726
	\$20,981 1,133,253 163,937 11,141 0 0 1,308,332 236,400 236,400	\$2,385,928 1,114,892 147,996 19,977 19,977 19,977 1 8,870 84,870	\$1,351,793 1,145,953 412,407 7,500 65,925 6,925 81,631,786	\$380,122	0	0	0	0	0	0	0	1.817.914
	1,133,253 163,937 11,141 0 0 1,308,332 236,400 236,400	1,114,892 147,996 19,977 1 84,870 84,870	1,145,953 412,407 7,500 65,925 00 81,631,786		\$5,224,736	\$1,069,626	\$789,491	\$759,998	\$3,506,976	\$328,658	\$783,478	\$16,714,343
	1,133,253 163,937 11,141 0 11,308,332 236,400 236,400	1,114,892 147,996 19,977 19,977 81,282,866 84,870	1,145,953 412,407 7,500 65,925 0 \$1,631,786									
	163,937 11,141 0 1,308,332 236,400 1,050,950)	147,996 19,977 1 81,282,866 84,870	412,407 7,500 65,925 0 \$1,631,786	1,156,654	278,880	1,972,877	1,129,884	1,084,057	1,121,754	1,095,108	1,145,272	12,614,309
	11,141 0 0 31,308,332 236,400 1,050,950)	19,977 1 0 \$1,282,866 84,870	7,500 65,925 0 \$1,631,786	167,363	168,168	148,922	207,961	173,139	287,189	227,098	331,250	2,611,636
	0 0 11,308,332 236,400 1,050,950)	1 0 \$1,282,866 84,870	65,925 0 \$1,631,786	(289)	11,908	8,400	0	0	0	0	0	58,636
	0 11,308,332 236,400 1,050,950)	0 \$1,282,866 84,870	0 \$1,631,786	2	1	43	0	59,074	(65, 928)	49,404	4,655	113,179
	11,308,332 236,400 1,050,950)	\$1,282,866 84,870	\$1,631,786	0	0	900,000	0	0	900,000	36,000	0	1,836,000
	236,400 1,050,950)	84,870		\$1,323,730	\$458,956	\$3,030,242	\$1,337,846	\$1,316,270	\$2,243,015	\$1,407,610	\$1,481,177	\$17,233,760
	1,050,950)		(1,036,197)	21,422	87,727	138,507	(21,519)	(24,476)	15,032	22,719	34,504	348,326
		1,18/,952	(1,316,189)	(922,186)	4,853,506	(1,822,109)	(569,874)	(580,748)	1,278,993	(1,056,233)	(663,194)	(171,091)
	\$2,785,967	\$3,973,898	\$2,657,709	\$1,735,523	\$6,589,029	\$4,766,920	\$4,197,046	\$3,616,298	\$4,895,291	\$3,839,058	\$3,175,864	\$3,175,864
July \$3,175,864												
\$3,175,864	August	September	October	November	December	January	February	March	April	May	June	Total
	,387	\$1,511,187	193	\$1,425,093	\$702,693	\$5,022,193	\$3,519,680	\$2,869,280	\$1,902,880	\$4,127,019	\$3,141,619	\$3,175,864
(223,534)	(165,400)	81,600	(227,000)	(165,000)	4,234,200	70,287	225,000	(227,000)	3,416,539	(139,000)	(54,512)	6,826,180
126,000	0	0	350,000	126,000	150,000	126,000	30,000	150,000	126,000	0	200,000	1,384,000
urces 0	110,000	310,000	0	199,000	199,000	399,000	11,000	0	332,000	99,000	0	1,659,000
	32,000	11,000	193,000	64,000	104,000	104,000	69,000	54,000	87,000	80,000	35,894	837,894
Transfers In/Other Sources 4,000	22,700	20,100	20,100	20,100	6,800 0	33,700	20,100	20,100	20,100	20,100	20,100	228,000
Deposit	0	001,C1C,1 #1 777 805	0 001 2 L 0 0	0	0 ©1 601 000	0	0 0.255 100	0 000	0 \$7.001.630	0 \$20.100	0 000	001,010,100
Lotal Receipts	00/\$-	\$1,757,806	\$336,100	\$244,100	\$4,694,000	\$132,981	\$555,100	-\$2,900	\$5,981,639	\$60,100	\$201,482	\$12,250,180
163,500	794,500	798,500	798,500	798,500	206,500	1,437,500	798,500	790,500	810,500	792,500	790,500	8,980,000
Supplies and Services 175,000	000,6/1	148,000	415,000 0	168,000	168,000	148,000	000,102	000,6/1	000,762	221,000 26.000	320,000 0	2,025,000
\$336.500	\$967.500	\$946.500	\$1.213.500	\$966.500	\$374.500	\$2,235,500	\$1.005.500	\$963.500	\$1.757.500	\$1.045.500	\$1.116.500	\$12,929,000

**Ending Balance** 

Net Increase/Decrease

(915,018) 9

(985,400)\$3,141,6

2,224,139 \$4,127

(966, 400)902

(650, 400)

(1,502,513)

4,319,500

(722,400)

(877,400)

791,306

(968, 200)

(696, 477)

\$1.51

\$2,479,3

\$2,226,601 (949,263)

# DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

#### **General Information**

The Dry Creek Joint Elementary School District (the "Dry Creek District") was established in 1876 and encompasses approximately 17 square miles located in Placer and Sacramento Counties, including the eastern portion of the unincorporated community known as Antelope. The Dry Creek District operates seven elementary schools and three middle schools. The Dry Creek District is governed by a five-member Board of Trustees (the "Dry Creek Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the Dry Creek District are administered by a Superintendent appointed by the Dry Creek Board who is responsible for the day to day operation as well as supervision of the Dry Creek District's other key personnel. Mark Geyer is the Dry Creek District Superintendent, and Gordon Medd is the Assistant Superintendent, Administrative Services.

#### Average Daily Attendance and Revenue Limit

The following table reflects historical and estimated average daily attendance for the Dry Creek District. A.D.A. calculations are based on actual attendance.

# DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT Average Daily Attendance

Academic Year	2006-07	2007-08	2008-09	2009-10	2010-11*
Average Daily Attendance	7,185	7,123	7,044	7,000	6,773

\*Academic Year 2010-11 is estimated.

The Dry Creek District's annual revenue limit per A.D.A. was \$4,726.38 (after deficit and one-time cut of approximately \$252.99) per A.D.A. for 2009-10, and is projected to be approximately \$4,724 (after deficit, negative COLA and proposed ongoing cut of \$236.00) per A.D.A. for 2010-11. See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION— State Funding of Education" for an explanation of revenue limit funding.

#### **Employee Relations**

The certificated employees of the Dry Creek District are represented by the Dry Creek Teachers Association (the "DCTA"). The classified employees of the Dry Creek District are represented by the Amalgamated Transit Union (the "ATU") and the California School Employees Association (the "CSEA"). The DCTA contract expires on June 30, 2011. The ATU contract expired on June 30, 2008. Negotiations are currently underway for a new CSEA contract.

#### **Retirement Programs**

The Dry Creek District's contribution to STRS for fiscal year 2009-10 was \$2,144,666 and in fiscal year 2010-11 is projected to be \$2,102,524. The Dry Creek District's contribution to PERS for fiscal year 2009-10 was \$529,142 and in fiscal year 2010-11 is estimated to be \$561,427.

# **General Fund Budget and Comparative Financial Statements**

The Dry Creek District's Second Interim Report for fiscal year 2009-10 was certified as "Positive," and the Dry Creek District's 2010-11 budget has been approved by the County Superintendent.

The following table reflects the Dry Creek District's general fund revenues, expenditures and fund balances from fiscal year 2007-08 through fiscal year 2010-11. Year-end general fund balances are comprised of reserved and unreserved funds, including a reserve for economic uncertainty.

REVENUES Revenue Limit Sources: Federal Revenue Sources Other State Revenues Other Local Revenues	2007-08 Audited \$ 40,046,351 1,666,440 7,175,214 3,745,793	2008-09 Audited \$ 38,938,634 4,209,821 6,390,172 3,418,220	2009-10 Estimated Actuals \$ 34,641,745 3,137,648 6,556,556 3,227,968	2010-11 Budget \$ 34,539,190 1,987,431 5,513,862 2,461,108
Total Revenues	52,633,798	52,956,847	47,563,917	44,501,591
EXPENDITURES Salaries:				
Certificated Salaries Classified Salaries	28,387,839 6,812,397	28,574,100 6,745,009	26,398,526 6,342,019	25,483,999 5,952,259
Employee Benefits	8,886,395	8,905,271	8,596,999	8,279,150
Books and Supplies	2,827,783	1,660,052	2,357,806	1,752,167
Services and Other Operating				, ,
Expenditures	3,700,455	3,805,694	5,028,635	4,489,907
Capital Outlay	197,718	446,085	335,394	31,092
Other Outgo	650,260	773,718	725,257	764,605
DebtService	132,910	82,533	0	0
Total Expenditures	51,595,757	50,992,462	49,784,636	46,753,179
TOTAL OTHER FINANCING SOURCES (USES)	262,852	(384,659)	(415,272)	(106,032)
CHANGE IN FUND BALANCE	1,300,893	1,579,726	(2,635,991)	(2,357,620)
BEGINNING FUND BALANCE	8,644,628	9,945,521	11,525,247	8,889,256
ENDING FUND BALANCE	\$ 9,945,521	\$ 11,525,247	\$ 8,889,256	\$ 6,531,636

#### DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT General Fund Revenues, Expenditures and Fund Balance

#### Audit

Basic Financial Statements with Management's Discussion and Analysis and Independent Auditors Report and certain Supplementary Information for the year ended June 30, 2009, are included in APPENDIX A—EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE DISTRICTS FOR THE YEAR ENDED JUNE 30, 2009. The Dry Creek District considers its audited financial statements to be documents of public record. The Dry Creek District has not requested its auditors, Perry-Smith LLP, to review this Official Statement, nor have they done so.

#### **District Debt**

*Short-Term Obligations.* The Dry Creek District has in the past issued short-term tax and revenue anticipation notes. On September 16, 2009, the Dry Creek District issued \$4,800,000 of Tax and Revenue Anticipation Notes (the "Dry Creek 2009 TRANs"), which were rated MIG1 by Moody's Investors Service and are set to mature on September 15, 2010. All funds pledged to repayment of the Dry Creek 2009 TRANs have been deposited by the Dry Creek District. The Dry Creek District has never defaulted on any of its short-term obligations.

*General Obligation Bonds.* As of June 30, 2009, the principal or denominational amounts of Dry Creek District general obligation bonds outstanding, all payable from *ad valorem* property taxes levied and collected within the Dry Creek District by the County, was \$51,755,064.

*Special Tax Bonds*: As of June 30, 2009, the principal or denominational amounts of Dry Creek District special tax bonds outstanding, all payable from special taxes levied and collected within the Dry Creek District's Community Facilities District by the County was \$19, 814,923.

*Capital Leases.* The Dry Creek District has entered into certain financing leases of equipment and portable buildings. The combined future minimum payment of all of these lease obligations of the Dry Creek District, all payable from the general fund of the Dry Creek District, as of June 30, 2009, was \$78,164.

*Current Ratings*. The Dry Creek District's current credit ratings are as follows:

Standard	& Poor's	Mood	dy's	Fite	ch
Uninsure	d Ratings	Uninsured	Ratings	Uninsured	l Ratings
GO/Issuer	Lease	GO/Issuer	Lease	GO/Issuer	Lease
AA-	NA	Aa2	NA	AA-	NA

#### Assessed Value

The following table shows the Dry Creek District's assessed value for the most recent five years:

#### DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT Assessed Value

<u>Year</u>	Assessed Value
2006-07	\$3,470,489,968
2007-08	3,641,154,016
2008-09	3,560,679,258
2009-10	3,341,717,013
2010-11	3,192,009,846

#### Monthly Cash Flows

The Dry Creek District has prepared for use in this Official Statement the following cash flow statements that show unaudited actual and projected cash receipts and disbursements for Fiscal Year 2009-10, and projected cash receipts and disbursements for Fiscal Year 2010-11.

DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT 2010 Tax and Revenue Anticipation Notes

2009-2010 General Fund Actual Cashflow

	July	August	September	October	November	December	January	February	March	April	Mav	June	Total
Beginning Cash	\$6,109,563	\$8,733,324	\$4,916,365	\$8,709,943	\$8,267,022	\$6,058,104	\$13,694,430	\$8,958,662	\$9,261,473	\$9,019,717	\$7,619,221	\$5,262,939	\$6,109,563
Receipts:													
Revenue Limit	664,548	86,516 Î	2,129,580	2,628,344 ĵ	993,851	6,870,129	3,482,990	2,947,678	2,062,905	4,263,858	1,080,051	2,266,910	29,477,360
Federal Sources	0 0	0	0	0	181,545	11,552	9,655	59,050	581,182	193,392	15,525	197,215	1,249,116
Uther State Sources	0 175	515,01	236,017	100,200	101,/22	101.011	155,157	943,207 21,000	483,391	12,14/	125,551	1,55/56,1	9/5,090,5/9
Local Sources	6/4/5 2	4/,243	558,459 0	498,207	181,850	410,121	251,504	21,988	160,122	C80,2C1	220,440	252,813	206,7/ 5,2
Transfers In/Other Sources	0 0		0 204	0 0	0 0	0 0	0 0	000,27					/000,27 1 868 304
Total Receipts	\$669,023	0 \$144,072	\$7,572,940	\$3,743,751	0 \$1,524,948	\$8,279,356	\$4,481,740	84,046,923	0 \$3,354,575	\$4,622,082	\$1,445,419	\$4,054,297	\$43,939,126
Dishursements:													
Salaries and Benefits	3,106,583	3,414,387	3,440,587	3,391,190	3,445,084	218,977	6,543,823	3,377,336	3,411,197	3,340,240	3,353,774	3,645,158	40,688,336
Supplies and Services	341,516	783,262	404,895	464,768	250,458	430,577	386,775	367,447	307,476	276,042	321,618	408,631	4,743,466
Capital Outlay	72,887	18,840	1,421	21,623	0	0	161,478	2,658	13,503	6,139	0	0	298,549
Other Outgo	0	82,533	0	0	0	0	0	0	0	0	0	495,272	577,805
2009 TRAN Payment Pledge	0	0	0	0	0	0	2,400,000	0	0	2,400,000	144,000	0	4,944,000
Total Disbursements	\$3,520,986	\$4,299,022	\$3,846,903	\$3,877,581	\$3,695,542	\$649,554	\$9,492,076	\$3,747,441	\$3,732,176	\$6,022,421	\$3,819,392	\$4,549,061	\$51,252,156
Prior Year Transactions	5,475,724	337,991	67,541	(309,091)	(38,324)	6,524	274,568	3,329	135,845	(157)	17,691	7,575	5,979,216
Net Increase/Decrease	2,623,761	(3,816,959)	3,793,578	(442,921)	(2,208,918)	7,636,326	(4,735,768)	302,811	(241,756)	(1,400,496)	(2,356,282)	(487,189)	(1,333,813)
Ending Balance	\$8,733,324	\$4,916,365	\$8,709,943	\$8,267,022	\$6,058,104	\$13,694,430	\$8,958,662	\$9,261,473	\$9,019,717	\$7,619,221	\$5,262,939	\$4,775,750	\$4,775,750
2010-2011 General Fund Projected Cashflow <sup>toto</sup>	ected Cashflow	Aumiet	Contom hor	Ootohar	November	Dacember	amore	Eabruary	hand	A nori	May	amil	Total
	futy	August	September	OCLODEL	INOVEINDEL	December	January	reoruary	March	April	May	June	10141
Beginning Cash	\$4,775,750	\$3,645,617	\$1,621,997	\$6,475,461	\$2,803,471	\$1,836,399	\$4,606,792	\$6,768,287	\$3,854,661	\$2,087,493	\$313,635	\$3,142,811	\$4,775,750
Receipts: Revenue Limit	54.890	1.161.269	3.191.152	93.288	2.084.772	2.084.772	9.334.749	85.950	677.566	3.385.257	6.336.351	93.288	28.583.306
Federal Sources	0	0	0	0	0	194,073	0	0	674,119	137,015	44,942	342,007	1,392,155
Other State Sources	67,295	64,643	121,131	123,783	575,684	419,260	1,265,448	720,276	258,410	320,610	148,024	667,254	4,751,817
Local Sources	44,820	39,583	208,875	304,843	109,229	328,638	343,706	57,314	190,875	148,239	150,960	320,556	2,247,641
Transfers In/Other Sources	0	0	0	0	0	0	0	0	0	0	0	5,000	5,000
2010 TRAN Deposit	0	0	4,248,804	0	0	0	0	0	0	0	0	0	4,248,804
Total Receipts	\$167,004	\$1,265,496	\$7,769,962	\$521,915	\$2,769,685	\$3,026,742	\$10,943,904	\$863,541	\$1,800,969	\$3,991,121	\$6,680,277	\$1,428,106	\$41,228,723
Disbursements:					200 076 6	010 200	101 126 2	223 10C C		2000 2000 0		CC0 023 C	001 512 00
Salaries and Benefits	06/,5667	5/0/9/0/5 010 020	100,100,0	166,126,6	267,000	200,842 571 629	0,5/4,101	C/C,107,C	0,040,238 071 211	201, CUC, C	5,212,448	666,076,6 220 101	804°C1/°6C
Supplies and Services Canital Outlay	10.611	600,217 7 577	774	1176	776,100 U	2,20,420	227,000 8 408	138	2/1/2/4	01,100	260,464 60	000'+0+	31,002
Capture Outage	110,01		111 032	0,1,1		0	0,100	0	000,2	2,101,2 0	20		2/0,10
2010 TRAN Payment Pledge	0	0	0	0	0	0	2,100,000	0	0	2,100,000	84,000	0	4.284.000
Total Disbursements	\$3,606,642	\$4,214,239	\$3,985,850	\$4,106,405	\$3,736,757	\$734,784	\$9,037,744	\$3,777,167	\$3,762,090	\$5,764,979	\$3,851,102	\$4,055,848	\$50,633,606
<b>Prior Year Transactions</b>	2,309,505	925,124	1,069,351	(87,500)	0	478,435	255,336	0	193,953	0	0	343,405	5,487,607
Nat Increase/Docrease	(1 130 133)	(003 620)	V 853 A6A	(13 671 000)	(020,230)	7 770 307	2 161 405	(7 013 676)	(8)1 222 17	(1 773 857)	7 870 176	(327 338)	13 017 776
INU AIRLYADVI LUUL VADV	( , ,	(24,040,040)	For		(410,107)	417,411,4	2, TUL ,4	(040,010,4)	(001,101,1)	(1,00,011,1)	V11, 740,4	(000°+07°4)	( 1 1 4 7 1 1 7 4 5 1

\$3,142,81

\$313.635

\$2,087,493

\$3,854,661

\$6,768,28

\$4,606,792

\$1,836,399

\$2,803,471

\$6,475,461

\$3,645,617 \$1,621,997

Ending Balance

#### LOOMIS UNION SCHOOL DISTRICT

#### **General Information**

The Loomis Union School District (the "Loomis District") was established in 1856. In 2005, the Loomis District annexed the Penryn Elementary School District. On November 6, 2007 voters approved the merger of Ophir Elementary School District into the Loomis District. The merger takes effect on July 1, 2008. The Loomis District encompasses approximately 64 square miles, including the town of Loomis, the community of Penryn, and adjacent unincorporated territory within Placer County. The Loomis District is a feeder district to the Placer Union High School District. The Loomis District is governed by a five-member Board of Trustees (the "Loomis Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the Loomis District are administered by a Superintendent appointed by the Loomis Board who is responsible for the day to day operation as well as supervision of the Loomis District's other key personnel. Paul Johnson is the Loomis District Superintendent, and Jay Stewart is the Assistant Superintendent, Business Services and Operations.

#### Average Daily Attendance and Revenue Limit

The following table reflects historical and estimated average daily attendance for the Loomis District. A.D.A. calculations are based on actual attendance.

#### LOOMIS UNION SCHOOL DISTRICT Average Daily Attendance

Academic Year	2006-07	2007-08	2008-09	2009-10	2010-11*
Average Daily Attendance	2,084	2,056	2,189	2,164	2,158

\*Academic Year 2010-11 is estimated.

The Loomis District's annual revenue limit per A.D.A. was \$6,158 per A.D.A. for 2009-10, and is projected to be approximately \$6,134 per A.D.A. for 2010-11. See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—State Funding of Education" for an explanation of revenue limit funding.

#### **Employee Relations**

The certificated employees of the Loomis District are represented by the Loomis Teachers Association (the "LTA"). The classified employees of the Loomis District are represented by the California School Employees Association, Chapter 571 (the "CSEA 571"). Both contracts are settled through June 30, 2011..

#### **Retirement Programs**

The Loomis District's contribution to STRS for fiscal year 2009-10 was \$718,595 and in fiscal year 2010-11 is projected to be \$695,670. The Loomis District's contribution to PERS for fiscal year 2009-10 was \$191,374 and in fiscal year 2010-11 is estimated to be \$305,463.

# **General Fund Budget and Comparative Financial Statements**

The Loomis District's Second Interim Report for fiscal year 2009-10 was certified as "Positive," and the Loomis District's 2010-11 budget has been approved by the County Superintendent.

The following table reflects the Loomis District's general fund revenues, expenditures and fund balances from fiscal year 2007-08 through fiscal year 2010-11. Year-end general fund balances are comprised of reserved and unreserved funds, including a reserve for economic uncertainty.

#### LOOMIS UNION SCHOOL DISTRICT General Fund Revenues, Expenditures and Fund Balance

			2009-10	
	2007-08	2008-09	Estimated	2010-11
	Audited	Audited	Actuals	Budget
REVENUES				<u>U</u>
Revenue Limit Sources:	\$ 11,560,671	\$ 12,025,488	\$ 10,657,883	\$ 10,622,352
Federal Revenue Sources	479,813	1,387,522	798,298	751,679
Other State Revenues	2,554,559	2,036,113	2,101,981	1,954,340
Other Local Revenues	1,133,519	1,437,532	1,056,146	821,835
Total Revenues	15,728,562	16,886,655	14,614,308	14,150,206
EXPENDITURES				
Salaries:				
Certificated Salaries	7,481,367	8,323,693	8,077,400	7,516,876
Classified Salaries	2,181,012	2,530,948	2,166,841	2,038,460
Employee Benefits	2,890,000	2,841,221	2,774,241	2,745,271
Books and Supplies	870,948	1,081,685	794,683	512,592
Services and Other Operating				
Expenditures	1,624,803	2,102,479	1,631,955	1,526,453
Capital Outlay	24,659	33,314	29,750	0
Other Outgo	239,050	283,964	709,928	569,265
Direct Support and Indirect Costs	0	0	(72,825)	(84,242)
DebtService	41,820	284,769	0	0
Total Expenditures	15,353,659	17,482,073	16,111,973	14,824,675
TOTAL OTHER FINANCING				
SOURCES (USES)	(105,125)	273,284	38,222	242,548
CHANGE IN FUND BALANCE	269,778	(322,134)	(1,459,443)	(431,921)
BEGINNING FUND BALANCE	3,138,456	3,408,234	3,261,098	1,801,655
ENDING FUND BALANCE	\$ 3,408,234	\$ 3,086,100	\$ 1,801,655	\$ 1,369,734

# Audit

Basic Financial Statements with Management's Discussion and Analysis and Independent Auditors Report and certain Supplementary Information for the year ended June 30, 2009, are included in APPENDIX A—EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE DISTRICTS FOR THE YEAR ENDED JUNE 30, 2009. The Loomis District considers its audited financial statements to be documents of public record. The Loomis District has not requested its auditors, Perry-Smith LLP, to review this Official Statement, nor have they done so.

#### **District Debt**

*Short-Term Obligations.* The Loomis District has in the past issued short-term tax and revenue anticipation notes. On September 16, 2009, the Loomis District issued \$3,300,000 of Tax and Revenue Anticipation Notes (the "Loomis 2009 TRANs"), which were rated MIG1 by Moody's Investors Service and are set to mature on September 15, 2010. All funds pledged to repayment of the Loomis 2009 TRANs have been deposited by the Loomis District. The Loomis District has never defaulted on any of its short-term obligations.

*General Obligation Bonds:* On September 1, 1998 the District issued \$7,500,000 of general obligation bonds to fund the construction of H. Clarke Powers School and other projects (the "1998 Bonds"). On May 11, 2000 the District issued \$1,800,000 of general obligation bonds to fund construction projects of the District (the "2000 Bonds"). On January 13, 2010, the District sold its \$6,900,000 2010 General Obligation Refunding Bonds to refund the 1998 Bonds and the 2000 Bonds (the "2010 Bonds"). The 2010 Bonds constitute general obligations of the District and the District has the power, is obligated and covenants to levy *ad valorem* taxes upon all property within the District subject to taxation by the District, without limitation of rate or amount, for the payment of the Bonds and the interest thereon. The 2010 Bonds mature in varying amounts through 2023 with interest rates from 1% to 4.125%.

*Certificates of Participation:* The Loomis District has outstanding certificates of participation, issued to fund purchase, construction and renovation of certain school facilities. As of June 30, 2009, the Loomis District had \$5,245,000 of certificates of participation outstanding. Although the Loomis District certificates of participation are general fund obligations and subject to annual appropriations, revenues from several revenue funds are used by the Loomis District as the source of lease payments. The Loomis District has covenanted to include all debt service payments on each of its certificates of participation in its annual budgets.

*Current Ratings*. The Loomis District's current credit ratings are as follows:

Standard	& Poor's	Moo	dy's	Fite	ch
Uninsure	d Ratings	Uninsured	Ratings	Uninsured	d Ratings
GO/Issuer	Lease	GO/Issuer	Lease	GO/Issuer	Lease
A+	А	NA	NA	NA	NA

#### **Assessed Value**

The following table shows the Loomis District's assessed value for the most recent five years:

#### LOOMIS UNION SCHOOL DISTRICT Assessed Value

Assessed Value
\$3,085,305,886
3,368,395,629
3,396,671,149
3,495,420,926
3,328,019,772

# Monthly Cash Flows

The Loomis District has prepared for use in this Official Statement the following cash flow statements that show unaudited actual and projected cash receipts and disbursements for Fiscal Year 2009-10, and projected cash receipts and disbursements for Fiscal Year 2010-11.

LOOMIS UNION SCHOOL DISTRICT 2010 Tax and Revenue Anticipation Notes

2009-2010 General Fund Actual Cashflow

2009-2010 GEREFAL FUND ACTUAL CASHIROW	ual Casnilow	Autorist	Sentember	October	November	December	Tanuary	Fehruary	March	A pril	Mav	enil	Total
Beginning Cash	sury \$1,806,986	\$2,172,386	\$991,786	\$3,162,539	\$2,308,766	\$1,433,969	56,386,659	\$3,317,091	\$2,903,328	\$1,851,535	\$2,436,022	\$1,446,695	\$1,806,986
Receipts:													
Revenue Limit	91,563	(36, 450)	327,722	259,824	60,176	4,931,702	415,361	375,183	(76,573)	3,386,260	39,513	452,019	10,226,300
Federal Sources	0	39,931	0	0	62,578	20,006	0	97,267	110,954	132,474	118,030	76,669	657,909
Other State Sources	0	0	33,553	237,876	167,622	282,767	136,376	313,018	151,352	42,705	65,846	340,611	1,771,726
Local Sources	0	71,197	321,837	251,237	66,334	140,392	69,462	52,086	55,009	69,820	92,492	108,346	1,298,212
Transfers In/Other Sources	0	0	0	0	0	0	0	0	0	0	0	222,912	222,912
2009 TRAN Deposit	0	0	3,343,659	0	0	0	0	0	0	0	0	0	3,343,659
Total Receipts	\$91,563	\$74,678	\$4,026,771	\$748,937	\$356,710	\$5,374,867	\$621,199	\$837,554	\$240,742	\$3,631,259	\$315,881	\$1,200,557	\$17,520,718
Disbursements:													
Salaries and Benefits	403,700	1,127,946	1,103,060	1,128,708	1,138,749	326,526	1,915,647	1,122,630	1,127,474	1,127,600	1,140,132	1,208,668	12,870,840
Supplies and Services	192,726	205,164	188,863	228,460	98,450	95,387	193,110	128,223	188,656	171,493	174,877	170,950	2,036,359
Capital Outlay	13,281	16,187	0	(3, 843)	0	0	0	0	0	0	0	0	25,625
Other Outgo	0	0	424,278	279,495	(5,915)	0	0	0	0	0	0	(72, 350)	625,508
Transfers Out	0	0	184,689	0	0	0	0	0	0	0	0	0	184,689
2009 TRAN Payment Pledge	0	0	0	0	0	0	1,650,000	0	0	1,749,000	0	0	3,399,000
Total Disbursements	\$609,707	\$1,349,297	\$1,900,890	\$1,632,820	\$1,231,284	\$421,913	\$3,758,757	\$1,250,853	\$1,316,130	\$3,048,093	\$1,315,009	\$1,307,268	\$19,142,021
<b>Prior Year Transactions</b>	883,544	94,019	44,872	30,110	(223)	(264)	67,990	(464)	23,595	1,321	9,801	102,310	1,256,611
Net Increase/Decrease	365.400	(1.180.600)	2.170.753	(853.773)	(874.797)	4.952.690	(3.069.568)	(413.763)	(1.051.793)	584.487	(989.327)	(4.401)	(364.692)
Ending Balance	\$2,172,386	\$991,786	\$3,162,539	\$2,308,766	\$1,433,969	\$6,386,659	\$3,317,091	\$2,903,328	\$1,851,535	\$2,436,022	\$1,446,695	\$1,442,294	\$1,442,294
2010-2011 General Fund Projected Cashflow	jected Cashflow												
	July	August	September	October	November	December	January	February	March	April	May	June	Total
Beginning Cash	\$1,442,294	\$1,251,701	\$146,597	\$2,280,844	\$1,315,988	\$540,325	\$5,051,537	\$2,175,369	\$1,684,288	\$687,788	\$1,807,684	\$767,828	\$1,442,294
Receipts: Revenue Limit	7 973	202 59	362 509	3 290	115 349	4 749 447	254 621	394 032	787 8	3 714 875	88 415	322 447	10.081.722
Federal Sources	0	35,965	0	0	56.362	18,019	0	87,606	99,933	119.316	106,306	69.053	592.560
Other State Sources	0	25,897	72,513	86,008	175,496	65,752	436,405	213,602	143,685	89,716	42,445	291,158	1,642,677
Local Sources	0	43,956	161,018	77,822	59,956	82,911	100,365	17,010	17,039	87,334	48,362	42,890	738,663
Transfers In/Other Sources	0	0	0	0	0	0	0	0	0	0	0	242,548	242,548
2010 TRAN Deposit	0	0	3,338,346	0	0	0	0	0	0	0	0	0	3,338,346
Total Receipts	\$7,923	\$171,345	\$3,934,386	\$167,120	\$407,163	\$4,916,129	\$791,391	\$712,250	\$263,944	\$4,011,241	\$285,528	\$968,096	\$16,636,516
Disbursements:	066 386	563 EEQ 1	621 620 1	C7L 8L0 1	4 L C L 00 1	367 616	1 870 770	C12 CEV 1	CC3 FF0 1	200 200 1	1 000 073	LIE 031 1	10 200 607
Commission of Convision	702,000 790 201	210 001	101,4-0,1	1,0/,0/0,1 1,0/,0/0	+/C,/00,1		000,000,1	017 A 710	CCC, / / 0, I	CIN,CIN,1	1,002,007	11/001/1	100,000 51
Supplies and Services Other Outso	00,001	016,041	562 865	200C,122 0	0,402 0	92,462 0	10/,229	6 400	102,911	100,2,00	100,001	230,444 (84 242)	2,029,042 485 023
2010 TRAN Payment Pledge	0	0	0	0	0	0	1.650.000	0	0	1.650.000	66.000	0	3.366,000
Total Disbursements	\$573,096	\$1,276,449	\$1,800,139	\$1,300,266	\$1,182,826	\$404,917	\$3,667,559	\$1,203,331	\$1,260,444	\$2,891,345	\$1,325,384	\$1,304,919	\$18,190,675
Prior Year Transactions	374,580	0	0	168,290	0	0	0	0	0	0	0	100,132	643,002
Net Increase/Decrease	(190,593)	(1,105,104)	2,134,247	(964,856)	(775,663)	4,511,212	(2, 876, 168)	(491,081)	(996,500)	1,119,896	(1,039,856)	(236, 691)	(911, 157)

\$531,137

\$531.137

\$767.828

\$1.807.684

\$687.788

\$1.684.288

\$2.175.369

\$5.051.537

\$540.325

\$1.315.988

\$2.280.844

\$146.597

\$1,251,701

Ending Balance

# **ROCKLIN UNIFIED SCHOOL DISTRICT**

#### **General Information**

The Rocklin Unified School District (the "Rocklin District") was established in 1866 and unified in 1987. The Rocklin District encompasses approximately 19 square miles, including most of the incorporated area of the City of Rocklin, a small portion of the town of Loomis, and adjacent unincorporated territory within Placer County. The Rocklin District operates ten elementary schools, two middle schools, two comprehensive high schools, and one continuation high school. The Rocklin District is governed by a five-member Board of Trustees (the "Rocklin Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the Rocklin District are administered by a Superintendent appointed by the Rocklin Board who is responsible for the day to day operation as well as supervision of the Rocklin District's other key personnel. Kevin Brown is the Rocklin District Superintendent, and Barbara Patterson is the Associate Superintendent, Business Services.

#### Average Daily Attendance and Revenue Limit

#### ROCKLIN UNIFIED SCHOOL DISTRICT Average Daily Attendance

The following table reflects historical and estimated average daily attendance for the Rocklin District. A.D.A. calculations are based on actual attendance.

Academic Year	2006-07	2007-08	2008-09	2009-10	2010-11*
Average Daily Attendance	9,403	9,807	9,991	10,195	10,236

\*Academic Year 2010-11 is estimated.

The Rocklin District's annual revenue limit per A.D.A. was \$4,986 (after deficit and one-time cut of approximately \$252.99) per A.D.A. for 2009-10, and is projected to be approximately \$4,973 (after deficit, negatice COLA and proposed ongoing cut of \$246.12) per A.D.A. for 2010-11. See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION— State Funding of Education" for an explanation of revenue limit funding.

#### **Employee Relations**

The certificated employees of the Rocklin District are represented by the Rocklin Teachers Professional Association (the "RTPA"). The classified employees of the Rocklin District are represented by the California School Employees Association, Chapter 773 (the "CSEA 773"). The RTPA contract expires on June 30, 2011. The CSEA 773 contract expires on June 30, 2011.

#### **Retirement Programs**

The Rocklin District's contribution to STRS for fiscal year 2009-10 was \$3,114,558 and in fiscal year 2010-11 is projected to be \$3,012,382. The Rocklin District's contribution to PERS for fiscal year 2009-10 was \$1,576,619 and in fiscal year 2010-11 is estimated to be \$1,633,393.

# **General Fund Budget and Comparative Financial Statements**

The Rocklin District's Second Interim Report for fiscal year 2009-10 was certified as "Qualified," and the Rocklin District's 2010-11 budget has been approved by the County Superintendent.

The following table reflects the Rocklin District's general fund revenues, expenditures and fund balances from fiscal year 2007-08 through fiscal year 2010-11. Year-end general fund balances are comprised of reserved and unreserved funds, including a reserve for economic uncertainty.

	2007-08 Audited	2008-09 Audited	2009-10 Estimated Actuals	2010-11 Budget
REVENUES				
Revenue Limit Sources:	\$ 57,433,719	\$ 56,682,323	\$ 52,390,252	\$ 52,600,053
Federal Revenue Sources	2,621,818	6,004,663	3,322,982	3,788,273
Other State Revenues	9,207,974	7,716,441	8,085,388	7,383,495
Other Local Revenues	7,132,825	7,317,422	5,200,528	4,553,754
Total Revenues	76,396,336	77,720,849	68,999,150	68,325,575
EXPENDITURES				
Salaries:				
Certificated Salaries	37,569,738	40,105,609	38,079,280	36,890,330
Classified Salaries	11,175,485	12,026,210	11,821,078	11,648,151
Employee Benefits	12,765,745	13,465,746	13,357,047	13,042,102
Books and Supplies	3,476,365	2,667,184	2,596,773	2,310,428
Services and Other Operating				
Expenditures	6,324,402	6,296,814	6,021,729	6,426,239
Capital Outlay	230,756	0	230,229	0
Other Outgo	1,156,245	852,285	1,198,553	1,417,375
Direct Support and Indirect Costs	(100,000)	(100,000)	(100,000)	(100,000)
Debt Service	226,341	170,459	0	0
Total Expenditures	72,825,077	75,484,307	73,204,689	71,634,625
TOTAL OTHER FINANCING				
SOURCES (USES)	(628,550)	(1,268,620)	(267,884)	0
CHANGE IN FUND BALANCE	2,942,709	967,922	(4,473,423)	(3,309,050)
BEGINNING FUND BALANCE	7,735,605	10,678,314	12,301,840	7,828,417
ENDING FUND BALANCE	\$ 10,678,314	\$ 11,646,236	\$ 7,828,417	\$ 4,519,367

#### **ROCKLIN UNIFIED SCHOOL DISTRICT** General Fund Revenues, Expenditures and Fund Balance

# Audit

Basic Financial Statements with Management's Discussion and Analysis and Independent Auditors Report and certain Supplementary Information for the year ended June 30, 2009, are included in APPENDIX A—EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE DISTRICTS FOR THE YEAR ENDED JUNE 30, 2009. The Rocklin District considers its audited financial statements to be documents of public record. The Rocklin District has not requested its auditors, Gilbert Associates, Inc., to review this Official Statement, nor have they done so.

# **District Debt**

*Short-Term Obligations.* The Rocklin District has in the past issued short-term tax and revenue anticipation notes. On September 16, 2009, the Rocklin District issued \$4,700,000 of Tax and Revenue Anticipation Notes (the "Rocklin 2009 TRANs"), which were rated MIG1 by Moody's Investors Service and are set to mature on September 15, 2010. All funds pledged to repayment of the Rocklin 2009 TRANs have been deposited by the Rocklin District. The Rocklin District has never defaulted on any of its short-term obligations.

*General Obligation Bonds:* As of June 30, 2009, the principal or denominational amounts of Rocklin District general obligation bonds outstanding, all payable from *ad valorem* property taxes levied and collected within the Rocklin District by the County, was \$81,099,324.

*Special Tax Bonds*: As of June 30, 2009, the principal or denominational amounts of Rocklin District special tax bonds outstanding, all payable from special taxes levied and collected within the Rocklin District's Community Facilities District's by the County, was \$74,924,055.

*Capital Leases:* The Rocklin District has entered into certain financing leases of equipment, portable buildings, furniture and vehicles. The combined future minimum payment of all of these lease obligations of the Rocklin District, all payable from the general fund, of the Rocklin District, as of June 30, 2009, was \$31,805.

*Certificates of Participation:* The Rocklin District has outstanding certificates of participation, issued to fund purchase, construction and renovation of certain school facilities. As of June 30, 2009, the Rocklin District had \$19,890,000 of certificates of participation outstanding. Although the Rocklin District certificates of participation are general fund obligations and subject to annual appropriations, revenues from several revenue funds are used by the Rocklin District as the source of lease payments. The Rocklin District has covenanted to include all debt service payments on each of its certificates of participation in its annual budgets.

*Current Ratings*. The Rocklin District's current credit ratings are as follows:

Standard	& Poor's	Moo	dy's	Fite	ch
Uninsure	d Ratings	Uninsured	dRatings	Uninsured	d Ratings
GO/Issuer	Lease	GO/Issuer	Lease	GO/Issuer	Lease
A+	NA	Aa2	NA	NA	NA

# Assessed Value

The following table shows the Rocklin District's assessed value for the most recent five years:

# ROCKLIN UNIFIED SCHOOL DISTRICT Assessed Value

Year	Assessed Value
2006-07	\$6,642,617,052
2007-08	7,163,923,154
2008-09	7,331,352,566
2009-10	7,011,707,685
2010-11	6,535,718,803

# Monthly Cash Flows

The Rocklin District has prepared for use in this Official Statement the following cash flow statements that show unaudited actual and projected cash receipts and disbursements for Fiscal Year 2009-10, and projected cash receipts and disbursements for Fiscal Year 2010-11.

**ROCKLIN UNIFIED SCHOOL DISTRICT 2010 Tax and Revenue Anticipation Notes** 

2009-2010 General Fund Actual Cashflow

2009-2010 General Fund Actual Cashflow	ual Cashflow												
Beginning Cash	July \$5,048,969	August \$7,054,953	September \$2,445,276	October \$5,017,265	November \$2,899,300	December -\$873,025	January \$16,307,912	February \$9.569.502	March \$7,167,073	April \$5,318,944	May \$9,050,677	June \$5,134,084	Total \$5,048,969
0		1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1								-	2		
Receipts:													
Revenue Limit	741,221	(89,397)	2,453,140	2,783,669	923,512	17,080,081	3,907,586	2,135,878	1,848,249	11,582,031	1,171,443	2,228,921	46,766,333
Federal Sources	0	0	6,674	2,225	103,017	151,491	47,182	73,384	870,606	116,959	606,461	324,892	2,302,890
Other State Sources	0	0	65,947	744,773	436,852	956,843	1,004,428	974,623	671,561	149,265	178,064	1,395,574	6,577,930
Local Sources	1,250	118,316	639,787	821,201	342,143	837,206	417,013	112,457	391,169	301,342	205,665	403,615	4,591,164
Transfers In/Other Sources	0	0	0	0	0	0	0	7,005	62,614	0	0	0	69,619
2009 TRAN Deposit	0	0	4,817,390	0	0	0	0	0	0	0	0	0	4,817,390
Total Receipts	\$742,471	\$28,919	\$7,982,938	\$4,351,868	\$1,805,523	\$19,025,620	\$5,376,209	\$3,303,347	\$3,844,199	\$12,149,598	\$2,161,633	\$4,353,002	\$65,125,326
Disbursements:													
Salaries and Benefits	4,174,446	4,931,322	5,020,560	5.240,677	5,351,515	1,236,502	9,229,463	5,192,741	5,255,121	5,365,020	5,216,703	6,232,142	62,446,213
Supplies and Services	860.230	426,734	622.623	986.506	399.253	612.680	597,005	514.033	584.430	657.279	774,607	509.595	7.544.975
Capital Outlay	0	114,514	0	0	0	0	0	0	0	0	0	115.716	230.230
Other Outgo	0	0	0	57,763	0	6.825	0	0	44.269	0	27,898	(114,000)	22,755
Transfers Out	0	0	0	0	0	0	337.503	0	0	0	0	) 0	337,503
2009 TRAN Payment Pledge	0	0	0	0	0	0	2,400,000	0	0	2,400,000	96,000	0	4.896.000
Total Disbursements	\$5,034,676	\$5,472,570	\$5,643,183	\$6,284,945	\$5,750,768	\$1,856,007	\$12,563,971	\$5,706,774	\$5,883,820	\$8,422,299	\$6,115,208	\$6,743,453	\$75,477,676
Prior Year Transactions	6,298,190	833,974	232,235	(184,888)	172,920	11,324	449,352	866	191,492	4,435	36,982	574,683	8,621,697
Net Increase/Decrease	2,005,984	(4,609,677)	2,571,990	(2,117,966)	(3,772,325)	17,180,937	(6, 738, 410)	(2,402,429)	(1, 848, 129)	3,731,733	(3,916,593)	(1,815,768)	(1,730,653)
Ending Balance	\$7,054,953	\$2,445,276	\$5,017,265	\$2,899,300	-\$873,025	\$16,307,912	\$9,569,502	\$7,167,073	\$5,318,944	\$9,050,677	\$5,134,084	\$3,318,316	\$3,318,316
2010-2011 General Fund Projected Cashflow	jected Cashflow												
	vhit	Angust	Sentember	October	November	December	January	Fehruary	March	Anril	Mav	June	Total
Beginning Cash	\$3,318,316	\$260,401	-\$1,846,100	\$9,204,594	\$4,043,589	\$1,666,870	\$18,015,366	\$10,620,163	\$9,403,344	\$5,255,858	\$9,052,570	\$5,046,309	\$3,318,316
Receipts:													
Revenue Limit	44,767	1,162,042	3,861,279	(126,666)	2,126,045	16,202,884	5,271,060	2,187,417	(436, 619)	13,693,148	1,470,641	736,286	46,192,284
Federal Sources	0	0	6,674	2,225	178,017	226,491	120,562	148,384	835,712	266,959	198,902	509,064	2,492,990
Other State Sources	0	0	65,947	744,773	436,852	956,843	1,004,428	974,623	671,561	149,265	178,064	1,000,000	6,182,356
Local Sources	1,250	118,316	575,808	739,080	342,143	753,485	375,312	112,457	352,052	301,342	205,665	408,805	4,285,715
2010 TRAN Deposit	0	0	10,116,200	0	0	0	0	0	0	0	0	0	10,116,200
Total Receipts	\$46,017	\$1,280,358	\$14,625,908	\$1,359,412	\$3,083,057	\$18,139,703	\$6,771,362	\$3,422,881	\$1,422,706	\$14,410,714	\$2,053,272	\$2,654,155	\$69,269,545
Disbursements:													
Salaries and Benefits	4,130,394	4,783,192	4,795,836	4,994,984	5,100,449	1,239,795	8,762,260	4,973,421	5,044,205	5,022,450	5,162,387	5,626,491	59,635,864
Supplies and Services	774,207	384,061	560,360	887,855	359,328	551,412	537,305	462,630	525,987	591,551	697,146	458,636	6,790,477
Other Outgo	0	0	0	0	0	0	242,000	0	0	0	0	(71, 436)	170,564
2010 IKAN Payment Pledge	0 #4.004.001	0	0	000000000000000000000000000000000000000	0 05 30	0	5,000,000	0	0	5,000,000	200,000	0 *< 012 701	10,200,000
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(7, 395, 203)

(2,376,720) 16,348,496

(5, 161, 004)(637,577) \$5,882,839

11,050,694

(2, 106, 501)

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1,800,669

**Prior Year Transactions** Net Increase/Decrease

**Total Disbursements** 

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\$260,40]

Ending Balance

# **ROSEVILLE CITY SCHOOL DISTRICT**

#### **General Information**

The Roseville City School District (the "Roseville City District") was established in 1869 and encompasses approximately 45 square miles in the southwestern portion of Placer County including part of the City of Roseville. The Roseville City District operates fourteen elementary schools and three middle schools. The Roseville City District is a feeder elementary school district to the Roseville Joint Union High School District. The Roseville City District is governed by a five-member Board of Trustees (the "Roseville City Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the Roseville City District are administered by a Superintendent appointed by the Roseville City Board who is responsible for the day to day operation as well as supervision of the Roseville City District's other key personnel. Richard Pierucci is the Roseville City District Superintendent, and Julie Olson is the Assistant Superintendent, Business Services.

# Average Daily Attendance and Revenue Limit

The following table reflects historical and estimated average daily attendance for the Roseville City District. A.D.A. calculations are based on actual attendance.

#### ROSEVILLE CITY SCHOOL DISTRICT Average Daily Attendance

Academic Year	2006-07	2007-08	2008-09	2009-10	2010-11*
Average Daily Attendance	8,093	8,410	9,060	9,303	9,567

\*Academic Year 2010-11 is estimated.

The Roseville City District's annual revenue limit per A.D.A. was \$6,100 per A.D.A. for 2009-10, and is projected to be approximately \$6,076 per A.D.A. for 2010-11. See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—State Funding of Education" for an explanation of revenue limit funding.

#### **Employee Relations**

The certificated employees of the Roseville City District are represented by the Roseville Teachers Association (the "RTA"). The classified employees of the Roseville City District are represented by the California School Employees Association, Chapter 475 (the "CSEA 475"). The RTA contract expires on June 30, 2011. The CSEA 475 contract expires on June 30, 2011.

#### **Retirement Programs**

The Roseville City District's contribution to STRS for fiscal year 2009-10 was \$2,889,069 and in fiscal year 2010-11 is projected to be \$2,892,394. The Roseville City District's contribution to PERS for fiscal year 2009-10 was \$1,138,172 and in fiscal year 2010-11 is estimated to be \$1,158,898.

# **General Fund Budget and Comparative Financial Statements**

The Roseville City District's Second Interim Report for fiscal year 2009-10 was certified as "Positive," and the Roseville City District's 2010-11 budget has been approved by the County Superintendent.

The following table reflects the Roseville City District's general fund revenues, expenditures and fund balances from fiscal year 2007-08 through fiscal year 2010-11. Yearend general fund balances are comprised of reserved and unreserved funds, including a reserve for economic uncertainty.

			2009-10	
	2007-08	2008-09	Estimated	2010-11
	Audited	Audited	Actuals	Budget
REVENUES	·			
Revenue Limit Sources:	\$ 46,666,052	\$ 48,544,621	\$ 45,047,177	\$ 46,427,850
Federal Revenue Sources	2,355,361	5,580,652	3,199,745	2,928,456
Other State Revenues	9,533,215	8,961,976	9,658,506	8,282,918
Other Local Revenues	4,941,768	4,902,499	3,698,682	3,018,362
Total Revenues	63,496,396	67,989,748	61,604,110	60,657,586
EXPENDITURES				
Salaries:				
Certificated Salaries	33,434,769	35,748,226	35,326,920	35,603,958
Classified Salaries	6,983,105	7,227,484	7,194,485	7,166,300
Employee Benefits	10,604,534	10,965,750	11,018,127	11,554,389
Books and Supplies	3,618,678	3,536,586	5,184,705	2,513,000
Services and Other Operating				
Expenditures	5,713,338	5,387,411	5,457,175	5,428,934
Capital Outlay	59,335	67,234	274,095	10,000
Other Outgo	1,043,680	1,608,605	1,286,414	1,592,930
Direct Support and Indirect Costs	0	0	(191,961)	(188,000)
DebtService	424,892	297,115	0	0
Total Expenditures	61,882,331	64,838,411	65,549,960	63,681,511
TOTAL OTHER FINANCING				
SOURCES (USES)	(300,383)	0	505,000	0
CHANGE IN FUND BALANCE	1,313,682	3,151,337	(3,440,850)	(3,023,925)
RECININING ELINID RALANCE	5 210 710	6 524 202	0.675.720	6 724 878
BEGINNING FUND BALANCE	5,210,710	6,524,392	9,675,729	6,234,878
ENDING FUND BALANCE	\$ 6,524,392	\$ 9,675,729	\$ 6,234,878	\$ 3,210,953

# **ROSEVILLE CITY SCHOOL DISTRICT** General Fund Revenues, Expenditures and Fund Balance

# Audit

Basic Financial Statements with Management's Discussion and Analysis and Independent Auditors Report and certain Supplementary Information for the year ended June 30, 2009, are included in APPENDIX A—EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE DISTRICTS FOR THE YEAR ENDED JUNE 30, 2009. The Roseville City District considers its audited financial statements to be documents of public record. The Roseville City District has not requested its auditors, Stephen Roatch Accountancy Corporation, to review this Official Statement, nor have they done so.

#### **District Debt**

*Short-Term Obligations.* The Roseville City District has in the past issued short-term tax and revenue anticipation notes. On September 9, 2009, the Roseville City District issued \$9,000,000 of Tax and Revenue Anticipation Notes (the "Roseville City 2009 TRANs"), which were rated MIG1 by Moody's Investors Service and are set to mature on September 8, 2010. All funds pledged to repayment of the Roseville City 2009 TRANs have been deposited by the Roseville City District. The Roseville City District has never defaulted on any of its short-term obligations.

*General Obligation Bonds:* As of June 30, 2009, the principal or denominational amounts of Roseville City District general obligation bonds outstanding, all payable from *ad valorem* property taxes levied and collected within the Roseville City District by the County, was \$54,550,746.

*Certificates of Participation:* The Roseville City District has outstanding certificates of participation, issued to fund purchase, construction and renovation of certain school facilities. As of June 30, 2009, the Roseville City District had \$14,195,000 of certificates of participation outstanding. Although the Roseville City District certificates of participation are general fund obligations and subject to annual appropriations, revenues from several revenue funds are used by the Roseville City District as the source of lease payments. The Roseville City District has covenanted to include all debt service payments on each of its certificates of participation in its annual budgets.

*Current Ratings.* The Roseville City District's current credit ratings are as follows:

Standard	& Poor's	Mood	dy's	Fite	ch
Uninsure	d Ratings	Uninsured	Ratings	Uninsured	d Ratings
GO/Issuer	Lease	GO/Issuer	Lease	GO/Issuer	Lease
A+	А	Aa2	NA	AA-	NA

#### Assessed Value

The following table shows the Roseville City District's assessed value for the most recent five years:

#### ROSEVILLE CITY SCHOOL DISTRICT Assessed Value

Year	Assessed Value
2006-07	\$11,640,006,891
2007-08	12,589,586,836
2008-09	12,656,657,099
2009-10	12,434,534,805
2010-11	11,606,600,867

#### Monthly Cash Flows

The Roseville City District has prepared for use in this Official Statement the following cash flow statements that show unaudited actual and projected cash receipts and disbursements for Fiscal Year 2009-10, and projected cash receipts and disbursements for Fiscal Year 2010-11.

**ROSEVILLE CITY SCHOOL DISTRICT** 2010 Tax and Revenue Anticipation Notes

2009-2010 General Fund Actual Cashflow

	July	August	September	October	November	December	January	February	March	April	Mav	June	Total
Beginning Cash	\$4,385,092	\$10,206,701	\$3,988,272	\$11,350,237	\$7,938,522	\$4,394,347	\$21,206,223	\$11,434,804	\$9,736,153	\$7,596,806	\$9,426,827	\$4,673,439	\$4,385,092
Receipts:													
Revenue Limit	542,274	21,011	2,062,475	1,980,673	765,055	16,089,913	2,894,594	1,836,696	1,307,695	10,886,315	761,897	2,080,847	41,229,445
Federal Sources	0	0	50,881	0	214,103	112,931	17,354	136,335	699,732	240,475	110,416	302,557	1,884,784
Other State Sources	0	0	206,341	796,029	173,679	1,331,130	1,010,579	1,283,007	613,637	190,771	168,094	1,994,635	7,767,902
Local Sources	41	14,793	305,434	572,547	203,879	503,387	201,163	37,673	174,568	147,859	103,578	430,944	2,695,866
Transfers In/Other Sources	0	0	307,985	0	0	0	0	300,000	0	0	0	0	607,985
2009 TRAN Deposit	0	0	9,128,610	0	0	0	0	0	0	0	0	0	9,128,610
Total Receipts	\$542,315	\$35,804	\$12,061,726	\$3,349,249	\$1,356,716	\$18,037,361	\$4,123,690	\$3,593,711	\$2,795,632	\$11,465,420	\$1,143,985	\$4,808,983	\$63,314,592
Disbursements:													
Salaries and Benefits	695.016	4.836.054	4.792.047	4.871.551	4.885.623	1.173.454	8.635.231	4.854.206	4.889.884	4.882.608	4.987.489	4.893.871	54.397.034
Supplies and Services	320,252	966,417	607,406	792,344	399,319	403,192	1,086,904	427,261	487,762	616,244	797,651	415,704	7,320,456
Capital Outlay	0	234,428	0	0	0	0	7,065	0	0	13,730	13,500	6,337	275,060
Other Outgo	0	0	0	0	0	3.239	0	0	0	0	0	0	3,239
2009 TRAN Payment Pledge	0	0	0	0	0	0	4,500,000	0	0	4,500,000	270,000	0	9,270,000
Total Disbursements	\$1,015,268	\$6,036,899	\$5,399,453	\$5,663,895	\$5,284,942	\$1,579,885	\$14,229,200	\$5,281,467	\$5,377,646	\$10,012,582	\$6,068,640	\$5,315,912	\$71,265,789
Prior Year Transactions	6 294 562	(217.334)	699 692	(1 097 069)	384 051	354,400	334 091	(10.895)	442.667	377 183	171.267	99 240	7.831.855
								(					
Net Increase/Decrease	5,821,609	(6,218,429)	7,361,965	(3,411,715)	(3,544,175)	16,811,876	(9,771,419)	(1,698,651)	(2,139,347)	1,830,021	(4,753,388)	(407,689)	(119,342)
Ending Balance	\$10,206,701	\$3,988,272	\$11,350,237	\$7,938,522	\$4,394,347	\$21,206,223	\$11,434,804	\$9,736,153	\$7,596,806	\$9,426,827	\$4,673,439	\$4,265,750	\$4,265,750
2010-2011 General Fund Projected Cashflow	<b>flow</b>	August	September	October	November	December	Januarv	February	March	Abril	Mav	June	Total
	01070700	0111110	01 510 07C	00 170 / 61	01 417 400	102 000 00	010 11 000	012 004 041	00201200	01 FOD 004	00 600 00	000 210 10	01015 750
Beginning Cash	00/,007,40	۵۵۶,20۵,1۵	0/0,010,1¢	دده, <i>0/ د</i> , <i>۷</i> ۴	<b>\$0,410,438</b>	160,066,26	806,C10,U2¢	\$15,004,841	870,711,66	460,000°,0¢	181,260,46	647,17,46	00/,007,46
Receipts: Revenue Limit	(106.824)	14 955	3 532 834	1.244.985	1.067.517	17,100.380	5 357 379	399 467	255 116	12.325 416	237 498	718 727	42 147 450
Federal Sources	0	0	79,056	0	332,659	175,465	26,964	211,829	1,087,199	373,635	171,557	470,092	2,928,456
Other State Sources	0	0	220,022	848,806	185,194	1,419,385	1,077,581	1,368,071	654,322	203,419	179,239	2,126,879	8,282,918
Local Sources	48	17,479	360,900	676,520	240,903	594,801	237,694	44,514	206,269	174,710	122,387	417,557	3,093,782
Transfers In/Other Sources	0	0	0	0	0	0	0	0	0	0	0	0	0
2010 TRAN Deposit	0	0	9,104,580	0	0	0	0	0	0	0	0	0	9,104,580
Total Receipts	-\$106,776	\$32,434	\$13,297,392	\$2,770,311	\$1,826,273	\$19,290,031	\$6,699,618	\$2,023,881	\$2,202,906	\$13,077,180	\$710,681	\$3,733,255	\$65,557,186
Disbursements:													
Salaries and Benefits	692,690	4,829,354	4,785,843	4,864,915	4,878,960	1,167,173	8,628,125	4,847,660	4,886,169	4,875,931	4,980,802	4,887,025	54,324,647
Supplies and Services	347,440	1,048,462	658,972	859,611	433,220	437,421	1,179,178	463,534	529,171	668,561	865,368	450,996	7,941,934
Capital Outlay	5,000	0	0	0	0	0	0	5,000	0	0	0	0	10,000
Other Outgo	30,786	0	0	0	0	0	3,442	0	0	0	0	1,370,702	1,404,930
Transfers Out	0	0	0	0	0	0	0	0	0	0	0	0	0
2010 TRAN Payment Pledge	0	0	0	0	0	0	4,500,000	0	0	4,500,000	180,000	0	9,180,000
Total Disbursements	\$1,075,916	\$5,877,816	\$5,444,815	\$5,724,526	\$5,312,180	\$1,604,594	\$14,310,745	\$5,316,194	\$5,415,340	\$10,044,492	\$6,026,170	\$6,708,723	\$72,861,511
Prior Year Transactions	4,280,400	0	0	0	0	0	0	0	0	0	0	0	4,280,400
	00L L00 C	(F 045 700)	LL3 C30 L	(1064.016)	(1 485 00T)	LC1 207 L1	(EC1.112.E)	1212 202 27	(10,010,00	1017 688	115 1000	1076 920 07	(300,000,0)
Net Increase/Decrease	3,097,108	(2,845,382)	110,208,1	(<12,466,2)	(106,085,6)	1/,685,437	(/,611,127)	(3,292,313)	(3,212,434)	3,032,688	(684,618,6)	(2,9/5,468)	(5,025,925)

\$1,241,825

\$1,241,825

\$4,217,293

\$9,532,782

\$6,500,094

\$9,712,528

\$13,004,841

\$20,615,968

\$2,930,531

\$6,416,438

\$9,370,653

\$1,518,076

\$7,363,458

Ending Balance

#### **ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT**

#### **General Information**

The Roseville Joint Union High School District (the "Roseville High District") was established in 1865, serves grades 9-12 and is located in southwest Placer County and a small portion of Sacramento County. The total size of the Roseville High District is 72 square miles and it encompasses the communities of Roseville, Granite Bay, and Antelope. The topography of the Roseville High District includes Folsom Lake on its eastern most border, the Union Pacific switching yard (largest railroad yard in the western U.S.), and a general panorama of gently rolling hills, several meandering creeks and the valley oak trees native to the area. The Roseville High District consists of five comprehensive high schools for students in grades 9-12, as well as one continuation high school, one independent study school and an adult education program.

The Roseville High District is governed by a five-member Board of Trustees (the "Roseville High Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the Roseville High District are administered by a Superintendent appointed by the Roseville High Board who is responsible for the day to day operation as well as supervision of the Roseville High District's other key personnel. Tony Monetti is the Roseville High District Superintendent, and Gary Stevens is the Assistant Superintendent, Business Services.

# Average Daily Attendance and Revenue Limit

The following table reflects historical and estimated average daily attendance for the Roseville High District. A.D.A. calculations are based on actual attendance.

#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT Average Daily Attendance

Academic Year	2006-07	2007-08	2008-09	2009-10	2010-11*
Average Daily Attendance	8,376	8,657	8,987	9,297	9,377

\*Academic Year 2010-11 is estimated.

The Roseville High District's annual revenue limit per A.D.A. was \$5,746 per A.D.A. for 2009-10, and is projected to be approximately \$5,745 per A.D.A. for 2010-11 See "GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION—State Funding of Education" for an explanation of revenue limit funding.

#### **Employee Relations**

The certificated employees of the Roseville High District are represented by the Roseville Secondary Education Association (the "RSEA"). The classified employees of the Roseville High District are represented by the California School Employees Association, Chapter 459 (the "CSEA 459"). The RSEA contract expires on June 30, 2010. The CSEA 459 contract expires on June 30, 2011.

#### **Retirement Programs**

The Roseville High District's contribution to STRS for fiscal year 2009-10 was \$3,062,121 and in fiscal year 2010-11 is projected to be \$3,098,304. The Roseville High District's contribution to PERS for fiscal year 2009-10 was \$861,378 and in fiscal year 2010-11 is estimated to be \$859,626.

#### **General Fund Budget and Comparative Financial Statements**

The Roseville High District's Second Interim Report for fiscal year 2009-10 was certified as "Positive," and the Roseville High District's 2010-11 budget has been approved by the County Superintendent.

The following table reflects the Roseville High District's general fund revenues, expenditures and fund balances from fiscal year 2007-08 through fiscal year 2010-11. Yearend general fund balances are comprised of reserved and unreserved funds, including a reserve for economic uncertainty.

			2009-10	
	2007-08	2008-09	Estimated	2010-11
	Audited	Audited	Actuals	Budget
REVENUES				
Revenue Limit Sources:	\$ 57,728,505	\$ 58,313,538	\$ 55,032,321	\$ 54,982,135
Federal Revenue Sources	1,771,630	5,869,867	2,763,658	2,511,333
Other State Revenues	6,143,547	3,722,100	5,520,405	5,211,790
Other Local Revenues	5,904,368	6,257,987	5,382,245	5,203,859
Total Revenues	71,548,050	74,163,492	68,698,629	67,909,117
EXPENDITURES				
Salaries:				
Certificated Salaries	36,591,313	38,311,066	37,975,859	36,826,971
Classified Salaries	10,291,172	10,611,098	10,326,812	9,755,428
Employee Benefits	12,808,131	13,199,191	13,087,074	12,898,140
Books and Supplies	4,691,121	4,356,118	5,812,483	4,981,482
Services and Other Operating				
Expenditures	4,374,033	4,618,522	6,029,925	7,164,620
Capital Outlay	68,385	137,694	108,760	15,310
Other Outgo	509,029	661,138	776,946	711,207
Direct Support and Indirect Costs	0	0	609,642	608,500
Debt Service	598,781	637,728	0	0
Total Expenditures	69,931,96	72,532,555	74,727,501	72,961,658
TOTAL OTHER FINANCING				
SOURCES (USES)	9,592	3,889	547,920	247,920
CHANGE IN FUND BALANCE	1,625,677	1,634,826	(5,480,952)	(4,804,621)
BEGINNING FUND BALANCE	11,984,722	13,610,399	17,263,165	11,782,213
ENDING FUND BALANCE	\$ 13,610,399	\$ 15,245,225	\$ 11,782,213	\$ 6,977,592

#### **ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT** General Fund Revenues, Expenditures and Fund Balance

#### Audit

Basic Financial Statements with Management's Discussion and Analysis and Independent Auditors Report and certain Supplementary Information for the year ended June 30, 2009, are included in APPENDIX A—EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE DISTRICTS FOR THE YEAR ENDED JUNE 30, 2009. The Roseville High District considers its audited financial statements to be documents of public record. The Roseville High District has not requested its auditors, Perry-Smith LLP, to review this Official Statement, nor have they done so.

#### **District Debt**

Short-Term Obligations. The Roseville High District has in the past issued short-term tax and revenue anticipation notes. On September 9, 2009, the Roseville High District issued \$10,000,000 of Tax and Revenue Anticipation Notes (the "Roseville High 2009 TRANs"), which were rated MIG1 by Moody's Investors Service and are set to mature on September 8, 2010. All funds pledged to repayment of the Roseville High 2009 TRANs have been deposited by the Roseville High District. The Roseville High District has never defaulted on any of its short-term obligations.

*General Obligation Bonds:* As of June 30, 2009, the principal or denominational amounts of Roseville High District general obligation bonds outstanding, all payable from *ad valorem* property taxes levied and collected within the Roseville High District by the County, was \$128,211,325.

*Capital Leases:* The Roseville High District has entered into certain financing leases of equipment, portable buildings, furniture and vehicles. The combined future minimum payment of all of these lease obligations of the Roseville High District, all payable from the general fund of the Roseville High District, as of June 30, 2009, was \$636,254.

*Certificates of Participation:* The Roseville High District has issued certificates of participation to fund purchase, construction and renovation of certain school facilities. As of June 30, 2009, the Roseville High District had \$4,345,000 of certificates of participation outstanding. Although the Roseville High District certificates of participation are general fund obligations and subject to annual appropriations, revenues from several revenue funds are used by the Roseville High District as the source of lease payments. The Roseville High District has covenanted to include all debt service payments on each of its certificates of participation in its annual budgets.

*Current Ratings*. The Roseville High District's current credit ratings are as follows:

Standard	& Poor's	Moo	dy's	Fite	ch
Uninsure	d Ratings	Uninsured	dRatings	Uninsured	d Ratings
GO/Issuer	Lease	GO/Issuer	Lease	GO/Issuer	Lease
AA-	NA	Aa2	NA	AA	NA

# Assessed Value

The following table shows the Roseville High District's assessed value for the most recent five years:

# ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT Assessed Value

Year	Assessed Value
2006-07	\$20,240,163,680
2007-08	21,583,438,387
2008-09	21,734,164,036
2009-10	21,100,285,023
2010-11	19,638,460,610

# Monthly Cash Flows

The Roseville High District has prepared for use in this Official Statement the following cash flow statements that show unaudited actual and projected cash receipts and disbursements for Fiscal Year 2009-10, and projected cash receipts and disbursements for Fiscal Year 2010-11.

# ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT 2010 Tax and Revenue Anticipation Notes

# 2009-2010 General Fund Actual Cashfle

	It         312,262,494         S11,189,460         S6,381,730         S13,415,930         S           es         0         0         7,374         807,574         807,574           es         0         73,31         1,613,210         843,205         807,574           byboit         35,9,074         55,81,427         81,940         607,574         807,574           byboit         5359,074         55,81,427         512,24,538         52,340,119         0           byboit         5359,074         55,81,427         512,224,538         52,340,119         0           bybound         9,248         13,339         11,35,329         587,472         0         0           byboit         35,33,454         39,227         4919,559         5,568,008         587,472         0           bywent Pledge         825,520         55,013,152         55,88,008         587,472         0         0         0           bywent Pledge         83,57,85,376         55,613,152         55,88,008         52,92,479         0         0           bywent Pledge         84,967,561         55,788,376         55,613,152         55,88,008         0         0         0         0           bywent									
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	t $\frac{327,799}{6}$ 83.873 1,613,210 848,205 es $0$ $0$ 87,374 807,574 brotes $\frac{36,275}{0}$ 497,555 318,1947 807,574 ther Sources $\frac{36,275}{0}$ 497,555 318,1946 68,490 brote $\frac{35,9074}{5}$ 55,81,427 312,224,838 52,340,119 erefits $\frac{4,103,792}{0}$ 5,223,136 $\frac{9,248}{1}$ 13,359 15,352 00 $\frac{9,248}{0}$ 11,359 15,352 00 $\frac{9,248}{0}$ 11,359 15,352 00 $\frac{9,248}{0}$ 15,352 56,100 $\frac{9,248}{0}$ 15,352 56,100 $\frac{9,248}{0}$ 15,352 66,18,010 $\frac{9,248}{0}$ 15,352 56,100 $\frac{9,248}{0}$ 15,352 56,100 $\frac{1,003,149}{0}$ 11,63,000 $\frac{1,003,149}{0}$ 11,63,000 $\frac{1,003,149}{0}$ 10,03,149 $\frac{1,033,149}{0}$ 10,03,149				\$16,991,298	\$14,001,776	\$11,529,312	\$17,942,728	\$13,487,988	\$12,262,494
$ \left( \begin{array}{cccccccccccccccccccccccccccccccccccc$	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$									
as         0         7.0         6.0         7.0         6.0         7.0         6.00.00         7.13         7.30         7.00         0.00.00         7.13         7.30         0.00.00         7.13         7.30         0.00.00         7.13         7.30         0.00         7.13         7.30         0.00         7.13         7.30 <th7.30< th="">         7.30         7.30         &lt;</th7.30<>				1,786,602	2,278,098	906,686	17,151,914	616,675	3,318,726	53,222,614
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$		0 150,58		3,726	0	699,095	151,748	444,349	252,817	1,719,026
	$ \begin{array}{c} \mbox{there} \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \$			692,887	(245, 136)	1,011,827	26,166	125,364	656,555	3,878,428
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	$ \begin{array}{c c c c c c c c c c c c c c c c c c c $			271,602	769,153	387,667	299,236	229,410	450,500	4,888,731
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$	Deposit         0         0         10,142,300         0 <th0< th=""> <th0< th="">         0</th0<></th0<>	0	0 0	0	0	0	0	0	918,700	918,700
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	s359,074         S81,427         S12,224,838         S2,340,119           enefits         4,103,792         5,025,272         4,919,659         5,293,136           kervices         822,520         717,644         672,886         587,472         0           hyment Pledge         9,248         13,359         15,382         0         0         0           wyment Pledge         3,533,454         399,227         4,21,505         618,010         0         0         0           entits         3,533,454         399,227         4,22,505         618,010         0		0 0	0	0	0	0	0	0	10,142,300
				\$2,754,817	\$2,802,115	\$3,005,275	\$17,629,064	\$1,415,798	\$5,597,297	\$74,769,799
$ \begin{tabular}{ c c c c c c c c c c c c c c c c c c c$				8,970,771	4,924,001	5,175,762	5,184,456	5,050,763	5,386,654	60,466,693
$ \left( \begin{array}{cccccccccccccccccccccccccccccccccccc$				574,540	627,079	477,951	735,909	558,672	445,286	7,147,678
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	0	0 0	0	0	0	0	0	37,654	74,940
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c $				0	10,837	13,133	5,717	0	(16,314)	521,018
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$	Nument Pledge         0 <th0< th="">         0         <th0< th=""> <t< th=""><th></th><th>0 0</th><th>0</th><th>0</th><th>0</th><th>0</th><th>0</th><th>370,780</th><th>370,780</th></t<></th0<></th0<>		0 0	0	0	0	0	0	370,780	370,780
interview         54,965,561         55,783,376         55,61,312         55,80,068         55,54,310         55,561,917         55,666,846         51,126,083         51,126,093	territs $34,965,561$ $55,788,376$ $55,613,152$ $55,880,608$ sactions $3,533,454$ $399,227$ $422,505$ $618,010$ 3,533,454 $399,227$ $422,505$ $618,010311,189,460$ $56,381,739$ $513,415,930$ $510,493,451erreral Fund Projected CashflowJuly$ August September October N 512,898,628 $57,702,909$ $53,403,948$ $511,381,246512,898,628$ $57,702,909$ $53,403,948$ $511,381,2461,622,192$ $1,254,842$ $2,063,500$ $581,13646,697$ $1,21,747$ $289,539$ $644,6150$ $0$ $0$ $0$ $00$ $0$ $0$ $00$ $0$ $0$ $0$ $00$ $0$ $0$ $0$ $0$ $00$ $0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$	0	0 0	5,000,000	0	0	5,300,000	0	0	10,300,000
actions         3533454         399,227         425,505         618,010         (287,652)         (4,104)         319,822         (2297)         189,106         10,435           tensee         (1,073,033)         (4,807,722)         7,034,192         (2,922,479)         (4,600,553)         22,569,010         (11,470,611)         (2,989,521)         (2,472,465)         6,413,416           stril	settions $3.533,454$ $399,227$ $422,505$ $618,010$ crease $(1,073,033)$ $(4,807,722)$ $7,034,192$ $(2,922,479)$ crease $(1,073,033)$ $(4,807,722)$ $7,034,192$ $(2,922,479)$ eneral Fund Projected Cashflow $\underline{July}$ August         September $(0,993,445]$ eneral Fund Projected Cashflow $\underline{July}$ August         September $0 coober$ N           eneral Fund Projected Cashflow $56,381,739$ $57,702,909$ $581,136$ $0 - 0 - 0 - 0 - 0 - 0 - 0 - 0 - 0 - 0 -$			\$14,545,310	\$5,561,917	\$5,666,846	\$11,226,083	\$5,609,435	\$6,224,061	\$78,881,108
Terrete         (1,073,033)         (4,807,722)         7,034,192         (2,922,479)         (4,600,553)         22,669,010         (11,470,611)         (2,985,521)         (2,472,465)         (6,413,416)           str11,89,460         56,381,739         \$13,415,930         \$10,403,451         \$5,892,808         \$28,461,908         \$16,991,296         \$11,329,312         \$17942,728           entral Fund         July         August         September         October         November         December         Jamuary         February         March         April           entral Fund         July         August         September         October         November         December         Jamuary         February         March         April           entral Fund         Pages         \$5,709,586         \$5,136,50         \$81,136         314,501         \$37,707,544         \$11,509,522         \$10,9477         \$0,723,543         \$7,723,544         \$7,723,544         \$7,723,544         \$7,723,544         \$7,723,544         \$7,723,544         \$7,723,544         \$7,723,544         \$7,723,544         \$7,723,544         \$7,723,544         \$7,723,563         \$10,923,7265         \$10,923,7265         \$10,923,7265         \$10,923,7265         \$10,923,7265         \$10,924,666         \$7,723,748         \$10,7266 </th <th>crease         (1,073,033)         (4,807,722)         7,034,192         (2,922,479)           s11,189,460         56,381,739         513,415,930         510,493,451           eneral Fund Projected Cashflow         July         August         September         October         N           j12,898,628         57,702,909         53,403,948         511,381,246         0         0         0           it         1,622,192         1,254,842         2,063,500         581,136         0</th> <td></td> <td></td> <td>319,882</td> <td>(229,719)</td> <td>189,106</td> <td>10,435</td> <td>(261,103)</td> <td>37,404</td> <td>4,747,444</td>	crease         (1,073,033)         (4,807,722)         7,034,192         (2,922,479)           s11,189,460         56,381,739         513,415,930         510,493,451           eneral Fund Projected Cashflow         July         August         September         October         N           j12,898,628         57,702,909         53,403,948         511,381,246         0         0         0           it         1,622,192         1,254,842         2,063,500         581,136         0			319,882	(229,719)	189,106	10,435	(261,103)	37,404	4,747,444
$ \begin{array}{ c c c c c c c c c c c c c c c c c c c$	crease         (1,073,033)         (4,807,722)         7,034,192         (2,922,479)           eneral Fund Projected Cashflow         56,381,739         513,415,930         510,493,451           eneral Fund Projected Cashflow         July         August         September         October         N $July$ August         September         October         N $July$ August         September         October         N $July$ August         September         October         N $J12,898,628$ 57,702,909         53,403,948         511,381,246         N $S12,898,628$ 57,702,909         53,403,948         511,381,246         N $Get         0$									
SI1,189,460         5,5381,739         \$13,415,930         \$10,493,451         \$5,892,898         \$28,461,908         \$14,001,776         \$11,529,312         \$17,942,728           and Projected Cashflow         Si1,189,460         \$6,381,739         \$13,415,930         \$10,493,451         \$5,892,898         \$28,461,908         \$14,001,776         \$11,529,312         \$17,942,728           July         August         September         October         November         January         February         March         April           July         August         September         October         November         December         January         February         March         April           \$12,505,50         \$81,136         314,501         19,359,459         7,644,160         1,161,035         1,464,286         13,920,477           eec         0         0         0         0         0,353         57,333         67,333         67,333         67,333         67,333         67,333         67,333         67,333         67,333         67,3363         67,333         67,333         67,3363         67,333         67,333         67,3363         67,333         67,333         67,363	811,189,460         \$6,381,739         \$13,415,930         \$10,493,451           eneral Fund Projected Cashflow           July         August         September         October         N           S12,898,628         \$7,702,909         \$3,403,948         \$11,381,246           S12,898,628         \$7,702,909         \$3,403,948         \$11,381,246           unces         0         0         0         0         0         0           es         0 <th>,922,479)</th> <th></th> <th>(11,470,611)</th> <th>(2,989,521)</th> <th>(2,472,465)</th> <th>6,413,416</th> <th>(4,454,740)</th> <th>(589,360)</th> <th>636,134</th>	,922,479)		(11,470,611)	(2,989,521)	(2,472,465)	6,413,416	(4,454,740)	(589,360)	636,134
animaty         April           July         August         September         October         November         December         January         February         March         April           July         August         September         October         November         December         January         February         March         April           1         10/2         31,403,948         \$11,381,246         \$7,702,909         \$3,403,948         \$11,381,246         \$7,707,544         \$14,64,266         \$7,172,344           1         1         1         0	eneral Fund Projected Cashflow Iuly August September October N 512,898,628 57,702,909 53,403,948 511,381,246 es 0 0 0 0 es 0 0 0 0 0 beres 46,697 1,21,747 289,539 644,615 0 0 0 11,633,630 0 0 0 shorter 0 0 0 0 0 beroit 1,668,889 51,376,589 51,927,519 enerties 4,299,613 4,339,190 4,657,361 4,871,776 5ervices 364,383 607,305 1,093,149 1,093,149 v 0 0 0 0 0 0 0 0 0			\$16,991,298	\$14,001,776	\$11,529,312	\$17,942,728	\$13,487,988	\$12,898,628	\$12,898,628
eneral Fund Projected Cashflow           July         August         September         October         November         December         January         Fehnary         March         April           July         August         September         October         November         December         January         Fehnary         March         April           July         August         September         October         November         S2,836,371         S17/56/544         S14,642.56         S1,123,44           S12,898,628         S77/02,909         S3,403,948         S11,381,246         S7,709,826         S2,836,371         S17/56/544         S1,126,44         S7,127,344           es         0         0         0         0         0         0         0         S7,333         0         S1,264,32         S1,27,344         S1,166,128         13,20,477           es         0         0         0         0         0         0         0         S2,333         627,833         0         S1,264,28         701,768         701,768         400,787         701,768         701,768         701,768         701,768         701,768         701,768         701,768         701,768         701,768         701,	eneral Fund Projected Cashflow           July         August         September         October         N           512,898,628         57,702,909         53,403,948         511,381,246           s12,898,628         57,702,909         53,403,948         511,381,246           es         0         0         0         0         0           es         0         0         0         0         0         0           ources         46,697         121,747         289,539         644,615         0									
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $	$\begin{array}{c c c c c c c c c c c c c c c c c c c $									
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	s12,898,628     \$7,702,909     \$3,403,948     \$11,381,246       it     1,622,192     1,254,842     2,063,500     \$81,136       es     0     0     0     0       bero     0     0     701,768       berosit     46,697     121,747     289,539     644,615       berosit     51,668,889     51,376,589     51,374,56     51,927,519       berosit     \$1,668,889     \$1,376,589     \$1,437,456     \$1,933,49       berosit     \$1,668,889     \$1,376,589     \$1,437,456     \$1,927,519       berosit     \$1,668,889     \$1,376,589     \$1,437,456     \$1,927,519       berosit     \$1,668,889     \$1,376,589     \$1,937,496     0       \$1,668,889     \$1,376,589     \$1,4387,456     \$1,927,519       berosit     \$1,693,149     \$1,933,149     \$1,933,149       \$1,668,889     \$1,376,589     \$1,993,149     \$1,993,149       \$200,503     \$1,993,149     \$1,993,149     \$1,993,149       \$201,503     \$1,993,149     \$1,993,149     \$1,993,149       \$201,503     \$0     \$0     \$0     \$1,993,149       \$201,503     \$1,993,149     \$2,756     \$2,756       \$201,503     \$0     \$0     \$0     \$2,756    <	z		January	February	March	April	May	June	Total
ti li, $(1, 622, 192)$ li, $(22, 100)$ li, $($	ti $1,622,192$ $1,254,842$ $2,063,500$ $581,136$ es $0$ $0$ $0$ $0$ $0$ burces $0$ $0$ $0$ $400,787$ $701,768$ 46,697 $121,747$ $289,539$ $644,6150$ $0$ $11,633,630$ $0$ $0$ $0beposit 31,668,889 51,376,589 51,353,630 643,6151,668,889$ $51,376,589$ $51,373,636$ $51,927,519enefits 4,299,613 4,387,456 51,927,519364,383$ $607,305$ $1,093,149$ $1,093,1498ervices$ $364,383$ $607,305$ $1,093,149$ $1,093,1497$ $0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$			7,544	\$14,766,562	\$10,849,284	\$7,127,344	\$11,177,852	\$9,285,740	\$12,898,628
ti 1,622,192 1,234,842 2,063,500 581,136 314,501 19,359,459 7,644,160 1,161,035 1,464,286 es $0 0 0,787 0,00,00 0 0 0,00,787 0,00,787 0,00,00 0 0 0,00,00 0 0 0,00,00 0 0 0,00,0$	ti 1,622,192 1,254,842 2,063,500 581,136 es 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0									
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	es $0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$ burces $0$ $0$ $0$ $0,0787$ $701,768$ $701,768$ $0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$			7,644,160	1,161,035	1,464,286	13,920,477	2,918,910	2,677,638	54,982,136
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$			627,833	0	0	627,833	627,833	0	2,511,332
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$			701,768	400,787	400,787	701,768	400,787	701,768	5,211,794
$ \begin{array}{c ccccccccccccccccccccccccccccccccccc$	Deposit         0         0         11,633,630         0 $81,668,889$ $81,376,589$ $81,387,456$ $81,927,519$ senefits $4,299,613$ $4,387,456$ $81,927,519$ senefits $4,299,613$ $4,391,900$ $4,657,361$ $4,871,776$ services $364,383$ $607,305$ $1,093,149$ $1093,149$ $v$ $612$ $995$ $4,210$ $2,756$ $v$ $0$ $0$ $0$ $0$ $0$			658,384	319,843	303,818	679,338	277,905	1,356,778	5,300,228
S1,668,889       \$1,376,589       \$1,387,456       \$1,927,519       \$1,012,275       \$20,692,656       \$9,632,145       \$1,881,665       \$2,168,891         tenefits       4,299,613       4,359,190       4,657,361       4,871,776       \$1,156,811       4,787,446       \$1,181,601       4,947,797       \$1,161,912         Services       364,383       607,305       1,093,149       1,093,149       728,766       825,935       1,700,454       850,227       728,766         v       612       995       4,210       2,756       153       612       199       153         0 <th>\$1,668,889         \$1,376,589         \$1,377,556         \$1,927,519           senefits         4,299,613         4,359,190         4,657,361         4,871,776           services         364,383         607,305         1,093,149         1,093,149           v         612         995         4,210         2,756           0         0         0         0         0         0</th> <th></th> <th></th> <th>0</th> <th>0</th> <th>0</th> <th>0</th> <th>0</th> <th>0</th> <th>11,633,630</th>	\$1,668,889         \$1,376,589         \$1,377,556         \$1,927,519           senefits         4,299,613         4,359,190         4,657,361         4,871,776           services         364,383         607,305         1,093,149         1,093,149           v         612         995         4,210         2,756           0         0         0         0         0         0			0	0	0	0	0	0	11,633,630
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	temefils $4,299,613$ $4,359,190$ $4,657,361$ $4,871,776$ Services $364,383$ $607,305$ $1,093,149$ $1,093,149$ 612 $995$ $4,210$ $2,7560$ $0$ $0$ $0$ $0$ $0$			\$9,632,145	\$1,881,665	\$2,168,891	\$15,929,416	\$4,225,435	\$4,736,184	\$79,639,120
$\begin{array}{rrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrrr$	$\begin{array}{rcccccccccccccccccccccccccccccccccccc$			107 101 2		CT0 171 2	177 610 8	001 10 1	200 000 2	50 480 543
364,353 $607,305$ $1,095,149$ $1,095,149$ $728,766$ $825,935$ $1,700,434$ $830,227$ $728,766$ $1,2612$ $995$ $4,210$ $2,756$ $153$ $612$ $1,072$ $919$ $1530$ $0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$ $0$	$\begin{array}{cccccccccccccccccccccccccccccccccccc$			100,181,0	4,94/,/9/	216,101,0	4,912,401	4,914,480	C60,052,0	5450,545
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	612 995 4,210 2,7 0 0 0 0 0 0 0 0	728	825	1,700,454	850,227	728,766	1,214,610	971,689	1,967,668	12,146,101
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	0 0 0			1,072	919	153	1,837	1,378	612	15,309
0 0 0 0 0 0 147,490 0 0 0 0 0 0 0 0 0 0 0 5750,000 0	0 0 0			0	0	0	0	0	711,207	711,207
				0	0	0	0	0	213,090	360,580
	ant Pledge $0 0 0 0$			5,750,000	0	0	5,750,000	230,000	0	11,730,000

(3,194,756) (7,999,376) \$4,899,252

0

0

0

0

0

0

0

0

368,742

(655,438)

(708,060) (4,298,961)

(2,200,000)

Prior Year Transactions Net Increase/Decrease

(4, 386, 488)

(1,892,112)

4,050,508

(3, 721, 940)

(3,917,278)

(3,000,982)

14,931,173

(4, 873, 455)

(3, 671, 420)

7,977,298

(5, 195, 719)

\$3,403,948

\$7,702,909

Ending Balance

\$4,899,252

\$9,285,740

344

562

544

#### LEGAL MATTERS

#### Tax Matters

Federal tax law contains a number of requirements and restrictions which apply to the Notes, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Districts have covenanted to comply with all requirements that must be satisfied in order for the interest on the Notes to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Notes to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes.

Subject to the Districts' compliance with the above-referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, interest on the Notes (i) is excludable from the gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, and (iii) is not taken into account in computing "adjusted current earnings" as described below. The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporations' taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, but not interest on the Notes.

Subject to the compliance by the Districts with certain covenants, in the opinion of Bond Counsel, the Notes are "qualified tax exempt obligations" under the small issuer exception provided under section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under section 265(b)(2) of the Code.

In rendering its opinions, Bond Counsel will rely upon certifications of the Districts with respect to certain material facts within its knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Notes may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Notes should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Notes is the price at which a substantial amount of such maturity of the Notes is first sold to the public. The Issue Price of a maturity of the Notes may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Notes who dispose of Notes prior to the stated maturity (whether by sale, redemption or otherwise), purchase Notes in the initial public offering, but at a price different from the Issue Price, or purchase Notes subsequent to the initial public offering, should consult their own tax advisors.

If a Note is purchased at any time for a price that is less than the Note's stated redemption price at maturity (the "Reduced Issue Price"), the purchaser will be treated as having purchased a Note with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Note is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases a Note for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Note. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Notes.

An investor may purchase a Note at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Note in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Note. Investors who purchase a Note at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Note's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Note.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Notes. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Notes. If an audit is commenced, under current procedures the Service may treat the Issuer as a taxpayer and the Noteholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Notes until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Notes, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Note owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Note owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the Notes is exempt from California personal income taxes.

Ownership of the Notes may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Notes. Prospective purchasers of the Notes should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Notes is set forth in APPENDIX C—PROPOSED FORM OF OPINIONS OF BOND COUNSEL.

#### Legality For Investment In California

Under the provisions of the State of California Financial Code, the Notes are legal investments for commercial banks in the State to the extent that the Notes, in the informed opinion of the bank, are prudent for the investment of funds of its depositors. Under provisions of the State Government Code the Notes are eligible to secure deposits of public moneys in the State.

#### No Litigation

No litigation is pending or threatened concerning the validity of the Notes, and a Certificate of the District from each District to that effect will be furnished to the Underwriter at the time of the original delivery of the Notes. The Districts are not aware of any litigation pending or threatened questioning the political existence of the Districts or contesting each District's ability to collect pledged revenues or contesting each Districts' ability to issue and retire the Notes.

There may be one or more lawsuits and claims pending against the Districts. The aggregate amount of the liabilities of the Districts which may result from existing suits and claims will not materially affect the District's ability to repay the Notes.

#### Legal Opinion

The validity of the Notes and certain other legal matters are subject to the approving opinion Quint & Thimmig LLP, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is set forth in APPENDIX C—PROPOSED FORM OF OPINIONS OF BOND COUNSEL. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

#### MISCELLANEOUS

#### Ratings

Moody's Investors Service ("Moody's") has assigned a credit rating of "MIG 1" to each issue of Notes. Certain information was supplied by the Districts to Moody's to be considered in evaluating the Notes. Such ratings reflect only the view of those organizations, and an explanation of the significance of such ratings may be obtained from the following: Moody's, 99 Church Street, New York, New York, 10007, tel. (212) 553-0300. There is no assurance that the rating will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by Moody's if, in its judgment, circumstances so warrant.

Any such downward revision or withdrawal of the rating obtained may have an adverse effect on the market price of the Notes.

# **Financial Advisor**

The Districts have retained Capitol Public Finance Group, LLC as Financial Advisor (the "Financial Advisor") for the sale of the Notes. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is not engaged in the business of underwriting, trading or distributing municipal or other financial securities.

# Underwriting

All of the Notes are being purchased by Southwest Securities, Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Notes as follows:

	Purchase	Reoffering	Underwriter's
District	Price	<u>Price</u>	<u>Compensation</u>
Auburn Union School District	\$1,315,106.00	\$1,316,081.00	\$975.00
Dry Creek Joint Elementary School District	\$4,248,804.00	\$4,251,954.00	\$3,150.00
Loomis Union School District	\$3,338,346.00	\$3,340,821.00	\$2 <i>,</i> 475.00
Rocklin Unified School District	\$10,116,200.00	\$10,123,700.00	\$7,500.00
Roseville City School District	\$9,104,580.00	\$9,111,330.00	\$6 <i>,</i> 750.00
Roseville Joint Union High School District	\$11,633,630.00	\$11,642,255.00	\$8,625.00

Each Note Purchase Agreement with respect to an issue of Notes provides that the Underwriter will purchase all of such Notes if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such Note Purchase Agreement. After a bona fide initial public offering at the price stated on the cover page hereof, the Underwriter may offer and sell the Notes to certain dealers and others at prices lower than the initial public offering price. The offering price may be changed from time to time by the Underwriter.

# **Continuing Disclosure**

The Districts have covenanted for the benefit of the registered owners of the Notes to provide notice of the occurrence of certain enumerated events, if material, which notice of material events will be filed by the Districts with the Municipal Securities Rulemaking Board (and with the appropriate State information depository, if any). The specific nature of the information to be contained in the notices of material events is summarized below under the caption APPENDIX B—FORM OF CONTINUING DISCLOSURE CERTIFICATES. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The Districts have never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

# Additional Information

Quotations from and summaries and explanations of the Notes and the Resolutions providing for issuance of the Notes, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions. Some of the data contained herein has been taken or constructed from the Districts' records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement by each District has been duly authorized by its Governing Board.

# AUBURN UNION SCHOOL DISTRICT

DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

By <u>/s/ Douglas Crancer</u> Assistant Superintendent, Business and Facilities

LOOMIS UNION SCHOOL DISTRICT

By <u>/s/ Jay Stewart</u> Assistant Superintendent, Business Services

# ROSEVILLE CITY SCHOOL DISTRICT

By <u>/s/ Julie Olson</u> Assistant Superintendent of Business Services

By <u>/s/ Gordon Medd</u> Assistant Superintendent, Administrative Services

ROCKLIN UNIFIED SCHOOL DISTRICT

By <u>/s/ Barbara Patterson</u> Associate Superintendent, Business Services

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

By <u>/s/ Gary Stevens</u> Assistant Superintendent, Business Services

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# **APPENDIX A**

# EXCERPTS FROM THE AUDITED FINANCIAL STATEMENTS OF THE DISTRICTS FOR THE YEAR ENDED JUNE 30, 2009

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## FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

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AUBURN UNION SCHOOL DISTRICT

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

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Fany-Smith LL 400 Capitol Mail | Suite 1200 Sacramento, CA 93814 www.perry-amith.com 916,441,1000

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees Aubum Union School District Aubum, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Auburn Union School District, as of and for the year ended June 30, 2009, which colloctively comprise Auburn Union School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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 Auburn Union School District as of June 30, 2009, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Audiling Standards, we have also issued our report dated November 15, 2009 on our consideration of Auburn Union School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sacramento | San Francisco

## INDEPENDENT AUDITOR'S REPORT

(Continued)

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise Auburn Union School District's basic financial statements. The accompanying financial and statistical information listed in the Table of Contents, including the Schedule of Expenditure of Federal Awards, which is required by U.S. Office of Managament and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Auburn Union School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.

Perry-Smin LUP

Sacramento, California November 16, 2009



## MANAGEMENT DISCUSSION AND ANALYSIS Fiscal Year Ending June 30, 2009

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

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 Bndget 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, 2009. It is management's view of the District's financial condition. It should be read in conjunction with the independent anditor's opinion, the basic financial statements, and the accompanying notes to those financial statements.



## OVERVIEW OF THE FINANCIAL STATEMENTS

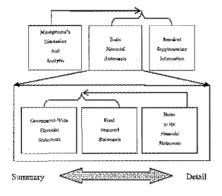
The basic financial statements include two kinds of statements that present different views of the district:

- 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 aumusi 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 coutent of each of the statements.

#### Major Features of the Government-Wide and Fund Financial Statements

	1	Fund Su	atements
·····	Government-Wide Statements	Government Funds	Fiduciary Funds
Scope	Entire district, except flduciary 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
Requized financial statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changos in Fund Balance	Statement of Fiduciary Net Assots
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and acconomic resources focus
Type of asset / hability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liab/fities that come due during the year or soon thereafter; no capital assets included	All assets and diabilities both short-term and long-term; Standard funds do not currently contain non- financial assets, though they can
Type of inflow / cutflow information	All revenues and expenses during the year, regardless of when each is received or paid	Revenues for which cash is recoived 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 Assets 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 assets and how they have changed. Net assets (the difference between the District's assets and liabilities) are one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets 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 the revenue limit, 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 covenanis.
- 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 finds – Most of the District's basic services are included in governmental funds, which generally focus on (1) how eash and other financial assets that can readily be converted to eash 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 usar 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 Assets. 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 fuance 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 conomy.
- 2008/09 shows a loss of 97 average daily attendance (ADA) units used for calculating the District's revenue as compared to fiscal year 2007/08, which was 2,230 ADA.
- The average daily attendance (ADA), which much of the District's revenue is based, was 2,032. However, since the District experienced a decline of 101 ADA (4.7%) from 2007/08, the District received funding based on 2,133 ADA.
- The Distriet's general purpose (revenue limit) funds are the largest apportionment from the State of California. During fiscal year 2008/09 the District received \$5,394.18 per ADA, which was a net *decrease* of \$144 (2.60%) from 2007/08.
- The amount that the State deficited our general purpose funds increased by 2.49% from what
  was estimated when the 2008/09 budget was adopted.
- The ratio of attendance to enrollment was approximately 95%.
- During 2008/09 the District received stimulus funds from the government, which will be expended in subsequent years beginning in 2009/10.
- During 2008/09 the District took advantage of transferring \$620,000 of unspent categorical funds from 2007/08, which will help pay for 2009/10 excess special education costs and general purpose instructional books & supplies.
- During 2008/09, the District issued \$1.4 million of tax revenue anticipation notes (TRANS) to cover the shortage of cash in November and December until the District received its property tax allocation.
- The District's General Fund increased by \$632,557 in 2008/09 (unrestricted portion of the General Fund increased by \$2,932) as opposed to a projected decrease of \$1,352,658 (unrestricted portion of the General Fund was projected a decrease of \$150,535) as presented in the 2008/09 adopted budget.
- The District utilized its state and federal categorical funds by continuing its supplemental educational programs.
- During the year, the District expended Deferred Maintenance funds in order to repair/upgrade its HVAC monitoring systems at all sites and paint Skyridge Elementary.
- The District's number of English Language Learners and economically disadvautaged student population continues to increase from prior years.
- As of June 30, 2009 the District and the Auburn Union Teachers Association and the California School Employees Association were settled through 2007/08.

## 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 assets and the subsequent changes in net assets.

The computation of the District net assets is presented by category in the table helow:

	Government-Wide Statement of Net Assets			
	June 30, 2008	June 30, 2009	% Variance	
Assets;				
Cash	\$ 30,259,335	\$ 30,690,260		
Receivables	1,014,018	1,141,458		
Prepaid Expenses	18,749	0		
Inventories	10.385	2,393		
Capital Assets, uct of	17,693,450	16,951,435		
Depreciation		• •		
Total Assets	\$ 48,995,937	\$ 48,785,546	-0.43%	
Liabílitics:				
Accounts Payable	\$ 1,398,609	\$ 991,015		
Deferred Revenue	58,172	138.875		
Long-term Lisbilities		,		
Current Portion	480,264	324,150		
Non-Current Portion	38,916,686	38,554,460		
Total Liablities	\$ 40,853,731	\$ 40,008,500	-2.07%	
Not Assets:				
Invested in Capital Assots,	\$ 4,556,025	\$ 3.341.697		
net of Related Dobt				
Restricted	3,435,886	3,465,809		
Unrestricted	150,295	1,969,540		
Total Net Assets	\$ 8,142,206	\$ 8,777,046	7.80%	

Total net assets increased by \$534,840 during the 2008/09 fiscal year. Capital assets net of depreciation decreased by a total of \$742,015. Long term debt had a net decrease by \$518,340 primarily a result of the District implementing Government Accounting Standards Board Statement #45 and principle payments towards the Certificates of Participation notes.

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 Government Accounting Standards Board (GASB).

Although the land and buildings owned by the District contribute to its 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.

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## Changes in Net Assets

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

		Government-Wide Activities			
		2007/08		2008/09	% Variance
Revenues - Program:					
Charges for Services	\$	424,368	\$	438,162	
Operating Grants and Contributions		4,449,047		4,668,129	
Revenues - General:					
Taxes Levied for General Purposes		8,900,715		8,850,486	
Taxes Levied for Other Debt Service		274,458		284,440	
Taxes Levied for Other Specific Purposes		29,315		35,378	
Unrestricted Federal and State Aid		4,937,051		4,081,215	
Interest and Investment Earnings		1,845,378		1,854,400	
Other General Revenues		63,761		273,466	
Total Rovenues	\$	20,924,093	\$	20,485,676	-2.10%
**					
Expenses		11 120 080	_		
Instruction	S	11,160,378	2	10,135,995	
Instruction Related		1,546,831		1,471,772	
Pupil Services		2,711,912		2,557,261	
General Administration		1,045,151		1,054,555	
Plant Services		2,091,854		2,014,205	
Other Expenses	-	3,282,601		2,617,048	
Total Expenses	3	21,838,727	S	19,850,836	-9.10%
Increase (Decrease) in Net Assets:	s	(914,634)	ŝ	634,840	
Net Assets, Beginning of the Year		9,056,840		8,142,206	
Net Assets, Eud of the Year	\$	8,142,206	\$	8,777,046	7.80%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

ENDING FUND BALANCES	2007/08	2008/09	DIFFERENCE	% CHANGE
GENERAL (UNRESTRICTED & RESTRICTED)	\$ 2,736,831	\$ 3,369,388	\$ 632,557	29.11%
CAFETERIA	107,739	207,478	99,739	92.57%
DEFERRED MAINTENANCE	351,218	258,838	-92,380	-26.30%
POST-EMPLOYMENT BENEFITS	311,810	322.484	10,674	3.42%
BUILDING FUNDS	16,043	16,043	. 0	0,00%
CAPITAL FACILITIES	520,703	699,846	179,143	34,40%
COUNTY SCHOOL FACILITIES	3,635	46	-3,590	-98.76%
CAPITAL PROJECTS RESERVE	49,286	19.766	-29,520	-59,90%
CAPITAL PROJECTS (MELLO ROOS)	172,311	184,824	12,513	7,26%
DEBT SERVICE (MELLO ROOS)	289,244	581.877	292.633	101.17%
DEBT SERVICE (COP)	25,462,382	25,160,264	-302,118	-1.19%
TOTAL	\$ 30,021,202	\$ 30,820,853	\$ 799,651	2.66%

As the District completed the year, its funds reported a combined fund balance of \$30,820,853 in 2008/09, which is illustrated above.

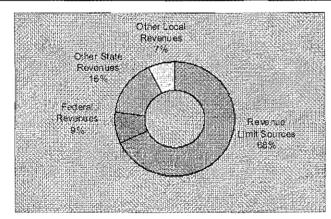
Following is a recap of the District's core General Fund:

GENERAL FUND RECAP (UNRESTRICTED)				
DESCRIPTION	2008/09 ADOPTED BUDGET	2008/09 UNAUDITED ACTUALS	DIFFERENCE	
BEGINNING BALANCE	1,472,037	1,379,244	-92,793	
REVENUES / TRANSFER IN *	11,036,253	11,264,439	228,186	
EXPENDITURE / TRANSFER OUT	11,185,788	11,261,507	74,719	
ENDING BALANCE	1,321,502	1,382,176	60,674	

Amount includes net appropriated contributions of \$2,274,038 and actual net contributions of \$1,713,030 (\$1,747,582 - \$34,552).

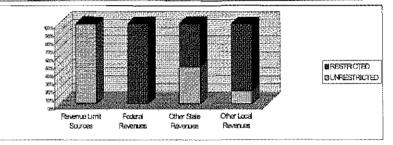
The District receives funding for the General Fund from several sources. Following is a breakdown of major funding sources:

General Purpose (Revenue Limit) Sources	11,682,208
Federal Revenues	1,536,046
Other State Revenues	2,717,381
Other Local Revenues	1,260,092
TOTAL	17,197,727



Revenue of General Fund is classified as Unrestricted and Restricted. Following is a recap of General Fund revenue by classification;

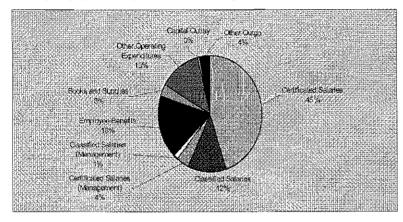
	Unrestricted	Restricted
Revenue Limit Sources	11,490,499	191,709
Federal Revenue	0	1,538,046
Other State Revenue	1,249,493	1,487,888
Other Local Revenue	206,270	1,053,82
TOTAL	12,946,282	4,251,469



The General Fund is used for expenditures for many of the functions within the District. As illustrated below, the largest part of expenditures is tied to salaries and related benefits.

Certificated Salaries	7,471,193
Classified Salaries	1,969,548
Certificated Salaries (Management)	662,543
Classified Salaries (Management)	237,657
Employee Benefits	2,838,593
Books and Supplies	567,061
Other Operating Expenditures	2,106,162
Capital Outlay	76,528
Other Outgo	616,284
TOTAL, EXPENDITURES	16,635,569

Following is a graphical description of expenditures by percentage:



The General Fund made the following financial contributions for the operations of programs that are important for the district and the community we serve:

PROGRAMS	AMOUNT
Auburn Youth Soccer Club	5,000
Restricted Maintenance Account	465,775
Transportation – Special Education	221,946
Special Education	1,040,861
Theater	3,000
Sports – E.V. Caln	11,000
TOTAL CONTRIBUTIONS	1,747,582

By taking advantage of the categorical flexibility option provided by the state, illustrated below are the eategorical programs that contributed towards amounts charged to the District by the Placer County Office of Education for the associated excess costs to instruct our students with special needs:

PROGRAMS	AMOUNT
Community Based English Tutoring	6,006
Gifted & Talented Program	9,370
Professional Development Block Grant	6,115
Targeted Instruction Block Grant	13,062
TOTAL CONTRIBUTIONS	34,553

## **General Fund Budgetary Highlights**

The District's 2008/09 General Fund operating budget was adopted by the Governing Board in June of 2008. As adopted, projected expenditures totaled \$16.7 million. Budgeted revenues totaled \$16.7 million, with budgeted revenues projected to appropriations by approximately \$13,500. While the adopted budget projected a surplus of \$13,534, the actual results reflected a surplus of \$89,892. This resulted in an ending fund balance of \$2.7 million.

Budget revisions were made through-out the fiscal year. The items included in these revisions fell into four main categories;

- Increases to both estimated income and expenditures due to the receipt of new grant awards or donations.
- The budgeting of carryover balances from prior years. It is Distriet policy not to budget carryover balances until after the end of the prior fiscal year.
- Increases in salaries as a result of salary negotiations
- Increases in appropriations to prevent budget overruns.

Comparing the actual results to the 2008/09 adopted budget discloses the following information regarding the primary differences in the District's General Fund:

- The District received approximately \$350,000 less in general purpose (revenue limit) funds primarily due to the increase in the State deficit amount from the time that the budget was adopted.
- The District received approximately \$550,000 of federal stimulus funds that are not deferred if not expended. The District will use the funds during 2009/10 and subsequent years.
- The District expended approximately \$175,000 less relating to the excess costs billed by the Placer County Office of Education for students with special needs than originally estimated.
- The District's was not required to contribute \$150,000 to other funds as originally expected.
- The District received approximately \$220,000 of local funds (i.e. grants, donations) than
  originally expected.
- The District's expended approximately \$70,000 for equipment than originally estimated.

## CAPITAL ASSET AND DEBT ADMINISTRATION

## Capital Assets at Year-End (Net of Depreciation)

	2007/08	2008/09	Difference
Land	\$ 2,029,376	5 2,029,376	\$ 0
Improvement of Sites	47,314	88,622	41,308
Buildings	15,399,240	14,570,094	-829,146
Equipment	187,120	210,468	23,348
Construction in Progress	30,400	52,875	22,475
Totals	\$ 17,693,450	\$ 16,951,435	S -742,015

By the end of 2008/09, the District had invested a total of \$199,564 into capital assets that primarily consisted of site and building improvements, as well as, custodial and grounds equipment. The decrease in the District's capital assets consists of recognizing depreciation expense for the 2008/09 fiscal year in the amount of \$941,579

## Ontstanding Debt at Year-End

	2007/08	2008/09	Difference
Certificates of Participation Notes	\$ 38,822,792	\$ 38,734,460	\$ -88,332
Compensated Absences	92,380	\$7,693	-4,687
Other Postemployment Benefits	481,778	56,457	-425,321
Tomia	\$ 39,396,950	\$ 38,878,610	\$ 518,340

The District's long-term liabilities decreased from 2007/08 to 2008/09 in the amount of \$518,340 that was primarily a result of the District implementing Government Accounting Standards Board Statement #45 and principle payments towards the Certificates of Participation notes.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The statutory cost-of-living adjustment (COLA) will be 4.25% vs. 5.02% as estimated in February. However, based on the Governor's May revision, the District's general purpose funds will be deficited by approximately 18%, which has increased from 13% in February.

The 2009-10 state budget has allowed a variety of categorical (restricted) funding to be used for general purpose expenditures in order to help soften the impact of severe cuts. In addition, the federal government has apportioned federal stimulus funds to the District, which is described in further detail below.

As a result of the state budget and the Governor's May Revision, the District's 2009-10 General Fund projects a deficit of \$717,616. The deficit would be significantly higher without the budgeted transfer of \$312,000 from the Special Reserve for Post-Employment Bencfits Fund. Therefore, the 2009-10 ending General Fund balance is projected to be \$2,651,772 with a revolving cash reserve of \$2,500, a restricted balance of \$1,136,566, a reserve for economic uncertainties of \$160,834, and \$1,351,873 primarily eonsisting of amounts reserved for future deficit spending. This leaves an ending unappropriated General Fund balance of zero. All other funds are anticipated to have positive ending fund balances at June 30, 2010. Factors impacting the 2009/10 District's budget include the following:

- The District's average daily attendance (ADA) for the District (excluding COE programs that amount to 64 ADA) is estimated to be 1,982. However, the District will receive funding based on 2008-09 regular ADA, which is estimated to be funded at 2,032 ADA.
- The class size reduction program revenue for ongoing operatious reflects the District's intention to implement a K-3 class size reduction program of 24:1 or less. Please note that the District will only get funded for the first 20 pupils, and the funding amount will vary between \$856 and \$1,071 (depending on class size)
- Lottery revenue is estimated to be \$109.50 per ADA for unrestricted funds and \$11.50 per ADA for restricted funds
- Employer taxes are projected to remain consistent with 2008/09 amounts.
- As a result of the work performed by the Budget Advisory Committee, the following expenditure cuts have been proposed and adopted by the Board of Trustees:
  - Release certificated staff as a result of operating class size reduction at 24:1 -\$330,000
  - Discontinue grades six through eight at Skyridge School \$153,000
  - Eliminate one period of Spanish \$17,000
  - o Eliminate / Reduce Clerk time through-out the District \$65,000
  - o Reduce Noon Duty Supervisor and Custodial Time \$47,000
  - Net Categorical Fund Transfers into the unrestricted portion of the general fund -\$179,000
- Programs that are expected to receive assistance from the unrestricted portion of the general fund in 2009/10 are estimated to be \$2.4 million, which primarily consists of:
  - Restricted Maintenance Account.
  - $\circ$  Special Education
  - SD/OI Transportation
- During 2009/10 the District plans to issue approximately \$1,800,000 of tax revenue anticipation notes to help ensure the District is able to maintain a positive cash balance.

The 2009/10 budget continues to fund most of the programs from the prior year with the caveat that revenue sources are limited. Revisions to the budget will be made as warranted with the overriding goal being the ability to offer a quality education to all students in the District while maintaining a sound fiscal position.

## 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:

Douglas Crancer Assistant Superintendent Auburn Union Scheol District 255 Epperle Lane Auburn, CA 95603 (530) 745-8821

BASIC FINANCIAL STATEMENTS

#### STATEMENT OF NET ASSETS

## June 30, 2009

	Governmental Activities
ASSETS	
Cash and investments (Note 2) Accounts receivable Stores inventory Cepital assets, net of accumulated	\$ 30,690,260 1,141,458 2,393
depreciation (Note 4)	<u> </u>
Total assets	48,785,546
LIABILITIES	
Accounts payable Deferred ravenue Long-term liabilities (Note 5): Due within one year Due after one year	991,015 138,875 324,150 <u>38,554,460</u>
Total liabilities	40,008,500
NET ASSETS	
Invested in capital assets, net of related debt Restricted (Note 6) Unrestricted	3,341,697 3,465,809 1,969,540
Total net assets	<u>\$ 8.777.046</u>

#### AUBURN UNION SCHOOL DISTRICT

## STATEMENT OF ACTIVITIES

#### For the Year Ended June 30, 2009

					Prog	ram Revenues	1	Re	et (Expense) evenues and Changes in Net Assets
	E)	openses		harges for ervices		Operaling Stants and ontributions	Capital Grants and Contributions	Ģ	overnmental Activilies
Governmental activities (Note 4):									
Instruction	\$	10,135,995	\$	18,664	\$	2,541,678		\$	(7,575,453)
Instruction-related services. Supervision of instruction		292,319		1.817		158.434			(122,068)
Instructional library, media and		K94,319		1,017		100,404			(122,000)
technology		90,995		4,185		91,622			4,812
School site administration		1,088,458		871		86,450			(999,137)
Pupil services:									
Home-to-school transportation		877,937		39,634		541,619			(296,684)
Food services		816,827		339,752		581,858			82,783
All other pupil services General administration:		860,497		5,231		305,180			(550,086)
Data processing		70.013							(70,013)
All other general administration		984,542		19,980		162,727			(801,835)
Planf services		2,014,205		3,840		132.247			(1,878,118)
Ancillary services		46,694		3,980		51,111			8,407
Community services		1,742				7,354			5,612
Interest on long-term liabilities		1,961,659							(1.961,659)
Other outgo		606,953		198		15,649			(591,106)
Total governmental activities	\$	19,850,836	<u>\$</u>	438,162	\$	4,668,129	<u>s -</u>		(14,744,545)
	Te: ר ר Fe: נהני	axes levied	rentiona for gene for debi for othe te eid r	eral purposes service s specific pur tot restricted	розе	s acific purposes			8,850,488 284,440 35,378 4,081,215 1,854,400 273,466
			Tota	l general rev	enues				15,379,385
			Che	nge in net as	sets				634,840
			Net	assets, July	1, 200	6		_	8,142,206

Net assets, June 30, 2009

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<u>\$ 8,777,046</u>

The accompanying notes are an integral part of these financial statements.

The accompanying notes are an integral part of these financial statements. 18

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## BALANCE SHEET

## **GOVERNMENTAL FUNDS**

## June 30, 2009

	General Fund	Special Reserve 46 Fund	All Non-Major Eunds	Total Governmental Funds
ASSETS				
Cash and investments: Cash in County Treasury Cash on hand and in benks Cash in revolving fund Cash with Fiscal Agent Accounts receivable	\$ 3,346,956 2,500 1,055,189	\$ 37,380 25,124,722	\$ 2,043,267 18,541 116,894 76,269	3 5,427,603 18,541 2,500 25,241,616 1,141,458
Due from other funds Stores Inventory	:,QD2,108		37,864 2,393	37,864 
Total assets	<u>\$ 4,414.645</u>	<u>\$ 25,152,102</u>	<u> </u>	<u>\$</u>
LIABILITIES AND FUND BALANCES				
Liabilities: Accounts payable Deferred revenue Due to other funda	\$ 856,518 136,875 37,8 <b>64</b>	\$ 1,838	<b>3</b> 4,027	\$ 874,383 138,875 37,864
Total liabilities	1,045,257	1,538	4,027	1,051,122
Fund balances	3,369,388	25,160,264	2.291.201	30.820.853
Total liablities and fund balances	<u>\$ 4,414,845</u>	<u>\$ 25,182,102</u>	<u>\$ 2.295.226</u>	<u>\$31.871.975</u>

## AUBURN UNION SCHOOL DISTRICT

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

## June 30, 2009

Total fund balances - Governmental Funds		\$	30,820,853
Amounts reported for governmental activities in the statement of net assets 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 \$26,664,905 and the accumulated depreciation is \$11,713,470 (Note 4).			18,951,436
Long-term liabilities are not due and psyable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2009 censisted of (Note 5): Certificates of Participation Accreted interest Other postemployment benefits Compensated abaences	\$ (38,203,550) (530,680) (56,457) <u>(87,693</u> )		(38,878,610)
In governmental funds, interest on long-term ilabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred.			(118.632)
Total net assets - governmental activities		*	8,777,046

The accompanying notes are an integral part of these financial statements.

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The accompanying notes are an integral part of these financial statements.

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#### STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

## GOVERNMENTAL FUNDS

## For the Year Ended June 30, 2005

	General Fund	Special Reserve 58 Fund	All Non-Major Eunds	Totai Governmentai Funds
Revenues:				
Revenue limit sources:				
State eportionment	\$ 2,783,307			\$ 2,763,307
Local sources	8,918,901			8,918,901
Total revenue limit.	11,682,208			11,682,208
Federal sources	1,538.048		\$ 528,373	2,066,419
Other state sources	2,717,381		143,250	2,860,631
Other local sources	1,260,092	<u>\$ 1.701.247</u>	915,078	3,676,417
Total revenues	17,197,727	1.701.247	1,586,701	20.485.675
Expenditures;				
Certificated salaries	8,133,736			8,133,736
Classified salaries	2,197,205		297.731	2.494.936
Employee benefila	2,939,593		113.379	3.051.972
Books and supplies	567.061		391,242	958,303
Contract services and operating	ቀጥተቱ የታግሎ የ		001,642	200,000
expenditures	2,106,162		96,000	2,202,162
Capital outlay	76,528		123.036	199.584
Other outgo	616,264		120,000	516,284
Debt service:	010,404			010,269
				600 00 <b>0</b>
Principal refirement		160,000		160,000
inferest	*****	1.843.365	25,702	1,859,067
Total expenditures	16,635,569	2.003.365	1.047.090	19,686,024
Excess (deficiency) of revenues				
over (under) expenditures	562,158	(302,115)	539,611	799,651
Other financing sources (uses):				
Operating transfers in	75,299		4,900	80,199
Operating transfers out	(4,900)		(75,299)	(80,199)
Totel other financina sources (uses)	70,399		(70,399)	
·••• ··· ··				
Net change in fund balances	632,557	(302,118)	469,212	799,651
Fund balances, July 1, 2008	2.736.631	25.482.382	1.821.989	30.021.202
Fund balances, June 30, 2009	<u>\$3,369,388</u>	<u>\$ 25.160,264</u>	<u>\$ 2.291.201</u>	<u>\$ 30,820,853</u>

The accompanying notes are an integral part of these financial statements.

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## AUBURN UNION 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, 2009

Net change in fund balances - Tetal Governmental Funds		\$	799,651
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 assets (Note 4).	\$ 199,564		
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Nole 4).	(941,579)		
Repayment of principal on long-term liabilities is an expand- iture in the governmental funds, but decreases the long- term liabilities in the statement of net assets (Nolo 5).	160,000		
Accreted interest is not recognized until due and, therefore, is not accrued as a psyable in governmental funds (Note 5).	(71,668)		
Unmatured interest is not recognized until it is due and, therefore, is not accrued as a psyable in governments! funds.	2,407		
In the statement of activities, expenses related to post- retirement employee benefits and compensated absences are measured by the amounts earned during the year. In the governmental funds, expanditures are measured by the amount of financial resources used (Note 5).	 4 <u>86,465</u>		(1 <u>64,811</u> )
Change in not assets of governmental activities		<u>\$</u>	634,840

The accompanying notes are an integral part of these financial statements.

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL

## MAJOR FUND - GENERAL FUND

## For the Year Ended June 30, 2009

	Bu	daet		Variance
	Ortainal	Final	Actual	Favorable (Unfavorable)
Revenues:				
Revenue limit sources:				
Stata apportionment	\$ 3,118,627	\$ 2,352,945	\$ 2,763,307	\$ 410,352
Local sources	0,915,933	8,887,814	8,918,901	51,087
Total revenue limit	12,034,580	11,220,759	11.682.208	461.449
Federal sources	926,532	1,025,443	1,538,046	512,603
Other state sources	2,704,026	2,870,862	2,717,361	(153,281)
Other local sources	1.095.438	1,511,965	1,260,092	(251,873)
Tolal revenues	16.760.556	16,828,829	17,197,727	566,898
Expenditures:				
Cartificated salaries	8,131,442	8,198,237	8,133,736	64,501
Classified salaries	1,950,968	2,265,122	2,197,205	67,917
Employes benefits	3,387,853	3,265,764	2,938,593	347,171
Books and supplies	497.031	1,175,102	567,061	606.041
Contract services and operating				
expenditures	1.941.617	2,555,443	2,106,162	452.281
Capital outlay		106,620	76,528	30,292
Other outgo	704,102	694.510	616,284	78.226
Total expenditures	16,703,093	18,283,998	16,635,589	1,648,429
Excess (deliciency) of revenues				
over (under) expenditures	57.463	(1.665,169)	552,166	2.217,327
Other financing sources (uses);				
Operating transfers in	57,627	76,699	75,299	(1,400)
Operating transfers out	(157,569)	(4,915)	(4,900)	15
Total other financing sources (uses)	(99.942)	71.784	70.399	(1.385)
Nef change in fund balance	(42,479)	(1,583,385)	632,857	2,215,942
Fund balance, July 1, 2008	2,736,831	2.738.831	2,730,831	
Fund balanca, June 30, 2009	<u>\$       2.694,352</u>	<u>\$                                    </u>	<u>\$     3,369,388</u>	<u>\$ 2,215,942</u>

## AUBURN UNION SCHOOL DISTRICT

## STATEMENT OF FIDUCIARY NET ASSETS

## ALL AGENCY FUNDS

## June 30, 2009

	Warrant Student Pass-Through Body <u>Fund Fund</u>	Total
ASSETS		
Cash in County Treasury (Note 2) Cash on hand and in banks (Note 2)	\$    528,153 \$    36,134	\$       528,153 36,134
Total assets	<u>\$ 528.153</u> <u>\$ 36.134</u>	<u>\$                                    </u>
LIABILITIES		
Due to other agencies Due to student groups	\$    526,153 \$    36.134	\$       528,153 <u> </u>
Total llabilities	<u>\$ 528,153</u> <u>\$ 36,134</u>	<u>\$                                    </u>

The eccompanying notes are an integral part of these financial statementa.

The accompanying notes are an integral part of these financial statements. 24

## NOTES TO BASIC FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Auburn Union School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. 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 elementary school education in the District. The District, Auburn Union School District Financing Corporation (the "Corporation") and Auburn/Foresthilli Financing Authority (the "Authority") have a financial and operational relationship which meets the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, for Inclusion of the Corporation and the Authority as component units of the District. Accordingly, financial activities of the Corporation and the Authority have been included in the financial statements of the District.

The following are those aspects of the relationship between the District, the Corporation and the Authority which satisfy GASB Statement No. 14 criteria.

## A - Manifestations of Oversight

- The Corporation's and the Authority's Boards of Directors were appointed by the District's Board of Trustees.
- The Corporation and the Authority have no employees. The District's Superintendent and Assistant Superintendent of Business and Facilities function as agents of the Corporation and the Authority. Neither individual received additional compensation for work performed in this capacity.
- The District exercises significant influence over operations of the Corporation and the Authority as it is anticipated that the District will be the sole lessee of all facilities owned by the Corporation and the Authority.
- B Accounting for Fiscal Matters
  - All major financing arrangements, contracts, and other transactions of the Corporation and the Authority must have the consent of the District.
  - Any deficits incurred by the Corporation and the Authority will be reflected in the lease payments of the District. Any surpluses of the Corporation and the Authority revert to the District at the end of the lease period.

## AUBURN UNION SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Reporting Entity (Continued)

- B Accounting for Fiscal Matters (Continued)
  - It is anticipated that the District's lease payments will be the sole revenue source of the Corporation and the Authority.
  - The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Corporation and the Authority.
- C Scope of Public Service and Financial Presentation
  - The Corporation and the Authority were created for the sole purpose of financially assisting the District.
  - 2. The Corporation and the Authority are nonprofit, public benefit corporations incorporated under the laws of the State of California and recorded by the Secretary of State. The Corporation and the Authority were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. When the Corporation's and the Authority's Cartificates of Participation (COPs) have been paid with state reimbursements and the District's developer fees, title to all of the Corporation's and the Authority's property will pass to the District for no additional consideration.
  - The Corporation's and the Authority's financial activity is presented in the financial statements as the Special Reserve 56 Fund. COPs issued by the Corporation and the Authority are included in the District's long-term liabilities.

#### Basis of Presentation - Financial Statementa

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

The financial statements include a Management 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 change in the fund financial statements to focus on the major funds.

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of Presentation - Government-Wide Financial Statements

The Statement of Net Assets 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 Assets and the Combining Statement of Changes in Assets and Liabilities at the fund financial statement level.

The Statement of Net Assets 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 transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financiel Reporting for Nonexchange Transactions.

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

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

## Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separete accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into two broad categories which, in aggregate, include five fund types as follows;

#### AUBURN UNION SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

## Basis of Presentation - Fund Accounting (Continued)

- A Governmental Fund Types
  - 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 raid from the General Fund.

2 - Special Revenue Funds:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. This classification includes the Cafeteria, Deferred Maintenance and Special Reserve for Other Post Employment Benefits (OPEB) Funds.

3 - Capital Projects Funds:

The Capital Projects Funds are used to account for resources used for the acquisition of capital facilities by the District. This classification includes the Special Reserve 56, Building, Building Fees, Special Reserve for Capital Outlay, County School Facilities and Mello-Roos Capital Project Funds.

4 - Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term liabilities principal, interest and related costs. This classification includes the Mello-Roos Debt Service Fund.

B - Fiduciary Fund Type

..... . ..

1 - Agency Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. All cash activity and assets of the various student bodies of the District are accounted for in the Student Body Account, For Student Body Accounts, Individual totals by school and club, are maintained within the District's accounting system. The Warrant Pass-Through Fund represents a payroll clearing account with funds held at the County Office for the accrued payroll liability as of June 30, 2009.

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 1, SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

## **Basis of Accounting**

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

## Accrual

Governmental activities in the government-wide financial statements and the 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.

The District employs budgetary control by major object code and by individual appropriation account. Expenditures cannot legally exceed appropriations by major object code. The budgets are revised during the year by the Board of Trustees to provide for unanticipated revenues and expenditures. The originally adopted and final revised budgets for the General Fund are presented in the basic financial statements.

## Capital Assets

Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at 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 4 - 30 years depending on asset types.

#### **Compensated Absences**

Compensated absences in the amount of \$87,693 is recorded as a liability of the District. The liability is for earned but unused benefits.

#### AUBURN UNION SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Accumulated Sick Leave

Sick leave benefits are not recorded as liabilities on the books of the District. The District's policy is to record amounts as operating expenditures in the period sick leave is 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 all STRS and CalPERS employees, when the employee retires.

## Encumbrances

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

#### Stores Inventory

Stores inventory is recorded using the consumption method, in that inventory ecquisitions are initially recorded in the inventory asset account, and then charged to expenditure when used. Inventory reserves are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net assets.

## Deferred Revenue

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

## Restricted Net Assels

Restrictions of the ending net assets indicate the portions of net assets not appropriable for expenditure or amounts legally segregated for a specific future use. The restrictions for revolving cash fund and stores inventory reflect the portion of net assets represented by revolving fund cash and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date. The restriction for unspent categorical program revenues represents the portion of net assets restricted to specific program expenditures. The restrictions for special revenues, capital projects and debt repayment represents the portion of net assets restricted for special purposes, capital projects and the retirement of debt.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Property Taxes

Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Placer bills and collects taxes for the District. Tax revenues are recognized by the District when received.

#### Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Assets 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 Financial Accounting Pronouncement

Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions

In June 2004, the Governmental Accounting Standards Board ("GASB") Issued Statement of Governmental Accounting Standard No. 45, Accounting and Financial Reporting by Employers for Postemployment Banefits Other Than Pansions, ("GASB No. 45"). GASS No. 45 addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB. GASB No. 45 generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally Would provide sufficient resources to pay benefits as they come due. The provisions of Statement 45 may be applied prospectively and do not regulize governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. GASB No.45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. GASB No. 45 is effective in three phases based on a government's total annual revenues. The District Implemented GASE No. 45 effective fiscal year June 30, 2009.

## AUBURN UNION SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

# CASH AND INVESTMENTS

Cash and investments at June 30, 2009 consisted of the following:

	Governmental Funds	Fiduciary Funds	
Pooled Funds: Cash in County Treasury	\$ 5,427,803	\$ 528,153	
Deposits: Cash on hand and in banks Cash in revolving fund	18,541 2,500	36,134	
Cash with Fiscal Agent	25,241,616		
Total	<u>\$ 30,690,260</u>	<u>\$ 564,287</u>	

## Pooled Funds

2

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Placer County Treasury. The County pools 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 pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the Placer County Treasurer may invest in derivative securities. However, at June 30, 2009, the Placer County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

## Deposits - Custodial Credit Risk

Cash balances held in banks and revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). At June 30, 2009, the carrying amount of the District's accounts was \$57,175 and the bank balances were \$68,827, all of which was covered by FDIC insurance.

#### Cash with Fiscal Agent

Cash with Fiscal Agent represent amounts held by a third party custodian in the District's name for future capital projects.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 2. CASH AND INVESTMENTS (Continued)

## 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, 2009, 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, 2009, the District had no concentration of credit risk.

## 3. INTERFUND TRANSACTIONS

## Interfund Activity

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

## Interfund Receivables/Pavaples

Interfund receivable and payable balances at June 30, 2009 were as follows:

Fund	Interfund <u>Receivables</u>	Interfund Payables
Major Funds: General		\$ 37,884
Non-Major Funds: Cafeteria Building Fees	\$ 4,844 33.020	
Totals	\$ 37,864	<u>\$                                    </u>

## AUBURN UNION SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 3. INTERFUND TRANSACTIONS (Continued)

## Interfund Transfers

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

Interfund transfers for the 2008-2009 fiscal year were as follows:

Transfer from the General Fund to the Deferred Maintenance Fund as part of the District's matching regulirement.	\$	4,900
Transfer from the Cafeteria Fund to the General Fund for indirect costs.		44,092
Transfer from the Special Reserve for Capital Outlay Fund to the General Fund for the purchase of equipment.		31,207
	5	80,199

## 4. CAPITAL ASSETS

A schedule of changes in capital asset for the year ended June 30, 2009, is shown below:

		Belance July 1, 2008		Transfers and Additions	Transfers and Daductions		Balance June 30, 2009
Land Improvement of Sites Buildings Equipment Work-in-process	\$	2,029,376 425,002 24,988,025 992,538 30,409	w	65,464 53,649 56,976 52,875	\$ <u>(30.400</u> )	\$ <del>`</del>	2,029,376 491,466 25,041,674 1,049,514 52,875
Totals, at cost	•••••	28,465,341		229,964	(30,400)	_	28,664,905
Less eccumulated depreciation: Improvement of sites Buildings Equipment		(377,688) (9,568,785) (805,418)		(25,156) (882,795) (33,628)		_	(402,844) (10,471,580) (839,045)
Totaj accumulated depreciation	لممد	(10,771,891)		(941.579)			<u>(11.713,470</u> )
Capital assets, net	5	17.693.450	\$	<u>(711.615</u> )	<u>\$ (30.400</u> )	\$	10.951.435

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#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 4. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental activities es follows:

Instruction	\$ 471,517
Instructional library, media and technology	26,716
Site administration	391
Food services	9,225
Data processing	28,744
All other general administration	317
Plant services	 404.669
Total depreciation expense	\$ 941,579

#### 5. LONG-TERM LIABILITIES

## Certificates of Participation (COPs)

## A - December 1999 Issuance

In December 1999, the Corporation issued \$2,993,580 in Certificates of Participation to edvance refund a portion of the 1994 Certificates of Participation (\$260,978) and for the E.V. Cain Improvement project. The Certificates are to be repeld from and are secured by annuel bese rental payments to be made by the District for lease of the facility constructed.

The following is a schedule of future payments of the 1999 Certificates of Participation;

Year Ending June 30,	Payments
2010 2011 2012 2013 2014 2015-2019 2020-2024 2025-2029 2030-2034	\$ 257,125 267,715 174,782 183,437 196,050 1,149,440 1,195,761 1,260,650 153,151
Less amount representing interest	4,855,111 (2,664,531)
Present value of net payments	<u>\$2.193,580</u>

## AUBURN UNION SCHOOL DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 5. LONG-TERM LIABILITIES (Continued)

## Certificates of Participation (COPs) (Continued)

B - May 2008 Refinancing Issuance

In May 2008, the Corporation issued \$36,010,000 of Variable Rate Demand COPs. The May 2008 COP was issued to defease the April 2002 COP (principal amount of \$34,135,000) and to finance the acquisition, construction, instellation, modernization, and equipping of improvements to various District facilities. The Corporation deposited \$34,135,000 into an irrevocable trust with an escrow agent to provide for all future debt service payments on the April 2002 COP. As a result, this COP is considered defeased, and the ilebility for this COP has been removed from the long-term liabilities of the District.

The following is a schedule of future payments of the 2002 Certificates of Perticipation:

Year Ending June 30,	Payments
2010 2011 2012 2013 2014 2015-2019 2020-2024 2025-2029 2030-2034 2035-2039	\$ 1,749,097 1,749,097 1,749,097 1,749,097 8,745,487 14,033,281 15,510,600 17,101,500 11,819,500 75,955,853
Loss amount representing interest	(39,945,853)
Present value of net payments	<u>\$ 36,010,000</u>

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 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, 2009, is shown below:

		Balance July 1, 2008	 Additions	_0	eductions		Balance June 30. 2009	0	Amounts ue Within Ine Year
Certificates of Participation: December 1999 May 2008 Accreted interest Other postemployment	\$	2,353,580 38,010,000 459,212	\$ 71.868	5	150.000	3	2,193,580 36,010,000 530,880	3	180,000
benefils (Note 8) Compensated absences		481,778 92,380	 		425,321 <u>4,687</u>		56,487 87,693		56,487 <u>87,693</u>
	<b>5</b>	39,396,950	\$ 71.668	5	590,008	\$	36,878,610	<u> </u>	324,150

Payments on the Certificates of Participation are made from the Special Reserve 56 Fund. Payments on the other postemployment benefits and compensated absences are made from the fund for which the related employee worked.

## 6. RESTRICTED NET ASSETS

The restricted net assets as of June 30, 2009 consisted of the following:

	Governmental Activities	
Restricted for:		
Revolving cash fund	\$ 2,500	
Stores inventory	2,393	
Unspent categorical program revenues	1,136,566	
Special revenue funds	786,407	
Capital projects funds	920,524	
Debt repayment	617,419	

#### 7. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated amployees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CaIPERS).

3.465.809

## AUBURN UNION SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### EMPLOYEE RETIREMENT SYSTEMS (Continued)

## Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

#### Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employer retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, Callfornia 95814.

## Funding Policy

Active plan members are required to contribute 7% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CaiPERS Board of Administration. The required employer contribution rate for fiscal year 2008-2009 was 9.428% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CaiPERS for the fiscal years ending June 30, 2007, 2008 and 2009 were \$222.842, \$204,797 and \$241,743, respectively, and equal 100% of the required contributions for each year.

## State Teachers' Retirement System (STRS)

#### Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a costsharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statules, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95626.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

## Plan Description and Provisions (Continued)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2008-2009 was 8.25% of annual payroil. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2007, 2008 and 2009 were \$871,007, \$757,478 and \$637,466, respectively, and equal 100% of the required contributions for each year.

## 8. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the District provides postemployment health care benefits as follows:

	Certificated	Classified
Benefit types provided	Medical, dental and vision	Medical, dental and vision
Duration of benefits	5 years but not beyond age 65	5 years but not beyond age 65
Required service	15 years	10 years
Minimum age	55	55
Dependent coverage	Yes	Yes
District contribution percent District cap	100% None	100% None

#### AUBURN UNION SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the ennual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an orgoing 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	\$	320,318
Interest on net OPEB obligation		0
Adjustment to annual required contribution		0
Annual OPEB cost (expense)		320,318
Contributions made		263.861
Increase in net OPEB obligation		56,457
Net OPEB obligation - beginning of year		0
Net OPEB obligation - end of year	3	56,457

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost <u>Contributed</u>	Net OPEB Obligation
June 30, 2009	\$ 320,318	82.37%	\$ 56,457

As of September 1, 2007, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$3,268,042, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,268,042. The covered payroll (annual payroll of active employees covered by the Plan) was \$10,036,417, and the ratio of the UAAL to the covered payroll was 32.56 percent.

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 8. 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, end the healthcare cost trend. Amounts datermined 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, shown above, presents multiyear trend information ebout whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 itabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the September 1, 2007 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate (net of administrative expenses), which is based on assumed long-term investment returns on plan assets and/ or the employer's assets, and an annual healthcare cost trend rate of 4.0 percent initially. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll. The remaining amortization period at June 30, 2009, was 29 years.

## 9. JOINT POWERS AGREEMENT

The District is a member of a Joint Powers Authority, Schools Insurance Group (SIG), for the operation of a common risk management and insurance program. The program covers workers' compensation, property/liability, health and welfare and building insurance. The membership includes the school districts in Placer and Nevada counties and their respective County Offices. SIG is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls the operations of SIG, including selections of management and approval of operating budgets.

The following is a summary of financial information for SIG at June 30, 2008 (the most recent information available):

Total assets	\$ 66,329,000
Total liabilities	\$ 25,849,000
Net assets	\$ 40,480,000
Total revenues	\$ 76,744,000
Total expenses	\$ 69,630,000
Change in net assets	\$ 7,114,000

The relationship between the District and SIG is such that SIG is not a component unit of the District for financial reporting purposes.

#### AUBURN UNION SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 10. DISCONTINUED OPERATIONS

Alta Vista Elementary School was closed as a comprehensive school site effective July 1, 2008. During fiscal year 2008-09, a portion of the Alta Vista site was leased to the Alder Grove Community Day School, which is managed by the Placer County Office of Education. In addition, the District will explore other educational options.

#### 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.

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

## 10. SUBSEQUENT EVENTS

#### Tax and Revenue Anticipation Notes

On September 3, 2009, the District issued Tax and Revenue Anticipation Notes (TRANs) totaling \$1,800,000 which mature on September 15, 2010 and bear interest at 1.5 percent. The TRANs were issued to provide for anticipated cash flow needs. The TRANs are a general obligation of the District, and are payable from revenues and cash receipts generated by the District during the year ended June 30, 2010.

## State Budget

On July 28, 2009, Governor Schwarzenegger signed a package of bills amending the 2008-09 and 2009-10 California State budgets. The budget amendments were designed to address the State's budget gap of \$24 billion that had developed as a result of the deepening recession since the State's last budget actions in February 2008.

The July budget package reduced, on a State-wide basis, \$1.6 billion in 2008-09 Proposition 98 funding through a reversion of undistributed categorical program balances. The budget language identified 51 specific programs and required the amounts associated with these programs that were "unallocated, unexpended, or not liquidated as of June 30, 2009" to revert to the State's General Fund. The July budget package also provided an appropriation in 2009-10 to backfill \$1.5 billion of these cuts to repay the 2008-09 reversion of the undistributed categorical program balances.

In accordance with the requirements of Government Accounting Standards Board Statement No. 33, the District has not recorded the revenue and related receivable associated with the District's portion of the unallocated, unexpended or unliquidated categorical program balances identified in the July 2009 State Budget package. SUPPLEMENTARY INFORMATION

## AUBURN UNION SCHOOL DISTRICT

## COMBINING BALANCE SHEET

# ALL NON-MAJOR FUNDS

June 30, 2009

	¢	afetaria Fund		Deferred Intenarice Fund	Ē	Special Reserve or OPEB Fund	1	Suilding Fund	1	Suilding Fees Fund	R for C	pecial eserve Capital Cutlay Fund	:	County School acilities Fund		ello-Roos Capital Project Fund		ello-Roos Debt Service Fund		Tot	<u>ai</u>
ASSETS																					
Cash in County Treasury Cash on hand and in barks Cash with Fiscal Agent Accellins receivable Due from other funds Stores inventory	\$	124,299 2,500 76,269 4,844 2,393	5	258,838	\$	322,484	\$	2 15,041	\$	549,932 116,694 38,620	\$	19,766	\$	45	\$	184,824	\$	583,077	ş 	11 11 7 3	3,267 8,541 6,894 6,269 7,884 2,393
Total acsets	53	210,305	5	258,836	Ş.	322,484	\$	16,043	\$	699,845	<u>\$</u>	19,766	¥	45	<u>\$</u>	184,624	£.	583,077	<u>\$</u>	2 23	5,228
LIABILITIES AND FUND BALANCES																-					
Liabēlies: Accounts payable	5	2,827															\$	1,200	\$		4,027
Fund helances		207,478	<u>\$</u>	258,838	\$	322,484	\$	18,043	\$	699,346	<u>\$</u>	19,766	\$	45	ŝ	154,624		581,877		2,29	1,201
Total liabilities and fund balances	ź	210,305	ž	258,838	<u></u>	322,484	5	16,043	<u>\$</u>	699,846	\$	19,766	<u>\$</u>	45	<u>\$</u>	154,824	5	583.077	ž.	2,29	5,228

The accompanying notes are an integral part of these financial statements.

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REVERARS, EXPENDITIZES AND CHANGE IN FUND BALANCES ALL NON-MALOR FUNDS

For the Year Ended June 30, 2009

Todal	\$ 528,373 143,250 215,078	1,586,701	2 <i>97,7</i> 31 113,379 391,242	96, ICO 123, ICO	25.702	1,047,090	538,611	4,902 (75,299)	(65,07)	469,212	1,221,339	\$ 2,231,201
Meito-Roos Debi Service Fund	<u>587.767</u>	297 293			4,630	4.555	255,633			292,633	289,244	\$ 561,877
Mello-Roos Capital Project Flund	13,620	13,680			1.157	1.152	12,513			12,513	172,311	5 154,824
Gounty School Facilities	23	52			3.613	3,613	0.590)	*******		(065'0)	3635	45
Special Reserve for Capital Cuttay Fund	1.697	1,637			*****	*******	<u>188</u> ]	(202.10)	(102)12)	(29,620)	49,285	33,25
Building Frees Fund	3 216,823	216.823	6,715 3,635	11,058	16.272	37.680	18143			179,143	520.703	5 500.845
Bullding Fund											5 15.043	16.043
Special Reserve for OPEB Fund	\$ 10,674	10,674					10,014			10,674	311,810	\$ 322,484
Deferred Maintenance Fund	\$ 80,457 9,014	174-68	3,89.5	70,675 111,978		186,751	(67,280)	4,800	4,800	(086,229)	351.215	258,639
Cafeteria Fund	\$ 528,373 62,793 365,834	657,060	231,015 105,744 237,347	<b>2</b> 5,122		813,229	143 431	(250 144)	(44.092)	967,99	101.739	3 207.478
	Reventies: Federal sources Other state sources Other tecal sources	Total revenues	Expenditures: Clasaficod aniantes Employee benefits Booka and axepties Contrart sanoirces and runnation	experidit ness Capital pullay Data constru-	Interest	Total expanditures	Excess (deficiency) of revenues over (uniter) expenditures	Other financing sources (uses): Operating transfers in Operating transfers out	Totel other financing sources (uses)	Net change in fund belances	Fund belancers, July 1, 2008	Fund halarces, June 30, 2009

The accompanying noles are an integral part of these financial statements.

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## AUBURN UNION SCHOOL DISTRICT

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## ALL AGENCY FUNDS

## For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Alta Vista School **				
Assets: Cash in County Treasury Cash on hend and in banks	<u>\$ 6,459</u>	<u>\$ 292</u>	<u>\$                                    </u>	- <u></u>
Total assets	<u>5 6,459</u>	<u>\$ 292</u>	<u>\$ 6,751</u>	<u>\$</u>
Liabilities: Due to other agencies Due to student groups	<u>\$ 6,459</u>	<u>s 292</u>	<u>\$ 6.751</u>	
Total liabilities	<u>\$ 6,459</u>	<u>s 292</u>	<u>\$ 6,751</u>	<u>\$</u>
E.V. Cain School				
Assets: Cash in County Treasury Cash on hand and in banks	<b>\$</b>	<u>\$115,130</u>	<u>\$ 125.289</u>	<u>s11.736</u>
Total assets	<u>\$ 21,895</u>	<u>\$ 115.130</u>	<u>\$ 125.289</u>	<u>\$11.736</u>
Liabilițies: Due to other agencies Due to student groups	<u>\$21,895</u>	<u>\$ 115,130</u>	<u>\$ 125,289</u>	<u>\$11.736</u>
Total liabilities	<u>\$21,895</u>	<u>\$ 115.130</u>	<u>\$ 125,289</u>	<u>\$11,736</u>
Rock Creek School				
Assets: Cash in County Treasury Cash on hand and in banks	<u>\$ 4.761</u>	<u>\$ 11.126</u>	<u>\$ 12.693</u>	<u>\$3.194</u>
Total assets	<u>\$ 4.761</u>	<u>\$ 11,126</u>	<u>\$ 12,693</u>	<u>\$ 3,194</u>
Liablities: Due to other agencies Due to student groups	<u>\$ 4.761</u>	<u>\$11.126</u>	<u>\$ 12,693</u>	<u>\$ 3.194</u>
Total liabilities	<u>\$ 4,761</u>	<u>\$ 11,126</u>	<u>\$ 12,693</u>	<u>\$3,194</u>

(Continued)

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## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## ALL AGENCY FUNDS (Continued) For the Year Ended June 30, 2009

	Balance July 1, 2 <u>008</u>	Additions	<u>Deductions</u>	Balance June 30, 2009				
Sky Ridge School								
Assets: Cash in County Treasury Cash on hand and in banks	<u>\$ 22,379</u>	<u>\$                                    </u>	<u>\$91,181</u>	<u>\$ 19,295</u>				
Total assets	<u>\$ 22,379</u>	<u>\$ 88.097</u>	<u>\$                                    </u>	<u>\$ 19,295</u>				
Liabilities: Due to other agencies Due to student groups	<u>\$22,379</u>	<u>\$                                    </u>	<u>\$ 91,181</u>	<u>\$ 19.295</u>				
Total liabilities	<u>\$ 22,379</u>	<u>\$88,097</u>	<u>\$                                    </u>	<u>\$ 19,295</u>				
Auburn Elementary School								
Assets: Cash in County Treasury Cash on hand and in banks	<u>\$ 9,448</u>	<u>\$ 43.547</u>	<u>\$                                    </u>	<u>\$ 1,909</u>				
Total assets	<u>\$                                    </u>	<u>\$ 43,547</u>	<u>\$                                    </u>	<u>\$ 1,909</u>				
Liabilities: Due to other agencies Due to student groups	<u>\$ 9,448</u>	<u>\$ 43,547</u>	<u>\$                                    </u>	<u>\$ 1,909</u>				
Total liabilities	<u>\$ 9,448</u>	<u>\$ 43.547</u>	<u>\$ 51,086</u>	<u>\$ 1,909</u>				
Warrant Pass-Through <u>Fund Activities</u>								
Assets: Cash in County Treasury Cash on hand and in banks	\$ 565,493	\$ 18,065,216	<b>\$</b> 18,102,556	\$ 528,153				
Total assets	<u>\$ 565,493</u>	<u>\$ 18,065,216</u>	<u>\$ 18,102,556</u>	<u>\$                                    </u>				
Liabilities: Due to other agencies Dua to studant groups	\$     565,493	\$ 18,065,216	\$ 18,102,556	\$ 528,153				
Total liabilities	<u>\$_565,493</u>	<u>\$ 18,065,216</u>	<u>\$ 18,102,556</u>	<u>\$                                    </u>				
(Continued)								

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## AUBURN UNION SCHOOL DISTRICT

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## ALL AGENCY FUNDS (Continuad) For the Year Ended June 30, 2009

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	Bala	ance				

Balance

## July 1, June 30, 2008 Additions Deductions 2009 Total - All Agency Funds

Assets: Cash in County Treasury Cash on hand and in banks	\$ 565,493 84,942	\$ 18,065,216 <u>258,192</u>	\$ 16,102,556 <u>287.000</u>	\$ 528,153 <u>36,134</u>
Total essets	\$ 630,435	<u>\$ 18.323.408</u>	<u>\$ 16,389,556</u>	\$ 564,287
Liabilities: Due to other agencies Due to student groups	\$ 565,493 <u>64,942</u>	\$ 18,065,216 <u>258,192</u>	\$ 18,102,556 287,000	\$ 528,153 36,134
Total liabilities	\$ 630,435	<u>\$ 18,323,408</u>	<u>\$ 18,389,556</u>	\$ 564,287

\*\* Due to the closure of Alta Vista Elementary, the remaining Associated Student Body cash balances were distributed to the remaining schools. These funds were included in the respective school's current year additions.

> The accompanying notes are an integral part of these financial statements.

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## ORGANIZATION

## June 30, 2009

Auburn Union School District was established in 1852 and is comprised of an area of approximately 64 square miles located in Placer County. There were no changes in the District's boundaries in the current year. The District is currently operating four elementary schools and one intermediate school. Effective July 1, 2008 the District has discontinued operations of one elementary school.

## **GOVERNING BOARD**

Name	Office	Term Expires		
Linda Beasley	President	November 2012		
Clark Gehlbach	Clerk	November 2010		
Lynn Hargrove	Member	November 2010		
Ken Nittler	Member	November 2010		
Steve Weaver	Member	November 2012		

## ADMINISTRATION

Michele Schuetz Superintendent

Douglas Crancer Assistant Superintendent of Business and Facilities

#### AUBURN UNION SCHOOL DISTRICT

## SCHEDULE OF AVERAGE DAILY ATTENDANCE

## For the Year Ended June 30, 2009

Elementenr	Second Period Report	Annual Repor <u>t</u>
Elementary:		
Kindergarten First through Third Fourth through Sixth Seventh and Eighth Home and Hospitat County Community Schools Special Education	218 635 674 467 3 40 35	218 635 673 465 3 40 35
Totals	2.072	2,069
		Hours of Attendance
Summer School:		
Elementary		24,415

See accompanying notes to supplementary information.

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## SCHEDULE OF INSTRUCTIONAL TIME

## For the Year Ended June 30, 2009

Grade Level	1986-87 Minutes Require- ment	1982-83 Actual Minutes	2008-09 Actual Minutes	Number of Days Traditional Calendar*	Status
Kindergarten	36,000	31,095	37,200	179	In Compliance
Grade 1	50,400	51,188	53,295	179	In Compliance
Grade 2	50,400	51,188	53,295	179	In Compliance
Grade 3	50,400	51,188	53,295	179	in Compliance
Grade 4	54,000	<b>\$1,855</b>	54,125	179	in Compliance
Grade 5	54,000	51,855	54,125	179	in Compliance
Grade 6	54,000	51,855	54,125	179	In Compliance
Grade 7	54,000	61,865	54,125	179	in Compliance
Grade 8	54,000	51,855	54,125	179	in Compliance

\*The District received a waiver from the State for one snow day during the fiscal year 2008/09.

## AUBURN UNION SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

## For the Year Ended June 30, 2009

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
U.S. Departme	nt of Education		
	Special Education Cluster: IDEA:		
84.027	Special Education Basic Local Entitlement		
	Part B	13379	\$ 369,102
64.173	Special Education Preschool Grant Part B	13430	13,075
	Subtotal Special Education Cluster		382,177
84 010	NCLB: Title I - Basic Grants Low Income and		
	Neglected	13797	411.975
84,186	NCLB: Title IV - Drug Free Schools	13453	12.202
84.367	NCLB: Title II - Part A, Improving Teacher Quality	14341	121.916
84.318	NCLB: Title II - Part D, Enhancing Education		
	Through Technology	14334	3,602
84,365	NCLB: Title III - Limited English Proficiency	10084	39,482
84.298	NCL8: Title V - Innovative Educational Strategies	14354	4,704
84.394	ARRA: State Fiscal Stabilization Funds	25008	551.458
	Total U.S. Department of Education		1.527.516
<u>U.S. Departmen</u>	nt of Health and Human Services		
93,778	Medi-Cal Collaborative	10013	10,530
U.S. Departmen	nt of Agriculture		
10.555	National School Lunch Program	13755	528,373
	Total Federal		\$ 2.065,419

See accompanying notes to supplementary information.

See accompanying notes to supplementary information. 51

#### RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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

## AUBURN UNION SCHOOL DISTRICT

## SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

## For the Year Ended June 30, 2009

	(Budget) 2010	2009	2008	2007
General Fund				
Revenues and other financing sources	<u>\$ 15.399.591</u>	<u>\$17.273.026</u>	<u>\$ 18,002,685</u>	<u>\$ 18,522,368</u>
Expenditures Other uses and transfers out	16,117,207	16,635,569 4,900	17,505,123 407,870	17,220,804 103,749
Total outgo	16.117.207	16,640,469	17,912,993	17,324,553
Change in fund balance	<u>\$ (717,816</u> )	<u>\$                                    </u>	\$ 69,892	<u>\$ 1,197,815</u>
Ending fund balance	<u>\$ 2,851,772</u>	<u>\$      3,359,388</u>	<u>\$ 2,736,831</u>	<u>\$</u>
Available reserves	<u>\$ 160,834</u>	\$ 500.303	<u>\$ 649.161</u>	<u>\$ 1.362.408</u>
Designated for economic uncertainties	<u>\$ 160,634</u>	<u>\$                                    </u>	<u>\$ 538,000</u>	<u>\$                                    </u>
Undesignated fund balance		<u>s 303</u>	<u>\$ 111.161</u>	<u>\$843.111</u>
Available reserves as a percentage of total outgo	1.0%	3.0%	3.6%	7.8%
All Funds				
Total long-term liabilities	<u>\$ 38.717.877</u>	\$ <u>39,157,564</u>	<u>\$38,937,738</u>	<u>\$ 37.397.363</u>
Average daily attendance at P-2	1,982	2,072	2,177	2,255

The General Fund fund balance has increased by \$1,920,264 over the past three fiscal years. The District projects an decrease of \$717,616 for the year ending June 30, 2010. For a district this size, the State of California recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses be maintained. For the year ended June 30, 2009 the District has met this requirement.

The District has incurred operating surpluses in each of the past three years, and anticipates incurring an operating deficit during the 2009-2010 fiscal year.

Total long-term liabilities have increased by \$1,760,201 over the past two years.

Average daily attendance has decreased by 183 over the past two years. The District anticipates a decrease of 90 ADA during the fiscal year ending June 30, 2010.

See accompanying notes to supplementary information.

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See accompanying notes to supplementary information.

#### SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2009

Included in District

Separate Report

Charter Schools Chartered by District

Currently, there are no charter schools operating under the District.

AUBURN UNION SCHOOL DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION

#### 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 Sactions 48201 through 48206.

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 OMB Circular A-133 requirements, and is presented on the modified accrual basis of accounting.

D - <u>Reconciliation of Unaudited Actual Financial Report with Audited Financial</u> <u>Statements</u>

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the Unaudited Actual Financial Report to the audited financial statements.

E - Schedule of Financial Trends and Analysis

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2009-2010 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

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

#### 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, 2009, the District did not adopt such a program.

See accompanying notes to supplementary information.

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

Board of Trustees Auburn Union School District Auburn, California

We have audited the compliance of Auburn Union School District with the types of compliance requirements described in the State of California's Standards and Procedures for Audits of California K-12 Local Educational Agencies (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2009. Compliance with the requirements of state laws and regulations is the responsibility of Auburn Union School District's management. Our responsibility is to express an opinion on Auburn Union School District's compliance based on our audit.

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 State of California's Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards requires that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes exemining, on a test basis, evidence about Auburn Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Auburn Union School District's compliance with those requirements.

Description	Audit Guide Procedures	Procedures Performed
Regular and Special Day Classes	8	Yes
Independent Study	23	No, see below
Continuation Education	10	No, see below
Adult Education	9	No, soa below
Regional Occupational Center and Programs	6	No, see below
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	No, see below
Community Day Schools	3 9 7	No, see below
Morgan-Hart Class Size Reduction Program	7	No, see below
Instructional Materials:		
General requirements	12	No, see below
Grades K-8	1	No, see below
Grades 9-12	4	No, see below
Ratic of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	No, see below
Mathematics and Reading Professional Development	4	No, see below
Class Size Reduction Program:		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	No, see below
Districts with only one school serving K-3	4	No, see below

#### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS (Continued)

Audit Guide

Drocodured

Description	Procedures	Performed
After School Education and Safety Program:		
General requirements	4	No, see below
After school	4	No see below
Before school	5	No, see below
Contemporaneous Records of Attendance, for charter schools	1	No, see below
Mode of instruction, for charter schools	*	No, see below
Nonclassroom-Based Instruction/Independent Study,		
for charter schools	15	No, see below
Datermination of Funding for Nonclassroom-Based		
Instruction, for charter schools	3	No, see below
Annual instructional Minutes - Classroom Based,		
for charter schools	3	No, see below

We did not perform procedures related to Independent Study because the District's reported ADA was below the materiality level that requires testing.

We did not perform any procedures related to Continuation Education or After School Education and Safety Program because the District does not offer these programs.

We did not perform any procedures related to instructional time for County Offices of Education because the District is not a County Office,

We did not perform any procedures related to Community Day School because the district does not offer this program.

We performed procedure (a) of Section 19828.3 related to instructional Materials: General Requirements. However, we did not perform procedures (b), (c) and (e) of Section 19828.3 for the Instructional Materials per the flexibility provisions in SBx3.4.

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

The 2008-2009 School Accountability Report Cards specified by Education Code Section 33128 are not required to be completed, nor were they completed, prior to the completion of our audit procedures for the year ended June 30, 2009. Accordingly, we could not perform the portions of audit steps (a), (b) and (c) of Section 19837 of the 2008-2009 Audit Guide relating to the comparison of tested data from the 2008-2009 fiscal year to the 2008-2009 Accountability Report Cards.

We did not perform any procedures related to Class Size Reduction Program - Option Two classes and Districts with only one school serving K-3 because the District does not offer Option Two, and the District has more than one school serving K-3.

We did not perform any procedures related to Contemporaneous Records of Attendance for charter schools, Mode of Instruction for charter schools, Nonclassroom-Based Instruction/Independent Study for charter schools and Annual Instructional Minutes- Classroom-Based for charter schools because the District does not have a charter school.

#### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS (Continued)

We did not perform any procedures related to Adult Education, Regional Occupational Center and Programs, Morgan Hart Class Size Reduction Program, Instructional Materials: Grades K-8 Only, Instructional Materials: Grades 9-12 Only, or Mathematics Reading and Professional Development as these programs are not required to be audited per flexibility provisions in SBX3.4.

In our opinion, Auburn Union School District complied with the state laws and regulations referred to above for the year ended June 30, 2009. Further, based on our axamination, for items not tested, nothing came to our attention to indicate that Auburn Union School District had not complied with the state laws and regulations.

This report is intended solely for the information of the Board of Trustees, management, the State Controller's Office, the California Department of Education and the California Department of Financa, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not illmited.

Perry-Smith up

Sacramento, California November 16, 2009

#### 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 Auburn Union School District Auburn, California

We have audited the financial statements of Auburn Union School District as of and for the year ended June 30, 2009, and have issued our report thereon dated November 16, 2009. 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Auburn Union School District's Internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Auburn Union School District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Auburn Union School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiencies, that adversely affects the District's ability to initiata, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### 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

(Continued)

#### Compliance and Other Maiters

As part of obtaining reasonable assurance about whether Auburn Union School District's financial statements are free of material misstatement, we performed texts 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*.

This report is intended solely for the information of the Board of Trustees, management, the California Department of Education, tha California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. Howaver, this report is a matter of public record and its distribution is not limited.

Sacramento, California November 16, 2009

Perry-Smith LLP

#### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees Auburn Union School District Auburn, California

#### Compliance

We have audited the compliance of Auburn Union School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Auburn Union School District's major federal programs are identified in the accompanying Schedule of Expenditure of Federal Awards. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Auburn Union School District's management. Our responsibility is to express an opinion on Auburn Union School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of Amarica; 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 includas axamining, or a test basis, evidence about Aubum Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Aubum Union School District's compliance with those requirements.

In our opinion, Aubum Union School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

#### Internal Control Ovar Compliance

The management of Auburn Union School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Auburn Union School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Auburn Union School District's internal control over compliance.

#### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)

#### Internal Control Over Compliance (Continued)

A control deficiency in the District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal progrem on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federel program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above,

This report is intended solely for the information of the Board of Trustees, management. the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Perry-Smith LLP

Sacramento, California November 16, 2009

#### FINDINGS AND RECOMMENDATIONS

#### SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

#### Year Ended June 30, 2009

# SECTION I - SUMMARY OF AUDITOR'S RESULTS

#### FINANCIAL STATEMENTS

Type of auditor's report issued:	Unqualified				
Internal control over financial reporting; Material weekness(es) identified? Significent deficiency(ies) identified not considered to be material weekness(es)?	Yes <u>X</u> No Yes <u>X</u> None reported				
Noncompliance material to financial statements noted?	Yes No				
FEDERAL AWARDS					
Internal control over major programs: Material weakness(es) identified? Significant deficiency(ies) identified not considered to be meterial weakness(es)?	Yes X No				
Type of auditor's report issued on compilance for major programs:	Unqualified				
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Yes XNo				
Identification of major programs:					
CFDA Number(s) Name	of Federal Program or Cluster				
10.555 National Sch					
10.555 National Sch	bool Lunch				
10.555 National Sch 84.394 ARRA: State Dollar threshold used to distinguish between Typo A	iool Lunch 5 Fiscal Stabilization Funds				
10.555 National Sch 84.394 ARRA: State Dollar threshold used to distinguish between Typo A and Type B programs:	aool Lunch Fiscal Stabilization Funds \$ 300,000				
10.555 National Sch 84.394 ARRA: State Dollar threshold used to distinguish between Typo A and Type B programs: Auditee qualified as low-risk auditee?	aool Lunch Fiscal Stabilization Funds \$ 300,000				

# AUBURN UNION SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2009

#### SECTION II - FINANCIAL STATEMENT FINDINGS

1. INTERNAL CONTROL - ASSOCIATED STUDENT BODY (30000)

Criteria

#### Safeguarding of Assets

# **Condition**

At Skyridge Elementary School:

- Receipts are not issued to the depositor of funds at the time funds are turned into the ASB Secretary.
- Money received by the ASB is not counted in dual custody at the time it is remitted to the ASB Secretary.
- Copies of checks are not relained with other cash disbursement supporting documentation.
- Monthly reports of financial activity of club accounts are not prepared or reviewed by the site Principal or student council.
- Revenue-producing activities are not properly approved by the appropriate individuals/groups.

#### At E,V. Cain Middle School:

- Money received by the ASB is not counted in dual custody at the time it is remitted to the ASB Secretary.
- Receipts are not issued to the depositor of funds at the time funds are turned into the ASB Secretary.
- The majority of checks issued from ASB accounts are signed by the School Secretary and Attendance Clerk.
- There is no control in place to prevent expenditures from taking place in excess
  of funds available to the student body.
- Monthly reports of financial activity of club accounts are not prepared or reviewed by the Site Principal or Student Council.
- Profit and Loss statements are not prepared nor reviewed for the student store.

## Effect

ASB funds could be potentially misappropriated.

## Cause

Adequate internal control procedures have not been properly implemented and enforced.

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2009

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

1. INTERNAL CONTROL - ASSOCIATED STUDENT BODY (30000) (Continued)

# Fiscal Impact

Not determinable.

## Recommendation

- Receipts should be issued to teachers upon initial receipt of cash and funds should be counted in dual custody. If a pre-numbered receipt is not used, the actual cash received should be reconciled to the supporting documentation for the revenue producing activity.
- Copies of checks should be retained with other cash disbursement supporting documentation.
- Monthly reports of financial activity for club accounts should be prepared and reviewed by the site Principal or student council.
- . All revenue-producing activities should be properly approved.
- Although all District checks require dual signature, checks issued from ASB accounts should be signed by at least one School Administrator (i.e., Principal or Vice Principal).
- The District should implement controls to prevent the expenditures from occurring in excess of funds available. This may be done by providing the student council with a monthly financial activity and balance report for student clubs prior to their approval of ASB expenditures.
- Monthly Profit and Loss statements should be prepared for the student store and reviewed periodically.

#### Corrective Action Plan

The District will provide assistance to school sites to ensure recommendations are implemented.

# AUBURN UNION SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2009

#### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2009

# SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

# FINDINGS AND RECOMMENDATIONS

# STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

#### Year Ended June 30, 2009

# AUBURN UNION SCHOOL DISTRICT

# STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (Continued) Year Ended June 30, 2009

Finding/Recommendation	Current Status	District Explanation If Not implemented	Finding/Recommendation	Current Status	District Explanation If Not Implemented
2006-1	Partially implemented.	See current yeer finding Number 1.	2008-1 (Continued)		
<ul> <li>At Rock Crack Elementary Schoot;</li> <li>Roceipts are not issued to the Depositor of funds when they are submitted to the ASB Secretary.</li> <li>Cash receipts are not submitted promptly.</li> <li>Revenue producing activities are not properly approved.</li> <li>At E.V Cain Middle School;</li> <li>Funds are not counted in dual custody.</li> <li>Receipts are not issued to the Depositor of funds when they are submitted to the ASB Secretary.</li> <li>The majority of checks issued are signed by the School Secretary &amp;</li> </ul>			<ul> <li>Checks issued from ASB accounts should include a School Administrator signature.</li> <li>Controls should be implemented that prevent expenditures from exceeding fund belance.</li> <li>Monthly financial activity reports of club accounts should be propared and reviewed.</li> <li>All deposits are supported by the receipt book and/or detailed supporting schedules and that the supporting documentation.</li> <li>An Office personnel should sign off on both copies of the naceipt from the receipt book should be issued.</li> </ul>		
<ul> <li>Attendance Clark.</li> <li>There are no control in place to prevent expenditures from exceeding available ASB funds.</li> <li>Monthly reports of financial activity for club accounts are not properly prepared or reviewed.</li> </ul>			2008-2 Rock Creek Elementary School site improperly claimed apportionment for two students for a total of three days.	Implemented.	
At Auburn Elementary School: Receipts are not issued by students who turned in money. ASB deposits lack receipt support			Auburn Elementary School site Improperty claimed apportionment for one student for one dey. We recommend the District maintain		
<ul> <li>and/or cash receipt logs.</li> <li>A receipt is not issued to the teacher depositing money to ASB.</li> <li>Requests for cash disbursement are not properly approved.</li> <li>Revenue producing activities are not properly approved.</li> </ul>			accurate documentation of students' attendance and to revise and resubmit the Period Two Report of Attendance based on the extrapolated error.		
<ul> <li>We recommend the following:</li> <li>A receipt book be used to maintained in a central location.</li> <li>Cash receipts from individual or groups are tuned ASB promptly</li> <li>All revenue producing activities should be properly approved.</li> <li>Collections of cash should be performed in dual outpody.</li> </ul>					
<ul> <li>A receipt should be issued to the Depositor of funds when turned into the ASB Secretary.</li> </ul>	59				

# FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

# For the Year Ended June 30, 2009

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# DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

COUNTY OF PLACER

**ROSEVILLE, CALIFORNIA** 

# **FINANCIAL STATEMENTS**

# WITH SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2009

# AND

# INDEPENDENT AUDITOR'S REPORT

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#### FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

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Perty-Smith LLP 400 Capitol Møj| | Suite 1200 Sacramento, CA 95814 www.perty-smith.com 915.441,1000

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees Dry Creek Joint Elementary School District Roseville, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Dry Creek Joint Elementary School District, as of and for the year ended June 30, 2009, which collectively comprise Dry Creek Joint Elementary School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 Genoral of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Dry Creek Joint Elementary School District as of June 30, 2009, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Audiling Standards, we have also issued our report dated November 18, 2009 on our consideration of Dry Creek Joint Elementary School District's internal control over financial reporting and 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 not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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#### INDEPENDENT AUDITOR'S REPORT (Continued)

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Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise Dry Creek Joint Elementary School District's basic financial statements. The accompanying financial and statistical information listed in the Table of Contents, including the Schedule of Expenditure of Federal Awerds, which is required by U.S. Office of Management and Budgat Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Dry Creek Joint Elementary School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Perry-Smith LLP

Sacramento, California November 18, 2009



#### Management's Discussion and Analysis

#### Introduction

The Management's Discussion and Analysis section of the Dry Creek Joint Elementary School District (the "District") audit report is management's view of the District's financial coudition, and provides an opportunity to discuss important fiscal issues with the Board of Trustees and the public. Accounting rules require this discussion and analysis and make reporting of District's finances similar to that of private business.

# **Dry Creek Joint Elementary School District**

The District serves residents of the Dry Creek Community in Placer County, the City of Roseville, and the Antelope Community in the County of Sacramento. At the time of this report the District serves approximately 7,240 students in seven elementary schools and three middle schools.

The mission statement of the District is:

Dry Creek Joint Elementary School District, a partnership of families, community and educators, prepares students to become active and responsible citizens in a diverse society by engaging students in a challenging euriculum that provides a solid foundation of academic skills in a safe learning environment.

#### **Overview of the Financial Statements**

The report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the required supplementary information. The basic financial statements reflect different views of the District.

The first two statements are district-wide financial statements that provide information about the District's overall financial status.

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

The governmental funds statements tell how basic services such as regular and special education were financed as well as what remains for future spending.

Fiduciary fund statements provide information about the financial relationship in which the District acts solely as a *trustee or agent* for the benefit of others who own the resources.



#### Management's Discussion and Analysis (Continued)

#### Financial Reports

The Statement of Net Assets and the Statement of Activities, report District-wide financial condition and activities. In contrast, the individual fund statements focus on reporting the District's operations in more detail. The fund financial statements reports the District's major funds separately and combines all other nou-major funds in total in one column. The major funds for the District are:

- General Fund
- Building Fund (General Obligation Bond Building Fund)
- County School Facilities Fund
- Bond Interest and Redemption Fund

#### Statement of Net Assets

The District's net assets increased to \$114.3 million, an increase of \$4.9 million or 4%. Total Assets grew slightly, however the mix between Current & Other Assets and Capital Assets changed by over \$15 million due to the eonstruction of Creekview Ranch Middle School, which opened its doors to students in August 2008 and the final phase of the library and administration buildings were substantially eompleted in the spring of 2009.

Other Liabilities decreased 24% mainly due to a decrease of \$2.3 million in accounts payable related to construction projects. Long-term liabilities decreased by almost \$1.9 million primarily due payments on General Obligation and Mello Roos Bonds.

The table below summarizes the District's net assets.

.

	•	eek J.E.		
		et Assets		
	2008-2009		2007-2008	% Change
Current & Other Assets	\$ 33,339,645	\$	48,600,085	-31%
Capital Assets	170,848,253		155,069,253	10%
Total Assets	\$ 204,187,898	\$	203,669,338	0%
Other Liabilities	\$ 7,694,325	\$	10,165,910	-24%
Long-Term Liabilities	82,179,301		84,054,501	-2%
Total Llabilities	\$ 89,873,626	\$	94,220,411	-5%
Tota∐Net Assetø	\$ 114,314,272	5	109,448,927	4%

#### Statement of Activities

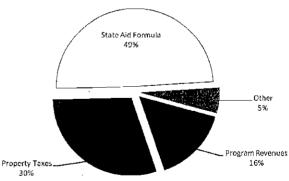
Total revenues exceeded expenses, resulting in increase in net assets by \$4.9 million. The District's total revenue was \$62.7 million, a decrease of 13% which was mainly due to the receipt of state construction matching funds of \$13.7 million in 2007-2008. As discussed in prior years, the timing of construction projects and state matching funding causes fluctuations in the District's revenues and expenses.

#### Management's Discussion and Analysis (Continued)

The following table summarizes the change in net assets.

Dry Creek J.E.S.D. Change In Net Assets							
		2008-2009		2007-2008	% Change		
Revenues:							
General Revenues:							
Property Taxes	\$	18,739,888	\$	17,358,167	8%		
State Aid Formula		30,967,502		31,729,502	-2%		
Other		3,264,818		2,205,215	48%		
Program Revenues		9,725,681		21,053,985	-54%		
Total Revenues		62,697,889		72,346,869	-13%		
Expenses:							
Instructional-related		40,025,084		41,490,338	-4%		
Pupil Services		2,101,502		1,852,378	13%		
General Administration		2,099,366		3,455,998	-39%		
Plant Services		8,865,942		7,534,472	18%		
Ancillary Services		162,489		121,062	349		
Debt Service		2,440,836		2,925,150	-179		
Other Outgo		2,137,345		1,586,199	35%		
Total Expense		57,832,544		58,965,597	-2%		
Change in Net Assets		4.865,345		13,381,272	-64%		
Net Assets, July 1		109,448,927		96,067,655			
Net Assets, June 30	\$	114,314,272	\$	109,448,927	49		

Property taxes and State aid formula accounted for most of the District's revenue totaling 79% of total revenue. Another 16% came from state and federal aid for specific programs and the remaining 5% of revenues are from miscellaneous sources as shown in the graph below.

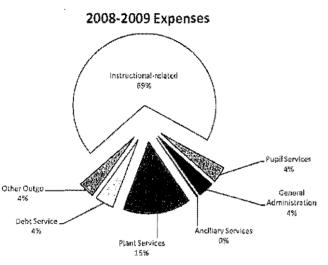


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2008-2009 Revenues

#### Management's Discussion and Analysis (Continued)

The total cost of programs and services was \$57.8 million, which represents a 2% decrease over prior year. Depreciation expenses have been charged to programs, thus no depreciation is unallocated. The District expenses are predominately related to educating and caring for students (68%) as shown in the table below. The purely administrative activities of the District accounted for just 4% of total costs.



## Financial Highlights

- The District opened Creekview Ranch Middle School in the August 2008. By using a combination of developer fees, state matching funds and local bonds to fund construction the District has opened 9 schools since 1990.
- Strong reserve levels were maintained in the 2008-2009 year. The Board of Trustees requires a 4% Designation for Economic Uncertaintics and a 2% General Reserve for the General Fund. Additionally, the district reserved funds for the declining enrollment and a one-time Revenue Limit Reduction which was part of the 09-10 state budget.

# General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times due to changes and updated projections. The most significant changes were the reduction of almost 8.0% in Revenue Limit and up to 15% in certain Other State Revenue programs due to the mid-year State budget cuts occurring in February 2009. To assist with these reductions, the District received increased Federal funding with the receipt of one-time \$2.2 million State Fiscal Stabilization Funds and the first of three years of the American Recovery and Reinvestment Act finds.

# Management's Discussion and Analysis (Continued)

Expenses increased by approximately \$2.7 million from the original budget from the inclusion of carryover funds from the 2007-2008 year. However, due to mid-year reductions and the freeze on non-essential purchases, expenses were projected to decrease \$1 million.

The major differences between the final budget and actuals included:

- The final budget included a further reduction of 3.6% in Revenue Limit funding in accordance with the Governor's May Revise. This reduction did not occur; rather a one-time reduction of approximately \$252 per Average Daily Attendance or \$1.8 million will occur in 09-10.
- Approximately \$4.7 million of program dollars were not spent and will be carried over into the 2009-2010 budget. As stated above, the State Fiscal Stabilization Funds were provided on a onetime basis in 2008-2009 and the District has planned to spend the remaining funds of \$1.8 million in 2009-10 and 2010-11.
- Budgeted revenue over expense was anticipated to be \$(1.5) inillion, however actual revenue to
  expense was \$1.5 million due the carrying over of funds into 09-10.

#### **Employee Relations**

The employees of the District were represented by the following groups: Dry Creek Teachers Association (DCTA), Amalgamated Transit Unit (ATU) and Association of Classified Employees (ACE+), however during 08-09 ACE+ voted to be represented by California School Employees Association (CSEA).

Agreements were reached with DCTA for employee compensation and benefits thru 2009-10 and included the forgoing of years of service increase and a reduction of three work days for 09-10. Management employees also will forgo the years of service increase and a reduction of three work days in 09-10.

Portions of the contracts can be "reopened" each year and nogotiated by the District and representatives of the respective groups. Upon completion of the negotiations, tentative agreements are subject to formal ratification by the Board of Trustees and the membership of the respective groups.

#### Financial Condition of General Fund

The District continues to maintain a solid financial condition. Due to the deteriorating state economy the District froze all non-essential expenses in January 2009 and set aside funds in anticipation of midyear cuts from the state. This positioning allowed the district to reduce expenditures and resulted in a better than projected ending fund balance.

The District's reserves remain at the Board of Trustees required levels of a 4% Designation for Economic Uncertainties and a 2% General Reserve. The District continues its practice of designating Lottery funds for expense in the following year. In 2008-09 the District created an Enrollment Deeline designation to assist when enrollment and the resulting staffing increase, yet revenues lag one-year behind.

The sound fluancial condition is a result of the Board of Trustees requirements and policies, good fiscal management by staff, and the focus on long-term impacts of decisions.

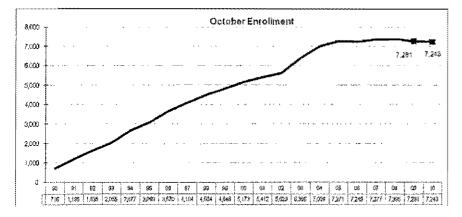
Net assots increased by \$4.9 million.

#### Management's Discussion and Analysis (Continued)

#### Student Growth

Since the 1990's the District has experienced tremendous student growth, however over the past five years enrollment has remained relatively flat as displayed in the chart below. During 2008-2009 enrollment declined by 114 students or 1.5% to 7,281 which was largely due to the lack of residential development and the nation-wide mortgage predicament. The October 2009 enrollment declined another 38 students or 0.5% to 7,243.

Within in the District's boundaries there remains a considerable amount of undeveloped iand with at least 6 developments with over 100 units each composing a total of approximately 1,650 residential units. The District is positioned to accommodate the future growth as it has obtained a school site and has state-approved plans for the next elementary school and will expand an existing elementary school. These projects will be funded through a combination of state reimbursement, developer fees and least matching funds.



#### **Capital Projects**

To house the growth in enrollment the District has undertaken an aggressive building program and has built nine new schools since 1990 and constructed two major additions. Each of these schools and additions were financed with state reimbursements, developer fees and local funds. The most recent school is the Creckview Ranch Middle which opened in August 2008 and the final phase including the library and the administration buildings were substantially completed in spring of 2009.

#### Bond Ratings

On the most recent General Obligation Bond issuance the District continued strong bond ratings with a Pitch rating of AA, a Standard & Poor's rating of AA-.

# Management's Discussion and Analysis (Continued)

#### District Indebtedness

As of June 30, 2009 the District has \$82.2 million of long-term liabilities. This is a decrease of \$1.9 million primarily due to payments on the two largest sources of indebtedness, General Obligation Bonds and Mello Roos Bonds. These bonds are financed by the local taxpayers through voter-approved elections and represent 87% of the District long-term debt.

Of particular note was during the year the Certificates of Participation of \$11.6 million were refunded with the second issuance from the 2009 General Obligation Bond. Additional detailed information may be found in the Notes section of the financial statements.

	Dry	Creak J.E.S.D	
	Long	-Term Liabilities	
		June 30, 2009	June 30, 2008
General Obligation Bonds	5	51,755,064 \$	41,496,387
Mello Roos Bonds		19,614,923	21,324,923
Certificates of Participation		o	11,620,000
Accreted Interest		8,873,838	7,688,706
Unamortized Discount		1,547,722	1,607,921
Capitalized Obligations		78,164	200,589
Compensated Absences		96,820	88,155
Early Retirement Incentive		12,972	27,820
-	3	82,179,301 \$	84,054,501

#### Factors Bearing on the District's Future

At the time the financial statements were prepared and audited, the District was aware of the following circumstances which could significantly affect its financial health in the future:

- The State's economic situation remains a significant factor impacting the District's future. State funding was 86% of General Fund revenues and with the detorioration of state revenues the appropriations for the District have and are projected to decline. More information on the State of California budget and resulting education budget will be known in January 2010 when the governor presents his FY 2010-11 budget.
- The District is unlikely to experience student growth until residential development returns, however
  the District is well positioned to accommodate finture student growth. The District has obtained the
  school site and has state-approved plans for the next elementary school and will expand an existing
  elementary school.

#### Contacting the District's Financial Management

The financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's fluances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the Administrative Services Office, Dry Creek Joint Elementary School District, 9707 Cook Riolo Road, Roseville, California 95747.

# STATEMENT OF NET ASSETS

# Juna 30, 2009

	Governmental			
ASSETS				
Cash and investments (Note 2)	\$ 24,660,253			
Accounts receivable	7,024,470			
Prepaid expenditures	1,653,925			
Stores inventory	997			
Capitel assets, net of accumulated				
depreciation (Note 4)	170,848,253			
Total assets	204,187,898			
LIABILITIES				
Accounts payable	3,731,235			
Tax and Revenue Anticipation Notes (TRANs) payable (Note 2)	3,800,000			
Deferred revenue	163,090			
Long-term llabilities (Note 6):				
Due within one year	3,846,052			
Due after one year	78,333,249			
Total liabilities	89,673,626			
NET ASSETS				
Investad in capital assets, net of related debt	91,523,963			
Restricted (Note 6)	15,554,641			
Unrestricted	7,235,666			
Total net assets	<u>\$ 114,314,272</u>			

BASIC FINANCIAL STATEMENTS

The accompanying notes are an Integral part of these financial statements.

#### STATEMENT OF ACTIVITIES

# For the Year Ended June 30, 2009

			Program Revenues	1	Net (Expense) Revenues and Changes In Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities (Note 4):					an outer to be allow.
Instruction	\$ 34,987,688		\$ B,005,414	5 431,563	\$ (28,548,581)
instruction-related sarvices:	922.839		132,845		(789,994)
Supervision of instruction instructional fitracy, media and	32X,033		102,840		(100,004)
logurology	400,508		4,089		(396,417)
School site administration	3,714,181		(11,548)		(3,725,729)
Pupil services	- Syr 14, 50 1		(14,949)		(2,723,73)
Home-to-school transportation	641.024	\$ 70,165	176,957		(394,902)
Faad services	13,143	0 10,100	110,441		(13,143)
All other ounit services	1.447.335		69,686		(1,357,549)
General administration:	1/441-000		00,000		(1,00),000)
Data processing	764.525				(784,626)
All other general administration	1.334.841	4,721	433,664	,	(896,456)
Piant services	8,665,942	4.121	262.077		(8,603,865)
			202,011		(0,003,003) (162,469)
Ancillary services	162,469				
Interest on long-term liabilities	2,440,835				(2.440,836)
Other outgo	2,137,345		126,048		(2,011,297)
Total governmental activities	<u>\$ 57,832,544</u>	<u>\$                                    </u>	<u>\$ 9,219,232</u>	<u>\$ 431,563</u>	(49.10E.553)
	Taxes levied Federal and sid				12,061,885 5,678,030 30,967,502 1,049,920 2,214,898
		52.972.205			
		Change in net as	a a iz		4,685,345
		Nel assets, July 1	, 2008		109,448,927
		Nel assets, June	39, 2009		<u>\$ 114,314,272</u>

# DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

# BALANCE SHEET

#### GOVERNMENTAL FUNDS

#### June 35, 2009

	Genersi Fund	General Obligation Bond Building Fund	County School Fecilities Fund	Волd Intersat and Redemption Fund	All Non-Misjor Funds	Total Governmental Funds
ASSETS						
Cash and investments: Cash in County Treasury Cash in County Treasury, restricted for repayment of Tax and Revenue	\$ 8,109,564	\$ 4,506,655	\$ 1,295,398	\$ 3,669,682	5 2,232,119	\$ 18,033,819
Anticipation Notes (TRANs) Cash in revolving fund Cash with Fiscal Agent	3,876,415 5,000				2.745,219	3,676,415 5,000 2,745,219
Accounts receivable Prepaid expenditures Dire from other funds Stores investory	7,010,639 175,000 997	12,495 1,013,430			1,338	7,024,470 175,000 1,013,430 997
Totel essets	<u>\$ 17,177,015</u>	\$ 5,532,580	\$	<u>\$ 3,889,682</u>	<u>3 4.978.674</u>	\$ 32,674,150
LIABILITIES AND FUND BALANCES						
Liebilities: Accounts payable TRANa payable Deferred revenue	\$ 1,558,658 3,800,000 163,090	\$ 1,197,260	\$ 22,813		\$ 13,147	\$ 2,922,076 3,600,000 163,090
Due to other funds	420	<u></u>	1,013,010			1.013.430
Total liabilities	5,882,366	1,197,250	1.035,823		13,147	7,898,598
Fund balances	11.525.247	4.335.320	259,575	<u>\$ 3,859,652</u>	4,965,527	24,975,652
Total liabilities and fund balances	<u>\$ 17,177,815</u>	<u>\$ 5,532,580</u>	<u>4 1,295,399</u>	<u>\$ 3,669,662</u>	<u>1.975.874</u>	<u>\$ 32,874,150</u>

The accompanying notes are an integral part of these linencial statements. 11 The accompanying notes are an integral part of these financial statements, 12

#### **RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET** TO THE STATEMENT OF NET ASSETS

#### June 30, 2009

#### Total fund balances - Governmental Funds \$ 24,975,652 General County Bond **Obligation** School Interest and よ!ii Total Bond Building Pacilities Non-Major General Redemption Governmental Amounts reported for governmental activities in the Fund Fund Food Fund Funda Funds statement of net assets are different because; Revenues: Capital assets used for governmental activities are not Revenue limit sources: \$ 26,876 778 9 26,876,776 State apportionment financial resources and, therefore, are not reported as Locat eourcee 12.061.858 12,061,858 assets in governmental funds. The cost of the assets is \$200,014,983 and the accumulated depreciation is Yotal revenue limit 38,938,634 38,938,634 \$29,155,730 (Note 4). Federal sources 4,209,821 4,209,821 170,848,253 Other state sources 6,390,172 \$ 431,863 245.334 7.067.688 3 Long-term liabilities are not due and payable in the 3,818,809 612,383 Other local sources 3,418,220 1.308.241 3.323.412 12.481.755 current pariod and, therefore, are not reported as fisbilities in the lunds. Long-term liabilities at Total revenues 52.956.847 612,383 1,740,804 3,816,509 3,569,348 62,697,889 June 30, 2009 consisted of (Note 5): Expenditures: General Obligation Bonds 3 (51.755.064) 25.574.100 Certificated salaries 28,574,100 Mello-Roos Bonds (19,814,923) 6,745,009 Classified salaries 6,746,009 Accretad interest (8,873,636) Employee henefits 8 905 27 8,905,271 1,660,052 166,000 495,734 848 2.321.434 Unamortized premium 11.547.7225 Books and supplies Contract services and operating Capitalized lease obligations (78.164) expenditures 3,805,694 286,369 22,620 Z43,408 4,357,981 Early retirement incentive (12.972) Capital outlay 446,085 15.663.073 1,034,110 229,988 18,393,256 Compensated absences (95,820) 773,718 Other outgo 773,718 Debt service: 74,025 11.620,000 1,330,000 1.558.400 14.582.425 Principal retirement (82,179,301) 1.736,966 Interest 5,503 1.015.812 3,761,286 Costs associated with the issuance of long-term liabilities Total expenditures 50,992,462 28,764,432 1.552.364 2.345.612 3,769,410 87,414,480 are not financial resources and, therefore, are not reported Excess (deficiency) of revenues as assets in governmental funds, 1,478,925 over (under) expenditures 1,964,385 (28,142,049) 106,440 1.472.697 (200,084) (24,716,591) Unmatured interest is not recognized until it is due and, Other financing sources (uses); therefore, it is not accrued as a payable in governmental Operating transfers In 30.285 435,260 782.068 1,250,593 Operating transfers out (414.044)(387,114) (468,535) (1,250,593) funds. (809,157) Proceeds from the issuance of long-term liabilities 11,877,506 11.877,506 Total net assets - governmental activilies \$ 114,314,272 Total other financing sources (uses) (384,659) 11,877,506 71,136 313,523 11,877,505 (18,264,543) 259,576 1,472,697 Net change in fund balances 1,579,726 113,459 (12,839,066) Fund balances, July 1, 2008 9,945,521 20,599,863 2,417,185 4,652.068 37,814,637 Fund balances, June 30, 2009 4,335,320 259,576 4,965,527 11,525,247 3,669,682 24,975,552

The accompanying notes are an integral part of these financial statements,

The accompanying notes are an integral part of these tinancial statements. 14

DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

**GOVERNMENTAL FUNDS** 

For the Year Ended June 10, 2009

v / ....

#### 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, 2009

## DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

# STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE · BUDGET (NON-GAAP) AND ACTUAL

#### MAJOR FUND - GENERAL FUND

#### For the Year Ended June 30, 2009

Net change in fund balances - Total Governmental Funds		\$ (12,839,085)		Bu	dsiet		Veriance Favorable
Amounts reported for governmental activities in the statement of activities are different because:				Original	Finai	Actual	(Un(avorable)
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net assets (Note 4).	\$ 19.191.860		Ravenues: Revenue limit sources: State apportionment Local sources	\$ 27,303,414 12,577,030	\$    25,098,444 	\$ 26,876,776 12,081,858	\$    1,778,332 (207,807)
Depreciation of capital assets is an expense that is not			Total revanue fimit	39,880,444	37.358,109	38,938,534	1,570,525
recorded in the governmental funds (Note 4).	(3,412,860)		Federal sources Other state sources	1,704,419 6,671,018	4,378,189 6,815,716	4,209,821 6,390,172	(168,366) (425,544)
Amortization of discounts and debt issuence cost are expenses that are not recorded in the governmental funds. The			Other local sources Total revenues	<u>3,238,260</u> 51,494,141	<u>3,771,318</u> <u>52,333,332</u>	3,418,220	(353,098) 623,515
difference between the debt issuance cost recognized in the current period and the issuance cost amortized in the current period is:	78,808		Expenditures;				
period is. Repayment of principal on long-term liabilities is an expend-	10,000		Certificated salartes Classified salaries Employee benefits	29,092,936 6,824,763 9,232,629	28,769,640 6,732,350 9,040,858	28,574,100 6,745,009 8,905,271	195,540 (12,659) 135,587
iture in the governmental funds, but decreases the long- term liabilities in the statement of net assets (Note 5).	14,582,425		Books and supplies Contract services and operating	2,190,565	2,776,393	1,660,052	1,115,341
In governmental lunds, proceeds from debt issuance are recog- nized as other financing sources. In the government-wide			expenditures Capital outlay Other outgo Debt service;	4,247,019 269,303 969,195	5,007,723 491,517 955,914	3,605,694 446,085 773,718	1,202,029 45,432 182,196
statements, proceeds from debt are reported as increases to the flabilities (Note 5).	(11,877,506)		Principal retirement Interest	74,026 <u>8.508</u>	74,025 <u>8,508</u>	74,025 8,508	
Accreted interest is an expense that is not recorded in the governmental funds (Note 5).	(1,184,930)		Total expenditures	52,903,945	53,866,926	50,992,462	2,854,466
Unmatured interest is an expense that is not recorded			(Deficiency) excess of revenues (under) over expenditures	(1,414,804)	(1,523,596)	1,964,385	3.487,981
in the governmental funds. In the statement of activities, expenses related to compen-	320,460		Other financing sources (uses): Operating transfere in	5,000 (300,000)	30,285	30,285 (414,944)	
sated absences and early retirement incentive are measured by the amounts earned during the year. In the governmental			Operating transfers out Total other financing sources (uses)	(295,000)	(414,944) (384,659)	(384,659)	
funds, expenditures are measured by the amount of financial resources used (Note 5).	6.183	17,704,430	Net change in fund balance	(1,709,804)	(1,908,255)	1,579,726	3,487,961
Change in net assets of governmental activities		<u>\$ 4.865.345</u>	Fund balance, July 1, 2006	9,945,521	9,945.521	9.945.521	
			Fund balance, June 30, 2009	<u>\$ 6,235,717</u>	<u>\$ 8,037.266</u>	<u>\$ 11.525,247</u>	\$ <u>3,487,981</u>

The accompanying notes are an integral part of lhese financial statements.

The accompanying notes are an integral part of these financial statements.

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#### STATEMENT OF FIDUCIARY NET ASSETS

#### AGENCY FUNDS

#### June 30, 2009

#### ASSETS

Cash on hand and in banks (Nole 2)		<u>\$ 137.870</u>
LIABILITIES	,	

Due to student groups

\$ 137,870

DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

## Reporting Enlity

The Board of Trustees is the level of government which has governance responsibilities over all activities related to public elementary school education in the District. The District and Dry Creek Joint Elementary School District Community Facilities District No. 1 (the "Facilities District") have a financial and operational relationship which meets the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, for inclusion of the Facilities District as a component unit of the District. Accordingly, financial activities of the Facilities District have been included in the basic financial statements of the District.

- The following are those aspects of the relationship between the District and the Facilities District which satisfy GASB Statement No. 14 criteria.
- A Manifestations of Oversight
  - The Facilities District's Board of Directors was appointed by the District's Board of Trustees.
  - The Facilities District has no employees. The District's SuperIntendent and Assistant Superintendent, Administrative Services function as agents of the Facilities District. Neither individual received additional compensation for work performed in this capacity.
  - The District exercises significant influence over operations of the Facilities District as it is anticipated that the District will be the sole lessee of all facilities owned by the Facilities District.
- B Accounting for Fiscal Matters
  - All major financing arrangements, contracts, and other transactions of the Facilities District must have the consent of the District,
  - Any deficits incurred by the Facilities District will be reflected in the lease payments of the District. Any surpluses of the Facilities District revert to the District at the end of the lease period.
  - It is anticipated that the District's lease payments will be the sole revenue source of the Facilities District,

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Reporting Entity (Continued)

- B Accounting for Fiscal Matters (Continued)
  - The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the Facilities District.

#### C - Scope of Public Service and Financial Presentation

- The Facilities District was created for the sole purpose of financially assisting the District.
- 2. The Facilities District is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State. The Facilities District was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. When the Facilities District's Mello-Roos Bonds have been paid with state reimbursements and the District's developer fees, litle to all of the Facilities District's property will pass to the District for no additional consideration.
- The Facilities District's financial activity is presented in the financial statements as the Debt Service Funds. Molo-Roos Bonds Issued by the Facilities District are included in the District's long-term liabilities.

## Basis of Presentation - Financial Statements

In June 1999, the Governmental Accounting Standards Board (GASB) unanimotialy approved Statement No. 34, Basic Finencial Statements - and Management's Discussion and Analysis - for State and Local Governments.

The basic financial statements include a Management 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 accruat accounting for all of the District's activities, including infrastructure, and a change in the fund financial statements to focus on the major funds.

#### Basis of Presentation - Government-Wide Financial Statements

The Statement of Net Assets 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 Assets at the fund financial statement level.

#### DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of Presentation - Government-Wide Financial Stataments (Continued)

The Statement of Net Assets 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 transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

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 citizenty, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

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

#### 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 balance, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into two categories which, in aggregate, include five fund types as follows:

- A Governmental Fund Types
  - 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of Presentation - Fund Accounting (Continued)

- A Governmental Fund Types (Continued)
  - 2 Deferred Maintenance Fund:

The Deferred Maintenance Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

3 - Debt Service Funds:

The Debt Service Funds are used to account for the accumulation of resources for the payment of long-term liabilities for principal and interest related to the General Obligation and Mello-Roos Bond obligations. This classification includes Mello-Roos and Bond Interest and Redemption Funds.

4 - Capital Projects Funds:

The Capital Projects Funds are used to account for resources used for the acquisition of capital facilities by the District. This classification includes General Obligation Bond Building, County School Facilities, Capital Facilities and Special Reserve Funds.

#### B - Fiduciary Fund Types

1 - Agency Funds:

The Agency Funds are used to account for the various funds for which the District acts as an agent. The District maintains ten agency funds, one each for the student body organizations at Dry Creek School, Heritage Oak School, Antelope Meadows School, Antelope Crossing School, Quaii Glen School, Olive Grove School, Coyote Ridge School, Silverado Middle School, Barrett Ranch School, and Creekvlew Ranch Middle School.

# Basis of Accounting

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

#### Accrual

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

# DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

# 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 melio-roos and general obligation long-term liabilities, if any, are 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.

The District employs budget control by major object code and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code, The budgets are revised during the year by the Board of Trustees to provide for unanticipated revenues and expenditures. The originally adopted and final revised budgets for the General Fund are presented in the basic financial statements.

#### Stores Inventory

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

#### Capital Assets

Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at 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 4 - 30 years depending on asset types.

#### Compansated Absences

Compensated absence benefits in the amount of \$96,820 are recorded as a liability of the District. The liability is for the earned but unused benefits.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Accumulated Sick Leave

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

#### Encumbrances

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

#### Deferred Revenue

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

#### **Restricted Net Assets**

Restrictions of the ending net assets indicate the portions of net assets not appropriable for expenditure or amounts legally segregated for a specific future use. The restrictions for revolving cash fund, prepaid expenditures and stores inventory reflect the portion of net assets represented by revolving fund cash, prepaid expenditures and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date. The restriction for general reserve represents the portion of fund balance represented by the general reserve. The restriction for unspent categorical program revenues represents the portion of net assets restricted for specific program expenditures. The restriction for deferred maintenance represents the portion of net assets restricted for specific program expenditures. The restriction for deferred maintenance represents the portion of net assets restricted for specific program expenditures. The restriction for deferred maintenance represents the portion of net assets restricted for specific program expenditures. The restriction for deferred maintenance represents the portion of net assets restricted for specific program expensions the portion of net assets restricted for capital projects.

#### Property Taxes

Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The Counties of Sacramento and Placer bill and collect taxes for the District. Tax revenues are recognized by the District when received.

#### DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Eliminations and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds ware eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

#### <u>Estimates</u>

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.

#### 2. CASH AND INVESTMENTS

Cash and investments at June 30, 2009 consisted of the following:

	Governmental Activities	Fiduciary Funds
Pooled Funds: Cash in County Treasury	\$ 18,033,619	
Cash in County Treasury, restricted for	# 10,000,010	
repayment of TRANs	3,876,415	
Deposits:		
Cash in revolving fund	5,000	
Cash on hand and in banks		\$ 137,870
Cash with Fiscal Agent	2,745,219	
Total	<u>\$ 24.660.253</u>	<u>\$ 137,870</u>

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Placer County Treasury. The County pools 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.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 2. CASH AND INVESTMENTS (Continued)

#### Pooled Funds (Continued)

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

In accordance with applicable state laws, the Placer County Treasurer may invest in derivative securities. However, at June 30, 2009, the Placer County Treasurer has indicated that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

#### Cash in County Treasury, Restricted for Repayment of TRANs

On August 26, 2008, the District issued \$3,800,000 of Tax and Revenue Anticipation Notes (TRANs) maturing on September 9, 2009, with interest at 2.0%, to provide for anticipated cash flow deficits from operations. The TRANs are a general obligation of the District and are payable from revenues and cash receipts generated by the District during the fiscal year ended June 30, 2009. As of June 30, 2009, funds totaling \$3,876,415 held in the General Fund were pledged to repay the principal and accrued interest.

#### Deposits - Custodial Credit Risk

Cash balances held in banks and revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). As of June 30, 2009, the carrying amount of the District's accounts was \$142,870, and the bank balances were \$167,257, all of which was insured by the FDIC.

#### Cash with Fiscal Acent

Cash with Fiscal Agent represents cash balances held by the Placer County Treasurer and Union Bank of California for the repayment of outstanding Mello-Roos Bonds. The cash balances are fully collateralized at June 30, 2009.

#### Investment 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, 2009, the District had no significant interest rate risk related to cash and investments held.

#### Investment Credit Risk

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

#### DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 2. CASH AND INVESTMENTS (Continued)

#### Concentration of Investment Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2009, the District had no concentration of credit risk.

# 3. INTERFUND TRANSACTIONS

# Interfund Activity

Transactions between funds of the District for goods and services 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/Pavables

Individual interfund receivable and payable balances at June 30, 2009 were as follows:

Fund	Interfund Receivables	Interfund Pavables
Major Funds:		
General Fund	B 4 549 499	\$ 420
General Obligation Bond Building County School Facilities	\$ 1,013,430	1.013.010
	<u>\$ 1,013,430</u>	<u>\$ 1.013.430</u>

#### 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 2008-2009 fiscal year were as follows:

Transfer from the General Fund to the Deferred Maintenance		
Fund for the state matching requirement.	\$	319,170
Transfer from the General Fund to the Special Reserve Fund		
for purchases of buses under Bus Replacement Grant.		95,774
Transfer from the Special Reserve Fund to the General Fund		
for the purchases of buses under the Bus Replacement Grant.		25,285
Transfer from the Mello-Roos Fund to the County School		
Facilities Fund to fund various construction projects.		438,250
Transfer from the County School Facilities Fund to the		
Capital Facilities Fund to repay District office facilities.		367,114
Transfer from the Capital Facilities Fund to the General		
Fund for developer fee administration costs.	_	5,000
	<u>\$</u>	1,250,593

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2009 is shown below:

	Balance July 1, 2008	Additions	Deductions	Transfore	Balence June 39, 2009
Land Improvement of sites	\$ 19,758,131 15,399,015	\$ 5.342		\$ 3,799,587	\$ 19,758,131 19,203,924
Buildings	96,696,694	8,232,178		39,562,479	144,491,551
Equipment	3,328,484	1,147,830	s 84,000	163,481	4.556,795
Work-in-process	46 725.599	9.805.510		(43,525,527)	12.008.582
Totais, at cost	160,907,123	19,191,860	84,000		200.014.983
Less accumulated depreciation	:				
improversant of sites	(7,245,674)	(775,208)		1,310,402	(6,713,460)
🗄 ហៅជាំពន្លន	(16,351,121)	(2,333,520)		(1,541,511)	(20,226,152)
Equipment	(2.238.075)	(394,132)	(64,000)	231,109	(2.227,098)
Total accumulated					
notislaergeb	(25,837,670)	(3,412,B60)	(84,000)		(29.166.730)
Capital assets, net	<u>\$_155,089,253</u>	<u>5 15,779,000</u>	<u>\$</u>	<u> .</u> .	<u>\$   170,849,263</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 114,707
Supervision of Instruction	8,948
Home-to-school transportation	28,332
All other general administration	7,523
Data processing	34,890
Plant services	3.218.480
Total depreciation expense	\$ 3,412,860

## 5. LONG-TERM LIABILITIES

#### General Obligation Bonds, Series A

On May 1, 1997, the District issued General Obligation Bonds in the amount of \$13,033,042 to fund the construction of Silverado Middle School and a new elementary school. The General Obligation Bonds are authorized pursuant to the special election of the registered voters held on March 7, 1995, and are payable from the ad valorem taxes to be levied annually upon all property subject to taxation by the District.

# DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 5. LONG-TERM LIABILITIES (Continued)

# General Obligation Bonds, Series A (Continued)

The Bonds mature serially in varying amounts during the succeeding years through 2022, with interest rates ranging from 4.40% to 6.10%. Future payments are scheduled as follows:

Year Ending June 30,	Principal	interest	Total
2010 2011 2012 2013 2014 2015-2019 2020-2022	\$ 535,396 526,142 519,920 511,946 502,424 2,407,930 <u>1,809,284</u>	\$ 534,604 593,858 660,080 728,054 797,576 5,137,070 5,695,716	\$ 1,070,000 1,120,000 1,180,000 1,240,000 1,300,000 7,545,000 7,505,000
Totals	<u>\$ 6,813,042</u>	<u>\$ 14,148,958</u>	<u>\$_20,960,000</u>

# General Obligation Bonds, Series B

On June 1, 2000, the District issued General Obligation Bonds in the amount of \$8,765,000 to acquire school sites, to acquire, develop and construct new elementary and middle schools, and to renovate existing schools. The General Obligation Bonds are authorized pursuant to the special election of the registered voters held on March 7, 1995, and are payable from the ad valorem taxes to be levied annually upon all property subject to taxation by the District.

The Bonds mature serially in varying amounts during the succeeding years through 2013, with interest rates ranging from 5,25% to 5.875%. Future payments are scheduled as follows:

Year Ending June 30.	Principal	Interest	Total
2010 2011 2012 2013	\$ 225,000 250,000 275,000 305,000	37,738 23,784	\$ 275,206 287,738 298,784 <u>313,197</u>
Totais	\$ 1.055.000	<u>\$ 119,925</u>	<u>\$1,174,925</u>

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 5. LONG-TERM LIABILITIES (Continued)

#### 2007 General Obligation Refunding Bonds

On November 28 2007, the District issued General Obligation Refunding Bonds in the amount of \$7,465,000. The Refunding Bonds Were issued to accomplish a partial advance refunding of the District's General Obligation Bonds, Election of 1995, Series B and to provide funding to acquire school sites, develop and construct new elementary and middle schools. The Refunding Bonds were authorized pursuant to the special election of the registered voters held on March 7, 1995, and are payable from the ad valorem taxes to be levied annually upon all property subject to taxation by the District.

The Bonds mature serially in varying amounts during the succeeding years through 2025, with Interest rates ranging from 4.00% to 5.25%. Future payments are scheduled as follows:

Year Ending June 30.	Principal	Interest	Total	
2010	\$ 45,000	\$ 315,887	\$ 360,887	
2011	45,000	314,088	359,088	
2012	50,000	312,188	362,188	
2013	50,000	310,188	360,188	
2014	390,000	301,388	691,388	
2015-2019	2,430,000	1,214,589	3,644,589	
2020-2024	3,455,000	565,073	4,020,073	
2025	835,000	18.265	853,266	
Totals	<u>\$_7,300,000</u>	<u>\$ 3,351,667</u>	<u>\$. 10.651,667</u>	

#### 2008 General Obligation Bonds

.. . ..

On May 30, 2008, the District issued General Obligation Bonds in the amount of \$24,998,345 to fund the modernization of existing schools and construct new schools and classrooms. The General Obligation Bonds are authorized pursuant to the special election of the registered voters held on February 5, 2008, and are payable from the ad valorem taxes to be levied annually upon all property subject to taxation by the District.

The Bonds mature serially in varying amounts during the succeeding years through 2033, with interest rates varying from 3.00% to 8.00%.

# DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### LONG-TERM LIABILITIES (Continued) 8

2008 General Obligation Bonds (Continued)

#### Future payments are scheduled as follows:

Year Ending June 30,	Principal	Interest	Tola
2010	\$ 1,135,000	\$ 944,988	\$ 2,079,988
2011	100,000	926,463	1,026,463
2012	150,000	922,712	1,072,712
2013	215,000	917,237	1,132,237
2014	290,000	909,663	1,199,663
2015-2019	2,850,000	4,303,469	7,153,469
2020-2024	6,095,000	3,416,913	9,511,913
2025-2029	11,190,000	1,435,188	12,625,188
2030-2033	2,973,345	10.418,855	13,390,000
Totals	\$ 24,998,345	<u>\$ 24,193,288</u>	<u>\$ 49,191,633</u>

#### 2009 General Obligation Bonds

On May 20, 2009, the District issued General Obligation Bonds in the amount of \$11,558,677 to fully prepay the 2007 Certificates of Participation and to fund the modernization of existing schools and construct new schools. The General Obligation Bonds are authorized pursuant to the special election of the registered voters held on February 5, 2008, and are payable from the ad valorem taxes to be levied annually upon all property subject to taxation by the District.

The Bonds mature serially in varying amounts during the succeeding years through 2049, with interest rates varying from 2.00% to 9.55%. Future payments are scheduled as follows:

Year Ending June 30,	Principal	Interest	Total
2010	5 -	\$ 94,201	\$ 94,201
2011	200,000	144,806	344,806
2012	80,000	142,006	222,006
2013	40,000	140,806	180,806
2014	25,000	140,093	165,093
2015-2019	100,000	693,908	793,908
2020-2024	405,000	647,306	1,052,306
2025-2029	905,000	511,447	1,416,447
2030-2033	2,196,168	2,371,882	4,568,050
2035-2039	3,234,637	15,385,363	18,620,000
2040-2044	3,056,210	21,858,789	24,914,999
2045-2049	1.346.662	18.308.339	19.655.001
Totals	<u>\$ 11,589,677</u>	<u>\$ 60,438,946</u>	\$_72.027.623

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 5. LONG-TERM LIABILITIES (Continued)

# Series 1996 Special Tax Bonds

On January 1, 1996, the District issued Mello-Roos Bonds in the amount of \$9,355,000 for the defeasance of the Series 1991 Special Tax Bonds, and to provide funds for the construction of school facilities. The Mello-Roos Bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from the proceeds of an annual Special Tax to be levied and collected on property within the District. The Special Tax is to be levied according to the rate and method of apportionment determined by a formula approved by the Board, as the legislative body of the District, and by the registered voters within the District.

The Bonds mature serially in varying amounts during the succeeding years through 2016 with interest rates ranging from 4.20% to 5.20%. Future payments are scheduled as follows:

Year Ending Juna 30,	F	rincipal	Interest	Total
2010	\$	800,000 \$	• • • • • • •	\$ 952,870
2011		865,000	110,813	975,813
2012		945,000	64,658	1,009,658
2013		250,000	34,060	284,060
2014		215,000	21,970	236,970
2015-2016	_	315,000	14.950	329,950
Totals	<u>s</u>	3.390.000	<u>\$ 399.321</u>	<u>\$ 3,769,321</u>

#### Series 19968 Special Tax Bonds

On November 1, 1996, the District issued Mello-Roos Bonds in the amount of \$2,900,770 to provide funds for the acquisition and construction of school facilities. The Mello-Roos Bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from the proceeds of an annual Special Tax to be levied and collected on property within the District. The Special tax is to be levied according to the rate and method of apportionment determined by a formula approved by the Board, as the legislative body of the District, and by the registered voters within the District.

#### DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 5. LONG-TERM LIABILITIES (Continued)

## Series 1996B Special Tax Bonds (Continued)

The Bonds mature serially in varying amounts during the succeeding years through 2019, with interest rates ranging from 4.40% to 6.00%. Future payments are scheduled as follows:

Year Ending June 30.	1	Principal		Interest	Total		
2010	\$	120,672	\$	124,328	\$	245,000	
2011		119,561		140,439		260,000	
2012		111,410		148,590		260,000	
2013		315,248		489,752		785,000	
2014		218,080		361,920		580,000	
2015-2019		345,799		709,201	_	1,055,000	
Totals	\$	1.230.770	<u>\$</u>	1,954,230	95	3,185,000	

#### Series 1999 Special Tax Bonds

On August 1, 1999, the District issued Mello-Roos Bonds in the amount of \$5,254,153 to provide funds for the advance refunding of Series 1995 Special Tax Bonds (with remaining obligation of \$3,690,000) and for the acquisition and construction of school facilities. With the payment to the Escrow Agent to advance refund and defease the District's Series 1995 Special Tax Bonds, the Series 1995 Special Tax Bonds are considered to be defeased, and the obligations have been removed from the District's general purpose financial statements. The Mello-Roos Bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1962 and are payable from the proceeds of an annual Special Tax to be levied and collected on property within the District. The Special Iax is to be levied according to the rate and method of apportionment determined by a formula approved by the Board, as the legislative body of the District, and by the registered voters within the District.

The Bonds mature serially in varying amounts during the succeeding years through 2020, with interest rates ranging from 3.60% to 5.75%. Future payments are scheduled as follows:

Year Ending June 30,	Principal			Interest	Total		
2010	\$	330,000	\$	144,153	\$	474,153	
2011		355,000		127,818		482,618	
2012		390,000		109,170		499,170	
2013		420,000		88,710		508,710	
2014		460,000		66,040		526,040	
2015-2019		1,297,174		516,222		1,813,396	
2020		36,979		7 <u>8,021</u>		115,000	
Totals	\$	3,289,153	5	1,129,934	\$	4,419,087	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 5. LONG-TERM LIABILITIES (Continued)

#### Series 2003 Special Tax Bonds

On August 1, 2003, the District issued Mello-Roos Bonds in the amount of \$9,600,000 to provide funds for the acquisition and construction of school facilities. The Mello-Roos Bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from the proceeds of an annual Special Tax to be levied and collected on property within the District. The Special tax is to be levied according to the rate and method of apportionment determined by a formula approved by the Board, as the legislative body of the District, and by the registered voters within the District.

The Bonds mature serially in varying amounts during the succeeding years through 2026, with interest rates ranging from 3.0% to 5.0%. Future payments are scheduled as follows:

Year Ending June 30,	_	Principal		Interest		Total
2010 2011 2012 2013 2014 2015-2019 2020-2024 2025-2026	\$	230,000 255,000 290,000 320,000 350,000 2,380,000 4,005,000 1,020,000	\$	393,861 384,036 372,586 361,751 349,341 1,482,718 727,878 37,200	\$	623,861 639,036 662,586 681,751 699,341 3,862,718 4,732,878 1,057,200
Totals	\$	8,850,000	<u>\$_</u>	4,109,371	S	<u>12,959,371</u>

#### Series 2005 Special Tax Bonds

On August 1, 2005, the District issued Mello-Roos Bonds in the amount of \$3,150,000 to provide funds for the acquisition and construction of school facilities. The Mello-Roos Bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982 and are payable from the proceeds of an annual Special Tax to be levied and collected on property within the District. The Special tax is to be levied according to the rate and method of apportionment determined by a formula approved by the Board, as the legislative body of the District, and by the registered voters within the District.

#### DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 5. LONG-TERM LIABILITIES (Continued)

#### Series 2005 Special Tax Bonds (Continued)

The Bonds mature serially in varying amounts during the succeeding years through 2029, with interest rates ranging from 3.0% to 5.0%. Future payments are scheduled as follows:

Year Ending Jun <u>e 30,</u>	Pri	ncipal	Interest	Total		
2010 2011 2012 2013	\$	50,000 60,000 65,000 70,000	\$ 131,100 129,238 127,050 124,687	\$	181,100 189,238 192,050 194,687	
2014 2015-2019 2020-2024 2025-2029		85,000 565,000 875,000 285,000	121,869 550,404 400,268 150,697		206,869 1,115,404 1,275,268 1,435,697	
Totals	<u>\$3,</u>	055.000	<u>\$    1,735,313</u>	\$	4,790,313	

#### Capitalized Lease Obligations

The District leases certain portable classrooms and office equipment under capital lease agreements.

The following is a schedule of future minimum lease payments as of June 30, 2009:

Year Ending June 30.		
2010	\$	79,093
Less amount representing interest		(929)
Net minimum lease payments	<u>\$</u>	78,164

#### Early Retirement Incentive

In 2002-2003, the District entered into an agreement with the Dry Creek Teacher's Association for an early retirement incentive program. The program offered qualifying teachers \$5,424 per year for health benefits until the retired employee reached age 65, or upon his/her death, whichever is sooner. Two teachers are receiving this benefit.

The retiring superintendent's contract included \$4,000 annually, for a period of five years to be applied toward health benefits.

The total liability at June 30, 2009 was \$12,972.

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 5. LONG-TERM LIABILITIES (Continued)

#### Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

		Belance July 1, 2008		Additions		Oeductions		Sslance June 30, 2009	1	Amounis Due Wilhin One Year
General Obligation Bonds Mallo-Ruce Sonds	\$	41,498,367 21,324,923	\$	11,568,677	\$	1,330,000	\$	51,755,064 19,814,923	s	2,140,396 1,530,672
Accreted interest Unemodized premium		7,688,706		1,184,930 288,829		349.028		6,873,636 1,547,722		1,000,012
Certificate of Participation Capitalized lease objections		11,620,000		1001000		11,620,000				
Early retirement incentive		27,820				122,426 14,848		78,164 12,972		78,164
Compensated absences	•••••	88,155	_	96,620	••••••	<u>BB.155</u>		96,820	_	96,820
	\$	B4,054,501	<u>\$</u>	13,159,255	\$	15.034.455	2	82,179,501	£	3.845.052

Payments and amortization of premiums relating to the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments relating to the Melio-Roos Bonds are made from the Melio-Roos Fund. Payments on the Capitalized lease obligations are made from the General and Capital Facilities Funds. Payments on the compensated absences and early retirement incentive are made from the fund for which the related employee worked.

#### 6. RESTRICTED NET ASSETS AND DESIGNATED FUND BALANCES

The restricted net assets as of June 30, 2009 consisted of the following;

	Governm Activiti	
Restricted for revolving cash fund	\$	5,000
Restricted for prepaid expenditures		1,653,925
Restricted for stores inventory		997
Restricted for general reserve (EC 42124)		2,161,484
Restricted for unspent categorical program revenues		1.028,149
Restricted for deferred maintenance		385,890
Restricted for debt service		3,891,218
Restricted for capital projects	_	6,428,176
	<u>\$ 1</u>	5.554.641

### DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 6. RESTRICTED NET ASSETS AND DESIGNATED FUND BALANCES (Continued)

The designated fund balances as of June 30, 2009 consisted of the following:

	Governmental Funds
Designated for economic uncertainties Other designations	\$ 2,056,298 <u>4,984,816</u>
	<u>\$ 7.041.114</u>

## 7. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pansion plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

#### Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

#### Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan mombers and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary Information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office. 400 P Street. Sacramento, California 95514.

#### Funding Policy

Active plan members are required to contribute 7% of their salary (6.2% of monthly salary over \$133,33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CaIPERS Board of Administration. The required employer contribution rate for fiscal year 2008-2009 was 9.428% of annual payroli. The contribution requirements of the plan members are established by state statute. The District's contributions to CaIPERS for the fiscal years ending June 30, 2007, 2008 and 2009 were \$502,432, \$540,480 and \$554,417, respectively, and equal 100% of the required contributions for each year.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### **EMPLOYEE RETIREMENT SYSTEMS** (Continued) 7.

Plan Description and Provisions (Continued)

State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a costsharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law, STRS issues a separate comprehensive ennual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95828.

#### Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2008-2009 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2007, 2008 and 2009 were \$2,165.018, \$2,315,693 and \$2,325,389, respectively, and equal 100% of the required contributions for each year.

#### 8. JOINT POWERS AGREEMENT

#### Schools insurance Group

The District is a member of a Joint Powers Authority, Schools Insurance Group (SIG), for the operation of a common risk management and insurance program. The program covers workers' compensation, property/liability, and health and welfare insurance. The membership includes the school districts in Placer and Nevada counties and their respective County Offices. SIG is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls the operations of SIG, including selections of management and approval of operating budgets.

The following is a summary of financial information for SIG at June 30, 2008 (the latest date for which such information is available):

Total assets	5 66.329.000
Total liabilities	\$ 25,849,000
Total net assets	\$ 40,480,000
Total revenues	\$ 76,744,000
Total expenses	\$ 69,630,000
Change in net assets	\$ 7,114,000

The relationship between the District and the Joint Powers Authority is such that the Joint Powers Authority is not a component unit of the District for financial reporting purposes,

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#### DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### EXCESS OF EXPENDITURES OVER APPROPRIATIONS Ó.

Excess of expenditures over appropriations in individual funds were as follows:

Fund	Excess Expenditures
General Fund: Classified Salaries	\$ 12.659

These excesses are not in accordance with Education Code Section 42600.

Budget revisions for expenditures in excess of budgeted amounts were not made at the end of the fiscal year.

#### 10. CONTINGENCIES

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

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

# 11. SUBSEQUENT EVENTS

#### Tax and Revenue Anticipation Notes

On September 3, 2009, the District issued \$4,800,000 of Tax and Revenue Antioipation Notes (TRANs) maturing on September 15, 2010, with interest at 3.0%, to provide for anticipated cash flow deficits from operations. The TRANs are a general obligation of the District and are payable from revenues and cash receipts generated by the District during the fiscal year ended June 30, 2009.

#### State Budget

On July 28, 2009, Governor Schwarzenegger signed a package of bills amending the 2008-09 and 2009-10 California State budgets. The budget amendments were designed to address the State's budget gap of \$24 billion that had developed as a result of the deepening recession since the State's last budget actions in February 2009.

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

# 11. SUBSEQUENT EVENTS (Continued)

#### State Budget (Continued)

The July budget package reduced, on a State-wide basis, \$1.6 billion in 2008-09 Proposition 96 funding through a reversion of undistributed categorical program balances. The budget language identified 51 specific programs and required the amounts associated with these programs that were "unallocated, unexpended, or not liquidated as of June 30, 2009" to revert to the State's General Fund. The July budget package also provided an appropriation in 2009-10 to backfill \$1.5 billion of these cuts to repay the 2008-09 reversion of the undistributed categorical program balances.

# SUPPLEMENTARY INFORMATION

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# COMBINING BALANCE SHEET

## ALL NON-MAJOR FUNDS

#### June 30, 2009

	Deferred Maintenance <u>Fund</u>	Mello-Roos Fund	Capital Facilities Fund	Special Reserve Fund	Total
ASSETS					
Cash in County Treasury Cash with Fiscal Ageni Accounts receivable	\$ 385,690	\$ 2,745,219 1,336	\$  1,476,885	\$ 369,544	\$ 2,232,119 2,745,219 <u>1,336</u>
Total assets	\$ 385.690	<u>\$ 2,746,555</u>	<u>\$ 1,476,885</u>	\$ 369,544	<u>\$ 4,978,674</u>
LIABILITIES AND FUND BALANCES					
Liabililies; Accounts payable			\$ 13,147		\$ 13,147
Fund balances	<u>\$ 385,690</u>	<u>\$ 2,746,555</u>	1,463,738	<u>\$ 389,544</u>	4,965,527
Total liabilities and fund balances	\$ 385,690	<u>\$ 2 746,555</u>	<u>\$ 1 476,885</u>	<u>\$ 369,544</u>	<u>\$_4,978,674</u>

# DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

# COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

#### ALL NON-MAJOR FUNDS

# For the Year Ended June 30, 2009

	Deferred Maintenance Fund	Mello-Roos Fund	Capital Facilities Fund	Special Reserve Fund	Total
Revenues: Other stale sources Other local sources	\$ 245,934 <u>3,103</u>	<u>\$ 2,972,776</u>	<u>\$ 337,733</u>	<u>\$ 9,800</u>	\$    245,934 3,323,412
Totel revenues	<u>249,037</u>	2,97 <u>2,776</u>	337,733	9,800	3,569,346
Expenditures: Books and supplies Contract services and			648		648
operating expenditures Capital outlay Debt service:	9,142 215,132		234,266 14,856		243,408 229,988
Principal retirement Interest		1,510,000 905,770	48,400 831,196		1,558,400 1,736,966
Total expenditures	224,274	2,415,770	1,129,366		3,769,410
Excess (deficiency) of revenues over (under) expenditures	24,763	557,006	(791,633)	9,800	(200,064)
Other financing sources (uses); Operating transfers in Operating transfers oul	319,170	(438,250)	367,114 (5.000)	95,774 (25,285)	782,058 (468,535)
Total other financing sources (uses)	<u> </u>	(438,250)	382,114	70,489	313,523
Nel change in fund balances	343,933	118,756	(429,519)	80,289	113,459
Fund balances, July 1, 2008	41,757	2,627,799	1,893,257	289,255	4,852,068
Fund balances, June 30, 2009	\$ 385,690	<u>\$ 2,746,555</u>	<u>\$ 1,463,738</u>	<u>\$ 369,544</u>	<u>\$ 4,965,527</u>

The accompanying notes are an integral part of these financial statements.

The accompanying notes are an integral part of these financial statements.

# COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

# ALL AGENCY FUNDS

# For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Dry Creek School				
Assets: Cash on hand and in banks	<u>\$                                    </u>	\$ <u>18,393</u>	<u>\$ 18,437</u>	<u>\$                                    </u>
Liabilities: Due to student groups	<u>\$ 368</u>	<u>\$ 18,393</u>	<u>\$ 18,437</u>	<u>s 324</u>
Heritage Oak School				
Assets: Cash on hand and in banks	<u>\$1.828</u>	<u>§375</u>	<u>\$ 321</u>	<u>\$ 1,382</u>
Liabilities: Due lo student groups	<u>\$ 1.828</u>	<u>\$ 376</u>	<u>\$ 321</u>	<u>\$ 1,882</u>
Antelope Meadows School				
Assets: Cash on hand and in banks	<u>\$ 1.152</u>	<u>\$069</u>	<u>\$ 568</u>	<u>\$ 1,553</u>
Liabilities: Due to student groups	<u>\$ 1,152</u>	<u>\$969</u>	<u>\$ 568</u>	<u>\$ 1,553</u>
Antelope Crossing School				
Assets: Cash on hand and in banks	\$ <u>57.817</u>	\$ 196,900	<u>\$                                    </u>	<u>\$                                    </u>
Liabilities: Due to student groups	<u> </u>	<u>\$                                    </u>	<u>\$ 201,546</u>	<u>\$ 53.169</u>
Quail Gien School				
Assets: Cash on hand and in banks	<u>\$ 1,030</u>	<u>\$ 16,486</u>	<u>\$ 10.461</u>	<u>\$                                    </u>
Liabilities: Due to student groups	<u>\$ 1,030</u>	<u>\$ 16,486</u>	<u>\$ 10,461</u>	<u>\$                                    </u>

# DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

# COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

#### ALL AGENCY FUNDS (Continued) For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Olive Grove School				
Assets: Cash on hand and in banks	<u>\$                                    </u>	<u>s</u>	<u>§ 252</u>	<u>\$330</u>
Liabilities: Due lo student groups	<u>\$ 592</u>	<u>3</u>	<u>\$262</u>	<u>\$                                    </u>
Covote Ridge School				
Assets: Cash on hand and in bank	<u>\$3.909</u>	<u>\$ 603</u>	<u>\$ 1,923</u>	<u>\$ 2.789</u>
Liabilities: Due to student groups	<u>\$ 3,909</u>	<u>\$ 803</u>	<u>\$ 1,923</u>	<u> </u>
Silverado Middle School				
Assets: Cash on hand and in bank	<u>\$ 82,056</u>	<u>\$ 170,448</u>	<u>\$205.033</u>	<u>\$ 47,471</u>
Liebilities: Due to student groups	<u>\$ 82,056</u>	<u>\$ 170.448</u>	<u>\$                                    </u>	<u>\$ 47.471</u>
Barrell Ranch School				
Assets: Cash on hand and in bank	<u>\$ 3,488</u>	<u>\$ 20,280</u>	<u>\$20,779</u>	<u>\$ 2.969</u>
Liabilities: Oue to student groups	<u>\$ 3,486</u>	<u>\$ 20,280</u>	<u>\$ 20,779</u>	<u>\$                                    </u>
Creekview Ranch Middle School				
Assets: Cash on hand and in bank	<u>\$</u>	<u>\$ 143,227</u>	<u>\$ 122,919</u>	<u>\$ 20.308</u>
Liabilities: Due lo student graups	<b>5</b>	<u>\$ 143.227</u>	<u>\$ 122.919</u>	<u>\$ 20,308</u>

(Continued)

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# COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

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# ALL AGENCY FUNDS

(Continued) For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Total - All Agency Funds				
Assets: Cash on hand and in banks	<u>\$ 152,240</u>	<u>\$                                    </u>	<u>\$ 582,251</u>	<u>\$ 137,870</u>
Liabilities: Due to student groups	<u>\$ 152,240</u>	<u>\$                                    </u>	<u>\$                                    </u>	<u>\$ 137.870</u>

#### DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

#### ORGANIZATION

#### June 30, 2009

Dry Creek Joint Elementary School District was established in 1876 and is comprised of an area of approximately 17 square miles located in Placer and Sacramento Counties. There were no changes in the boundaries of the District during the current year. As of June 30, 2009, the District is operating seven elementary schools and three middle schools.

## GOVERNING BOARD

Name	Office	Term Expires
Tracy Pittman	President	December 2010
Diane Howe	Clerk	December 2010
Anne Silberslein	Member	December 2010
Jeff Randall	Member	December 2012
Scott Otsuka	Member	December 2012

# ADMINISTRATION

Mark Geyer Superintendent

Bradley Tooker Deputy Superintendent

Gordon Medd Assistant Superintendent, Administrative Services

Evonne Rogers Assistant Superintendent, Educational Services

The accompanying notes are an integral part of these financial statements.

# SCHEDULE OF AVERAGE DAILY ATTENDANCE

# For the Year Ended June 30, 2009

	Second Period Report	Annual Report
Elemantary:		
Kindergarten	628	629
First through Third	2.197	2,200
Fourth through Sixth	2,350	2,351
Seventh and Eighth	1,705	1,698
Home and Hospital	5	6
Special Education	159	162
Totals	7,044	7.046
		Hours of Attendance
Summer School:		
Elementary		<u>61.080</u>

# DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

#### SCHEDULE OF INSTRUCTIONAL TIME

#### For the Year Ended June 30, 2009

Grade Level	1966-87 Minutes Require- ment	1982-83 Actual <u>Minutes</u>	2008-09 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	36,000	31,680	36,900	180	In Compliance
Grade 1	50,400	41,360	<b>51,35</b> 0	180	In Compliance
Grade 2	50,400	41,360	51,350	180	In Compliance
Grade 3	50,400	41,360	51,350	180	In Compliance
Grade 4	54,000	52,800	54,750	180	In Compliance
Grade 5	54,000	52,800	54,750	180	In Compliance
Grade 6	54,000	54,000	54,680	180	In Compliance
Grade 7	54,000	54,000	54,680	180	In Compliance
Grade 8	54,000	54,000	54,680	160	In Compliance

See accompanying notes to supplementary information.

See accompanying notes to supplementary information.

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# SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

# For the Year Ended June 30, 2009

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# DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

# RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2009

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

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
U.S. Departme	nt of Education		
	Special Education Cluster:		
84 027	Special Ed IDEA Basic Local Assistance	13379	\$ 981,979
84.027	Special Ed IDEA Local Assistance, Part B:		w
01.021	Private School ISPs	10115	595
84,173	Special Ed (DEA Preschool Grant	13430	42,302
84.027A	Special Ed IDEA Preschool Grant Local Entitlement	13682	111.345
Galler Contraction	opeoidi Ed (DEA Friddinia) Great Lood Endeanean	10000	
	Subtotal Special Education Cluster		1.135,221
84.010	NCLB: Title I, Part A: Basic Grants Low Income		
	and Neglected	13797	324,095
84.298A	NCLB: Title V, Part A: Innovative Education Strategies	14354	7,802
84.318	NCLB: Title II, Part D: Enhancing Education through		.,
	Technology	14334	1,107
84,186	NCLB: Title IV, Part A: Drug Free Schools	13453	8,259
84.367	NCLB: Title II, Part A: Teacher Quality	14341	137.504
84.385	NGLB: Title III, Limited English Proficiency (LEP)		i a i juar i
	Student Program	10084	72,619
84,365	NCLB: Title III, Immigrant Education Program	14346	16,238
84.367	NCLB: Title II, Part A: Admin Training	14344	986
84.391	Special Ed: ARRA IDEA Part 8, Basic Local	2.1.2.4	440
04.001	Assistance	15003	248.360
84.391	Special Ed: ARRA IDEA Part B, Local Assistance	10000	K) -7 ca   61 co 62
U1.001	Private School	10123	162
84.394	ARRA: State Fiscal Stabilization Fund	25008	2.232.282
04.394	ARRA: Glate Piaca) Stabilization Fund	20000	<u></u>
	Total U.S. Department of Education		4,185,645
U.S. Departma	nt of Heelth and Human Services		
93,778	Medi-Cal Administrative Activities	10060	24,175
	Total Federal Programs		\$ 4,209,821
			WIIII RECENTION OF A

See accompanying notes to supplementary information. See accompanying notes to supplementary information.

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#### SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

#### For the Year Ended June 30, 2009

Genaral Fund	(Budget) 2010	2009	2008	2007
Revenues and other financing sources	<u>\$ 46.276.428</u>	<u>\$    52,987,132</u>	<u>\$ 53,223,520</u>	<u>3 51,792,010</u>
Expenditures Other uses and transfers out	50,516,968 334,240	50,992,462 414,944	51,595,75 <b>7</b> <u>326,870</u>	48,570,448 <u>\$11,590</u>
Total outgo	50,851,208	51,407,406	51,922,627	49.182.038
Change in fund balance	<u>\$ (4,574,780</u> )	<u>\$ 1,579,726</u>	<u>\$ 1,300,693</u>	<u>\$ 2,609,972</u>
Ending fund balance	\$ 6,950,467	<u>\$ 11.525.247</u>	<u>6 9,945,521</u>	5 8,644,628
Available reserves	\$ 2,589,908	<u>\$ 3,169,801</u>	<u>\$ 5,031,448</u>	<u>\$ 3,512,605</u>
Designated for economic uncertainties	<u>\$     2,542,562</u>	<u>\$2,056,298</u>	<u>\$ 2.076.806</u>	<u>\$1967.283</u>
Undesignated fund balance	<u>\$ 47.346</u>	<u>\$ 1.113,503</u>	<u>\$ 2,954,542</u>	<u>\$ 1,545,322</u>
Available reserves as per- centages of total outgo		6.2%	9.7%	7:14
Total long-term llabilities	<u>\$ 78.333.249</u>	<u>\$ 82.179.301</u>	<u>5 84.054.501</u>	<u>\$ 40.011.472</u>
Avarage daily attendance at P-2	6,925	7.044	7.123	

The General Fund fund balance has increased by \$5,490,591 over the past three years. The District projects a decrease of \$4,574,760 for the year ending June 30, 2010. For a district this size, the State of Celifornia recommends available reserves of at least 3% of total General Fund axpenditures, transfers out, and other uses be maintained. The District has met this requirement.

The District has incurred operating surpluses In each of the past threa years and anticipates incurring an operating deficit during the year ending June 30, 2010.

Total long-term liabilities have increased by \$42,167,829 over the past two years.

Average daily attendance has decreased by 112 over the past two years and is anticipated to decrease by 119 during the year ending June 30, 2010.

See accompanying notes to supplementary information.

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#### DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

#### SCHEDULE OF CHARTER SCHOOLS

# For the Year Ended June 30, 2009

d in District
Statements, or
ate Report

The District does not sponsor any charter schools.

See accompanying notes to supplementary information.

### NOTES TO SUPPLEMENTARY INFORMATION

### 1. PURPOSE OF SCHEDULES

### A - Schedule of Average Daily Attendance

Average daily attendance is a measurement of tha 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.

D - <u>Reconciliation of Unaudited Actual Financial Report with Audited Financial</u> <u>Statements</u>

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

This schedule provides trend information on the District's financial condition over the past three years and its anticipated condition for the 2009-2010 fiscal year, as required by the State Controller's Office.

### F - Schedule of Charter Schools

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

### 2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in tha financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Section 22714 and 44929. For the fiscal year ended June 30, 2009, the District did not adopt this program.

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

Board of Trustees Dry Creek Joint Elementary School District Roseville, California

We have audited the compliance of Dry Creek Joint Elementary School District with the types of compliance requirements described in the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2009. Compliance with the requirements of state laws and regulations is the responsibility of Dry Creek Joint Elementary School District's management. Our responsibility is to express an opinion on Dry Creek Joint Elementary School District's compliance based on our audit.

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 State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Those standards require that wa plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about Dry Creek Joint Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit of Dry Creek Joint Elementary School District's compliance with those requirements and performing such other provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Dry Creek Joint Elementary School District's compliance with those requirements.

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	Audit Guide	Procedures
Description	Procedures	Performed
Regular and Special Day Classes	8	Yes
Independent Study	23	No, see below
Continuation Education	10	No, see below
Adult Education	9	No, see below
Regional Occupational Center and Programs Instructional Time:	6	No, see below
School Districts	6	Yes
County Offices of Education	3	No, see below
Community Day Schools	9	No, see below
Morgan-Hart Class Size Reduction Program Instructional Materials:	9 7	No, see below
General requirements	12	No, see below
Grades K-8	1	No, see below
Grades 9-12	1	No, see below
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Saleries	1	Yes
Early Retirement Incentive Progrem	4	No, see below
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	No, see below
Mathematics and Reading Professional Development Class Size Reduction Progrem:	4	No, see below
General requirements	7	Yes
Option one classes	з	Yes
Option two classes	4	No, see below
Districts with only one school serving K-3	4	No, see below

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS (Continued)

Description	Audit Guide <u>Proce</u> dures	Procedures Performed
After School Education and Safety Program;		
General requirements	4	No, see below
After school	4	No, see below
Before school	5	No, see below
Contemporaneous Records of Attendance		
for charter schools	1	No, see below
Mode of Instruction, for charter schools	1	No, see below
Nonclassroom-Based Instruction/Independent Study,		,
for cherter schools	15	No, see below
Determination of Funding for Nonclassroom-Based		
Instruction, for charter schools	3	No, see below
Annual Instructional Minutes - Classroom-Based,		
for charter schools	3	No, see below

The District's reported ADA for independent Study was below the materiality level that requires testing; therefore, we did not perform any testing of Independent Study ADA.

The District does not operate a Continuation Education Program; therefore, we did not perform any testing of Continuation Education ADA.

The School District is not a County Office; therefore, we did not perform any procedures related to County Office Instructional Time Incentives.

The District does not operate a Community Day School Program; therefore, we did not perform any testing of Community Day School ADA.

We performed procedure (a) of Section 19828.3 related to Instructional Materials: General Requirements. However, we did not perform procedures (b), (c) and (e) of Section 19828.3 for the Instructional Materials per the flexibility provisions in SBx3 4.

The District does not offer an Early Retirement Incentive Program; therefore, we did not perform steps a through d.

The 2008-2009 School Accountability Report Cards specified by Education Code Section 33126 are not required to be completed, nor were they completed, prior to the completion of our audit procedures for the year ended June 30, 2009, except as described in the Schedule of Audit Findings and Questioned Costs section of this report. Accordingly, we could not perform the portions of the audit steps (a), (b) and (c) of Section 19837 of the 2008-2009 fiscal year to the 2008-2009 School Accountability Report Cards.

The District does not participate in Option Two of CSR; therefore, we did not perform any procedures related to Option Two.

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS (Continued)

The District does not have only one school serving grades K through 3; therefore, we did not perform any procedures relating to one school serving grades K through 3 for the Class Size Reduction Program.

The District did not receive After School Education and Safety funding in the current year; therefore, we did not perform any procedures related to After School Education and Safety.

The District does not have any Charter Schools; therefore, we did not perform any of the testing required by Article 4 of the Audit Guide.

We did not perform any procedures related to Adult Education, Regional Occupational Center and Programs, Morgan Hart Class Size Reduction Program, Instructional Materials: Grades K-8 Only, Instructional Materials: Grades 9-12 Only, or Mathematics and Reading Professional Development as these programs are not required to be audited per flexibility provisions in SBx3 4.

In our opinion, Dry Creek Joint Elementary School District complied with the state laws and regulations referred to above for the year ended June 30, 2009. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Dry Creek Joint Elementary School District had not complied with the state laws and regulations.

This report is intended solely for the information of the Board of Trustees, management, the State Controller's Office, the California Department of Education and the California Department of Finance, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not illmited.

Perry-Smith Lul

Sacramento, California November 18, 2009

### 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 Dry Creek Joint Elementary School District Roseville, California

We have audited the financial statements of Dry Creck Joint Elementary School District as of and for the year ended June 30, 2009, and have issued our report thereon dated November 18, 2009. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Dry Creek Joint Elementary School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dry Creek Joint Elementary School District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Dry Creek Joint Elementary School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's Internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### 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

(Continued)

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dry Creek Joint Elementary School District's financial statements are free of material misstalement, we performed lasts 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*.

This report is intended solely for the information of the Board of Trustees, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended and should not be used by anyone other than thase specified parties. However, this report is a matter of public record and its distribution is not limited.

Perry-Smith LLP

Sacramento, California November 18, 2009

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees Dry Creek Joint Elementary School District Roseville, California

### Compliance

We have audited the compliance of Dry Creek Joint Elementary School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Dry Creek Joint Elementary School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Dry Creek Joint Elementary School District's management. Our responsibility is to express an opinion on Dry Creek Joint Elementary School District's compliance based on our audit.

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 Dry Creek Joint Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Dry Creek Joint Elementary School District's compliance with those requirements.

In our opinion, Dry Creek Joint Elementary School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

### Internal Control Over Compliance

The management of Dry Creek Joint Elementary School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Dry Creek Joint Elementary School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Dry Creek Joint Elementary School District's internal control over compliance.

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)

### Internal Control Over Compliance (Continued)

A control deficiency in the District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconseguential will not be prevanted or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Board of Trustees, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sacramento, California November 18, 2009

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### SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

### Year Ended June 30, 2009

### SECTION I - SUMMARY OF AUDITOR'S RESULTS

### FINANCIAL STATEMENTS

Type of audilor's report issued:	Unqualified
Internal control over financial reporting: Material weakness(es) identified? Significant deficiency(ies) identified not cons to be material weakness(es)?	IderedYesX None reported
Noncompliance material to financial statements noted?	Yes X No
FEDERAL AWARDS	
Internal control over major programs; Material weakness(es) identified? Significant deficiency(les) identified not cons to be material weakness(es)?	ideredYes _XNoYesXNone reported
Type of auditor's report issued on compliance fo major programs:	unqualified
Any audit findings disclosed that are required to reported in accordance with Circular A-133, Section .510(a)?	beYesXNo
Identification of major programs:	
CFDA Number(s)	Name of Federal Program or Cluster
84.027, 84.027A, 84.173 84.010	Special Education Cluster NCLB-Title I, Part A, Basic Grants Low Income and Neclected
64.394	ARRA: State Fiscal Stebilization Fund
Doilar threshold used to distinguish between Ty and Type B programs:	pe A \$ 300,000
Audilee qualified as low-risk audilee?	<u>X</u> Yes No
STATE AWARDS	
Internal control over state programs: Material weakness(es) identified? Significant deficiency(ies) identified not cons to be material weaknosses?	idered YesX No
Type of auditor's report issued on compliance fo state programs:	ur Unqualified

### FINDINGS AND RECOMMENDATIONS

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2009

### SECTION II - FINANCIAL STATEMENT FINDINGS

1. INTERNAL CONTROLS - ASSOCIATED STUDENT BODY (30000)

### Criteria

Safeguarding of Assets

Condition

At Silverado Middle School;

- A schedule detailing the items sold, number of items sold, and the price per unit is not used to support cash receipts.
- There are no profit and loss statements being prepared and reviewed for the student store.
- . There are no inventory counts performed for the sludent store.
- , Pre-numbered sub-receipt books are not issued to student clubs.

### Effect

ASB Funds could potentially be misappropriated.

<u>Cause</u>

Adequate internal control procedures have not been implemented and enforced.

Fiscal Impact

Not applicable.

### **Recommendation**

We recommend the following:

- Schedules detailing the items sold, number of items and price per unit should be maintained to support cash receipts.
- . A periodic physical inventory count of the student store should also lake place.
- A profit and loss report should be prepared and reviewed for the student store.
- Pre-numbered sub-receipt books should be issued and logged for all student clubs.

### Corrective Action Plan

School sites will receive additional training on student body internal controls for receipts, disbursements and reporting.

### DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2009

### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported,

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2009

### SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

### FINDINGS AND RECOMMENDATIONS

### STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

### Year Ended June 30, 2009

### DRY CREEK JOINT ELEMENTARY SCHOOL DISTRICT

### STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS (Continued) Year Ended June 30, 2009

Finding/Recommendation	Current Status	District Explanation If Not Implemented	Finding/Recommandation	Current Status	District Explanation If Not Implemented
<ul> <li>2008-1</li> <li>At Antelope Crossing Middle School:</li> <li>There is no reconciliation of sales to cash received for the student store. There is no daily/weekly record of litems acid in the atudent store.</li> <li>There is no profit end loss statement being prepared and reviewed for the student store.</li> <li>A receipt is not issued when funds are turned into the ASB Advisory/ Secretary.</li> </ul>	Partially implemented.	See current year finding 2009-1.	2008-3 Materials were purchased using Proposition 20 funds that did not meet the criteria set forth in the education code. The District should reclass the disallowed expenditures from the Proposition 20 Lottery Funds.	Implemented,	
<ul> <li>We recommend the following:</li> <li>The student store keep a dailyAweekly record of the items sold and reconcile that record to cash received. A periodic physical inventory of the student store should elso take place.</li> <li>A profit and loss report for the store should be prepared and reviewed to ensure that the activities are correctly recorded.</li> <li>A receipt book should be maintained by the ASB Secretary and receipts should be fasued when funds are turned in.</li> </ul>					
2008-2	Implemented.				
At Antelope Crossing Middle School, one student was improperly counted as present for one day of apportionment attendance.					
We recommend that District implement procedures to ensure that attendance records and excuse notes are updated to accurately reflect if a student is present or absent. Additionally, the District should revise and re-submit the Period Two Report of Attendance to reflect the removal of the disallowed ADA.					

COUNTY OF PLACER

LOOMIS, CALIFORNIA

FINANCIAL STATEMENTS

WITH SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2009

AND

INDEPENDENT AUDITOR'S REPORT

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FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

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### LOOMIS UNION SCHOOL DISTRICT

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

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### **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees Loomis Union School District Loomis, California

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Loomis Union School District, as of and for the year ended June 30, 2009, which collectively comprise Loomis Union School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 eudits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 aggregete remaining fund information of Loomis Union School District es of June 30, 2009, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Audiling Standards, we have also issued our report dated November 30, 2009 on our consideration of Loomis Union School District's Internal control over financial reporting and 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 or the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sacramento ( San Francisco

### INDEPENDENT AUDITOR'S REPORT (Continued)

Cur audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise Loomis Union School District's basic financial statements. The accompanying financial and statistical information listed in the Table of Contents, including the Schedule of Expenditure of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Loomis Union School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements taken as a whole.

Perry-Smith up

Sacramento, California November 30, 2009

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Section of the audit report for Loomis Union School District (the District) is inanagement's view of the District's financial condition, and provides an opportunity to discuss important fiscal issues with the board and the public.

### BRIEF DESCRIPTION OF FINANCIAL STATEMENTS – GENERAL FUND FINANCIAL HIGHLIGHTS

Unprecedented revenue shortfalls at the State level compelled the Loomis Union School District to spend most of FY 2008-09 reacting to ever-increasing deficits to both Unrestricted and Restricted funding sources.

FY 2008-09 opened with a statutory COLA of 5,66%, but the State's budget only provided a COLA 0,68% to revenue limits, resulting in a 4.713% deficit for school districts. Anticipating the worst, the District opted not to budget the 0.68% COLA.

As the fiscal year progressed, the State's revenues continued to fall well-below projections. By December 2008, the State was estimating a \$41.6 billion gap, including a \$2 billion reserve, between expected revenues and workload expenditure requirements by the end of the 2009-10 fiscal year. On December 31, 2008, in an effort to address the State's fiscal crises, the Governor released his proposal for an 18-month budget that included both FY 2008-09 mid-year cuts and the FY 2009-10 budget.

On February 20, 2009, the Governor signed a package of bills that revised the 2008-09 enacted budget and put into place the 2009-10 budget. The 17-month budget package provided an overall spending plan to address the 41.6 billion deficit through a mixture of spending cuts (\$14.9 billion), revenue increases (\$12.5 billion), borrowing (\$5.4 billion), and federal dollars (\$7.9 billion).

Mid-year cuts to the District included rescinding the 0.68% COLA, deferring the principal and K-3 Class Size Reduction apportionments from February to July 2009, an additional revenue limit deficit of 2.628%, and an across the board 15.38% ont to most categorical programs.

The 2009-10 component of the budget package included a revenue limit deficit of 13.094% which not only eliminated the estimated statutory COLA of 5.02%, but provided a further revenue limit cut. Categorical programs also received an additional 4.46% cut on top of the 15.38% cut imposed in 2008-09.

Approximately \$5.9 billion of the State's projected revenue increases hinged on voter approval of six propositions that were to go before the voters on May 19, 2009. Consequently, the date of the May Revise was pushed back pending the outcome of the propositions.

To assist District's with the mid-year and subsequent year cuts, the budget package incorporated a number of flexibility provisions:

- Approximately 40 categorically funded programs were redirected for use of any educationally related purposes. Essentially these programs were converted from Restricted to Unrestricted status for a five-year period. Special Education, Economic Impact Aid (EIA), federal funds, and programs funded from the tobacco tax were excluded from this flexibility provision.
- School districts were authorized to transfer June 30, 2008 Restricted fund balances, with eertain exceptions, to the Unrestricted fund balance in 2008-09 and 2009-10.
- The Routine Restricted Maintenance Account requirement was reduced from 3% of General Fund expenditures to 1% for a five-year period.
- 4. The Deferred Maintenance local match requirement was suspended for five years.

With very little time for planning, the District took the following steps to address the impacts of the budget package:

- 1. 19.00 FTE of certificated services were reduced.
- 2. 2.85 FTE of classified services were reduced.
- 3. 1.00 FTE of confidential services were reduced.
- 4. The General Fund transfer to the Deforred Maintenance Fund was eliminated.
- 5. The General Fund transfer to the Postretirement Benefit Fund was eliminated.
- 6. The Routine Restricted Maintenance Account was reduced.
- 7. Discretionary spending was curtailed.
- 8. Budget savings were captured.
- 9. Categorical allocations were transferred to the Unrestricted General Fund.

The District applied for, and received \$771,608 in Federal ARRA State Fiscal Stabilization Funds to help cushion the General Fund deficits.

At the State level, revenues continued to lag through the first few months of 2009 which increased the previously projected shortfall of \$41.6 billion by another \$15.4 billion. As predicted, five of the six initiatives failed, adding yet another \$5.9 billion to the defieit.

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The Governor's May Revise response to the deficit was to increase the deficits to the 2008-09 and the 2009-10 revenue limits. The proposed total 2008-09 deficit, including the climination of the COLA, went from 7.844% up to 11.428%. The proposed 2009-10 deficit, including the elimination of the COLA, increased from 13.094% to 17.967%. The 2009-10 deficit also acknowledged that the statutory COLA decreased from 5.02% to 4.25%. Consequently, the increased deficits negated the benefit of Federal ARRA state Fiscal Stabilization Funds.

Throughout this fiscal rollercoaster, the District's Board of Trustees highest priority was to work on job preservation and to maintain educational programs. Local retirement incentives were offered to both the certificated and classified bargaining units which resulted in one certificated retirement which was in addition to two certificated retirements already received, and seven classified retirements.

The District was unsuccessful in its attempt reach a negotiated agreement with the certificated bargaining unit regarding solary concessions that would have saved certificated teaching positions. Subsequently, the Board of Trustees unilaterally rescinded all certificated layoff notices, except those notices issued due to declining enrollment, and committed the Federal ARRA State Fiscal Stabilization Funds as a one-time funding source for FY 2009-10. In the end, all employees were brought back for FY 2009-10 except for 3,00 FTE of certificated services and 1.00 FTE of conditional services.

### COMPARISON OF THE SECOND INTERIM REPORT TO THE UNAUDITED ACTUALS

The District's 2008-09 Second Interim Report, which provided a financial snapshot as of January 31, projected the ending fund balance would decrease by \$1,323,953. The decrease was the combined total of a projected decrease to the Uncestricted fund balance of \$301,194 and a projected decrease to the Restricted fund balance of \$1,022,759. The Second Interim Report projected balances were based on the most current financial information received from the State and other sources at that time and assumed all expenditures would be made in accordance with established budgets.

The District's 2008-09 Unaudited Actuals reflect a decrease to the ending balance of \$147,137, the combined total of a decrease of \$12,388 to the Unrestricted fund balance and a decrease of \$134,749 to the Restricted fund balance. These totals are skewed for a couple of reasons. First, the Ophir Elementary School 2008-09 beginning balances were reclassified to revenue object 8965-Transfers from Fands of Lapsed/Reorganized LEAs. This reclassification was required to ensure the District's 2007-08 ending balance reconciled with the 2008-09 beginning balance. The inclusion of the Ophir Elementary School District's beginning balances created an out-of balance condition. \$131,776 in Unrestrieted beginning balances and \$81,547 in Restricted beginning balances were transferred to object code 8965. Secondly, the revenue limit deficit that was proposed in the May Revise was not enacted in time to impact the 2008-09 financial records. Therefore, the 2008-09 Revenue Limit Sources are overstated. The State is reconciling this discrepancy by implementing a one-time budget reduction in 2009-10 of \$252.83 per 2008-09 P-2 ADA.

Unrestricted revenues increased by \$752,341 between the Second Interim Report and the Unaudited Actuals while Unrestricted expenditures increased by \$1,152,390 over the same period of time. Unrestricted revenues are bolstered by the transfer of categorical programs from Restricted to Unrestricted expenditures also account for the transfer of categorical activity. The Unrestricted Sources reflect the \$131,776 beginning balance reclassification from the Ophir Elementary School District. The remaining differences are the decrease in Unrestricted Contributions to Restricted programs.

Since almost all of the categorical programs were converted to Unrestricted, the Restricted fund balance is comprised of only two programs: the ARRA State Fiscal Stabilization Fund, \$771,608 and Economic Impact Aid, \$39,702. The ARRA State Fiscal Stabilization Fund was reserved to support the previously laid off teaching positions during 2009-10.

The following is a detailed analysis that supports the material variances between the Second Interim Report and the Unaudited Actuals:

- 1. The final calculation of the District's total Revenue Limit was decreased by \$62,439 compared to the Second Interim Budget calculation. This decrease is supported by an accounts receivable of \$57,965 for additional State Aid and an accounts payable of \$127,474 for the repayment of an advanced apportionment associated with the new Loomis Basin Charter School. These two transactions net to a decrease of \$69,509. The remaining differences are attributed to the internal balancing between State Aid and property taxes, minor adjustments from estimates to actuals regarding the PERS Reduction Transfer and unemployment expenditures.
- Federal Revenues increased between the Second Interim Report and Unaudited Actuals by \$785,928. The ARRA State Fiscal Stabilization Fund accounted for \$771,608 of the difference.

Program	2 <sup>nd</sup> Interim	Unsudited Actuals	Difference
PL 94-142	\$211,447	\$211,447	\$ -0-
Preschool Grants	64,142	64,331	189
NCLB	318,286	307,780	(10,506)
Drug Pree Schools	7,719	9,186	1,467
ARRA-SFSF	-0-	771,608	771,308
MAA	-0-	23,170	23,170
Total	\$601,594	\$1,387,522	\$785,928

The Unaudited Actuals are understated by \$130,478 due to Deferred Revenue transactions. Deferred Revenue calculations reduce the revenue received during a given year to match the level of corresponding expenditures associated within the same program. These decreases, both in terms of revenue and expenditures, are earried forward as available resources to the District in the subsequent flacal year - 2009-10.

3. State Revenues decreased \$117,545 from the Second Interim Report to the Unaudited Actuals.

		Unaudited	
Program	2 <sup>nd</sup> Interim	Actuals	Difference
Hourly Programs	\$ 32,289	\$ 68,130	\$ 35,841
Econ Impact Aid	45,685	45,685	-0-
GATE*	18,910	16,528	(2,182)
Transportation	88,313	95,980	7,667
Trans: Sp Ed	67,249	65,613	(1,636)
K-3 CSR	844,360	846,584	2,224
Lottery	258,635	248,740	(9,895)
Prop 20	39,575	32,278	(7,297)
Oral Health	1,049	213	(836)
Testing	4,355	1,873	(2, 482)
Special Ed	11,381	11,381	`.()+´
ĊSIS	10,500	250	(10,250)
PE Incentive*	123,836	(16,070)	(139,906)
School Safety*	21,155	25,386	4,231
TUPE	13,493	1,098	(12,395)
Art & Music*	32,650	35,399	2,749
School Gardens*	14,474	13,224	(1,250)
Counseling*	45,141	45,422	281
IMF*	136,658	136,869	211
PAAR*	9,372	10,377	1.005
BTSA*	34,504	40,000	5,496
Prof Dev Grant*	131,519	131,580	61
Instr Improve*	119,065	119,066	1
School & Library*	224,489	224,380	91
Staff Development	-0-	9,681	9,681
ELAP .	-0-	1,245	1,245
Total	\$2,328,657	\$2,211,112	(117,545)

The Unaudited Actuals are understated by \$41,713 due to Deferred Revenue transactions. Deferred Revenue calculations reduce the revenue received during a given year to match the level of corresponding expenditures associated within the same program. These decreases, both in terms of revenue and expenditures, are carried forward as available resources to the District in the subsequent fiscal year - 2009-10.

The Houriy Programs account for the summer school, the Homework Help Club, and other supplemental instruction provided by the District's instructional staff.

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Lottery and Prop 20 totals account for decreased game participation.

and annuals

The PE Incentive Grant represents a one year loss of funding. An accounts receivable was setup last year to account for the anticipated funding; however, the State has swept all of the unallocated balance and the accounts receivable is uncollectible at this time.

State programs designated with an \* were moved in Unrestricted.

### Summary of Legally Restricted Balances:

ARRA: State Fiscal Stabilization Fund	\$771,608
Economic Impact Ald (EIA)	39,702
Total Legally Restricted Balances	5811,310

4. Local Revenues increased \$319,823 since the Second Interim Report.

An accounts receivable was set-up to reflect \$224,436 in lease-purchase proceeds for technology equipment.

Two months of interest carning from the \$1,300,000 2007 Tax and Revenue Anticipation Notes (TRANs) and interest earnings from the \$2,300,000 2008 TRANS generated approximately \$66,381 in actual and anticipated interest carnings. This helped push interest receipts \$62,279 over the Second Interim Projection of \$60,000. Lower than anticipated interest earnings from the District's available cash balance accounted for an offsetting decrease of \$4,072.

Special Education revenues came in at \$28,036 above the Second Interim Report due to prior year adjustments associated with LCI placements and occupational therapy reimbursements.

The remaining balance of \$5,072 is supported by local programs such as PTC accounts, field trip accounts, Star Base, Science Camp, Medical Billings, sports programs, and facility rentals. Projecting revenue for these types of programs is not an exact science and therefore is updated as the year progresses.

 The Other Sources total comprised of the Ophir Elementary School District's 2007-08 ending balances is broken out as follows;

General Fund	\$96,198
Lottery	35,579
School Library	1,203
Prop 20	3,146
School Safety	3,538
Art & Music	6,585
Art, Music & PE	5,400
Counseling	10,227
IMF	17,379
SBCP	10,545
Prof Dev Grant	5,629
Dist Block Grant	7,719
Site Block Grant	9,575
Inst Material & Lib	601
Total	\$213,324

- 6. The District realized an Unrestricted savings due to contributions to Restricted programs being lower than budgeted by \$557,078. This decrease is supported by \$602,743 in Restricted ending balances being transferred to Unrestricted. The contribution to the Routine Restricted Maintenance Account decreased by \$86,885. These savings were offset by Special Education's Unrestricted Contribution increase of \$101,846. The remaining increases came from Unrestricted Contributions to Instructional Materials and Staff Development.
- 7. The Unnudited Actual expenditures earne in at \$37,724 lower than projected on the Second Interim Report. This is a net figure of Unrestricted expenditures increasing \$1,152,390 and Restricted expenditures decreasing by \$1,190,114. These large differences can be attributed to the transfer of categorical activity from Restricted to Unrestricted.

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Unspent Restricted expenditure balances are accounted for in the Legally Restricted balance and from prior year balances. The Restricted ending balances from 2008-09 will be rolled forward into 2009-10 as available funding for those Restricted accounts. If the Restricted program was one-time in nature, then the unspent Restricted ending balance will continue to roll forward until expended. If the program is ongoing, then the unspent Restricted ending balance will supplement the subsequent year's allocation. In addition to those Restricted programs that end the year with a Restricted ending balance, there is another classification of Restricted programs that are subject to a Deferred Revenue calculation. Instead of a Restricted ending fund balance, that is, the difference between revenue received and actual expenditures, these Restricted programs have their revenue reduced, or deferred, to match the actual program expenditures. The unspent balance of the expenditures, along with the matching Deferred Revenue, are then put back into the budget the following year and made available for fiscal program support. The Second Interim Report typically assumes these programs will be spent in their entirety, and when this doesn't occur, the Unaudited Actuals reflect this difference as reduced expenditures. The following is a summary of those programs where the Deferred Revenue calculation was applied.

### Summary of Deferred Revenue:

Title 1	\$ 32,785
Title I (ARRA)	13,395
IDEA (ARRA)	59,465
Preschool Grants (ARRA)	12,941
Title II Teacher Quality	11,892
CSIS	25,250
Tobacco Use and Prevention Education	12,397
Local Programs	89,976
Total Deferred Revenue	\$258,101

### COMPARISON OF FINANCIAL DATA

The Statement of Net Assets for fiscal year 2008-09 is the seventh year the District has accounted for the value of fixed assets and included these values as part of financial statements. We display the value of all assets including buildings, land and equipment. Depreciation is included. The table below summarizes the value of district assets.

Land is accounted for at purchase value, not market value, and is not depreciated. Many of our school sites have low values for today's market because the district acquired the land many years ago. We have determined the value of school buildings to be the estimated historical cost less depreciation. For newer buildings, the value is the construction cost less depreciation.

Sintement of Net Amete		
2	Jups 30, 2008	June 30, 2009
Asseta	\$29,253,088	\$31,079,997
Liabilities	\$17,294,250	\$18,779,604
Ending Net Assets	\$11,958,838	\$12,300,393

### GASB 34

Commencing fiscal year 2002-03, the District is subject to additional reporting requirements under GASB (Governmental Accounting Standards Board) Statement #34 ("GASB 34"). GASB 34 continues a long standing trend seeking to alter public agency financial statements and reporting requirements to more closely conform to private industry.

The current State software package which produces a number of required forms and statements, also produces all of the required GASB 34 forms and statements.

### **OVERVIEW OF THE GASB 34 FINANCIAL STATEMENTS**

The GASB 34 annual report consists of three parts—management's discussion and analysis (this memo), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- Fund financial statements that focus on individual parts of the District, reporting the District's
  operations in more detail than the district-wide statements.
- The governmental funds statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
- Governmental activities—Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

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 can readily be converted to eash 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explain the relationship (or differences) between them.

### **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 (e.g. repaying its long-term dobts) or to show that it is properly using certain revenues (e.g. Developer Fees).

### **District-wide Statements**

The district-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 assets 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 each is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets—the difference between the District's assets and liabilities—is one way to measure the District's financial health or *position*. Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

### COMPONENTS OF THE JUNE 30, 2009 ENDING GENERAL FUND BALANCE

Revolving Cash	\$2,000
Prepaid Expenditures (Health Benefits)	S104,444
Legally Restricted Balances	\$811,310
Designated for Economic Uncertainties, 4%	\$693,885
Other Designations	\$1,474,463

### ANALYSIS OF THE EFFECT OF POSITIVE/DEFICIT SPENDING ON FUND BALANCE

Effect of Positive/Deficit Spending on Fund Balance	
Total Beginning General Fund Balance July 1, 2008	\$3,408,235
2008-09 General Fund "Actuals"	\$(322,134)
Total Ending General Fund Balance June 30, 2009	\$3,086,100
Current Estimate of 2009-10 General Fund Net Increase (Decrease)	(\$313,191)
Total Estimated Ending General Fund Balance June 30, 2010	\$2,772,909

### NET INCREASE (DECREASE) IN THE GENERAL FUND BALANCE

The District ended 2008-09 with a decrease of revenues over expenditures of \$322,134, of which \$12,388 was Unrestricted and \$309,746 was Restricted. Legally Restricted Ending Fund Balances account for \$811,310 of the excess of revenues over expenditures. Reatrieted programs are for onetime expenses such as textbook adoptions and other large, one-time expenses. However, for FY 2009-10, approximately \$571,300 will be used to support teaching positions for one year. Almost all of the District's categorieal programs, with the exception of Economic Impact Aid, which typically contribute to the Legally Restricted Ending Fund Balance were transferred to Unrestricted. This action is in accordance with SBx3.4, enacted February 20, 2009.

The District has sufficient fund balances to withstand Unrestricted defieit spending in the short-term. However, in order to preserve jobs, maintain educational programs, and withstand additional mid-year cuts from the State, the District needs to make every effort to safeguard its reserves. Spending down reserves is a one-time solution for an ongoing problem. Unfortunately, to maintain an adequate reserve level, the District will be forced to implement ongoing expenditure reductions each year.

### LISTING OF CATEGORICAL PROGRAMS WITH LEGALLY RESTRICTED BALANCES

The District has received categorical funding in several programs not subject to deferred revenue. This results in a "Legally Restricted Balance" and has the effect of reducing expenditures in 2008-09 and increasing expenditures in 2009-10. Significant historical carryovers include:

Components of	Restricted E	nding Fund	Balance		
	2004-05	2005-06	2006-07	2007-08	2008-09
ARRA: State Fiscal Stabilization Fund					\$771,608
Arts and Music Block Grant			\$34,378	\$69,960	
Arts, Music, and Phy Ed Supplies/Equip			\$174,353	\$157,047	
Discretionary Block Grant-District			\$25,839		
Discretionary Block Grant-School Site			\$122,737	\$62,541	
Economic Impact Aid		\$877	\$15,430	\$22.514	\$39,702
GATE		\$12,966	•	. ,	.,
Instructional & Library Materials, Ed Tech			\$26,033		
K-12 IMPRF (Textbooks)	\$93,929	\$164,873	\$256,143	\$157,324	
Lottery - Instructional Materials	,	\$21,239	\$30,422	\$24,576	
Peer Assistance and Review		\$5,649	\$569	\$536	
Physical Education Teacher Incentive Grant				\$177,655	
Professional Development Block Grant				\$46,016	
Routine Restricted Maintenance		\$38,006	\$85,711	\$86,798	
School Library (Block Grant)		\$12,955		•	
School Library Improvement Grant			\$27,715	\$6,714	
School Safety		\$6,091	\$16,517	\$17,733	
Special Education		\$26,265	\$21,220	\$26,904	
Supplemental School Counseling			\$27,904	\$55,335	
Targeted Instructional Improvement Grant			•	\$21,753	
Transportation - Special Education				\$12,562	
Total	\$93,929	\$289,922	\$864,971	\$946,068	\$811,310

Significant carryover balances, such as listed above, can produce wide swings in Fund Balance and positive/deficit spending from year-to-year. However, as existing Restricted Balances are spent down, and considering that most of the categorical programs were moved to Unrestricted, the level of Restricted Balances will decrease significantly over the next year or two.

### ANALYSIS OF FINANCIAL POSITION OF THE GENERAL FUND

### Financial Condition of General Fund

In spite of mid-year cuts and increasing deficits to the revenue limit, the Loom's Union School District maintains a reasonably solid financial condition in the short term. However, the sustainability of the District's financial position is suspect with continued deficit spending projected over the next three years. The ending fund balance marginally decreased in 2008-09, but that was due in large part because the Revenue Limit was overstated. The State did not pass their budget in time to impose the increased deficit for 2008-09. This overstatement is being remedied in 2009-10 through a one-time take back of \$252.83 per ADA based on the funded 2008-09 Second Principal Apportionment (P-2) ADA. This take-back equates to approximately \$560,736 for the Loomis Union School District. The following table summarizes the operational fund financial statements:

Summ	ary of	Financial Operat	ions	
	ļ	une 30, 2008		June 30, 2009
Revenues	\$	15,728,562	5	16,866,655
Expenditures	\$	15,353,659	\$	17,482,073
Other Pinancing				
Sources/(Uses)	5	(103,125)	\$	273,284
Difference	5	269,778	5	(322,134)

### ANALYSIS OF BALANCES OF INDIVIDUAL FUNDS

### CHARTER SCHOOL SPECIAL REVENUE FUND #09

The Loomis Basin Charter School (LBCS) began operations in 2008-09 by offering a K-4 educational program for approximately 185 students. The school consisted of two elassrooms per grade level through grade 3, and one classroom at grade 4.

The school's General Block Grant, which is the charter's version of the Revenue Limit, is overstated in the same manner as the General Fund. The State budget was not approved in time to impose increased deficits to the General Block Grant in 2008-09. This deficit will be made up with a one-time adjustment in 2009-10.

Consistent with the District's General Fund, the Charter School Fund also received an ARRA State Fiscal Stabilization Fund (SFSF) allocation of \$46,123. This went unspent in 2008-09 and is being carried forward as a Legally Restricted Ending Balance in 2009-10. This funding will be used to help maintain staff and programs at tisk due to the State funding deficits. LBCS ended the year with an increase to the Unrestricted Balance of \$325,366. This balance was higher than anticipated because the first lease-purchase payment of \$178,867 was pushed back until 2009-10 due to delays in closing out the construction project.

LBCS received \$1,200,000 in construction proceeds to fund the Phase I construction project. The actual cost of the project was \$1,096,806, leaving a balance of \$103,194. This balance will be applied to the Phase II construction project which includes additional site work, a required fire lane, three relocatables classrooms for one-4<sup>th</sup> grade classrooms and two-5<sup>th</sup> grade classrooms. The scope of the project was later expanded to add a restroom facility. Doupnik Manufacturing agreed to defer the restroom facility lease for a one year period. If the school remains on its current site, there will be three more phases of construction after 2009-10. The District's architects were asked to develop a three year construction master plan with the projected costs for the Board of Trustees to evaluate.

The charter school also received a \$600,000 Federal Public School Charter School Grant. This grant expires on July 31, 2010. As of June 30, 2009, LBCS received \$450,000 of the grant and expended \$440,633, with the remaining \$9,367 moved into Deforred Revenue for 2009-10. LBCS will receive the final installment of \$150,000 in 2009-10. LBCS used the majority of the funding for school start-up costs, staff development and training, Spanish instruction and other curriculum needs.

### **CAFETERIA FUND #13**

The District initiated a food service program effective July 1, 2002, by applying for and becoming an approved food service authority. The District's program is a part of the National School Lunch program. The District experienced significant "start-up" costs during 2002-03, and 2003-04, which resulted in a deficit fund balance of \$111,142. Ongoing evaluation of staffing requirements, purchasing adjustments, and menu realigament resulted in the program operating in the black for the second consecutive year. There is still a lot of work to do in terms of both staffing and student participation. To help the District realize its operational objectives, the food service consultant was retained for another year. The food service program was due for a State audit in 2008-09, but was postponed. Due to staffing shortages at the State level, it appears the District will not be audited in 2009-10 as well.

	Actual PY 03-04	Actual FY 04-05	Actual FY 05-06	Actual FY 06-07	Actual FY 07-08	Actual FY 08-09	Budget FY 09-10
Revenues	\$ 464,298	\$509,404	\$318,717	\$\$559,312	\$411,729	\$422,891	\$418,000
Expenditures	524,820	548,635	542,449	621,912	404,197	388,406	417,860
Ending Balance	\$( 60,522)	\$(39,231)	S( 23,732)	\$( 52,600)	\$ 7,332	\$ 34,485	\$ 140
Cumulative							

Program Balance \$(111,142) \$(150,373) \$(174,105) \$(226,706) \$(219,174) \$(154,689) \$(184,549)

### **DEFERRED MAINTENANCE FUND #14**

The Deferred Maintenance Fund is used to perform State approved major deferred maintenance within the District. The State's budget package, which was enacted on February 20, 2009, discontinued the requirement for a General Fund transfer until 2012-13. This transfer then became a casualty of the District's General Fund expenditure reductions. The District received a \$78,389 State apportionment, which was 70.27% of the District's entilement.

### 2008-09 projects included:

Franklin Elementary School:

Classroom Lighting Paving Plumbing Sewer/Septic	\$37,430 1,490 771 9,226
Total	\$48,916
Loomis Grammar School:	
Floor Covering Paving	\$    9,654 99,989
Total	\$109,643
Placer Elementary School:	
Classroom Lighting Electrical HVAC Painting Paving Plumbing Roofing	\$ 8,285 14,127 42,911 4,515 7,140 928 2,250
Total	\$ 80,156
Penryn Elementary School:	
Asbestos Abatement	\$ 5,228

Ophin Elementary School:

Electrical	\$ 60,698
Painting	20,110
Paving	44,118 (Critical Hardship Project)
Rooting	514,190 (Critical Hardship Project)
Wall Systems	7,818
Total	\$646,934
District:	

Telephone Systems \$25,221

After completing projects on the District's facilities, this fund's June 30, 2009 ending fund balance was \$371,855.

### PUPIL TRANSPORTATION EQUIPMENT FUND #15

The Popil Transportation Equipment Fund was created as a by-product of the consolidation with the Penryn Elementary School District. Penryn operated their own transportation program and this was a residual balance left over from their operations. This fund's June 30, 2009 ending fund balance was \$\$4,451.

### SPECIAL RESERVE FUND FOR POSTEMPLOYMENT BENEFITS FUND #20

The Special Reserve Fund for Postemployment Benefits was established to accumulate fund transfers from the General Fund to address the unfunded postemployment liability. Based on the District's latest actuarial study, dated April 3, 2009, the District's unfunded liability is \$2,008,162 as of June 30, 2009. Historically, the District has managed postemployment benefits on a pay-as-you-go basis, which is one of the accepted options under GASB 45. In an effort to manage this liability, the District has historically transferred \$25,000 per year from the General Fund into this fund. Due to the State's fiscal crises, the transfer was put on hold in 2008-09. The fund's June 30, 2009 ending fund balance was \$378,483.

### **CAPITAL FACILITIES FUND #25**

State law has authorized the collection of developer fees since 1986 to assist school districts with the mitigation of faeility costs related to enrollment growth. Our District currently collects these fees in conjunction with the Placer Union High School District, with each District receiving a percentage of the fees. Due to the severity of the economic downturn, the District only collected \$240,326 in developer fees during 2008-09. This fund is now primarily set-up to address the debt service obligation related to the Certificates of Participation. The 2008-09 payment for this obligation was \$549,057. The Capital Faeilities Fund only had sufficient resources to pay for 48.13% of the obligation with the balance coming out of the General Fund. The District has set-up a reserve in the General Fund to supplement the payment on an ongoing basis. The fund's ending balance at June 30, 2009 was \$109,055.

### BOND INTEREST AND REDEMPTION FUND #51

The Bond Interest and Redemption Fund is used to account for tax collections, interest and other sources of revenue collected to retire General Obligation Bonds issued. The Bond Interest and Redemption Fund remains open for the life of the outstanding General Obligation Bonds.

This fund is maintained by the County Auditor's Office which is responsible for tax collections necessary for debt repayment and the actual debt repayment. The County Auditor sets the applicable tax rates, not the District. However, since the General Obligation Bonds are issued by the District, this fund is included with the District's financial statements. The June 30, 2009 ending fund balance was \$510,517.

### ANALYSIS OF THE 2009/10 ADOPTED BUDGET

 Based on the May Revise, a 4.25% COLA was applied to the District's Base Revenue Limit per ADA.

FY 2008-09 Base Revenue Limit per ADA	\$5,906.88
FY 2009-10 COLA @ 4.25%	251.04
FY 2009-10 Base Revenue Limit per ADA	\$6,157.92

- Also based on the Governor's Revise, a 17.967% deficit was applied to the District's Revenue Limit.
- District ADA is again projected to decline in FY 2009-10. ADA, which is based on the prior year's P-2 report, and includes County Special Ed and Community Day School ADA, is projected at 2,215.63. This is down 11.85 from the prior year.
- 4. Funding for the \$34,000 minimum teacher salary program is included in the budget.
- 5. Unrestrieted Lottery is budgeted at \$109.50 per FY 2008-09 P-3 (Annual) ADA. Restricted Lottery (Prop 20) is budgeted at \$11.50 per FY 2008-09 P-3 (Annual) ADA. Both budgets reflect declining lottery sales. In accordance with the Board's directive, lottery funds are expended the fiscal year after reccipt.
- K-3 Class Size Reduction is hudgeted at \$1,071 per projected K-3 student. At this time no revenue penalties are being projected.
- 7. The District received an estimated 65% of their State Fiscal Stabilization Funds in FY 2008-09. The remaining 35% is projected at \$285,655. As the State's fiscal health continues to deteriorate, the outcome of actually receiving the \$285,655 may come into question. A reduced, or eliminated allocation, will have a direct effect on the District's reserves.

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- FY 2009-10 Special Education funding is budgeted at \$593,630. The District also anticipates additional Federal dollars in the amount of \$67,680.
- 9. Most State categorical programs were reduced an additional 4.46% on top of the FY 2008-09 reduction of 15.38%. All of the District's State categorical programs, with the exception of the Tobacco Use Prevention Education (TUPE) program and Economic Impact Aid (EIA) were converted to Unrestricted.
- 10. Once again, the State budget does not provide funding for the Mandated Costs program.
- An estimated amount for the ongoing portion of the Special Education Mandated Cost Claim Settlement is included in the FY 2009-10 Adopted Budget.
- 12. Interest revenue was budgeted consistent with past years. Actual interest income is dependent on many factors including cash flow, market interest rates, and returns generated by the Placer County Treasurer's Office.
- Step and column increases and all known adjustments for retirements and resignations are included for all employee groups.
- All certificated employees laid off for budgetary reasons were brought back by the District. A total 3.00 FTEs of certificated staff were decreased as a result of declining enrollment.
- Classified staff reductions affecting school clerk, eustodial and delivery services are included in the budget.
- 16. Statutory payroll costs are included for all employees as applicable.
- 17. Each expenditure budget line item was analyzed and adjusted to reflect actual projected operations.
- 18. The estimated Special Education program billback was budgeted at \$255,000.
- 19. The General Fund's contribution to the Deferred Maintenance Fund was eliminated.
- 20. The General Fund's contribution to the Postretirement Benefit Fund was eliminated.
- 21. The District's Routine Restricted Maintenance Account is budgeted at 2% of total General Fund expenditures.
- 22. Approximately 50% of the COP debt service payment is budgeted.

### SIGNIFICANT ACTIVITY OF CAPITAL ASSETS AND LONG TERM LIABILITIES

### **Capital Assets**

The following categories of Capital Assets increased or (decreased) during 2008-09.

Land increased from the District's consolidation with the Ophir Elementary School District.

Buildings increases includes \$11,160 of office improvements at Franklin Elementary School, \$10,775 for a fire control panel at Placer Elementary School, \$8,285 for lighting at Placer Elementary School, \$1,119,472 for the Loomis Basin Charter School, \$226 for septie improvements at Franklin Elementary School, and \$25,221 for a phone system. The consolidation with the Ophir Elementary School District brought in the remaining \$1,034,333.

Equipment reflects the purchase of a tractor.

Work-in-Progress represents the addition of \$36,081 for the Phase II charter school construction, \$30,474 for the Franklin Elementary School modernization project, \$42,911 for the Placet Elementary School modernization project and \$697,559 for the Ophir Elementary School critical hardship re-roof project. These additions are offset by the transfer out of \$306,487 for the completion of the Phase I charter school project and \$116 for Loomis Grammar School paving work.

Improvement of Sites represents \$14,870 of fencing at Franklin and Penryn Elementary Schools, \$93,810 for asphalt work at the Leomis Grammar School and \$1,450 for the Leomis Basin Charter School. \$143,918 was brought in from Ophir Elementary School for playground equipment and asphalt work.

Land	\$ \$7,100
Buildings	\$ 2,218,472
Equipment	\$ 18,445
Work-in-Progress	\$ 499,071
Improvement of Sites	\$ 254,048
	sector of print print the sector has been been
Totals, at cost	\$ 3,077,136

Long Term Liabilities

The following categories of Long Term Liabilities were (increased) or decreased during 2008-09.

Certificates of Participation	\$ 285,000
Capitalized Lease Obligations	\$(1,200,000)
General Obligation Bonds	\$ 305,000
Post-retirement healthcare benefits	<b>S</b> 533
Compensated absences	\$ 28,570
Totals	\$ (580,897)

### DISCUSSION OF KNOWN FACTS AT THE TIME OF THE AUDIT

- The District will process a General Fund budget revision to account for the \$252.83 per funded 2008-09 Second Principal Apportionment (P-2) ADA State imposed budget adjustment. The budget revision will also include a reduction of approximately \$81,665 to account for K-3 CSR penalties.
- The District will climinate the General Fund's Food Service Reserve and transfer out approximately \$184,690 to the Cafeteria Fund #13. This transfer will balance out the Cafeteria Fund #13.
- The Board approved the Phase II charter school construction project which will add one new 4<sup>th</sup> grade class and two 5<sup>th</sup> grade classes.
- The Board of Trustees approved the issuance of a Tax and Revenue Anticipation Note for 2009-10.

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. If there are any questions about this report, or there is a need for additional information, contact the Superintendent, Loomis Union School District, 3290 Humphrey Road, Loomis, CA.95650, 916-652-1800.

**BASIC FINANCIAL STATEMENTS** 

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### STATEMENT OF NET ASSETS

### June 30, 2009

Governmental Activities

### ASSETS

Cash and investments (Note 2) Accounts receivable Prepaid expenditures Other current assets	\$ 5,604,043 2,276,026 104,444 2,951
Capital assets, net of accumulated depreciation (Note 4)	23.092.533
Total assets	31.079.997
LIABILITIES	
Accounts payable	897,057
Tex and Revenue Anticipation Notes (TRANs) payable (Note 2) Deferred revenue	2,300,000 269,261
Long-term liabilities (Note 5): Due wilhin one year Due after one year	1,051,282 14,262,004
Total liabilities	18,779,604
NET ASSETS	
Invested in capital assets, net of related debt Restricted (Note 6) Unrestricted	9,677,533 2,715,604 (92,744)
Total net assets	<u>\$ 12.300.393</u>

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The accompanying notes are an integral part of these financial statements.

### STATEMENT OF ACTIVITIES

### For the Year Ended June 30, 2009

				Program	Reve	R1:05		iet (Expense) levenues and Changes in Net Assets
	Expenses			Charges for Services	•	Operating Grents and ontributions	G	iovernmen <b>tal</b> Activities
Governmental activities (Note 4):								
Instruction	\$ 12,222,4	870			\$	2,116,866	\$	(10,106,004)
Instruction-releted services;								
Instructional supervision and administration Instructional library, media and	500,	136				148,106		(352,030)
technology	698.	749				65.063		(613,686)
School site administration	1.471.					17.496		(1,453,603)
Pupil services:								((())/
Home-to-school transportation	321.1	195				214,932		(105,263)
Food services	386.	005	s	273,198		143,304		30,497
All other pupil services	320.	203				51,984		(268,249)
General edministration:								
Data processing	7.	774						(7,774)
All other general administration	1,117,4					78,564		(1,038,929)
Plant services	2,804	159		1,700		112,009		(2,690,450)
Anciliary services	110,3							(110,255)
interast on long-term liabilities	856,							(656,569)
Other outgo	392.8	306				103,376	_	(289,430)
Total governmental activities	<u>\$21.009.;</u>	<u>113</u>	<u>\$</u>	274,898	\$	3,071,670	_	(17,662,745)
	General reve							
	Taxes and							D 000 F04
				neral purposes				9,320,521 656,286
	Taxes lev			er specific pur				13.286
	Laxes lev	ned no	roin	not restricted	poses lo ene	cific		13,200
	CEUERALAIN DUIDOSES		e alu	ACT rearrigted				5.597.732
	Interest and		ime	ot estainas				154,196
	Special and							855,196
	Miscellaneou							572,884
	Transfer from		ed die	slrict			_	722,197
			Tot	al general reve	nues		_	18,004,300
			Сћа	ange in net sa	ets			341,555
			Net	assets, July t	, 200	в	_	11.958.838
			Nət	assete, June	30, 20	009	\$	12,300,393

### LOOMIS UNION SCHOOL DISTRICT

### BALANCE SHEET

### GOVERNMENTAL FUNDS

### June 30, 2009

	General Fund	Charter Schoole Fund	Ali Non-Major Funds	Totaí Governmental Funde
ASSETS				
Cash and investments: Cesh in County Treasury Cash in revolving fund Cash with Flocal Agent, restricted for	\$ 1,806,968 2,000	\$ 255,202	\$ 1,245,520	\$ 3,307,710 2,000
TRANs repayment Accounts receivable Prepaid expenditures Other current assets	2,294,333 2,005,492 104,444 2,951	247,572	22,962	2,294,333 2,276,026 104,444 2,951
⊤otai assets	\$ 6,216,208	<u>\$ 502.774</u>	<u>\$ 1,268,482</u>	<u>\$ 7,987,464</u>
LIABILITIES AND FUND BALANCES				
Lisbilities: Accounts peyable TRANs payable Deferred revenue	\$ 572,007 2,300,000 <u>25</u> 8,101	\$ 120,125 <u>11,160</u>	\$ 26,810	\$718,942 2,300,000 <u>269,261</u>
Total liabilities	3,130,108	131,285	26,810	3,288,203
Fund balances	3,086,100	371,489	1,241,672	4.699.261
Total liabilities and fund balances	<u>\$ 6,216,208</u>	<u>\$ 502.774</u>	<u>\$ 1,268,482</u>	<u>\$ 7,987,464</u>

The accompanying notes are an integral part of these financial statements.

The accompanying notes are an integral part of these financial statements.

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### RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

### June 30, 2009

Total fund balances - Governmental Funds			5	4,659.261
Amounie reported for governmental activities in the statement of net assets are different because:				
Capital essets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$34,137,636 and the accountilated depreciation is \$11.045,303 (Note 4).				23,092,533
In governmental funds, interest on long-term liabilities is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recog- nized in the period that it is incurred.				(178,115)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2009 consisted of (Note 5): Certificates of Participation General Obligation Bonds Capitat lease obligations Other postemployment benefits Compensated absences	2	(5.245,000) (6.970,000) (1.200,000) (1.858,616) (39,670)		(15.313.256)
Total net assets - governmental activities			<u> </u>	12.300.393

### LOOMIS UNION SCHOOL DISTRICT

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

### **GOVERNMENTAL FUNDS**

### For the Year Ended June 30, 2009

	General Fund	Charter Schools Fund	Ali Non-Mejor Funde	Total Governmental <u>Funde</u>
Revenuea:				
Revenue limit sources:				
State apportionment	\$ 3,395,711			\$ 3.395.711
Local sources	8,629,777	\$ 976,900	3.797	9,609,474
Total revenue ilmit	12.025.488	975,900	3.797	13,005,185
Federal sources	1,387,522	471,394	135,828	1,994,742
Other state sources	2,036,113	246,366	102.839	2,387,338
Other local sources	1,437,532	4,397	1,228,591	2,668,520
Total revenues	16,886,655	1,700,077	1.469.053	20.055.785
Expenditures:				
Contilicated saleries	6,323,693	608,174	14,482	8,844,349
Glessified salaries	2,530,948	98,683	229,520	2,857,131
Employee benefils	2,841,221	148,534	63,033	3,052,788
Books and supplies	1,081,685	276,200	176,659	1,534,544
Contract services and				
operating expenditures	2,102,479	184,631	155,903	2,443,013
Cepital outray	33,314	1,156,426	778,894	1,968,634
Other cutgo	283,964			283,964
Debt service:				
Principal retirement	285,000		306,000	690,000
Interest	(231)		615.218	614.987
Total expenditures	17,482,073	2,468.628	2.338.709	22.289.410
Deficiency of revenues				
under expenditures	(595.418)	(768,551)	(869,656)	(2.233.625)
Other financing sources (uses):				
Operating transfers in	59,980			59,980
Operating transfers out		(59,960)		(59,960)
Proceeds from capital leases		1,200,000		1,200,000
Transfer from lapsed district	213.324		369,550	572,884
Total other financing sources (uses)	273,284	1,140.040	359.560	1,772,884
Net change in fund balances	(322,134)	371,469	(510,096)	(460,741)
Fund balances, July 1, 2008	3,408,234		<u>1.751,<b>7</b>58</u>	5,150.002
Fund balances, June 30, 2009	<u>\$_3.086.100</u>	<u>\$                                    </u>	<u>\$_1,241,572</u>	<u>\$_4,699.261</u>

The accompanying notes are an integral part of these financial statements.

The accompanying notes are an integral pert of these financial statements. 26

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### 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, 2009

Net change in fund belances - Total Governmental Funds			5	(460,741)
Amounts reported for governmental activities in the statement of activities are different because;				
Acquisition of capital assets is an expanditure in the governmental funds, but increases capital assets in the statement of net assets (Note 4).	<b>3</b> 1,	672,433		
Depreciation of cepital assets is an expense that is not recorded in the governmental funds (Note 4),	(	916,746)		
Repayment of principel on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net assets (Note \$).		590,000		
Debt proceeds from capital lease obligations are reported in the government-wide financial statements, but not in the governmental funds (Note 5).	(1,	200,000)		
Interest on long-term liabilities is recognized in the period it is incurred, in governmental funds it is only recognized when it is due.		(41,562)		
Debt leeuance costs are recognized as an expenditure in governmental funds, but amortized over the life of the debt in government-wide financial statements,		(57,854)		
In the statement of activities, expenses related to other postemployment benefits and retirement incentives are measured in relation to the annual required contribution. In the governmental funds, expenditures are recognized when employer contributions are made (Note 5).		5,278		
In the statement of activities, expenses related to compen- sated absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).		28,570		
Transfer from lapsed District.		722.197		802.295
hange in net assets of governmental activities			<u>\$</u>	341,655

### LOOMIS UNION SCHOOL DISTRICT

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL

### MAJOR FUND - GENERAL FUND

### For the Year Ended June 30, 2009

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	Bu		Variance Favorabis	
	Original	Finel	Actual	(Unfavorable)
Revenues:				
Revenue limit sources:				
State apportionment	\$ 4,092,771			\$ (3,001)
Local sources	8,095,150	8,629,795	0.629.777	(18)
Total revenue limit	12.187.921	12.028.507	12,025,488	(3,019)
Federet sources	468,090	1,494,838	1,387,622	(107,314)
Other state sources	2,430,913	2,252,825	2,036,113	(218,712)
Other local sources	1.033,034	1,759,411	1,437,532	(321,879)
Tolal revenues	16,116,559	17.535.679	18,886,655	(648,924)
Expenditures:				
Certificated setaries	8,245,270	8,856,326	8,323,693	532,833
Classified salaries	2,288,475	2,579,424	2,630,948	48,476
Employee benefits	2,950,052	2,973,799	2,641,221	132,578
Books and supplies	719,803	1,712,765	1,061,885	531,080
Contract services and operating				
axbenditures	1,765,357	2,139,373	2,102,479	36,994
Capital outlay	69,251	\$0,229	33,314	16,915
Other outgo	310,473	283,964	283,964	
Debt service:				
Principal retirement	72,755	285,006	285,000	5
Interest	47,795		(231)	231
Total expenditures	18,437.241	18,880,885	17,482,073	1,398,812
Deliciancy of tavanues under expanditures	(318,563)	(1.345.306)	(595,418)	749,888
Other financing sources (USES);				
Operating transfers in		87,534	59,960	(7,574)
Operating transfers out	(117,080)			•
Transfer from lapsed district			213.324	213,324
Total other financing sources (uses)	(117.080)	67.534	273.284	205.750
Net change in fund balanca	(435,743)	(1,277,772)	(322,134)	955,638
Fund balance, July 1, 2008	3.408,234	3.408,234	3,408,234	
Fund baiance, June 30, 2089	<u>\$ 2,872,491</u>	<u>\$ 2,130,462</u>	\$ 3,088,100	<u>\$                                    </u>

The accompanying notes are an integral part of these financial statements,

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The accompanying notes are an integral part of these financial statements.

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### STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL

### MAJOR FUND - CHARTER SCHOOLS FUND

### For the Year Ended June 30, 2069

	Budget		<u>t</u>			Variance	
		Original		Final		Actual	Favorable (Unfavorable)
Revenues:							
Revenue limit sources	5	950,960	\$	975,905	5	975,900	\$ (5)
Federal sources				630,761		471,394	(159,367)
Other state sources		213,999		248,390		248,386	(4)
Other local sources	_			1,206,290		4,397	(1,201,893)
Total revenues	·	1,064,959		3.061,346		1.700.077	(1.361,259)
Expenditures:							-
Certificated salaries		499,730		646,572		608,174	40,698
Glassified selectes		55,984		96,690		98,663	27
Employee benefits		140,359		154,579		148,534	5,045
Books and supplies		9,500		420.099		276,200	143,899
Contract services and operating				,		,	
experiditures		92,740		209.420		184,831	24,789
Capital oullay				1,235,510		1,158,428	79,084
Debt service:				-			
Principal retirement		126,636					
Interest		50.231					
Total expandituras	-10-10-	977.180	_	2,763,170		2,465,625	294.542
Excess (deficiency) of revenues							
over (under) expenditures		87,779		298.178		(768,561)	(1.056.727)
Other financing sources:							
Operating transfers out				(67,534)		(69,960)	7.874
Proceeds from capital leases						1,200,000	1,200,000
Total other financing sources				(67,534)		1,140,040	1,207,574
Net change in fund balance		87,779		230,842		371,489	140,847
Fund balance, July 1, 2008		····-	_				
Fund belance, June 30, 2808	<u>\$</u>	87,779	<u>\$</u>	230.642	<u>I</u>	371,489	<u>\$ 140,847</u>

The accompanying notes are an integral part of these financial statements.

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### LOOMIS UNION SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Loomis Union School District (the "District") accounts for its financial transactions in accordance with the policies end procedures of the California Department of Education's *California School Accounting Manual.* The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Beard and the American Institute of Certified Public Accountants. The following is a summary of the more significant policies.

### **Reporting Entity**

In 2000, certain members of the District's Board of Trustees and District employees formed a nonprofit benefit corporation, known as Loomis Union School District Financing Corporation ("Corporation"), which is organized under Nonprofit Benefit Corporation Law of the State of California. The purpose of the Corporation is to finance the acquisition and construction of school facilities. The Corporation issued Certificates of Participation (COPs), a form of long-term liabilities, which the District used to finance construction of school facilities.

On July 1, 2008, the District began operation of Loomis Basin Charter School (the "Charter School"). The Charter School is sponsored by the District which acts as an oversight agency. The funding is received by the District and is passed through to the Charter School. The Charter School's activity is included within the District's financial statements as the Charter Schools Fund.

On July 1, 2008, the District assumed fiscal oversight of Ophir Elementary School District. The financial statements of Ophir School are presented in the District's financial statements.

The Board of Trustees is the level of government which has governance responsibilities over all activities related to public elementary 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 decisionmaking authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

### Basis of Presentation - Financial Statements

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

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 change in the fund financial statements to focus on the major funds.

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### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Basis of Presentation - Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole.

The Statement of Net Assets 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, lossas, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

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.

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

### Basis of Prasentation - Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, 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 balances, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into one broad category which includes four fund types, as follows:

### A - Governmental Fund Types

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.

### LOOMIS UNION SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Basis of Presentation - Fund Accounting (Continued)

- A Governmental Fund Types (Continued)
  - 2 Special Revenue Funds:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expanditures for specific purposes. This classification includes the Charter Schools, Cafeteria, Deferred Maintenance, Pupil Transportation and the Special Reserve for Post-employment Benefits Funds.

3 - Capital Projects Funds:

The Capital Projects Funds are used to account for resources used for the acquisition of capital facilities by the District. This classification includes the Capital Facilities Fund.

4 - Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. This classification includes the Bond Interest and Redemption Fund.

### Basis of Accounting

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

### Accrual

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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 aerned and expenses are recognized when incurred.

### Modified Accrual

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

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 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.

The District employs budgetary control by major object code and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. The budgets are revised during the year by the Board of Trustees to provide for Unanticipated revenues and expenditures. The originally adopted and final revised budgets for the General Fund and Charter Schools Fund are presented in the basic financial statements.

### Capital Assets

Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at 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 4 - 30 years depending on asset types.

### Compensated Absences

Compensated absences benefits in the amount of \$39,670 are recorded as a liability of the District. The liability is for the earned but unused benefits. The amount to be provided by future operations represents the total emount that would be required to be provided from the general operating revenues of the District if all the benefits were to be paid.

### Accumulated Sick Leave

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

### Encumbrances

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

### LOOMIS UNION SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Deferred Revenue and Program Advances

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

### Restricted Net Assets

Restrictions of the ending net assets indicate the portions of net assets not appropriable for expenditure or ameunts legally segregated for a specific future use. The restriction for revolving cash fund and prepaid expenditures reflect the portion of net assets represented by revolving fund cash and prepaid expenditures, respectively. These amounts are not available for appropriation and expenditures at the balance sheet date. The restriction for unspent categorical program revenues represents the portion of net assets restricted to specific program expenditures. The restriction for capital projects represents the portion of net assets restricted for capital projects. The restriction for debt service represents the portion of net assets available for the relimement of the liabilities.

### Property Taxes

Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Placer bills and collects taxes for the District. Tax revenues are recognized by the District when received.

### Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Assets 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 end 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.

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. CASH AND INVESTMENTS

Cash and investments at June 30, 2009 consisted of the following:

Pooled Funds: Cash in County Treasury	\$ 3,307,710
Deposits: Cash in revolving fund	2,000
Cash with Fiscal Agent, restricted for repayment of TRANs	2,294,333
Total cash	<u>\$ 5,604,043</u>

### Peoled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Placer County Treasurer's Pooled Investment Fund. 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 Pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the Piecer County Treasury may invest in derivative securities. However, at June 30, 2009 the Piacer County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

### Deposits - Custodial Credit Risk

Cesh belances held in banks and revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). At June 30, 2009, the carrying amount of the District's accounts was \$2,000 and the bank balance was \$1,915. The entire bank balance was covered by FDIC insurance.

### Cash with Fiscal Agent, Restricted for Repeyment of TRANs

On September 9, 2008, the District issued \$2,300,000 of Tax and Revenue Anticipation Notes (TRANs) maturing on September 9, 2009, with an interest rate of 2.00%, to provide for enticipated cash flow deficits from operations. The TRANs are a general obligation of the District and are payable from revenues and cash receipts generated by the District during the fiscal year ended June 30, 2009. As of June 30, 2009, funds totaling \$2,294,333 held in the General Fund were pledged to repay the principal, net of Issuance cost.

### LOOMIS UNION SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. CASH AND INVESTMENTS (Continued)

### 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 Juno 30, 2009, 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, 2009, the District had no concentration of credit risk.

### 3. INTERFUND TRANSACTIONS

### Interfund Activity

Transactions between funds of the District for goods and services 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/Pavables

The district did not have any outstanding interfund receivable and payable balances as of June 30, 2009.

### 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 2008-2009 fiscal year were as follows:

Transfer from the Charter School Fund to the General Fund for indirect costs.

<u>\$ 59,960</u>

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 4. CAPITAL ASSETS

	Balance July 1, 2008	Transfer From Lapsed District	Transfers and Additions	Transfera and Deductions	Balance June 30. 2009
Land	\$ 1,065,472	\$ 87,100			\$ 1,182,572
Buildings	24,997,728	1,034,333	\$ 1,184,139		27,216,200
Equipment	688,661		18,445		707,105
Improvement of altes	3.447.529	143,918	110,130		3,701.577
Work-in-progress	001,310	139,352	665.372	<u>\$ 300,603</u>	1.360.351
Totais, at coat		1,404,703	1,979,035	308,603	
Leas accumulated depreciation;					
Buildings	(8,487,068)	(628,174)	(713,427)		(9,826,869)
Equipment	(507,233)	• • •	(37,061)		(544,294)
improvement of sites	(479,852)	(28,230)	(166,258)		(874,340)
Total accumulated					
depreciation	<u>(9,474,153</u> )		(916,746)		(11.045.303)
Capital aasata, nat	<u>\$_21,586,547</u>	<u>\$ 750,299</u>	<u>\$_1.082.290</u>	<u>\$306.603</u>	\$ 23,092,533

Depreciation expense was charged to povernmental activities as follows:

Instruction	\$ 575,980
Plant services	289,316
General administration	51,470
Total depreciation expense	<u>\$ 916.746</u>

### 5. LONG-TERM LIABILITIES

### Certificates of Participation

On October 4, 2000 the District issued \$7,000,000 of Certificates of Participation (COPs) maturing on October 1, 2021 with interest rates from 4.1% to 6% for the purpose of redeeming a lease-purchase agreement entered into in 1995 and the District's 1994 Series C Certificates of Participation. The District will also use the COPs proceeds to implement the District's 2000 Capital Projects. The COPs are a general obligation of the District, and are payable from revenues and cash receipts to be generated by the District.

### LOOMIS UNION SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 5. LONG-TERM LIABILITIES (Continued)

### Cortificates of Participation (Continued)

The following is a summary of future payments for Certificates of Participation:

Year Ending June 30,	Payments
2010	\$ 547,130
2011	548,665
2012	549,215
2013	548,750
2014	552,210
2016-2019	2,753,327
2020-2024	1,658,645
Total	7,157,945
Less amount representing interest	(1,912,945)
	<u>\$ 5,245,000</u>

### General Obligation Bonds "Series 1998 Bonds"

On September 1, 1998 the District issued \$7,500,000 of General Obligation Bonds to fund the construction of H. Clarke Powers School and other projects. The Bonds mature in varying amounts through 2023 with interest rates from 3.8% to 7.0%.

### The following is a summary of the future bond payments:

Year Ended June 30.		Yincipal		Interest		Total
2010	\$	280,000	\$	264,786	\$	514,785
2011		270,000		243,255		513,255
2012		285,000		230,903		615,903
2013		295,000		217,553		512,553
2014		310,000		203,940		513,940
2015-2019		1,795,000		784,340		2,579,340
2020-2024	*******	2,295,000		292.183		2.587.163
	\$	<u>5.510,000</u>	<u>\$</u>	2.228.939	s	7.736.939

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 5. LONG-TERM LIABILITIES (Continued)

### Generel Obligation Bonds "Series 2000 Bonds"

On May 11, 2000 the District issued \$1,800,000 of General Obligation Bonds to fund construction projects of the District. The Bonds mature in varying amounts through 2024 with interest rates from 5.0% to 8.0%.

The following is a summary of the future bond payments:

Year Ended June 30,	P	rincipal	 Interest		Total
2010	\$	60.000	\$ 81,430	\$	141,430
2011		65,000	78,305	,	143,305
2012		65,000	75,022		140.022
2013		70,000	71,544		141,544
2014		75,000	67,736		142.738
2015-2019		425,000	272,775		697,775
2020-2024		565,000	129,100		694,100
2025		135.000	 4.050	_	139,050
	<u>\$</u>	1.460.000	\$ 779,964	\$	2,239,964

### Capitalized Lease Obligations

The District leases facilities for Loomis Basin Charter School on District campuses under long-term lease purchase agreements with a zero interest rate. A summary of future minimum lease payments is as follows:

Year Ending June 30,	Payments			
2010	\$ 126.636			
2011	134,226			
2012	140,060			
2013	146,148			
2014	152,499			
2015-2017	498,431			
Total	<u>\$ 1,200,000</u>			

### LOOMIS UNION SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 5. LONG-TERM LIABILITIES (Continued)

### Early Retirement

The District has the following obligations to CalSTRS for early retirement incentives granted to termineted employees:

Year Ending	
June 30	Payments
2010	\$ 5,835
2011	5.617
2012	5,399
2013	5,181
2014	4.595
Total	26,827
Less amount representing interest	(3,270)
	<u>\$ 23.357</u>

### Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	Balanca ିଆନ୍ 1, 2005	Transfer From Lapsod District	Additions	<u>Deductions</u>	Batance June 38, 2009	Amounts Oue Wiltin One Year
Governmental activities:						
Certificates of Participation	\$ 5,530,00D			\$ 285,000	3 5,248,000	\$ 320,060
General Obligation Social	7,275,000			306,000	5,979,000	295,000
Capital lease obligation			\$ 1,200,000		1,205,000	178,887
Other powlerssidytewni.						
benefits (Note 4)	1,835,792		725.172	225,705	1,935,259	213,680
Early religement		\$ 28,102		4,745	23.357	4,746
Compensated abaences	88,249			28,570	39.870	39.870
	\$ 14,709,032	\$ 28,102	1 425 172	3 849,02D	<u>s 18.313.286</u>	<u>\$ 1,051,262</u>

Payments on the Certificates of Participation are made from the General Fund and Capital Facilities Fund. Payments on the General Obligation Bonds are made from the Bond Interest end Redemption Fund. Payments on the other postemployment benefits, early retirement and compensated absences are made from the Fund for which the related employee worked.

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 6. NET ASSETS

### Restricted Net Assets

### Restricted net assets as of June 30, 2009 consisted of the following:

	Governmental <u>Activities</u>
Restricted for cash in revolving fund Restricted for prepaid expenditures Restricted for unspent categorical program revenues Restricted for special revenues Restricted for capital projects Restricted for debt service	\$ 2,000 104,444 811,310 1,178,278 510,517 109,055
	<u>\$ 2,715.804</u>

### 7. EMPLOYEE RETIREMENT SYSTEMS

Oualified employees are covered under multiple-employer dofined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

### Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

### Plan Description

The District contributes to the School Employer Pool Under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and baneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report "that includes financial statements and required supplementary Information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

### LOOMIS UNION SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

### Plan Description and Provisions (Continued)

### California Public Employees' Retirement System (CalPERS) (Continued)

### Funding Policy

Active plan members are required to contribute 7% of their salery (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CaIPERS Board of Administration. The required employer contribution rate for fiscal year 2008-2009 was 9.428% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CaIPERS for the fiscal years ending June 30, 2007, 2008 and 2009 were \$169.378, \$181.329 and \$200,054, respectively, and equal 100% of the required contributions for each year.

### State Teachers' Retirement System (STRS)

### Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a costsharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries, Benefit provisions are established by state statules, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, California 95605.

### Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2008-2009 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2007, 2008 and 2009 were \$606,601, \$615,070 and \$731,767, respectively, and equal 100% of the required contributions for each year.

### 8. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the District provides other postemployment benefits (OPEB) to eligible certificated and classified employees who retire from the District. The District pays the insurance premiums for retiree coverage es determined by contract and explained below.

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Eligibility requirements and benefit provisions are as follows:

### Certificated Employees

### Early Retirement Health Insurance

For certificated employees who were employed by the District on October 1, 1988, and who retired between the ages of 55 and 85 with 15 years of consecutive service immediately prior to retirement, the District providos employee-only medical Insurance until the retiree reaches the age of 65.

### Retirement Health Insurance

For certificated employees who were 50 years of age, with 15 years of continuous employment by the District on September 1, 1988, and who retired under a STRS plan, the District provides employee-only medical coverage until the retiree reaches the age of 65. At age 65, it the retiree is eligible for Medicare, and enrolls in a District medical insurance plan with a Medicare supplement, the District will pay the employee-only Medicare supplement. If the employee is not eligible for Medicare, the District will pay an amount equal to the employee-only Medicare supplement.

For certificated employees who were 40 years of age, with 10 years of continuous employment by the District on September 1, 1986, and who retired under a STRS plan, the District provides employee-only medical insurance until the retiree reaches the age of 65. At age 65 to age 70, if the retiree is eligible for Medicare, and enrolls in a District medical insurance plan with a Medicare supplement, the District will pay the employeeonly Medicare supplement.

### Classified Employees

For certain classified employees who were employed by the District in 1987, and who retired from the District prior to age 65, the District provides employee-only insurance under two options:

### Option One

The District pays 100 percent of the employee-only medical premium for the first three years following retirement, and then 60 percent of the premium for the next 5 years, or to age 85, whichever occurs first.

### Option Two

The District pays 100 percent of the employee-only medical premium for the first five vears following retirement, or to age 65, whichever occurs first.

### LOOMIS UNION SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The contribution requirements for 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, with an amount to fund the actuarial accrued fiability as determined annually by the Board. For the fiscal year ended June 30, 2009, the District contributed \$225,705 to the plan.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuanality determined in accordance with the parameters of GASB Statement 45. 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	\$	225,172
Interest on net OPEB obligation		0
Adjustment to annual required contribution		<u> </u>
Annual OPE8 cost (expense)		225,172
Contributions made		(225,705)
Increase in net OPEB obligation		(533)
Net OPEB obligation - beginning of year		1,835,792
Net OPEB obligation - and of year	<u>\$</u>	1,835,259

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, 2009 were as follows:

		Percentage of Annual		
Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation	
June 30, 2009	\$ 225,172	100,2%	\$ 1,835,259	

As of March 1, 2009, the most recent actuarial valuation date, the plan was unfunded. The actuarial accrued liability for benefits was \$2,058,815, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,058,615 million. The covered payroli (annual payroli of active employees covered by the Plan) was \$767,162, and the ratio of the UAAL to the covered payroli was 286 percent.

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 8. 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 heathcare 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, shown above, presents multiyear trend information about whether the actuarial value of plan assete is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 March 1, 2009 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate (net of administrative expenses), which is a blended rate of the expected long-term investment returns on pian assets and on the employer's own investments and an annual healthcare cost trend rate of 4.0 percent initially. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis.

### 9. JOINT POWERS AUTHORITIES

### Schools insurance Group

The District Is a member of a Joint Powers Authority, Schools Insurance Group (SIG), for the operation of a common risk management and insurance program. The program covers workers' compensation, property/liability, and health and welfare insurance. The membership includes the school districts in Placer and Nevada Counties and their respective County Offices. SIG is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls the operations of SIG, including selections of management and approval of operating budgets.

The following is a summary of financial information for SIG at June 30, 2008 (the latest information available):

Total assets	\$	66,328,752
Total liabilities	\$	25,849,025
Net asseta	\$	40,479,727
Total revenues	\$	76,744,053
Total expenses	5	69,630,254
Chenge in net assets	\$	7,113,799

### LOOMIS UNION SCHOOL DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. JOINT POWERS AUTHORITIES (Continued)

### Mid-Placer Public Schools Transportation Agency

The District is also a member in a Joint Powers Authority, Mid-Placer Public Schools Transportation Agency (MPPSTA), for the operation of transportation services. The District is a member with the Ackerman School District, Alta-Dutch Flat Union Elementary School District, Colfax School District, Placer Union High School District and Placer County Office of Education.

Each member district has two representatives on the Governing Board. Each member of that Board has equal voting rights. The Governing Board has decision-making authority which includes the power to designate management and the ability to significantly influence operations.

Condensed financial information for MPPSTA for the year ended June 30, 2008 (the latest information available) is as follows:

Total assets	\$	5,338,173
Total liebilities	\$	1,560,562
Net assets	5	3,755,611
Total revenues	\$	4,306,523
Total expenditures	\$	4,338,219
Change in not assets	\$	(21,696)

### School Project for Utility Rate Reduction

The District is also a member of a Joint Power Authority, School Project for Utility Rate Reduction (SPURR), for the direct purchase of natural gas, electricity and other utility services.

Condensed financial information for SPURR for the year ended June 30, 2008 (the latest information available) is as follows:

Total assets	\$ 19,037,658
Total liabilities	\$ 14,324,674
Net assets	\$ 4,712,982
Total revenues	\$ 49,991,732
Total expenses	\$ 48,360,775
Change in net assets	\$ 1,630,957

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

### 10. CONTINGENCIES

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

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

# CONTINGENCIES (Continued)

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

# 11. TRANSFER FROM LAPSED DISTRICT

On July 1, 2008, the District assumed fiscal oversight of Ophir Elementary School District. All the assets and fiabilities of the lapsed district have been incorporeted in the financial statements of Loomis Union School District. The balances of the individual funds have been shown as transfers from lapsed district in the fund financial statements and resulted in \$572,884 of other financial succes. The lapsed district also transferred over its capital asset balances, net of depreciation totaling \$750,289 and long-term liabilities of \$28,102, resulting in an increase on the statement of activities of \$722,197.

## 12. SUBSEQUENT EVENT

On July 26, 2009, Governor Schwarzenegger signed a package of bills amending the 2008-09 and 2009-10 California State budgets. The budget amendments were designed to address the State's budget gap of \$24 billion that had developed as a result of the deepening recession since the State's last budget actions in February 2009. The July budget package reduced, on a State-wide basis, \$1.6 billion in 2008-09 Proposition 98 funding through a reversion of undistributed categorical program balances. The budget language identified 51 specific programa and required the amounts associated with these programs that were "unallocated, unexponded, or not liquidated as of June 30, 2009" to revert to the State's General Fund. The July budget package also provided an appropriation in 2009-10 to backfill \$1.5 billion of these cuts to repay the 2008-09 reversion of the undistributed categorical program balances.

In accordance with the requirements of Government Accounting Standards Board Statement No. 33. the District has not recorded the revenue and related receivable associated with the District's portion of the unallocated, unexpended or unliquidated categorical program balances identified in the July 2009 State Budget package.

SUPPLEMENTARY INFORMATION

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### LOOMIS UNION SCHOOL DISTRICT

### COMBINING BALANCE SHEET

### ALL NON-MAJOR FUNDS

### June 30, 2009

ASSETS	Cafeteria Fund	Deferred Maintenance Fund	Pupil Transpor- tation Fund	Special Reserve for Post- Employment Bonefits Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Tat <b>al</b>
Cash in County Treasury Accounts receivable	\$ (195,177) <u>22,962</u>	\$ 386,191	\$ 58,451	\$ 378,483	<b>\$</b> 109,065	\$ \$10,517	\$ 1,245,520 22, <u>552</u>
Total assats	<u>\$ (172,215</u> )	\$ 386,191	<u> 58,451</u>	<u>\$                                    </u>	<u>\$ 109.065</u>	<u>\$ 510,517</u>	<u>\$ 1,269,482</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 12,474	\$ 14,336					\$ 26,510
Fund balances	(184,689)	371,855	<b>\$</b> 56.451	<u> </u>	<u>\$ 109.055</u>	<u>\$ 510,517</u>	1.241,672
Total kabilities and fund balances	1 (172,215)	\$ 386,191	<u>\$ 56.451</u>	<u>\$                                    </u>	<u>\$ 109.055</u>	<u>\$ 510,517</u>	<u>\$ 1,268,482</u>

The accompanying notes are an integral part of these financial statements.

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

### ALL NON-MAJOR FUNDS

For the Year Ended June 30, 2009

Revenues:	Caleteria Fund	Deferred Maintenance Fund	Pupil Transpor- tation Fund	Special Reserve for Pest- Employment Benefits Fund	Capital Facilitics Fund	Bond Interest and Redemption Fund	<u>Tolai</u>
Revenue limit sources: Local sources	\$ 3,797						\$ 3,797
Federal sourcas	135,826						135,826
Other state sources	8,370	\$ 88,166				\$ 6,303	102,839
Other local sources	274,898	22,951	<u>\$ 1.869</u>	<u>5 12,528</u>	<u>\$ 252,758</u>	661,589	1,225,591
Total nevenues	422,891	<u>111,117</u>	1,869	12,528	252,758	687,892	1,469,053
Expenditures:							
Certificated salaries					14,482		14,482
Classified salaries	170,422				59,098		229,520
Employee benefits	48,520				14,513		63,033
Books and supplies	131,628	34,913			10,118		176,659
Contract services and operating							
expenditures	37,836	102,291			15,778		155,903
Capital oullay		778,894					778,894
Debi service;							
Principal relirement						305,000	305,000
Interest					264,288	350,930	615,218
Total expenditures	388,406	916,098			378,275	655,930	2,338,709
Excess (deficiency) of revenues over (under) expanditures	34,485	(804,981)	1,869	12,525	(125,519)	11,962	(869,656)
Other financing sources:							
Transfer from lapsod district		297,115			82.445		359,560
Nel chargo in fund balances	34,485	(507,866)	1,869	12,528	(83,074)	11,962	(510,096)
Fund balances, July 1, 2008	(219.174)	879,721	54,562	365,955	172,129	496,555	1,751,798
Fund balances, .kms 30, 2008	<u>\$ (184,659</u> )	<u>\$                                    </u>	<u>\$ 56,451</u>	<u>\$                                    </u>	<u>3 109.055</u>	510.617	<u>\$    1,241,672</u>

The accompanying notes are an integral part of these financial statements.

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Mr. Michael J. Edwards Mr. Jack Day Mr. Tim Rudoiph Mr. Kurt Turner Mr. James L. Foster, Jr. Loomis Union School District was established in 1856 and is comprised of an area of approximately 46 square miles located in Placer County. There were no changes in the boundaries of the District during the year. The District is currently operating six elementary schools and one K-4 Charter School. Name GOVERNING BOARD Office

Term Expires

President Clerk Member Member Member November 2010 November 2012 November 2010 November 2010 November 2012

ADMINISTRATION

### Mr. Paul Johnson Superintendent

Mr. Jay Stowart Assistant Superintendent of Business Services

Mrs. Carolyn Nichols Assistant Superintendent of Instructional Services

S

ORGANIZATION June 30, 2009

### SCHEDULE OF AVERAGE DAILY ATTENDANCE

### For the Year Ended June 30, 2009

	Second Period Report	Annual Report
Regular Education:		
Kindergarten First through Third Fourth through Eighth Special Education	186 581 1,295 26	187 584 1,399 25
Totała	2,089	2,195 Hours of Attendance
Summer School:		
Elementary		2094
Charter School (Classroom-Based):		
Kindergarten First through Third Fourth		38 118 24
Totals		178

### LOOMIS UNION SCHOOL DISTRICT

### SCHEDULE OF INSTRUCTIONAL TIME

### Fer the Year Ended June 30, 2009

Grade Level	1986-87 Minutes Require- ment	1982-83 Actual Minutes	2008-09 Actual Minutes	Number of Days Traditional Calendar	Status
Regular Education	¢.				
Kindergarten	36,000	32,040	36,900	180	In Compliance
Grade 1	50,400	46,766	50,520	180	In Compliance
Grade 2	50,400	46,766	50,520	180	In Compliance
Grade 3	50,400	46,766	50,520	180	In Compliance
Grade 4	54,000	50,189	64,120	180	In Compliance
Grade 5	54,000	50,189	54,120	180	In Compliance
Grade 6	54,000	50,189	54,050	180	in Compliance
Grade 7	54,000	50,189	54,050	180	In Compliance
Grade B	54,000	50,189	54,050	180	In Compliance
Charter School:					
Kindergarten	36,000	N/A	60,910	180	In Compliance
Grade 1	50,400	N/A	60,910	180	In Compliance
Grade 2	50,400	N/A	62,690	180	In Compliance
Grade 3	50,400	N/A	52,690	180	In Compliance
Grade 4	54,000	N/A	62,690	180	In Compliance

See accompanying notes to supplementary information.

See accompanying notes to supplementary information.

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### SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

### For the Year Ended June 30, 2009

Federal Catalog Number	Federal Grantor/Pase-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- Itures
U.S. Deparime	ni of Education		
	Special Education Cluster:		
84.027	IDEA Basic Local Assistance	13379	\$ 211,447
84.173	DEA Preschool Grants	13430	13,843
84.027	IDEA Preschool Local Ent/Nement	13682	50,488
	Subtetal Special Education Cluster		275.778
84.010	NCLB: Title I, Part A, Low Income & Neglected	13797	194,680
84,389	NCLB: ARRA Title I, Part A, Low Income & Neglected	15005	25,576
84.367	NCLB: Title II, Part A, Teachet Quality	14341	57,193
84.318	NCLB: Title II, Part D, Enhancing Education	14334	31,374
84,188	NCLB: Title IV, Safe & Drug Free Schools	13453	4,593
64.298	NCLB: Title VI, Innovative Education	19340	3,550
84.282	NCLB: Title V, Part B, Charler School Granis	14531	425,271
84,394	ARRA: State Fiscal Stabilization Fund	25008	<u></u>
	Total U.S. Department of Education		1.835.746
U.S. Departmer	at of Agriculture		
10.555	National School Lunch Program	13391	135,828
U.S. Departmer	t of Health and Human Services		
93.778	Medi-Cal Administrative Activities	10013	23.170
	Total Federal Programs		<u>\$                                    </u>

### LOOMIS UNION SCHOOL DISTRICT

### RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

### For the Year Ended June 30, 2009

	General Fund
June 30, 2009 Unaudited Actual Financial Report Ending Fund Balance	<u>\$ 3,261,099</u>
Adjustmant to remove accounts receivable and associated revenue for categorical program funds unappropriated by the State of California for the year ended June 30, 2009:	
English Language Acquisition Program	(1,245)
School Safety	(13,774)
Special Education	(97,086)
Art and Music Block Grant	(16,414)
Supplemental School Counseling Program	(45,422)
Staff Development: Math and Reading	(1,058)
Total adjustment	(174,999)
June 30, 2009 Audited Financial Statements Ending Fund Balance	\$ 3.085.100

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

See accompanying notes to supplementary information. See accompanying notes to supplementary information.

### SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

### For the Year Ended June 30, 2009

	(Adopted Budget) 2010	2009	2008	2007
Genaral Fund			••••••••	
Revenues and other financing sources	<u>\$_t5.060.114</u>	<u>\$ 17.159.939</u>	<u>\$ 15,740,494</u>	<u>\$ 16.809.575</u>
Expenditures Other uses and transfers out	15,393,305	17,482,073	15,353.859 <u>117.057</u>	14,274,877 113,355
Tetal outge	15,393,305	17.482.073	15,470,716	14.388,232
Change in fund balance	<u>\$ (313.191</u> )	<u>\$ (322,134</u> )	<u>\$ 769,778</u>	<u>\$    1.221.343</u>
Ending fund balance	<u>\$ 2,772,909</u>	<u>\$ 3,086,100</u>	<u>\$ 3,408,234</u>	<u>\$ 3.138.456</u>
Available reserves	<b>\$615,735</b>	<u>\$                                    </u>	<u>\$                                    </u>	<u>\$                                    </u>
Designated for economic uncertaintles	<u>\$615,735</u>	<u>\$                                    </u>	5 618,400	<u>\$ 617,526</u>
Undesignated fund balance	\$	<u>\$</u>	<u>\$</u>	<u>5 379,894</u>
Available reserves as a percentage of total outgo	4.0%		4.0%	<u></u>
Total long-term liabilities	<u>\$ 14,262,004</u>	\$ 16,313,286	\$ 14,709,032	<u>\$.15.536.718</u>
Average daily attendance at P-2, excluding Charter School	2.096	2,089	2,056	2.072

The General Fund fund balance has increased by \$1,166,987 over the last three years. The District projects a decrease of \$313,191 for the fiscal year ending June 30, 2010. For a district this size, the State of California recommends evailable reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. The District is in compliance with this requirement.

The District incurred eperating surpluses in two of the past three years but anticipates incurring an operating deficit during the fiscal year onding June 30, 2010.

Total long-term liabilities have decreased by \$223,432 over the past two years.

Average daily attendance has increased by 17 over the past two years. An increase of 7 ADA is anticipated during the fiscal year ending June 30, 2010.

See accompanying notes to supplementary information.

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### LOOMIS UNION SCHOOL DISTRICT

### SCHEDULE OF CHARTER SCHOOLS

### For the Year Ended June 30, 2009

Charter Schools Chartered by District	locludød in District Financial Statements, or Separate Report
Loomis Basin Charter School	Included as Charter Schools Fund.

See accompanying notes to supplementary information.

### NOTES TO SUPPLEMENTARY INFORMATION

### 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 eccounting 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 - Schedula 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.

D - <u>Reconciliation of Unaudited Actual Financial Report with Audited Financial</u> Statements

This schedule provides the information necessary to reconcile the lund balances of all funds as reported on the Unaudited Actual Financial Report to the audited financial statements.

### E - Schedule of Financial Trends and Analysis

This schedule provides trend information on fund balances, revenues, expenditures and average daily attendance, as required by the State Controller's Office.

### F - Schedule of Charter Schools

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

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

Board of Trustees Loomis Union School District Loomis, California

We have audited the compliance of Loomis Union School District with the types of compliance requirements described in the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencias* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2009. Compliance with the requirements of state laws and regulations is the responsibility of Loomis Union School District's management. Our responsibility is to express an opinion on Loomis Union School District's compliance based on our audit.

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 State of California's *Standards and Procedures for Audits of California's -12 Local Educational Agencies*. Those standards require thet we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about Loomis Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Loomis Union School District's compliance with hose requirements.

	Audit Guide	Procedures
Description	Procedures	Performed
Regular and Special Day Classes	8	Yes
Independent Study	23	No, see below
Continuation Education	10	No, see below
Adult Education	9	No, see below
Regional Occupational Center and Programs	6	No, see below
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	No, see below
Community Day Schools	9	No, see balow
Morgan-Hert Class Size Reduction Program	7	No, see below
Instructional Materiels:		
General requirements	12	No, sse below
Grades K-8	1	No, see below
Grades 9-12	1	No, see below
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirament Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	No, see below
Methematics and Reading Professional Development	4	No, see below
Class Size Reduction Program:		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	No, see below
Districts with only one school serving K-3	4	No, see below

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS (Continued)

Description	Audit Guide Procedures	Procedures Performed
After School Education and Safety Program:		
General requirements	4	No, see below
After school	4	No, see below
Before school	5	No see below
Contemporaneous Records of Attsndance, for charter schools	1	Yes
Mode of Instruction, for charter schools	1	Yes
Nonclassroom-Based Instruction/Independent Study,		
for charter schools	15	No, sse below
Determination of Funding for Nonclassroom-Based		
Instruction, for charter schools	3	No, see below
Annual Instructional Minutss - Classroom-Based,		
for charter schools	3	Yes

We did not perform procedures related to Independent Study because the District's reported ADA was below the materiality level that requires testing.

We did not perform any procedures related to Continuation Education, After School Education and Safety Program because the District does not offer these programs.

We did not perform any procedures related to instructional time for County Offices of Education because the District is not a County Office.

We dld not perform any procedures related to Community Day School because the district does not offer this program.

We performed procedure (a) of Section 19828.3 related to Instructionel Materials: General Requirements. However, we did not perform procedures (b), (c) and (e) of Section 19828.3 for the Instructional Materials per the flexibility provisions in SBx3 4.

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

The 2008-2009 School Accountability Report Cerds specified by Education Code Section 33126 are not required to be completed, nor were they completed, prior to the completion of our audit procedures for the year ended June 30, 2009. Accordingly, we could not perform the portions of audit steps (a), (b) and (c) of Section 19837 of the 2008-2009 Audit Guide relating to the comparison of tested data from the 2008-2009 fiscal year to the 2008-2009 School Accountability Report Cerds.

We did not perform any procedures related to Class Size Reduction Program - Option Two classes and Districts with only one school serving K-3 because the District does not offer Option Two, and the District has more than one school serving K-3.

We did not perform any procedures related to Nonclassroom-Based Instruction/Independent Study for charter schools and Determination of Funding for Nonclassroom-Based Instruction for charter schools because the District does not offer Nonclassroom-Based Instruction for charter schools.

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS (Continued)

We did not perform any procedures related to Adult Education. Regional Occupational Center and Programs, Morgan Hart Class Size Reduction Program, Instructional Materials: Grades K-8 Only, Instructional Materials: Grades 9-12 Only, or Mathematics and Reading Professional Development as these programs are not required to be audited per flexibility provisions in SBx3 4.

In our opinion, Loomis Union School District complied with the state laws and regulations referred to above for the year ended June 30, 2009. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Loomis Union School District had not complied with the state laws and regulations.

This report is intended solely for the information of the Board of Trustees, management, the State Controller's Office, the California Department of Education and the California Department of Finance, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Pery-Smith LLP.

Sacramento, California November 30, 2009

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 Leomis Union School District Loomis, California

We have audited the financial statements of Loomis Union School District as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Loomis Union School District's internal control over financial reporting es a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Loomis Union School District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Loomis Union School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control,

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### 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

(Continued)

### Compliance and Other Metters

As pert of obtaining reasonable assurance about whether Loomls Union School District's financial statements are free of material misstalement, 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 emounts. 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*.

This report is Intended solely for the information of the Board of Trustees, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sacramento, California November 30, 2009

Perry-Smith LLP

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees Loomis Union School District Loomis, California

### Compliance

We have audited the compliance of Loomis Union School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-139 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Loomis Union School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Loomis Union School District's management. Our responsibility is to express an opinion on Loomis Union School District's compliance based on our audit.

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 ebout 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 Loomis Union School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Loomis Union School District's compliance with those requirements.

In our opinion, Loomis Union School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

### Internal Control Over Compliance

The management of Loomis Union School District is responsible for establishing end maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Loomis Union School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Loomis Union School District's Internal control over compliance.

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

(Continued)

### Internal Control Over Compliance (Continued)

A control deficiency in the District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internel control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Board of Trustees, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Perry-Smith LLP

Sacramento, California November 30, 2009 THIS PAGE INTENTIONALLY LEFT BLANK

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FINDINGS AND RECOMMENDATIONS

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SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

### Year Ended June 30, 2009

### SECTION I - SUMMARY OF AUDITOR'S RESULTS

### FINANCIAL STATEMENTS

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting: Material weakness(es) identified? Significant deficiency(ies) identified not cons to be material weakness(es)?	YesX eradYesX	
Noncompliance material to financial statements notad?	Yes <u>X</u>	_ No
FEDERAL AWARDS		
Internal control over mejor programs: Matenai weakness(es) identified? Significant deficiency(ies) identified not cons to be material weakness(es)?	ered Yes X	
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to reported in accordance with Circular A-133, Section .510(a)?	eYes <u>X</u>	, No
Identification of major programs:		r.
CFDA Number(s)	Name of Federal Program or Ciu	ster
84,282 84,394	NCLB: Title V, Part B, Charter Schools ARRA: State Fiscal Stabilization Funds	
Dollar threshold used to distinguish between Ty and Type B programs:	∋ Å \$ 300,000	
Auditee qualified as low-risk auditae?	<u>X</u> Yes	No
STATE AWARDS		
Internal control over state programs: Material weakness(es) identified? Significant deficiency(ies) identified not cons to be material weaknesses?	eredYesX	-
Type of auditor's report issued on compliance fo state programs:	Unqualified	

### LOOMIS UNION SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2009

### SECTION IL - FINANCIAL STATEMENT FINDINGS

### No matters were reported,

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2009

### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

### LOOMIS UNION SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2009

### SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

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# STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

## Year Ended Juna 30, 2005

ng/Recommandation Currant Status II Not Implomented	împlemented.
Findlag/Rec	2008-1

The revolving fund bank reconciliation did not agree to the June 30, 2008 general ledger balance. In addition, the AFLAC Flex account is not reconciled to the yearand general ledger balance. The District should implement appropriate review of monthly bank reconciliations to ensure accuracy. THIS PAGE INTENTIONALLY LEFT BLANK

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### ROCKLIN UNIFIED SCHOOL DISTRICT

### COUNTY OF PLACER ROCKLIN, CALIFORNIA

### FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT

YEAR ENDED JUNE 30, 2009

### YEAR ENDED JUNE 30, 2009

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### YEAR ENDED JUNE 30, 2009

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### INDEPENDENT AUDITOR'S REPORT

Board of Trustees Rocklin Unified School District Rocklin, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining find information of Rocklin Unified School District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing staudards generally accepted in the United States of America; the standards applicable to financial andits contained in *Government Auditing Standards*, issued by the Compiroller General of the United States; and the *Standards and Procedures for Audits of Colifornia K-12 Locol Educational Agencies 2008-09*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An sudit includes examining, on a test basis, evidence supporting the amounts aud disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the future statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Rockin Unified School District, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2009, on our consideration of the District's internal control over financial reporting and our tests of its eounpliance with certain provisions of laws, regulatious, 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 other matters, 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 or our compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 13 and the budgetary comparison information on page 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. The Schedule of Funding Progress and Employer Contributions on page 48 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no epinion on it.

2880 Gataway Oaks Drive, Suite 109 \* Sagramento, CA 95833 101 Parkshere Drive, Suite 109 \* Birlyom, CA 95650 Phone 916.646.6464 \* Fars 916.929.6856 \* giftertiga.com

FINANCIAL SECTION

Board of Trustees Rocklin Unified School District Page 2

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Rocklin Unified School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Bndget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements of the District. The accompanying additional financial information and supplementary information is not a required by the Standards and Procedures for Audits of California K-12 Local Educational Agencies 2008-09, published by the Education Andit Appeals Panel. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements and analysis.

gilbert associates, Inc.

GILBERT ASSOCIATES, INC. Sacramento, California

December 11, 2009

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

### NEW FINANCIAL REPORTS

This section of the District's annual financial report presents our discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2009. Please read it in conjunction with the District's financial statements which immediately follow this section.

### FINANCIAL HIGHLIGHTS

Fiscal year 2008-09 has been a turnlinous year for both the State of California and school districts within the State. While the district's financial status remained solid, with total assets of \$84.5 million (see Tables I and II), it did so in large part because of the \$3.3 million American Recovery and Reconstruction Act funds (Federal stimulus funds) received.

The school year began with the latest adopted budget in the State's bistory. In an unprecedented act, the State adopted the 2009-10 budget in February 2009, the earliest adopted budget in State history, along with mid year reductions in funding for 2008-09, due to a State budget defieit of \$404 billion. This action resulted in a reduction of \$1.5 million in revenue limit funding and \$.5 million categorical funding for 2008-09.

In July 2009, the State not only adopted another 2009-10 budget to address a \$26.3 billion defieit, but in its' second unprecedented act in less than six months the State also reduced funding of a prior year (after the fiscal year had ended). This was done in order to lower the Proposition 98 funding floor for K-14 education for 2009-10. This accounting machination was portrayed to be a zero sum game over the two year fiscal years. However, for Rocklin Unified School District it has resulted in a net reduction of \$.5 million.

As part of the February 2009 budget adoption, the State also changed the treatment of over 40 categorieal programs from restricted to unrestricted for 2008-09 until 2012-13. Revenues and expenditures were treated as restricted in 2008-09 but \$.68 million in ending balances were transferred to unrestricted.

The State also allowed transfers of 2007-08 ending restricted balances to unrestricted in an effort to give flexibility to school districts in managing the mid-year and future year funding reductions. The District transferred \$1.89 million of 2007-08 restricted balances to unrestricted in 2008-09.

The district settled with all employee groups in September 2008 on employee compensation and benefits for 2007-08 through 2010-11.

The district's enrollment increased by 577 students (5.89%) over the last two years and 3,960 students (62%) from 1999-2009.

The district purchased land for the next elementary school, Sunset Ranch Elementary for \$3.75 million, which in nan decreased the advance receivable from the South Placer Transportation JPA by \$4 million. This resulted in a loss of \$.25 million due to the downturn in property values. The district received \$10.9 million in State bond funds. The district began construction on this elementary school as well as on new maintenance and food service buildings. Both projects will be completed in 2009-10.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management discussion and analysis (this section), the basic financial statements, required supplementary information and an optional section that presents combining statements for all governmental funds. 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 long-term and short-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 governmental funds statements tell how basic services like regular and special education, and capital projects were financed in the short term as well as what remains for future spending.

Fiduciary funds statements provide information about the finaucial relationships in which the District acts solely as a 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 financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our governmental funds.

### **District-Wide Statements**

The District-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 assets includes all of the District's assets and habilities. 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 District-wide statements report the District's net assets and how they have changed. Net assets, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

Major Features of the District-Wide and Final Financial Statements:

		Fund Stat	rements
Type of Statements	District-wide	Governmental 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 scholarship programs and student activities monies
Required financial	* statement of net assets	<ul> <li>balance sheet</li> </ul>	<ul> <li>statement of fiduciary net assets</li> </ul>
stalumente	<ul> <li>statement of activities</li> </ul>	<ul> <li>statement of revenues,</li> <li>expenditures &amp; changes in fund balances</li> </ul>	<ul> <li>statement of changes in fiduciary net assets</li> </ul>
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.
Type of hylow/auflaw Information	All revenues and expenses during year, regardless of when each is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditutes when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid.

### Fund Financial Statements

4

The fund financial statements provide more detailed information about the District's most significant funda-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. (See Note 1 to the financial statements for more information on the District's funds).

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

### NET ASSETS

The District's net assets increased from the prior year to \$84.5 million on June 30, 2009. The increase was due to many factors, nost notably an increase in construction in progress of \$18.6 million, a decrease in each of \$9.5 million, a decrease in debt of \$2.5 million, an additional \$6.7 million in accumulated depreciation and an increase in accounts receivables of \$4.8 million.

istrict () \$	2007-08	2008-09 \$ 62.7
	67.6	
\$	67.6	
\$	NA - 4 M	\$ 62.7
	A 4 / A	
	246.0	262.0
	16.0	12.0
	329,6	336.7
\$	248.7	\$ 246,2
	5.6	6.0
	254.3	252,2
	34.6	36.7
	34.1	39.6
	6.5	8.2
\$	75.2	<u>\$ 84.</u> 5
	Ţ	329,6 \$ 248.7 5.6 254.3 34.6 34.1 6.5

6

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

### CHANGES IN NET ASSETS

The district's revenues and expenses and changes in net assets for the year are presented in Table 2 below.

Table 2		
Changes in Rocklin Unified Sch (in millions of c	iet Assets	
	 2007-08	 2008-09
Revenues		
Program revenues		
Charges for services	\$ 2.0	\$ 2.0
Operating Grants and Contributions	11.4	14,7
Capital Grants and Contributions		10.9
General revenues		
Property Taxes	42.8	44,(
Federal and State aid not restricted	34,5	32.3
Other	4.6	4.9
Total revenues	\$ 95,3	\$ 108.8
Expenses		
Instruction	\$ 51.0	\$ 54.0
Instruction-related	7.6	9,2
Pupil services	6.6	7.0
General administration	4.7	4.8
Maintenance and Operations	10.3	9,3
Interest on long-term debt	13.2	12.8
Other	3.3	2.4
Total expenses	\$ 96.7	\$ 99.5
Decrease (Increase) in net assets	\$ (1.4)	\$ 9.3

The District's total net assets increased by \$9.3 million over the course of this year's operations and decreased by \$1.4 million during 2007-08.

Operating grants and contributions increased by \$3.3 million due to a large increase in one-time categorical revenues apportioned by the federal government in American Recovery & Reconstruction Act Stimulus funds in 2008-09.

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

Capital grants and contributions increased by \$10.9 million due to funding apportioned by the state for the construction of Sunset Ranch Elementary School,

Even with increases in property tax revenue in debt service finds by \$.9 million, property taxes and state aid not restricted decreased by \$1 million over the past year. This was due to cuts by the state of revenue limit funding (mitigated by growth in ADA).

Instructional and instruction related expenditures increased by \$4.6 million, principally due to collective bargaining sottlements and growth in curollment requiring additional staffing and related supplies.

### FINANCIAL INFORMATION OF THE SCHOOL DISTRICT Financial Statements

The District's General Fund is its primary operating fund. It finances the ordinary operations of the school district. General Fund revenues are derived from such sources as state school fund apportionments, taxes, use of money and property, and aid from other governmental agencies.

The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund halance connot exceed the sum of revenues and the carry-over fund balance from the previous year. School Districts must adopt a budget on or before July 1 of each year. The budget is then revised on a regular basis to reflect changes in projected income and expenses subsequent to July 1.

### State Funding of Education

California school districts receive a significant portion of their funding from State appropriations. As a result, changes in State revenues will significantly affect appropriations made by the Legislature to school districts. Annual State apportionments are computed based on a revenue limit per unit of average daily attendance ("A.D.A."). Revenue limit calculations are normally adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases.

### Ad Valorem Property Taxation

Taxes are levied by the County for each fiscal year ou taxable real and personal property which is situated in the school distriet as of the preceding January 1. Property taxes are due in two installments, on November 1 and February 1 of each fiscal year. These monies come to the district through the Placer County Office of Education primarily in December, April and August. The District is nuder the Teeter Pian and receives the last 5% of property tax receipts in August of each year. Property within the school district had a net adjusted assessed valuation for fiscal year 2008-2009 of \$7,011,707,685. The school district's assessed valuation increased by 3,441% between fiscal year 1979-80 and fiscal year 2008-09, representing an annual compound growth rate of 13.09%.

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

### Employee Relations

Most employees of the District are represented by the following bargaining muta: the Rocklin Teachers Professional Association (RTPA) and California School Employees Association (CSEA). Agreement was reached with all employee groups on employee compensation and benefits for 2007-08 through 2010-11 in September 2008. Upon completion of the negotiations, tentative agreements are subject to formal ratification by the Board and the membership of the respective muts.

### Retirement Employee Benefits

The Retirce Benefit Fund is used to fund employee retirement medical benefit payments. The fund was established in 1997. During fiscal year 1996/97 the district transferred \$1,000,000 into the Retiree Benefit Fund to partially fund this liability. The District has made yearly contributious to the Retiree Benefit Fund since 1999, based upon actuariat studies. During 2005-06, the district created an irrevocable trust for retiree benefits. All funds in the Retiree Benefit Fund were transferred to the Irrevocable Trust.

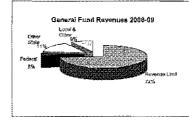
Based upon an actuarial study prepared in Angust 2008, the District's unfunded actuarial accrued liability is estimated to be \$5,281,701.

### District Reserves and Net Ending Balance

Revenues that have not been expended during a budget year are carried over for expenditure in the subsequent year and identified as the District's "Net Ending Balance." Included within the projected net ending balance is a "reserve for economic uncertainties." The State of California requires districts of our size to retain an amount equal to 3% of our budgeted expenditures to cover unforeseen shortfalls in revenues or expenditures that are higher than those budgeted. The District's reserve for economic uncertainty at June 30, 2009 is 8.95%. Also included in the net ending balance are earryover balances that originated from sources that can only be used for selected purposes. These revenues, called "restricted," can only be expended for the purposes as determined by the granter, and the balances in these accounts those that are restricted that can be used for selected purposes only and those that are types of accounts, those that are restricted that can be used for selected purposes only and those that are unrestricted and, thus, can be expended by decisions of the local agency.

\$2.7 million of fund balance has been changed from restricted to unrestricted due to the changes that the State made in the treatment of categorical programs in February 2009 when it revised the 2008-09 budget and adopted the 2009-10 budget.

### General Fund Revenues and Expenditures



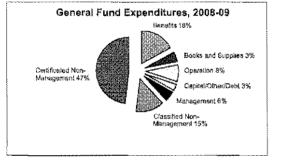
Most of the District's General Fund revenue is generated from the District's revenue limit, which yields funds based on a state-determined dollar amount times the average number of students who are in attendance throughout the school year. Public education-unlike any other public agency-receives most of its revenue based on the population it serves.

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

The second biggest source of revenue is State estegorical income that must be spent for selected Statedetermined programs. The two largest categorical programs are funding for a portion of Special Education services and the K-3 Class-Size Reduction efforts.

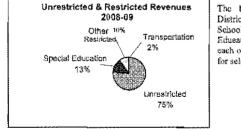
All of the Federal income received hy the District is restricted since it must be expended for purposes that are determined by the grantor and not the local Board of Trustees.

The District's total resources for expenditure in the budget year include a "beginning balance," which reflects a carryover unexpended halance from the prior year. Under the requirement of state law, a portion of the beginning balance must remain as a Reserve for Economic Uncertainties.



Most of the expenditures of the District were to pay the salaries and benefits of the employees of the District. It takes people to teach people, and in Rocklin Unified School District, 87% of the District's General Fund expenditures were for the services of District employees.

Salaries represented 69% of District expenditures. The health and welfare benefits for District employees were an additional 18% of expenditures and included expenses for areas such as retirement-both State and Federal-medical, dental and life insurance plans, and workers' compensation expenses.



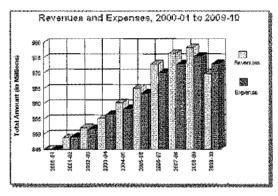
The biggest restricted programs in the District are Special Education, Home to School Transportation and Continuation Education. Local agencies are obligated for each of these programs to expend the income for selected program purposes.

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

For special education, Rocklin Unified School District expended \$9.8 million to meet the obligations of the program and the obligations of State and Federal law. State and Federal special education income is significantly less than the obligations of the program and the district must use unrestricted or generalpurpose income to address the full obligations of special education. The difference between the restricted income and the expenditores in special education is described as "encroachment" in that the expenditures "encroach" into the general-purpose revenues. Special Education encroachment in 2007-08 was \$1.8 million or 15% and 2007-08 was \$1.8 million or 19%.

Home to school transportation also enerosches into the District's general purpose revenues and the District had a transportation encroschement of \$.\$ million in 2008-09 or about 50 % and \$.7 million in 2007-08 or about 50%.



### General Fund Revenues and Expense

In 2007-08, the State provided a 4.53% cost-of-living adjustment. In 2008-09, the statutory COLA was 5.66% initially. The State provided a .68% COLA but mid year the state eliminated the .68% COLA and increased the deficit factor to 7.644% on the revenue limit. In addition, most state categorical programs were cut mid year by 15.38% and again after the state budget was adopted in July 2009 (see subsequent event footnote # 15).

### **General Fund Budgetary Highlights**

Over the course of the year, the District revised the annual operating budget several times. These budget amendments primarily fall into five categories:

- · Changes made to adjust to the State adopted budget and subsequent State revisions.
- · Changes made to adjust to actual enrollment needs once school begins.
- Increases for earryover of categorical funding and greater/less than expected enrollment of students.

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

- Transfers in from other funds to install Smart Classrooms and transfers out to Deferred Maintenance Fund.
- Increases in salaries and benefits expenditores for the cost of settlements with all bargaining groups.

While the district's final budget for the general fund reflected a decrease in fund balance of (\$7.1) million, the projected increase as presented to the Board ou June 18, 2008 was \$1.1 million, and the actual net increase in fund balance was \$97 million.

Actual revenues were more than budgeted by \$3.5 million mostly because of a late receipt of American Recovery and Reinvestment Act (federal stimulus) funding of \$3.3 million and an increase in other local revenue, including special education from the SELPA. Actual expenditures were \$5 million less than budgeted. Based on the economic outlook, the district froze spending on many categorical programs and departmental budgets and implemented hiring freezes to accumulate ending fund balance to help cover impending reductions in funding in 2009-10.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

### **Capital Assets**

By the end of 2009 the District had invested \$262 million in a broad range of capital assets, including land, school buildings, athletic facilities, administrative buildings, computer and other equipment, and vahicles.

This amount represents an increase of \$16.0 million or 6.5% in 2008-09 and \$1.3 million or .4% in 2007-08. (More detailed information about capital assets can be found in Note 6 to the financial statements). Four new relocatable classrooms were added at Springview Middle School due to growth. Three relocatable buildings were moved from Roeklin High School to the Alternative Education Center to be used for a elassroom, a science lab, and an independent study room. The land was purchased for Sunset Ranch Elementary for \$3,754,100. Construction on Sunset Ranch Elementary and the new Maintenance and Food Service buildings began construction in 2008-09. Total depreciation expense was \$6.7 million in both 2008-09 and 2007-08.

### Long-Term Debt

At June 30, 2009, the District had \$246.2 million in general obligation bonds, Mello Roos Bonds, and other long-term debt outstanding, a decrease of \$2.5 million from last year. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements).

- The District continued to pay down its debt, retiring \$12.6 million in 2008-09 and retiring \$8.5 million in 2007-08 (excluding refunding of 1996 and 2000 current interest bonds).
- \$9.4 million of accreted interest accrued in 2008-09.
- The District implemented an early retirement incentive program for certificated non-management employees (see note 7 to the Financial Statements).

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2009

 The district sold \$6.8 million in bonds in CFD#1, refunding bonds of \$26.6 million in CFD #1 and \$12.3 million in bonds in CFD #2 on November 15, 2007.

### Bond Rating

Since 1991 the District's general obligation bonds have carried the rating of Aaa from Moody's and AAA from Standard & Poor's and the Mello-Roos bonds have earried a rating of Aaa from Moody's and AAA from either Fitch or Standard and Poor's.

### DEBT LIMITATIONS

### **General Obligation Bonds**

The statutory limitation for California school district general obligation bonds in any fiscal year is 2.5% of the District's assessed valuation minus the principal amount of any outstanding general obligation bonds of the District.

### Mello-Roos Bonds

The California Government Code requires that the value of real property subject to a Mello-Roos special tax must be least three times the principal amount of the Mello-Roos bonds to be sold and the principal amount of all other outstanding bonds that are secured by a Mello-Roos special tax or a special assessment levied against the same property.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions regarding this report or need additional financial information, contact the district Business Department, Rocklin Unified School District, 2615 Sierra Meadows Drive, Rocklin, CA 95677, (916) 624-2428.

### STATEMENT OF NET ASSETS JUNE 30, 2009

	Governmental
	Activities
ASSETS	、 、
Cash and equivalents	\$ 42,005,719
Receivables	16,424,892
iventuries	12,963
ropaid expenses	106,500
ond issuance costs	4,146,931
ther assets	12,007,831
Capital assots:	
Land	43,939,583
Improvement of sites	27,763,265
Buildings	225,018,689
Machinery and equipment	6,309,198
Construction in prograss	22,112,204
Less: accumulated depreciation	(63,151,977)
Total assets	336,695,798
LABILITIES	
ccounts payable	5,857,838
Selicitation of the selicity o	64,354
.ong-term liabilities, due within one year:	
Debt	10,571,966
Compensated absences	365,568
Retiree incentive	146,651
ong term liabilities, due in more than one year:	
Retiree incentive	439,953
Bond premium	349,590
Deferred costs on refunded boads	(751,159)
Debt	235,124,649
Total liabilities	252,169,410
TET ASSETS	
ivested in capital assets, net of related debt	36,743,767
estricted for:	1011-1111101
Capital projects	16,525,162
Dabt service	14,659,206
Special revenue funda	2,553,073
Educational programs	1,568,734
Other purposes (non-expendable)	4,276,894
hrestrieted	8,199,552
Tal courty generate	
Total net essets	\$ \$4,526,388
e accompanying notes are an integral part of these financial statements.	

### ROCKLIN UNIFIED SCHOOL DISTRICT

### STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2009

					Nef (Expense Revenue an Changes in N
		Charges for	Progrem Revenue Operating Grants	S Capital Grants	Assets Gøverument
Functions	Expenses	Services	and Cnatrituntions	and Contributions	Activities
evenmental Activities					
Instruction	\$ 54,018,910	5 99,242	\$ 10,066,095	\$ 10,896,024	\$(32,957,549
Instruction-related services:					
Supervision of instruction	1.769,846	8.564	623,761		(1.137,52
School site administration	6,124,604		1,935		(6,122,66
Instructional library, media,			· •		<b>,</b>
and technology	1,260,721		44,815		(1,215,90
Pupil services:					1-1-2-042-0
Pupil transportation	1,590,588	191,132	286,644		(1,112,81
Food services	2,062,780	1,454,322	750,366		141,90
Other pupil services	3,312,564	7,148	1,205,278		(2,100,13
Ancillaty services	884,024	71	85		(883,86
Community service	96,539	3 K	11,292		(85,24
•	20209		بملابعوة ا		(0.5 <sub>1</sub> 4.4
Enterprise activities					
General administration:					
Data processing	1,149,303		49,598		(1,099,70
Other general	3,579,863	81,396	646,384		(2,952,08
Plant services	9,331.341	86,802	461,127		(8,783,41
Interest on long-term debt	12,825,272				(12,825,27
Other outgo	1,409,682	65,791	566,352		(779,53
Totals	\$ 99,516.037	<u>s 1,992,468</u>	<u>\$ 14,713,732</u>	\$ 10,896,024	(71,913,81
	General revenues	:			
	Trace and subver	ations:			
	Taxes levied fo	r general purrose	\$		29,321,67
	Taxes levied fo	r debt service			14,210,92
	Taxes levied fo	e other specific p	UTDOSCS		512,50
			to specific purposes		32,264,86
	Developer fees				1,894,66
	Interest and invest	erent esmines			1,432,77
	Interagency reven	-			2,35
	Miscellaneons	LL OF COLUMN			1,542,00
	Total general rev	enues			81,181,77
	increase in 1	net assels			9,267,95
	Net assets - begins	ling			75,258,43
	Net assets - ending				\$ 84,526,38

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GOVERNMENTAL FUN	TONT DO ANNA
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squivalents squivalents tesh act equivalents other funds other funds creation tereitable treation the fund balances treation the fund balances	eral Prud 5,056,962 19,553 8,856,718 1.05,500	Capital Pacifities Constry Schools Punel Eartifities Punel S 4,682,005 S 7,809,585	County Schools Earlitics Fund	Fund for Sleuded	Bosed Interest and	for Blended Corseances Units	favorumentsi.	Governmental Francis
squivalens squivalens tes afre fonds a conduitee conduitee technolo BALANCES	19,555 19,555 856,718 856,718	\$ 4,862,003		CUMPTOREM AND	Redemption Fand	at the state of the state	Funds	
equivalentes testa auf reprivalentes testa auf reprivalentes and reprivalentes constitutes territoriale terr	19,958 19,958 856,718 856,718	\$ 4,868,003						
creationese receitable	095'90		\$35,609,7 \$	<pre>121,K15 5,278,525 7,521,848 1,,230,000</pre>	17.2°1	1,088,262	\$ 4,724,924 15,326 12,969	<ul> <li>3 56,707,241</li> <li>5,298,478</li> <li>6,424,892</li> <li>16,424,892</li> <li>1,250,000</li> <li>12,955</li> </ul>
I IES AND FUND BALANCES				12,007,531				106,580 12,007,£31
LABILITIES AND FUND BALANCES	\$ 14,050,133	2 4,368,093	\$ 7,909,585	\$ 26,211,017	\$ 7,327,604	\$ 7,088,260	\$ 4,353,213	\$ 71,807,905
Liabilities:								
te preyabile ather frasda fraesene	\$ 2,339,543 64 354	\$ 1,258,064	\$ 335	1,157,283		\$ 4,095 1,250,860	\$ 22,188	\$ 4,781,508 1,250,000 64,354
tites	2,402,897	1.258,064	335	1,477283	*****	1,254,095	22,183	6,055,362
Jund, balmuerge								
Rosarved Kor: Ravalving casi	10.500						500Z	10,709
							69671	(2,965
odd (surves	105,500							106,500
Debt service					\$ 7,327,604	5,834,165		13,161,769
	1 (10) March 1			12,007,831				128/200/71
Legary resulted programs Unreserved, designated				1,452,450				4/T'2021°C
-	6,892,104							6,892,104
	3668,398							3,068,398
Unreserved veported in:								
Special creates fands Capital projects (unds	Vooranneever	3,610,029	7,909,250	11,548,467			4,317,862	27,385,608
Total fund balances 11.64	11 646 236	3,610,025	052,909,750	25,053,734	7,327,604	5,834,165	4,331,025	65,732,043
Lotal listrificions and found behances	\$ 14,020,133	\$ 4,363.093	± 7,909,585	3 26,211,017	109712571 S	\$ 7,088,260	\$ 4,353,213	\$ 71,807.905
The succembanying roles are an integral part of these finencial statements.	part of the	cse finencial stat	tements.					16

### RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2009

otal fund balance, governmental funds	\$	65,712,043
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The historical cost of the capital assets is \$325,142,939 and the accumulated depreciation is \$63,151,977.		261,990,962
Unamortized cost: in governmental funds, debt issue costs are recognized in the period they are incurred. In the government-wide statements, debt issue eosts are amortized over the life of the debt. Unamortized debt issue costs are included in prepaid expense on the Statement of Net Assets.		4,146,931
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities it is recognized in the period that it is incurred. This represents additional liability for unmatured interest owing at the end of the period.		(1,076,33)
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, including accured interest, net of unamortized preasings, discounts, and deferred charges, are included in governmental activities in the Statement of Net Assets		010000
VE INCERSIONS.	_	(246,247,218
otal net assets, governmental activities	5	84,526,388

The accompanying notes are an integral part of these financial statements.

	STATEMES	T OF REVENUE	S, EXPENDITURES, AND CHU GOYERNMENTAL FUNDS YEAR ENDED JUNE 30, 2009	UES, AND CHANG ITAL FUNDS IUNE 30, 2009	STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS VEAR ENDED JUNE 30, 2009	ANCES		
	General Photo	Capital Pacifices Pard	County Schools Facility Frank	Casita) Project Naed for Blooded Component Units	Hind Internal and Kaderypiica X and	Debt Service Fand for Bleaded Campasent Eaits	Other Guverneiserni Fester	Total Gererananal Freek
HEVZAKISS Side poprotiouneut Lecai rourcess Toan terenati Inni	97,623,025 <u>873,155,25</u> 742,025							5 27,200,645 29,221,672 36,662,222
Perfizial resertance Obser arate neveratues Obser foral izvenues Total revenues	\$ 0.004,555 7,716,644 7,517,452 71,720,840	5 1,984,742 1,984,743	127,008,01 265,04 120,892,01	5 959.018 910.029	5 6,688,599 128,436 6,817,005	745,660,7 745,660,7 745,660,7 8	887,877 2 882,675 882,675	67.23, 626 23, 626 377, 627, 61 377, 627, 61 108, 754, 296
EXPERIMES Contract Durmedian	47, #61, 147							43 <sup>4</sup> 707 <sup>4</sup> 23
ાબલેલ્લાન્ટ્રીલ્લા લઇ પ્રિલ્લાપ્ટ્રાટલ્ક: ઇંગ્લુકાઉપ્રકૃતિ અને પ્રિલ્લાપ્ટ્રાટલ ક્રિકાઉપ્રકૃતિ છે કેલ્લ અનિ છેલ્લા આવે બન્દરે	525(112) 121(1971) 131(1971)							545'844'1 724'894'1 489'559'1
Pupil Janvess. Pupil Janvess. Rood Hardner Rood Hardner Andlike services Community survises	205 - 205 205 205 - 205 205 - 205 205 205 - 205 205 205 - 205 205 205 - 205 205 205 -						Local data	811/96 1407/1181 1407/1181 1407/161
Conversed antyrinostentosy. Conse processing services Others generacias Parties acreticas Delos services	1, 147, 500 277, 900 8, 200, 900	13¥55 e 53ťm2	396 <sup>°</sup> *	\$10.76 <del>8</del>			252,641 000,000	845,742,9 2642,942 9,242,942
Prityssignet Interest med other clauges Debt fearmers conto	166,872	000'081'E	÷,56,4	8,916 1,097,876	3,557,109	3,795,000 2,504,323		9,167,344 7,171,759
Capital outlay Traisficts to other agencies Total rependitures	859,267 75,484,307	3,478,243 8,428,237	4 000,000 A.009,548	16,793,565	6,716,370	6,299,323	498,750	22,778,564 7352,287 121,859,907
ERFED (ALIORARY) OL APARTSE FOR EXECUTION OFTHER FEVARCTICS SOUNCES (URES) Instituted transfers fo	967'027 (958'068'1) 19-76777	0011711) 2016,000 2016,000	6,500,475 (4,000,000) 2,000,000	(36,429) (36,429) 1,258,640	CALAN		(1,105,121) (2,105,121) 1,464,800	(110/12/00/11) (110/12/00/16) (110/12/00/16)
ારના કુલાવા છે. આ બાહેલાનેની ઉતાનાં વાલાવામાં આ બાહે છે. જિલ્લાને હતીપાર દિલ્લાગાનેમુદ્ધ અહાવાયક આવે છકાલ દેવવાવામાં કે દિલ્લાને દેવનેલામાં છે.	225/106 (020/0221)	4,999,945 (1,536,549)	542'588'E	(mpss(st)	sinter:	(117,115.1) (172,115.1)	(446189) (446189)	(uv ure)
Passed basknowne - kankingens. Die A. Linnen - Adaministrik	717 272 77 77 717 272 77	2.144.57%	174	4(24)785 • ******	6.27550 1	109 6125 ÷	200507 ·	74,723,624 * ±1 *21 fda
רשה שהואשה שנועות דעה הכוסווקטווץניוצ האפה אוד זו הופציון איז ווייד איז	<u>&gt; 11,010,225</u> 2817 of these firmulal	<u> </u>	0 MEC'1	A 12,000,00	AAA 275 700 0	Car Acres 4	274 TECE	16

### ROCKLIN UNIFIED SCHOOL DISTRICT

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

Net change in finid balances - total governmental funds:	\$	(9,071,611)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay \$22,770,561 exceeds depreciation expense (\$6,737,325) in the period.		16,033,236
Payment of the principal of long-term debt is reported as an expenditure in governmental funds. However, the repayment reduces long-term liabilities in the Statement of Net Assets.		9,169,343
In governmental funds, debt issues costs are recognized as expenditures in the period they are incurred. In the government-wide statements, issue costs are amortized over the life of the debt.		(297,118)
Proceeds from disposal of capital assets are reported as revenue in governmental funds. In the Statement of Activities only the resulting gain or loss is reported.		(1,300)
Changes in the liability for compensated absences (\$64,197) and retiree incentive (\$586,604) are not recorded as expenditures in governmental funds because they are not expected to be liquidated with current financial resources. In the Statement of Activitics, compensated absences and retiree incentives are recognized as expenses/revenues when earned by employees.		(650,801)
In governmental funds, unmatured interest on long-term debt is recognized in the period when it is due. However, in the statement of activities, unmatured interest on long-term debt is accrued at year end.		(5,913,791)
Change in act assets of governmental activities	<u>s</u>	9,267,958

The accompanying notes are an integral part of these financial statements.

### STATEMENT OF FIDUCIARY NET ASSETS TRUST AND AGENCY FUNDS JUNE 30, 2009

	Irrevocable Trust Fuud	Student Body Fund		
ASSETS				
Cash and equivalents	\$ 5,140,584	\$ 996,961		
Receivables	395			
Due from other funds		······		
Total Assets	5,140,979	996,961		
LIABILITIES				
Deferred revenue	12,684			
Due to sindent groups		996,961		
Due to other funds				
Total liabilities	12,684	996,961		
NET ASSETS				
Net Assets held in trust for OPEB	s 5,128,295			

### ROCKLIN UNIFIED SCHOOL DISTRICT

### STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS EXPENDABLE TRUST FUNDS YEAR ENDED JUNE 30, 2009

	Irrevocable Trust Fund
ADDITIONS	
Other local sources	\$ 359,032
Operating transfers	690,064
Total additions	1,049,096
DEDUCTIONS	
Employee benefits	638,104
Change in net assets	410,992
Net assets - beginning	<u>4,717,303</u>
Net assets - ending	\$ 5,128,295

The accompanying notes are an integral part of these financial statements.

.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

### 1. SIGNIFICANT ACCOUNTING POLICIES

### A. ACCOUNTING POLICIES

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

### B. REPORTING ENTITY

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

### Mello-Roos Community Facilities Districts

The District and Community Facilities Districts #1, #2 and #3 (the CFDs) have financial and operational relationships which meet the reporting entity definition criteria for inclusion of the CFDs as component units of the District. Accordingly, the financial activities of the CFDs have been included in the financial statements of the District.

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

### Accountability

- 1. The CFDs' Boards of Directors are the same as the District's Board of Education. Therefore, the District assumes all duties and responsibilities related to the CFDs.
  - The CFDs have no employees of their own. The District's Superintendent, Associate Superintendent, and Director of Fiscal Services and Purchasing function as agents of the CFDs, but do not receive additional compensation for work performed in this capacity. The District charges the CFDs for certain administrative costs.
- 2. The District is able to impose its will upon the CFDs, based on the following:
  - All major fluancing arrangements, contracts, and other transactions of the CFDs must have the consent of the District.
  - · The District exercises significant influence over operations of the CFDs,

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

- The CFDs provide specific financial benefits or impose specific financial burdens on the District based npon the following:
  - · Proceeds of bond issues from the CFDs are used for capital outlay projects of the District.
  - The District is responsible for assuring that the taxes collected are used to find the cost of debt service.
  - The District has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the CFDs.

### Scope of Public Service

The CFDs were created for the sole purpose of financially assisting the District. The CFDs are community facilities districts created pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended by Chapter 2.5, Part 1, Division 2, Title 5, of the California Government Code established March 30, 1989. The CFDs were formed to provide financing assistance to the District for construction, rehabilitation, and acquisition of major capital facilities to support the student population.

### Financial Presentation

For financial presentation purposes, the CfDs' financial activity has been blended, or combined, with the financial data of the District. The financial statements present the CFDs' financial activity within the District's debt service and capital projects funds. Special tax bonds issued by the CFDs are included in long-term liabilities of the District.

C. BASIS OF PRESENTATION

Government-wide financial statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund financial statements – Fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column as other governmental funds. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revennes, Expenditures, and Chauges in Fund Balances, which reports on the sources (i.e., expenditures and other financing sources) and uses (i.e., expenditures and other financing uses) of eurrent financial resources.

Fiduciary funds are reported using the comomic resources measurement focus. Fiduciary finds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

### D. BASIS OF ACCOUNTING

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental fund financial statements use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

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

Non-exchange transactions are those in which the District receives value without directly giving equal value in return, and include property taxes, grants, and entitlements. Under the accural basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted,

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

inatching requirements, under which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactious must also be available before it can be recognized.

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

Expenses/Expenditures – Under the accrual basis of accounting, expenses are recognized at the time they are incurred. However, the measurement focus of governmental fund accounting is on decreases in the net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized on governmental fund financial statements.

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

E. FUND ACCOUNTING

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

### Major Governmental Funds

Major governmental funds, meeting the criteria of a major fund under GASB No. 34, comprise the following:

The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

The County School Facilities Fund is used to account for state apportionment provided for construction and reconstruction of school facilities under SB50.

The Capital Projects Fund for Blended Component Units is used to account for the acquisition and rebabilitation of governmental capital facilities and buildings financed by bond proceeds and taxes collected under the three CFDs.

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

Debt Service Funds are used to account for the accountiation of resources for, and the payment of, principal and interest on general long term debt. The District maintains the following major debt service funds:

The Bond Interest and Redemption Fund is used to account for the accountation of resources for, and the repayment of General Obligation bonds, interest, and other debtrelated easts.

The Debt Service Fund for Blended Component Units is used to account for the collection of taxes and the repayment of bond principal, interest, and related costs in the three CFDs,

### Non-Major Governmental Funds

Funds not meeting the criteria of a major fund are reported as other governmental funds as follows:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains the following special revenue funds:

The Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's eafeterias,

The Adult Education Fund is used to account for resources committed to adult education programs maintained by the District.

The Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains the following non-major capital projects funds:

The Special Reserve Fund for Capital Outlay is used to account for varions maintenance and capital outlay projects.

### Fiduciary Funds

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of officers. Fidneiary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

Trust Funds are used to account for assets held by the District as a trustee. The District maintained the Retirae Banefits Fund, which is an irrevocable trust.

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains Student Body Funds, which are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the District.

F. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds, with the exception of Debt Service Funds. By state law, the District's Board of 'frustees must adopt a final budget no later than July 1. A public bearing must be conducted to receive comments prior to adoption.

These budgets are revised by the District's Board of Trustees during the year to give consideration to unanticipated income and expenditures. The original and final revised budgets for the General Fund are presented as required supplementary information in these financial statements.

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

G. CAPITAL ASSETS

Capital assets are those purchased or acquired with an original cost of \$15,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated nseful lives:

Asset Class	Years
Improvement of Sites	20
Buildings	50
Machinery and Equipment	5-20

### H. COMPENSATED ABSENCES

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District on the government-wide financial statements. Compensated absences are generally liquidated by the General Fund.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken, since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

### I. FUND BALANCE RESERVES

In the governmental find financial statements, reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. The reserves for revolving fund, stores inventory, and legally restricted programs reflect the portions of fund balance that are not available for appropriation and expenditure at the balance sheet date.

### J. PROPERTY TAXES

Secured property taxes are attached as an enforceable lien on property as of March 1. Property taxes are due in two installments, on November 1 and February 1 of each fixed year. Unsecured property taxes are due in one installment on or before August 31. The County of Placer bills and collects baxes for the District. Tax revenues are recognized by the District when received.

### K. LONG-TERM OBLIGATIONS

The District reports long-term obligations of governmental funds at face value in the governmentwide financial statements.

### L. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amonnts 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. Actual amounts could differ from those estimates.

### M. INVENTORIES

Inventories are recorded at the latest invoice cost. Inventories in the applicable funds consist primarily of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assots.

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

### 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

### Cash and Investments

Cash and investments as of June 30, 2009 are classified in the accompanying financial statements as follows:

Statement of net assets: Cash and equivalents	\$ 42,005,719
Fiduciary funds: Cash and equivalents	<u>6,137,545</u>
Total eash, equivalents and investments	<u>5 48,143,264</u>

Cash and investments as of June 30, 2009 consist of the following:

Cash with financial institutions	5 1,020,578
Cash and investments with County Treasury	41,824,208
Cash and investments with fiscal agent	5,298,478
Total eash and investments	\$ 48,143,264

### Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its eash in the Placer County Treasury (the Treasury). The Treasury pools these funds with those of other districts in the county and invests the cash. The share of each fund in the pooled cash account is separately accounted for and interest earned is apportioned monthly to funds that are legally required to receive interest based on the relationship of a fund's daily balance to the total of pooled cash and investments.

Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

The Treasury is authorized to deposit each and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the Treasury are either secured by federal depository insurance or are collateralized.

The Treasury is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes, or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

### Investments Authorized by the County Office's Investment Policy

The table below identifies the investment types authorized for the entity by the California Government Code Section 53601 or the County Treasury investment policy, whichever is more restrictive. This table also identifies certain provisions of the California Government Code that address interest rate risk, eredit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds or Notes	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	75%	None
Mortgage Backed Securities	Will not be used	N/A	N/A
Collateralized Obligations	Will not be used	N/A	N/A
Asset Backed Securities	Will not be used	N/A	N/A
Banker's Acceptances	180 days	30%	30%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Collateralized Certificates of Deposit	5 years	20%	None
Reputchase Agreements	7 days	20%	None
Reverse Reparchase Agreements	Will not be used	N/A	N/A
Corporate Notes	5 years	30%	None
Mutual Funds	Will not be used	N/A	N/A
Joint Power Agreements	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Funds (LAIF)	365 days	None	None
CDARS Certificate of Deposit	5 years	30%	None

### Derivative Investments

The District did not directly enter into any derivative investments. Information regarding the amount invested in derivatives by the County Treasury was not available.

### Investments Authorized by Deht Agreements

Investment of debt proceeds held by hond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, and concentration of credit risk.

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

Authorized Investment Type	Maximum Maturity	Maximum Percentage <u>Allowed</u>	Maximum Investment in One Issuer
Hamilton Treasury Money Fund	5 years	None	None

### Disclosures Related to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates.

Information about the sensitivity of fair values of the District's investments to market interest rate fluctuations is provided by the following tables that shows the maturity date of each investment:

		Weighted Average Maturity (in days)
Placer County Treasury Investment Pool	\$ 41,824,208	1,107
Hamilton Treasury Money Fund	5,298,478	Not Available

### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, or debt agreements, and the actual tating as of year eud for each fund type.

			Minimum Legal Rating	Rating as of End of Year
Placer Connty Treasury Investment Fool	5	41,824,208	N/A	Not rated
Hamilton Treasury Money Fund		5,298,478	AAm	AAAm

### Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested any one issuer beyond that stipulated by the California Education Code. There are no investments in any one issuer that represent 5% or more of the total District investments.

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

### Custedial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not he able to recover collateral securities that are in the possession of an outside party. The California Education Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits that are made by a state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated nucler state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool mast equal at least 110% of the total anothus deposited by the public agencies.

As of June 30, 2009, the carrying amount of the District's bank balances was \$1,390,530. Of the bank balance, the Federal Depository Insurance Corporation insured \$607,185. The California Government Code requires California banks and savings and loan associations to secure the District's eash deposits by pledging securities as collateral. The remainder, \$783,345, was covered by collateral held in the pledging financial institutions' trust departments in the District's name.

### 3. RECEIVABLES

Receivables consisted of the following as of June 30, 2009:

	General Fund	Capital Project Fund for Blended Component Units	Gav	Other ernmental Fouds	Be	etiree enefit 'nnd	 Total Funds
Federal government State government	\$ 1,320,406 6,738,676		5	14,821 421			\$ 1,335,227 6,739,097
Local government	497.576 5	7,253,631		421			7,751,207
Other	300,060	299,217		84	\$	395	 <u>599,756</u>
Totals	<u>\$ 8,855,718</u>	<u>\$ 7,552,848</u>	5	15,326	59	395	\$ 16,425,287

### 4. ADVANCE RECEIVABLE

On November 1, 2006, the District entered into an agreement with Southern Placer Schools Transportation Authority (the "Authority") and issued an advance of \$16,010,441 funded by the District's \$19,890,000 2006 Certificates of Participation (Property Acquisition Financing), for the purpose of assisting the Authority in the acquisition of school sites. The 2006 Certificates of Participation include a provision for the use of leased property. Payment of this advance will occur at such time(s) that the District determines the need for the school site(s) and title is transforred from the Authority to the District or upon determination by the District and the Authority. During the year ended June 30, 2009 the Authority transforred 10 acres of land to the District valued at \$4,002,489. As of the year ended \$12,007,831 remains with the Authority.

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

### 5. INTERFUND TRANSACTIONS

Interfund transactions are reported us either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at or near market rates, are treated as revenues and expenditures. Reimbursements occur when one fund incurs a cost, charges the appropriate henefiting fund, and reduces its related costs as a reimbursement. All other interfund transactions are treated as transfers. Transfers atomy governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

### Due from/Due to Other Funds

Individual interfluid receivables and payables as of June 30, 2009 were as follows:

		Receivable Fund				
Payable Fund		uital Project I for Blended ponent Units	Total			
Debt Service Fund for Blended Component Units	5	1,250,000	<u>\$ 1,250,000</u>			
Total	3	1,250,000	<u>\$ 1,250,000</u>			

Interfund receivables and payables are paid and cleared in the subsequent period.

### Interlund Transfers

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

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

Interfund transfers for the year ended June 30, 2009, were as follows:

	Transfers In						
Transfers Out_	General Fund	Capital Facilities Fund	County School Facilities Fund	Capital Project Fund for Blended Component Unites	Debt Service Fund for Blended Component Units	Other Governmental Eunds	Total
General Fund		\$ 26,055				\$ i,464,800	\$ 1,490,855
Capital Facilities Fund County School	\$ 117,110						117,110
Facilities Fund		5,000,000					5,000,000
Capital Project Fund for Bletaded Component							
Units					\$ 36,429		36,429
Debt Service Fund for Bleuded Component							
Units				\$ 1,250,000			1,250,000
Other Governmental							
Funds	105,125		<u>\$_2,000,000</u>		*****************		2,105,125
Total	\$ 222,235	\$ 5,026,055	\$ 2,000,000	\$ 1,250,000	<u>\$ 36,429</u>	<u>\$ 1,464,800</u>	\$ 9,999,519

### ROCKLIN UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

### 6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, was as follows:

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Capital assets, not being depreciated:				
Land	\$ 40,185,483	\$ 3,754,100		\$ 43,939,583
Construction in progress	3,549,520	22,770,561	<u>\$ (4,207,877)</u>	22,112,204
Total capital assets, not being depreciated	43,735,003	26,524,661	<u>(4,207,877</u> )	66,051,787
Capital assets, being depreciated:				
Improvement of sites	27,763,265			27,763,265
Boildings	224,564,912	453,777		225,018,689
Equipment	6,365,667		(56,469)	6,309,198
Total capital assets, being depreciated	258,693,844	453,777	(56,469)	259,091,152
Less accnumlated depreciation for:				
Improvement of sites	(8,054,341)	(1,328,007)		(9,382,348)
Buildings	(44,639,519)	(4,809,607)		(49,449,126)
Equipment	(3,775,961)	(597,669)	53,127	(4,320,503)
Total accumulated depreciation	(56,469,821)	(6,735,283)	53,127	(63,151,977)
Total capital assets, being depreciated, net	202,224,023	(6,281,506)	(3,342)	195,939,175
Governmental activities capital assets, net	<u>\$ 245,959,026</u>	<u>s 20,243,155</u>	<u>\$ (4,211,219</u> )	<u>\$ 261,990,962</u>

For the year ended June 30, 2009, depreciation expense was charged to functions as follows:

Oovernmental activities:

Instruction	\$ 5,831,812
Supervision of instruction	106,640
School site administration	354,029
Home-to-school transportation	287,085
Food services	9,860
All other general administration	106,640
Plant services	39,217
Total depreciation expense	\$ 6,735,283

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

### 7. LONG-TERM LIABILITIES

### Bonded Debt

The outstanding bonded debt of the District as of and during June 30, 2009 was as follows:

	Interest Rate %	Final Maturity Fiscal Year Ending June	Amount of Original Trane	Outstanding July 1, 2008	Redeemed Current Year	Outstanding June 30, 2009
1991 G.O. Bond Series A	4.95%- 7.10%	2017	\$ 24,155,757	<b>\$ 11,977,56</b> 4	\$ 1,111,322	\$ 10,866,242
1991 G.O. Bond Series B	5,00%- 6.40%	2020	6,998,803	2,981,793	266,148	2,715,645
1991 G.O. Bond Series C	5.00%-5.35%	2021	10,779,334	5,150,447	442,392	4,708,055
1998 G.O. Bond	4,00%-8,00%	2024	12,627,074	8,547,074	765,000	7,782,074
1999 G.O. Bond	4.00%-5.80%	2025	4,369,764	3,264,704	235,000	1,029,704
2002 G.O. Boad	5.08%-5.71%	2028	19,998,745	19,998,745		19,998,745
2003 G.O. Bond	4.99%-5.59%	2029	31,998,859	31,998,859		31,998,859
Series 1998 - CFD #1	3.75%-4.63%	2021	13,781,144	10,241,144	605,000	9,636,144
Series 2000 - CFD #1	4.75%- 5.75%	2026	16,415,790	1,835,790		1,835,790
Series 2001 - CFD #2	2,50%- 5,50%	2024	11,498,773	8,543,773	690,000	7,853,773
Series 2004 - CFD #2	2.00%- 4.70%	2030	13,115,000	12,370,000	200,000	12,170,000
Series 2007 - CFD #1	4.00%- 5.41%	2038	6,793,381	6,793,381	290,000	6,303,381
Scries 2007 - CFD #1	4,00% 5,25%	2020	26,625,000	26,625,000	1,925,000	24,70 <b>0</b> ,600
Series 2007 - CFD #2	4.00%- 5.35%	20138	12,309,968	12,309,968	.85,000	12,224,968

\$ 211,467,332 \$ 162,638,242 \$ 6,614,862 \$ 156,023,380

### The bonds mature as follows:

Year Ending June	Principal		Interest		Total	
2010	\$ 7,1	0,512 \$	6,335,606	\$	13,446,118	
2011	7,60	1,562	6,653,708		14,255,270	
2012	7,64	17,801	7,511,837		15,159,638	
2013	7,7	\$7,645	8,369,635		16,127,280	
2014	7,05	4,474	9,226,784		16,321,258	
2015-2019	45,00	51,983	52,062,897		97,124,880	
2020-2024	41.70	58,997	61,734,132		103,503,129	
2025-2029	28.33	15,569	62,070,681		90,396,250	
2030-2034	2.3	14,854	5,230,146		7,575,000	
2035-2039	1.3	9.983	4,555,017		5.865.000	
Totals	\$ 156.02	3,380 3	223,750,443	\$	379,773,823	

### ROCKLIN UNIFIED SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

### Aeereted Interest Charges

The 1991 General Obligation Bonds Series A, Series B and Series C noted above contain capital appreciation bonds originally issued in the amount of \$24,953,893. These bonds mature September 1, 2016, August 1, 2019 and July 1, 2020 respectively, and carry a variable interest rate ranging from 5.70% to 7.10%. The General Obligation Bonds issued in 1998, 1999, 2002 and 2003 contain capital appreciation bonds originally issued in the amount of \$39,884,382. These bonds mature Angust 1, 2023, August 1, 2027 end August 1, 2025 respectively, and carry a variable interest rate ranging from 4.99% to 5.80%. The Series 1998 CFD No.1, 2000 CFD No.1, 2001 CFD No.1, 2007 CFD No. 1 and 2007 CFD No. 2 bonds contain capital appreciation bonds originally issued in the amount of \$18,134,056. These bonds mature September 1, 2020, September 1, 2025, September 1, 2023, September 1, 2038 and September 1, 2038 respectively, and carry a variable interest rate ranging from 4.45% to 6.10%.

### Certificates of Participation

The District issued Certificates of Participation (COPs) in the amount of \$19,890,000 during the 2006-07 fiscal year. Lease payments for a school site are assigned to the Trustee, The Bank of New York Trust Company for repayment in same amount as the required debt service. The COPs carry a variable interest rate ranging from 3.50% to 4.50%, and mature October 1, 2039 as follows:

Year Ending June	Principal	Interest	Total	
2010		\$ 841,622	\$ 841,622	
2011		841,623	841,623	
2012		841,622	841,622	
2013	\$ 510,0	00 832,698	1,342,698	
2014	530,0	000 814,232	1,344,232	
2015-2019	2,945,0	3,759,464	6,704,464	
2020-2024	3,560,0	000 3,123,438	6,683,438	
2025-2029	4,370,0	000 2,292,850	6,662,850	
2030-2034	5,440,0	1,203,750	6,643,750	
2035-2039	2,535,0	000 115,312	2,650,312	
Totals	<u>\$ 19,890,0</u>	000 <u>\$ 14,665,611</u>	<u>\$ 34,556,611</u>	

### Retirement incentive

The District implemented a retirement incentive program for certificated non-management employees via an annuity contract at a cost of \$733,255, payable in 5 annual installments of \$146,651 beginning June 1, 2009.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

### Capital Leases

The District leases equipment and relocatable classrooms under capital lease agreements. Future minimum lease payments as of June 30, 2009, are as follows:

Year Ending Jnne 30,		Lease Payments		
2010 2011 2012	\$	(2,553 (2,553 (12,553)		
Total		37,659		
Less Amount Representing Interest		(5,854)		
Present Value of Net Minimum Lease Payments	5	31,805		

The District will receive no sublease rental revenues nor pay any contingent rentals for this equipment.

### Note Payable

On October 28, 2003, in conjunction with the acquisition of land to be used for the construction of school facilities, the District entered into a 5 year promissory note with a developer totaling \$3,000,000. The note, which was renegotiated on June 22, 2005, shall be paid in installments of \$1,000,000 a year beginning on July 31, 2006, if building permits are issued for 700 or more residential units. If building permits are issued for 700 or more residential units. If building permits are issued for feas than 700 units, the amount due may be reduced *pro-rata*, but the entire amount was due no later than July 31, 2008. As of June 30, 2009 there was no balance on this note.

### Chauges In Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Begianing Balance	Additions	Deductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 83,919,186		\$ 2,819,862	\$ 81,099,324	3 2,950,511
Mello-Roos Bonds	78,719,055		3,795,000	74,924,055	4,160,000
Accreted interest charges	63,811,211	\$ 9,382,814	3,400,138	69,793,887	3,494,205
Certificates of Participation	19,890,000			19,890,000	
Note payable	2,380,000		2,380,000		
Grant Anticipation Note		4,000,000	4,000,000		
Capital leases	206,288		174,483	31,805	9,706
Compensated absences	301,371	64,197		365,568	365,568
Retirement incentive		733,255	146,651	586,604	146,651
Deferred amount on bond refunding	(898,927)		(73,884)	(825,043)	(73,884)
Bond Premium	412,446		31,428	381,018	31,428
Total	\$ 248,740,630	<u>\$14,180,266</u>	\$ 16,673,678	\$246,247,218	511,084,185

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

### Current Refunding (1996 Series CFD #1 bonds)

On December 4, 2007, the District issued Mello Roos bonds Series 2007 CFD #1 of \$12,930,000, at an average coupon rate of 4,165503 percent to refund and defease its outstanding 1996 Series CFD #1 current interest bonds of \$12,545,000, carrying an average coupon interest rate of 5,649376 percent. The 2007 bonds were issued at a premium of \$239,040.

All issuance costs of the transaction (\$302,447) were paid from bond proceeds. The net proceeds of \$12,866,593 were deposited in an inevocable trust with an excrow agent (and invested in U.S. government securities) to provide for (1) debt service on the 1996 debt to the call date of January 3, 2008 and (2) a 1 percent call premium at that time. As a result, the 1996 Series current interest bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. Unamortized 1996 bond issuance costs were \$372,993 at the date of the refunding.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$464,340. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2018 using the effective-interest method. The District completed the current refunding to reduce its total debt service payments over the next 11 years by \$822,065 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$669,476.

### Advance Refunding (2000 Series CFD #1 current interest bonds)

On December 4, 2007, the District issued Melle Roos bonds Series 2007 CFD #1 of \$13,695,000, at an average coupon rate of 4.190338 percent to advance refluid and defease in substance its ontstanding 2000 Series CFD #1 current interest bonds of \$12,630,000, carrying an average coupon interest rate of 5.414691 percent. The 2007 bould wore issued at a premium of \$142,843.

All issuance costs of the transaction (\$220,341) were paid from bond proceeds. The uet proceeds of \$13,\$17,\$02 were deposited in an irrevocable trust with an escrow agent (and invested in U.S. government securities) to provide for (1) debt service on the 2000 debt to the eall date of September 1, 2010 and (2) a 1 percent call premium at that time. As a result, the 2000 Series current interest bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. Unamortized 2000 bond issuance easis were \$338,890 at the date of the refunding.

The advance refunding resulted in a difference between the resequisition price and the net earrying amount of the old debt of \$483,843. This difference, reported in the accompanying financial statements as deduction from bonds payable, is being charged to operations through the year 2020 using the straight-line method. The District completed the advance refunding to reduce its total debt service payments over the next 13 years by \$141,602 and to obtain an economic gain (difference between present values of the old and new debt service payments) of \$111,317.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

### 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2009, the District participated in a joint powers authority (JPA) for purposes of pooling of risk related to property, liability, and worker's compensation claims. See "Joint Ventures" footnote for nature of participation.

#### 9. JOINT VENTURES (Joint Powers Agreements)

#### Schools Insurance Group

The District is a member of a Joint Powers Anthority, Schools Insurance Group (SIG), for the operation of a common risk management and insurance program. The program covers workers' compensation, property/liability, and health and welfare insurance. The membership includes the school districts in Placer and Nevada counties and their respective County Offices of Education. SIG is governed by an Executive Board counsisting of representatives from member districts. The Executive Board controls the operations of SIG, including selections of management and approval of operating budgets.

Condensed financial information of SIG for the year ended June 30, 2009, is as follows:

Total Assets	<u>\$_73,750,379</u>
Total Liabilities Net Assets	\$ 28,223,884 
Total Liabilities and Net Assets	<u>\$ 73,750,379</u>
Total Revenues	\$ 77,375,912
Total Expenses	72,329,144
Increase in Net Assets	\$ 5,046,768

### Southern Placer School Transportation Authority

The District is also a member of Southern Placer School Transportation Authority, a Joint Powers Authority established for the operation of pupil transportation maintenance services and classroom facilities. The District is a member with Eureka Union School District. Each member district has representatives on the Governing Board. Each member of that Board has equal voting rights. The Governing Board has decision-making authority, which includes the power to designate management, and the ability to significantly influence operations.

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

Condensed financial information of SPSTA for the year ended June 30, 2009 is as follows:

Total Assets	<u>\$ 13,579,510</u>
Total Liabilities Net Assets	\$ 12,007,826 1,571,684
Total Liabilities and Net Assets	<u>\$ 13,579,510</u>
Total Revenues Total Expenses	\$ 70,139 6,150
Increase in Net Assets	<u>\$ 63,989</u>

The relationship between the District and the two Joint Powers Authorities (JPAs) is such that the JPAs are not component units of the District for financial reporting purposes. The District has advanced the SPSTA funds to facilitate land banking for future District school size development. The balance at June 30, 2009 was \$12,007,826 and it is recorded in the Capitol Project Fund as an advance.

#### 19. COMMITMENTS AND CONTINGENCIES

#### State and Federal Allowances. Awards, and Grants

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

#### Litigation

Various claims and litigation involving the District are currently outstanding. However, based on consultation with legal counsel, management believes that the ultimate resolution of these matters will not have a material adverse effect on the District's imancial position or results of operations,

#### Commitments

The District has construction contracts and property acquisition commitments of approximately \$3,579,700 and \$2,830,872 respectively at June 30, 2009. State and local funds have been approved for such construction.

#### 11. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plaus maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS).

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

#### CaIPERS:

#### Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPELS), a cost-sharing multiple-employer public employee retirement system defined bonefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiarize. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

#### Funding Policy

Active plan members are required to contribute 7% of their salary (7% of monthly salary over \$133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CaIPERS Board of Administration. The required employer contribution rate for fiscal year 2008-09 was 9.43% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CaIPERS for the fiscal years ending June 30, 2009, 2008, and 2007 were \$995,181, \$913,769 and \$873,439, respectively, and equal 100% of the required contributions for each year.

#### CalSTRS:

#### Plan Description

The District contributes to the State Teachers' Retirement System (CalSTRS), a cost-sharing multipleemployer public employee retirement system defined benefit pousion plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statures, as logislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, CA 95603.

#### Funding Policy

Active plan members are required to contribute 8% of their salary and the District is required to contribute an actuarially determined rute. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retherment Board. The required employer contribution rate for fiscal year 2008-09 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years 2008, and 2007 were \$3,280,388, \$3,064,793 and \$2,916,441, respectively for all funds within the district, and equal 100% of the required contributions for each year.

#### **ROCKLIN UNIFIED SCHOOL DISTRICT**

#### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

#### Other Information

Under CaISTRS law, certain early retirement incentives require the employer to pay the present value of the additional benefit which may be paid on either a entrent or deferred basis. The District has no obligations to CaISTRS for early retirement incentives granted to terminated employees.

#### 12. POST-RETIREMENT HEALTHCARE BENEFITS

#### Description of Plan

In addition to the pension benefits described above, the District provides lifetime post-employment healthcare benefits (OPEB) for certain groups of employees who retire from the District after attaining age 55 with at least 15 years of service. The District provides the OPEB benefits through a singleemployer defined benefit OPEB plan that is administered by the District. OPEB provisions are established and amended per contractual agreement with employee groups. The following is a description of the current retiree benefit plan;

	Certificated	Classified	Confidential
Eligible Employees	Hired before February 7, 1991	Hired before February 7, 1997	Hired before April 19, 2002
Benefit types provided	Medical, dental and vision	Medical, dental and vision	Medical, dental and vision
Duration of benefits	Lifetime	To age 65***	To age 65***
Required Service	15 years	15 years	15 years
Minimum Age	55	55	55
Dependent Coverage	No*	Yes	No
District Contribution %	100%	100%	100%
District Cap	\$490 per month**	\$328 per month	\$500 per month

\*Those retired prior to June 30, 1983 eligible for spouse coverage

\*\*No cap for those retired prior to October 11, 1996

\*\*\* Employees hired before December 1, 1993 eligible for lifetime coverage

In the fiscal year ended June 30, 2006 the District signed an irrevocable trust (the Trust) agreement and began accumulating funds in a Fiduciary Fund as an Expendable Trust Fund. For the Trust agreement, the District's superintendent or designee is acting as the trust administrator, the Rocklin Board of Edineation (the Board) has been designated as the trustee and fiduciary, and the Placer Consty Tressurer-Tax Collector is serving as the custofial agent.

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

#### Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the Board and by contractual agreement with employee groups. The District's plan members are not required to contribute to the plan. The District's contributious to the plan are based on an actuarial determined rate and were \$660,064 for the year ended June 30, 2009.

#### Annual OPEB Cost

The District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. 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 ARC determined as part of the January 1, 2008 actuarial valuation, was \$690,067 and equaled the District's contributions for the year ended June 30, 2009. The District's annual OPEB eost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the preceding two years were as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
2007	\$ 730,065	118%	\$	0
2008	707,313	100%		0
2009	690,064	100%		0

#### Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

Actuarial acerned liability (AAL)	\$ 9,401,351
Actuarial value of plan assets	\$ 5,128,295
Unfunded actuarial accrued liability (UAAL)	\$ 4,273,056
Funded ratio (actuarial value of plan assets / AAL)	 55%
Covered payroll (active plan members)	\$ 6,439,383
UAAL as a percentage of covered payroll	66%

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 frend. Amounts determined regarding the funded status of the plan and the annual required courtibutions 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

#### **ROCKLIN UNIFIED SCHOOL DISTRICT**

#### NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

following the notes to the financial statements, presents multiyear hend information that shows 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 plan members) and include the types of benefits provided at the time of each valuation and the bistorical pattern of sharing of benefit costs between the employer and plan members to that point. The projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the District and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the ealculations.

In the January 1, 2008, actnarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 5% investment rate of return (net of administrative expenses), an annual healthcare cost trend rate of 4% and an inflation assumption of 3%. The Entry Age Normal (EAN) cost method spreads plan costs for each participant from entry date to the expected retirement date. Under the EAN cost method the plan's normal eost is developed as a level amount over the participants' working lifetime. The actuarial value of plan assets was \$4,119,650; an asset smoothing formula was not used. The plan's unfunded actuarial accrned liability is being amortized using the flat dollar amount method. The initial unfinded actuarial accrned liability retroactive to the year ending June 30, 2002 is being amortized on closed basis over eighteen years. The increase in the unfunded actuarial assumption changes in 2005 is being amortized on elosed basis over forteen years. The remaining amortization period at June 30, 2009, was eleven years.

#### 13. TAX REVENUE ANTICIPATION NOTES (TRANS)

Tax revenue auticipation notes are short-term debt instruments. They are issued to eliminate cash flow defielencies that result from fluctuations in revenue receipts and expenditure disbursements. A summary of the District's TRANS activity for the year ended June 30, 2009 is as follows:

	Outstanding July 1, 2008	Additions	Deletions	Outstanding June 30, 2009
2008 2,0% TRANS	\$	\$ 4,800,000	<u>\$ 4,800,000</u>	<u>s</u>
	ş	\$ 4,800,000	\$ 4,800,000	<u>\$</u>

#### 14. ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to STRS. This payment consisted of state general fund contributions to STRS in the amount of \$1,791,866 (4.517% of salaries subject to STRS).

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

#### 15. SUBSEQUENT EVENT

On July 28, 2009 Governor Arnold Schwarzenegget signed a package of bills amending the 2008-09 and 2009-10 California State budgets. The budget amendments were designed to address the State's budget gap of \$24 billion that had developed as a result of the deepening recession since the State's last budget actions in February 2009. The July budget package reduced, on a state-wide basis, \$1.6 billion in 2008-09 Proposition 98 funding through a reversion of undistributed categorieal program balances. The budget language identified 51 specific programs and required the amount associated with these programs that were "unallocated, unexpended, or not liquidated as of June 30, 2009" to revert to the State's General Fund. The July budget package also provided an appropriation in 2009-10 to backfill \$1.5 billion of these cuts to repay the 2008-09 reversion of the undistributed categorical program balances.

The District recorded the revenue and related receivable associated with its portion of the eategorical program balances identified in the July 2009 State Budget package prior to notification by the State in November 2009 that the 2009-10 re-appropriation should not be insured. In accordance with Governmental Accounting Standards Board Statement No.33, an adjustment to reduce revenue and the related receivable has been included in these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION** 

#### BUDGETARY COMPARISON SCHEDULE GENERAL FUND YEAR ENDED JUNE 30, 2009

	Budgeted	Amounts	Actual Amounts GAAP	Variance with Final Budget Eavorable
	Original	Final	GAAP Basis	Favorable (Unfavorable)
REVENUES		****		
State apportionment	\$ 29,072,300	\$ 27,669,620	\$ 27,360,645	\$ (308,975)
Local sources	28,770,153	28,878,034	29,321,678	443,644
Total revenue limit	57,842,453	56,547,654	56,682,323	134,669
Federal revenues	2,309,162	2,750,993	6,004,663	3,253,670
Officer state revenues	8,450,876	8,586,339	7,716,441	(869,898)
Other local revenues	6,437,539	6,714,711	7,317,422	602,711
Total revenues	75,040,030	74,599,697	77,720,849	3,121.152
EXPENDITURES				
Certificated personnel saleries	38,680,851	40,428,668	40,105,609	323,059
Classified personnel salaries	11,779,505	12,532,058	12,026,210	505,848
Employee benefits	13,269,121	13,507,875	13,465,746	42,129
Books and supplies	3,010,697	5,177,290	2,667,184	2,510,106
Services and other operating expenditures	5,948,391	7,478,507	6,296,814	1,181,693
Other outgo	1,134,683	1,278,303	852,285	425,018
Indirects	(100,000)	(100,000)	(100,000)	
Debt service	170,459	170,459	170,459	***
Total expenditures	73,893,707	80,473,150	75,484,307	4,988,853
Excess (deficiency) of revenues over expenditures	1,146,323	(\$,873,463)	2,236,542	8,110,005
OTHER FINANCING SOURCES (USES)				
Interfund transfers in	117,110	251,161	222,235	(28,926)
Interfund transfers out	(979,014)	(1,490,855)	(1,490,855)	
Total other financing sources (uses)	(861,904)	(1,239,694)	(1,268,620)	(28,926)
Net increase (decrease) in fund balance	284,419	(7,113,157)	967,922	8,081,079
Fund balance - beginning	10,678,314	10,678,314	10,678,314	
Fund balance – ending	<u>\$ 10,962,733</u>	<u>\$    3,565,157</u>	<u>s 11,646,236</u>	<u>\$ 8,081,079</u>

# **ROCKLIN UNIFIED SCHOOL DISTRICT**

#### SCHEDULE OF FUNDING PROGRESS -OTHER POST EMPLOYMENT BENEFIT TRUST FOR THE YEARS ENDED JUNE 38, 2999 AND 2098

Actuarial Valuation Date	١	ctuarini /alae of Assets (a)	Lie	Actuarial Accraed bility (AAL) Entry Age (b)		isfunded L (UAAL) (b-a)	Funde Ratic (A/b)		Covered P/R ( t)		UALL % Covered i(b-a)/cj
October 1, 2005	5	3,294,388	S	10,268,931	5	6,974,543	;	32%	\$ 7,221,72	8	96.6%
June 30, 2007		4,238,864		10,317,899		6,079,035		41%	6,865,87	8	88.5%
January 1, 2008		4,119,650		9.401.351		5.281.701	,	4456	6,439,38	3	82.0%

12/15/2009

COMBINING BALANCE SHEET ALL NON-MAJOR FUNDS JUNE 30, 2009

	Aduk Education	Cafeteria Fund	Deferred Maintenance	Special Reserve	Total
ASSETS		-			
Cash in county treasury	\$	\$ 331,348	\$ 2,222,964	\$ 1,764,988	\$ 4,319,300
Cash in hank		5,624			5,624
Receivables		15,326			15,326
Due from other funds					
Inventory	·····	12,963			12,963
Total assets	<u>\$</u>	<u>\$ 365,261</u>	<u>\$ 2,222,964</u>	\$ 1,764,988	<u>\$ 4,353,213</u>
LIABILITIES AND FUND BALANCES					
Accounts payable	\$	\$ 22,188	\$	\$	\$ 22,188
Due to other funds		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			,
Total liabilities	****	22,188			22,188
Fund balance		343,073	2,222,964	1,764,988	4,331,025
Total liabilities and fund balances	\$	\$ 365,261	\$_2,222,964	\$ 1,764,988	\$ 4,353,213

### ADDITIONAL FINANCIAL INFORMATION

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL NON-MAJOR FUNDS FOR THE YEAR ENDED JUNE 30, 2009

	Adult Education	Cafeteria Fund	Deferred	Special	<b>7</b> . )
REVENTRS	EAUCADOO	Fund	Maintenance	Reserve	Total
Federal sources		\$ 718,488			\$ 718,488
Other state sources		\$5.301	\$ 317,982		373,283
Other local sources	56	1,538,598	38,362	\$ 104,593	1,681,559
Total revenues	6	2,312,387	356,344	104,593	2,773,330
EXPENDITURES					
Certificated salaries					
Classified salaries		762,718			762,718
Employee benelits		243,350			243,350
Books and supplies		1.027,301			1,027,301
Contracts services and operating expenditus	res	19,651	143,232		162,883
Capital outlay			498,750		498,750
Other Outgo					
Transfers of indirect/direct support costs		100,000			100,000
Total expenditures		2,153,020	641,982		2,795,002
Excess (deficiency) of revenues					
over (under) expenditures	6	159,367	(285.638)	104,593	(21,672)
OTHER FINANCING SOURCES (USES)					
Operating transfers out	(125)			(2.105.000)	(2,105,125)
Operating transfers in			925,893	\$38,907	1,454,800
Total other financing sources (uses)	(125)	*****	925,893	(1,566,093)	(640,325)
Net increase (decrease) in fund balances	(119)	159,367	640,255	(1,461,500)	(661,997)
Fund balances - beginning	119	183,706	1,582,709	3,226,488	4,993,022
Fund balances - ending	<u>s</u>	<u>\$ 343,073</u>	\$ 2,222,964	<u>\$ 1,764,988</u>	\$_4,331,025

### ROCKLIN UNIFIED SCHOOL DISTRICT

#### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS - STUDENT BODY FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SCHOOL NAME	BAI	INNING LANCES	AE	DITIONS	DEDU	CTIONS	BA	NDING LANCES (30/2099
Antelope Creek School								
ASSETS								
Cash	\$	5,143	S	27,006	\$	25,977	\$	6.172
LIABILITIES								
Due to sindent groups	5	5,143	\$	27,006	\$	25,917	<u>\$</u>	6,172
Cobblesinne								
ASSETS								
Cash	3	13,682	S	56,866	5	\$3,337	5	17,211
LIADHATHES								
Due to student groups	5	13,682	5	56,866	<u>\$</u>	53,337	<u>\$</u>	17,211
Porker Whitney								
ASSETS								
Cash	3	13,816	ŝ	34,622	\$	33,577	<u>Ş</u>	14,861
LIABILITIES								
Due to student groups	\$	13,816	8	34,622	<u>\$</u>	33,577	<u>\$</u>	14,861
Twin Oaks School								
ASSETS								
Cash	5	13,014	S	34,128	\$	35,690	5	i6,452
LIABILITIES								
Due to student groups	5	18,014	\$	34,128	<u>\$</u>	35,690	<u>\$</u>	16,452
Rock Creek School								
ASSETS								
Cash	3	23,439	\$	21,569	\$	28,293	<u>\$</u>	16,715
LIABILITIES								
Due lo suident groups	50°2	23,439	\$	23,569	<u>s</u>	28,293	3	18,715
Ruhkala								
ASSE75								
Cesh	5	7,058	\$	19,882	<u>\$</u>	18,397	<u>s</u>	8,543
LIABILITIES								
Doe to student groups	5	7,058	\$	19,882	8	18,397	<u>\$</u>	8,543
Valley View School ASSETS								
Cash	5	8,547	\$	22,034	\$	25,244	\$	5,337
LIABILITIES							_	
Due to student groups	3	8,547	5	22,034	<u>\$</u>	25,244	5	5,337

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS - STUDENT BODY (Continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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SCHOOL NAME	ВА	BEGINNING BALANCES 7/01/2008		DITIONS	DUCTIONS	ENDING BALANCES 6/30/2009		
Spring View Middle School								
ASSETS								
Cash	5	59,965	<u>s</u>	227,324	2	201,717	3	85,512
LIABILITIES								
Due to student groups	5	59,965	<u>\$</u>	227,324	<u>\$</u>	201,777	5	\$5,512
Granits Oaks Middle School								
ASSETS								
Cash	8	24,443	5	178,480	<u>s</u>	156,723	3	46,200
LIABILITIES								
Due in stadeni groups	<u>\$</u>	24,443	*	178,430	5	156,723	<u>s</u>	46,200
Rocklin High School								
ASSETS								
Cash	\$	431,170	5	1,369,151	\$	1,332,457	8	467,864
LIABILITIES								
Due to student groups	5	431,170	5	1,369,151	<u>\$</u>	1,332,457	5	467,864
Victory High School								
ASSETS								
Cash	5	23,023	5	13,111	<u>\$</u>	23,129	ĩ	13,014
LIABILITIES								
Due to student groups	8	23,023	5	13,111	5	23,120	S	[3,014
Whitney High School								
ASSETS								
Cash	ŝ	236,795	5	761,682	\$	718,588	\$	279,889
LIABILATIES								
Due to stadent groups	2	236,795	\$	761,682	<u>s</u>	718,588	ş	279,889
Rockija Elementary								
ASSESS								
Саяь	\$	5,924	3	51,655	5	41,305	5	16,274
LIABILLITES								
Due to student groups	\$	5,924	3	51.655	5	41,305	\$	16,274
Sierra Elementary								
ASSETS								
Cash	5		<u>3</u>	6,377	5	5,460	\$	917
LIABILITIES								
Due to student groups	5		5	6,377	5	5,460	ŝ	917
Total Student Body								
ASSETS								
Cush	3	871,019	2	2,825,887	5	2,699,945	3	996,961
LIABILITIES							-	
Due to student groups	<u>s</u>	871,019	4	2,825,887	<u> </u>	2,699,945	5	996,961

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### SUPPLEMENTARY INFORMATION

#### JUNE 30, 2009

#### ORGANIZATION

The Rocklin Unified School District was established in 1866 and unified in 1987. It is comprised of approximately 13 square miles of Placer County. The District currently operates ten clementary schools, two middle schools, two high schools, and one alternative education school. There were no changes in the boundaries of the District during the current year.

#### GOVERNING BOARD

Name	Office	Term Expires
Todd Lowell	President	December 2010
Wendy Lang	Vice-President	December 2010
Oreg Daley	Clerk	December 2012
Steve Paul	Member	December 2010
Camille Maben	Member	December 2012

#### ADMINISTRATION

Kevin Brown Superintendent

Linda Rooney Deputy Superintendent, Educational Services

Barbara Patterson Associate Superintendent, Business Services

David Pope Assistant Superinteudent, Human Resources

Larry Stark Assistant Superintendent, Facilities and Construction

> Pat Nishi Director of Fiscal Services/Purchasing

Betty DiRegolo Director of Special Ed/Special Services

Carolyn Nunn-Lum Director of Elementary Programs

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

#### SCHEDULE OF AVERAGE DAILY ATTENDANCE YEAR ENDED JUNE 30, 2009

	Second Period <b>Repo</b> rt	Annual Report
Elementary:		
Kindergarten	669	670
Grades 1 through 3	2,135	2,137
Grades 4 through 6	2,172	2,175
Grades 7 and 8	1,574	1,572
Special Education	152	153
Home and Hospital	2	2
Extended Year ADA	8	8
Elementary Totals	6,712	6,717
High School:		
Grades 9 through 12, Regular Classes	3,021	3,008
Special Education	103	104
Continuation Education	95	92
Home and Hospital	2	2
Extended Year ADA	<u></u>	-
High School Totals	3,224	3,209
ADA Totals	9,936	9,926
Streelenvental Instruction:		Hours of Attendance

 Supplemental Instruction:
 142,410

 Elementary
 42,410

 Secondary
 51,793

94,203

#### SCHEDULE OF CHARTER SCHOOLS YEAR ENDED JUNE 30, 2009

Charter School	CDS #	School #	Incinded/Not Incinded
Roeklin Academy	31750856118392	0308	Not included
Roeklin Academy 2	31750860114371	0900	Not included
Maria Montessori Charter Academy	31750850117879	1042	Not included

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

#### SCHEDULE OF INSTRUCTIONAL TIME YEAR ENDED JUNE 30, 2009

Grade Level	1982-83 Actual Minutes	1986-87 Minntes <u>Requirement</u>	2008-09 Actual Minutes	Number of Days Traditional Calendar	Status
Kindergarten	*	36,000	36,000	180	In Compliance
Grade l	*	50,400	53,750	180	In Compliance
Grade 2	*	50,400	53,750	180	In Compliance
Grade 3	*	50,400	53,750	180	In Compliance
Grade 4	*	54,000	55,390	180	In Compliance
Grade 5	*	54,000	55,390	180	In Compliance
Grade 6	*	54,000	55,390	180	In Compliance
Grade 7	*	54,000	62,198	180	In Compliance
Grade 8	*	54,000	62,198	180	In Compliance
Grade 9	Not offered	64,800	65,615	180	In Compliance
Grade 10	Not offered	64,800	65,615	180	In Compliance
Grade 11	Not offered	64,800	65,615	180	In Compliance
Grade 12	Not offered	64,800	65,615	180	In Compliance

\* The 1982-83 aetual minutes were not available. The District's Incentive Funding was built into the revenue limit with the unification of the District in 1987.

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by Education Code Section 46201.

#### SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS YEAR ENDED JUNE 30, 2009

#### GENERAL FUND

	Jnne Adopted Budget 2010	2009	2008	2007
Revenues and other finaneial sources	<u>\$ 69,769,111</u>	<u>\$ 77,943,084</u>	<u>\$ 76,513,446</u>	<u>\$ 73,236,680</u>
Expenditures Other uses and transfers out	71,999,744 1,488,669	75,484,307 1,490,855	72,825,077 745,660	70,148,558 492,139
Total outgo	73,488,413	76,975,162	73,570,737	70,640,697
Change in fund balauce	(3,719,302)	967,922	2,942,709	2,595,983
Ending fund balance	\$ 7,926,933	<u>\$ 11,646,236</u>	<u>\$ 10,678,314</u>	<u>\$ 7,735,605</u>
Available reserves <sup>1</sup>	<u>\$ 2,733,038</u>	<u>\$ 6,892,104</u>	<u>\$ 3,791,584</u>	<u>\$ 3,214,974</u>
Designated for economic uncertainties	<u>\$ 2,733,038</u>	<u>\$ 6,892,104</u>	\$ 3,791,584	\$ 3,214,974
Undesignated fund balanee	\$	<u>\$</u>	<u>\$</u>	<u>\$</u>
Available reserves as a percentage of total outgo	3.7%	8.9%	5.2%	4.6%
Total long-term debt	\$ 244,698,369	\$ 246,247,218	\$ 248,740,630	\$ 228,498,248
Average daily attendance at P-2 $^2$	9,916	9,936	9,807	9,392

(1) Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty contained within the general fund and any special reserve fund (other than capital outlay projects).

<sup>(2)</sup> Excludes Adult Education ADA.

The general fund balauce has increased by \$3,910,631 over the past two years. The fiscal year 2009-10 budget projects an decrease of \$3,719,302. For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years. The district antieipates a deficit in 2009-10 due to the state budget crisis.

Total long-term debt has increased by \$17,748,970 over the past two years.

Average daily attendauce has increased by 544 over the past two years. In the adopted budget ADA was anticipated to decrease by 20, but revised projections now iudicate an increase of 105 ADA.

See the accompanying notes to snpplementary information.

#### ROCKLIN UNIFIED SCHOOL DISTRICT

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2009

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA <u>Number</u>	Entity Identilying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed-Through California Department of Education:			
Program Name:			
Title I Basic Grants Low Income & Neg.	84.010	13797	\$ 255,773
Vocational and Applied Technology	84.048	03577	31,014
Title IV, Safe and Drug Free Schools and Communities	84.186	13453	14,134
Title IH Lunited English Proficiency Student Program	84.365	10084	19,767
Title III Immigrant	84.365	14346	16,791
Title V, Part A, Innovative Education Strat. NCLB: Title II, Part D Enhancing Education	84.298A	13340	29,901
Through Technology	84.318	14344	4,043
Title II, Part A, Improving Teacher Quality	84.367	14341	137,154
Title X Homeless Assistance Grants	84.196	13697	119,616
Subtotal			628,193
IDEA Special Part B (Special Education Cluster):			
Special Ed IDEA: Basic Local Assistance	84.027	13379	1,539,742
Pre-School Staff Development	84.173	13431	339,611
Subtotal Special Education Cluster			1,879,353
ARRA: State Fiscal Stabilization Fund (SFSF)	84.394	25008	2,705,224
Totul U.S. Department of Education			5,212,770
U.S. DEPARTMENT OF AGRICULTURE			
Passed-Through California Department of Education:			
National School Lunch	10,555	13390	718,488
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES			
Passed Through California Department of Education			
CalServe: Learn & Serve America	94.004	13161	76,056
U.S. DEPARTMENT OF DEFENSE			
Direct:			
Air Force Defense Research Sciences Program	12.800	None	164,839
Total Expenditures of Federal Awards			<u>\$ 6,172,153</u>

Note 1: Non-cash assistance in the form of donated commodities was received from the California Department of Education as a passthrough grant from the U.S. Department of Agriculture. The total market value of the commodities received during 2008-09 was \$139,718.

See the accompanying notes to supplementary information.

#### RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (UNAUDITED ACTUALS) WITH AUDITED FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2009

AUDITOR'S COMMENTS	
	General Fund
June 30, 2009 Annual Financial and Budget Report Fund Balauce	\$ 12,301,825
Audit adjustments: Un-appropriated/Re-appropriated_Categorieat_Fouding (Note 15)	(655,589)
June 30, 2009 Audited Financial Statement Fund Balance	<b>\$11,646,236</b>

#### **ROCKLIN UNIFIED SCHOOL DISTRICT**

NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2009

#### 1. PURPOSE OF SCHEDULES

A. SCHEDULE OF AVERAGE DAILY ATTENDANCE

Average dsily 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 CHARTER SCHOOLS

This schedule lists all charter schools chartered by the District and displays information for each charter school on whether or not it is included in the District's financial statements.

#### C. 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.

#### D. SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

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

#### E. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; therefore, some amounts presented in this schedule may differ from amounts presented in, or nsed in the preparation of, the financial statements.

#### F. RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS

This schedule provides the information necessary to reconcile the fund equity of all funds as reported on the unaudited actuals to the audited fund financial statements.

NOTES TO SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2009

#### 2. EARLY RETIREMENT INCENTIVE PROGRAM

The District has not adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, during the year ended June 30, 2009.

3. EXCESS SICK LEAVE

The District does not provide more than 12 sick leave days in a school year to any CalSTRS member.

OTHER INDEPENDENT AUDITOR'S REPORTS



### 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 Rocklin Unified School District Rocklin, California

We have andited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund in formation of the Rocklin Unified School District (the District) as of and for the year ended Imie 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 11, 2009. 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 Comproller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions to prevent or detect misstalements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequentiai will not be provented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material missiatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first purggraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Board of Trustees Rocklin Unified School District Page 2

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

This report is intended solely for the information and use of the andit committee, Board of Trustees, management, Federal and State awarding agencies and pass-through catities and is not intended to be and should not be used by anyone other than these specified parties.

gilbert associates , Inc.

GILBERT ASSOCIATES, INC. Sacramento, California

December 11, 2009

2880 Gateway Oaks Prise, Suite 100 \* Secrametro, CA 95833 101 Parkshore Drive, Suite 100 \* Folson, CA 95630 Phono 916.646.6464 \* Esg. 916.929.6836 \* silbersepscom



### REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees Rocklin Unified School District Rocklin, California

#### **Compliance**

We have audited the compliance of the Rocklin Unified School District (the District) with the types of compliance requirements described in the U.S. Office of Manogement and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the Summary of Auditor's Results included in the accompanying Findings and Recommendations Section. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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*. Thuse standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether uncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

#### Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not expressing an opinion on the effectiveness of the District's internal control over compliance.

2880 Gateway Clabs Drive, Suite 100 \* Storamente, CA 95833 101 Fackahore Drive, Suite 100 \* Fulson, CA 95630 Phone: 916.646.6464 \* Free 916,929,0936 \* influence.com Board of Trustees Rocklin Unified School District Page 2

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance tequirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of and use of audit committee, Board of Trustees, management, Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

gilbert associates, Inc.

GILBERT ASSOCIATES, INC. Sacramento, California

December 11, 2009



### INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees Rocklin Unified School District Rocklin, California

We have audited the financial statements of the Rocklin Unified School District (the District), as of and for the year ended June 30, 2009, and have issued our report thereon dated December 11, 2009. Our audit was made in accordance with auditing staudards generally accepted in the United States of America; the standards applieable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Standards and Procedures for Audits of California K-12 Local Educational Agencies 2008-09, published by the Education Audit Appeais Panel. Those standards are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the averall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures In Audit Guide	Procedures Performed
Altendance Reporting	8	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Adult Education	9	No <sup>(1)</sup>
Regional Occupational Centers/Programs	6	Not Applicable
Instructional Time For:		
School Districts	6	Yes
County affices of Education	3	Not Applicable
Community Day Schools	9	Not Applicable
Morgan Hart Class Size Reduction Program	7	Yes
State Instructional Materials:		
General requirements	12	Yes
K-8 only	1	Yes
Grades 9-12 only	1	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Early Retirement Incentive Program	4	Yes
GANN Limit Calculation	ł	Yes

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Description	Procedures in Audit Guide	Procedures Performed
School Accountability Report Card	3	No <sup>(2)</sup>
Mathematics and Reading Professional Development	4	Yes
Class Size Reduction (including in charter schools);		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	Not Applicable
Districts or Charter Schools with one School Serving K-3	4	Not Applicable
After School Education and Safety Program:		
General Requirements	4	Not Applicable
After School	4	Not Applicable
Before School	5	Not Applicable
Contemporaneous Records of Attendance, for charter schools	1	Not Applicable
Nonelassroom-Based Instruction/Independent Study, for charter		
schools	15	Not Applicable
Mode of Instruction, for charter schools	1	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction,		
for charter schools	3	Not Applicable
Annual Instructional Minutes - Classroom Based, for charter		
schools	3	Not Applicable

(1) We did not perform testing for Adult Education because the ADA was under the level required for testing.

<sup>(2)</sup> School Accountability Report Card for 2008-09 ind not been filed by the completion of audit fieldwork. Therefore, we were unable to perform the audit procedures.

Based on our audit, we found that, for the items tested, the District complied with the state laws and regulations referred to above. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the District had not complied with the state laws and regulations.

This report is intended solely for the information of and use of the Board, management, and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties,

gilbert associates , Inc.

GILBERT ASSOCIATES, INC. Sacramento, California

December 11, 2009

### SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2009

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### SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements		
Type of auditor's report issned:	Unqualified	
Internal control over financial reporting: Material weakness(es) identified? Significant deficiencies identified not considered to be material weaknesses?	YesNoYesNone [	Reported
Noncompliance material to financial statements noted?	Yes X No	
Federal Awards		
Internal control over major programs: Material weakness(es) identified? Significant deficiencies identified not considered to be material weaknesses?	Yes <u>X</u> No Yes <u>X</u> None I	Reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit fundings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? Identification of major programs	YesNo	
<u>CFDA Numbers</u> 84.027, 84.173 10.555 84.394	<u>Name of Federal Program or Cluster</u> Special Education Cluster National School Lunch State Fiscal Stabilization Fund	
Dollat threshold used to distinguish between Type A and Type B programs:	\$ 300,000	
Auditee qualified as low-risk auditee?	X Yes No	

# FINDINGS AND RECOMMENDATIONS

. . . . . . . .

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2009

State Awards

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiencies identified not	*******
considered to be material weaknesses?	Yes
Any audit findings disclosed that are	*****************************
required to be reported in accordance	
with "Audits of California K-12 Local	
Education Agencies "?	Yes

Yes X None Reported

<u>X</u>No

X. None Reported

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

Unqualified

### **ROCKLIN UNIFIED SCHOOL DISTRICT**

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2009

### SECTION II - FINANCIAL STATEMENT FINDINGS

There were no reportable conditions in the current year.

SECTION III- STATE COMPLIANCE

No matters were reported.

SECTION IV-FEDERAL COMPLIANCE

No matters were reported.

### STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS YEAR ENDED JUNE 30, 2009

		<b>1</b>
		District
		Explanation
	Carreat	If Not
Recommendation	Status	Implemented

08-1 ASSOCIATED STUDY BODY - CDDC #30000

We recommend that ASB site personnel receive Implemented training on District policies, the Associated Student Body Procedures Manual, and good business practices.

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### ROSEVILLE CITY SCHOOL DISTRICT COUNTY OF PLACER ROSEVILLE, CALIFORNIA

### AUDIT REPORT

JUNE 30, 2009

### ROSEVILLE CITY SCHOOL DISTRICT

### JUNE 30, 2009

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### ROSEVILLE CITY SCHOOL DISTRICT

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### JUNE 30, 2009

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FINANCIAL SECTION

#### STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

#### INDEPENDENT AUDITOR'S REPORT

Board of Education Roseville City School District Roseville, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Roseville City School District, as of and for the fiscal year ended June 30, 2009, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Roseville City School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States, Local Governments and Non-Profil Organizations; the provisions of California Code of Regulations, Title 5, Education, Section 19810 and following; and the Education Audit Appeals Panel's Standards and Procedures for Audits of California K-12 Local Education Agencies 2008-09. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Roseville City School District, as of June 30, 2009, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 8, 2009, on our consideration of Roseville City School District's internal control over financial reporting and on our tests of the District's compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 13 and tha budgetary comparison information on page 47 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Board of Education Roseville City School District Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Roseville City School District's basic financial statements. The accompanying supplementary information, including the combining statements, the Schoule of Expenditures of Federal Awards, which is presented as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the remaining schedules listed in the table of contents, are presented for purposes of additional analysis as required by the Education Audit Appeals Panel's Standards and Procedures for Audits of California K-12 Local Education Agencies 2008-09, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

# Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION Certified Public Accountants

December 8, 2009

#### (PREPARED BY DISTRICT MANAGEMENT)

This section of the Roseville City School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 and 2 and the District's financial statements, which immediately follow this section.

#### USING THIS ANNUAL REPORT

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

#### FINANCIAL HIGHLIGHTS

- Total current year net assets increased \$1,914,418, or 1.1% during 2008-09, due primarily to the raceipt of \$2,807,380 in State Fiscal Stabilization Funds.
- Capital assets, net of depreciation, increased \$1,837,307 primarily due to the construction projects at Barbara Chilton Middle School and the District's new Purchasing/Media Center.
- Long-term debt decreased \$927,885 due primarily to payments on the outstanding general obligation bonds and certificates of participation.
- The District's average daily attendance (ADA) increased 557 ADA, which resulted in growth to the District's revenue limit funding.
- The District's financial status has remained steady over the past three years. The District's General Fund balance has increased \$5,579,814 or 136.2% over the past three years.
- The District maintains sufficient reserves for a district its size. It meets the state required minimum reserve for economic uncertainty of 3% of total General Fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2008-09, General Fund expenditures and other financing uses totaled \$64,838,411. At June 30, 2009, the District has available reserves of \$2,666,404 in the General Fund, which represents a reserve of 4.1%.

### ROSEVILLE CITY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### (PREPARED BY DISTRICT MANAGEMENT)

### THE FINANCIAL REPORT

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

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

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

### Reporting the District as a Whole

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

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

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

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

#### (PREPARED BY DISTRICT MANAGEMENT)

#### THE FINANCIAL REPORT (CONCLUDED)

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

#### Governmental Activities:

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

#### Business-type Activities:

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

#### Reporting the District Most Significant Funds

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

#### Governmental Funds:

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

#### Proprietary Funds:

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

#### Fiduciary Funds:

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

### ROSEVILLE CITY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### (PREPARED BY DISTRICT MANAGEMENT)

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

#### **GOVERNMENTAL ACTIVITIES**

The District's Net assets increased from \$174,773,530 at June 30, 2008 to \$176,687,948 at June 30, 2009, or 1.1%.

	Governme	ntal Activities
	2008	2009
Assets	2-10- <sup>100</sup>	
Deposits and investments	\$ 44,344,751	\$ 41,180,306
Receivables	28,235,015	32,472,979
Inventory	24,512	49,200
Prepaid Expenses	722,648	945,066
Capital Assets, net	209,520,461	211,357,768
Total Assets	282,847,387	286,005,319
Liebilities		
Current	17,353,169	20,099,022
Long-Term	90,720,588	89,218,349
Total Liabilities	108,073,857	109,317,371
Not Assets		
Invested in Capital Assets		
<ul> <li>Net of Related Debt</li> </ul>	134,460,372	138,150,504
Restricted for Capital Projects	47,120,083	43,791,674
Restricted for Debt Service	(15,213,113)	
Restricted for Educational Programs	1,891,997	3,995,739
Restricted for Other Purposes	3,401,367	2,809,219
Unrestricted	3,112,834	3,523,779
Total Net Assets	\$ 174,773,630	\$ 176,687,948

Table includes linancial data of the combined governmental funds

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

The District invested \$6,534,116 in capital assets in 2008-09 increasing total capital assets, net of depreciation by \$1,837,307 over 2007-08. The most significant investments were due to construction projects at Barbara Chilton Middle School and the District's new Purchasing/Madia Center.

(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

Comparative Statement	of Changes in Net	Assets
	Governmer	tal Activities
	2006	2009
Program Revenues Charges for Services Operating Grants and Contributions Capital Grants and Contributions	\$ 2,395,871 12,535,734 3,359,200	\$ 2,288,273 13,540,242 0
General Revenues Taxes Levied Federal and State Aid Interest and Investment Earnings Miscellaneous	32,526,102 24,090,268 1,740,948 34,318,061	32,052,419 27,437,439 1,251,368 4,613,792
Total Revenues	110,966,202	81,183,533
Expenses Instruction Instruction Rolated Services Pupil Services General Administration Plant Services Other Expenses	45,211,606 5,598,196 8,865,510 2,986,121 7,749,056 5,202,780	48,091,431 5,703,867 8,433,142 3,152,961 7,234,899 5,652,815_
Total Expenses	75,613,269	79,269,115
Changes in Net Assets Before Special Item Special Item	35,352,933	1,914,418
•	(48,272)	<u>0</u>
Changes in Net Assets	\$ 35,306,861	<u>\$ 1,914,418</u>
Table includes linancial data of the combined gover	ramaniai funda	

Overall revenues decreased \$29,782,669 (26.8%) mainly due to the following:

- \$3,359,200 decrease in state school facilities apportionments
- \$1,678,569 increase in revenue limit sources due to growth
- \$29,611,222 decrease in developer fees, mainly due to the \$22,854,288 accrual of developer fees in 2007-08 to be received in the future years committed to satisfy the deferred obligation for Barbara Chilton Middle School's construction costs
- \$2,807,380 increase in State Fiscal Stabilization Funda
- \$489,578 decrease in interest revenues
- \$160,165 decrease in other State revenues
- \$94,526 decrease in State lottery revenues
- \$628,519 decrease in State revenues due to State's budget amendments in July 2009

### ROSEVILLE CITY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2009

(PREPARED BY DISTRICT MANAGEMENT)

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

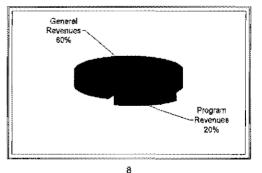
GOVERNMENTAL ACTIVITIES (CONTINUED)

Total program expenses increased \$3,655,846 (4.8%) during fiscal year 2008-09 due to the increased costs of serving a larger student population as the District's ADA increased approximately 5,6%.

The table below presents the cost of major District activities. The table also shows each activity's cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The \$63,440,800 net cost represents the financial burden that was placed on the District's general revenues for providing the services listed below. Further detail is available on page 15 of this report.

	 Total Cost	of Se	rvices		Net Cost (	f Sei	viças
	2008		2009		2008		2009
Instruction	\$ 45,211,606	\$	48.091,431	\$	35,469,889	\$	39,956,319
Instruction Related Services	5,598,196		5,703,667		4,987,594		5,169,73
Pupil Services	8,865,610		9,433,142		3,100,257		3,831,176
General Administration	2,985,121		3,152,961		2,719,541		2,919,111
Plant Services	7,749,056		7 234 899		6,475,230		6,559,558
Ancillary Services	76,392		73,887		76,392		73,88
Interest on Long-Term Debt	3,532,355		3,790,802		3,832,355		3,790,80,
Other Outgo	 1,294,033		1,788,128		881,126		1,020,011
Tolsis	\$ 75,613,269	*	79,289,115	3	57.322.464	\$	63,440,600

Program revenues financed 20% of the total cost of providing the services listed above, while the romaining 80% was financed by the general funds of the District.

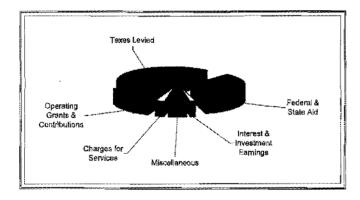


(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

	_	PYE 2008 Amount	Percent of	 FYE 2009 Amount	Percent of Total
Progrem Revenues					
Charges for Services	\$	2,395,871	2.16%	\$ 2,286,273	2.82%
Operating Grants & Contributions		12,535,734	11.30%	13,540,242	16.68%
Capital Grants & Contributions		3,359,200	3.03%	Q	0.00%
ameral Revenues					
Taxes Levied		32,526,102	28.31%	32,052,419	39.46%
Federal & State Aid		24,090,268	21.71%	27,437,439	33,80%
Interest & Investment Earnings		1,740,946	1.57%	1,251,368	1.549
Miscellaneous	_	34,318,081	30,93%	 4,613,792	5.68%
bial Revenues	5	110,966,202	100,00%	\$ 81,183,533	100.00%



### ROSEVILLE CITY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2009

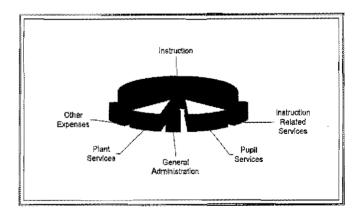
(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

	 FYE 2008 Amount	Percent ofTotal		FYE 2009 Amount	Percent of Total
Expenses					
Instruction	\$ 45,211,506	59.79%	53	46,091,431	60.67%
Instruction Related Services	5,598,196	7.40%		5,703,887	7.20%
Pupil Services	8,665,510	11.72%		8,433,142	11.90%
General Administration	2,986,121	3.95%		3,152,961	3.98%
Plant Services	7,749,056	10.25%		7.234,899	9.13%
Other Expenses	5,202.780	6.88%		5,652,815	7,13%

Table includes linencial date of the combined governmental lunds



(PRÉPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

#### CAPITAL ASSETS

		Governmen	tal 7	Activities
	_	2008		2009
Land	5	37,484,239	\$	37,484,239
Sites and Improvements		11,576,016		12,195,906
Buildings and Improvements		182,441,558		188,437,921
Furniture and Equipment		2,483,782		2,612,880
Work in Progress	_	2,779,615	_	2,562,753
Subtotals		236,765,210		243,293,699
Less: Accurnuleted Depreciation		(27,244,749)	_	(31,936,931)
Capital Assets, net	\$	209,520,461	\$	211.357,768

Capital assets, net of depreciation, increased \$1,837,307 due primarily to new school construction and the District's new Purchasing/Media Center.

#### OUTSTANDING DEBT AT YEAR END

	 Governmen	tal A	stvilles
	 2008	_	2009
Compensated Absences	\$ 76,735	\$	104,463
General Obligation Bonds	55,487,615		54,550,746
Certificates of Participation	14,845,000		14,195,000
Deferred Obligation	22,854,288		23,154,358
Early Retirement Incentives	1,279,127		1,056,372
Other Post Employment Benefits	Ó		553,942
Totals	\$ 94,542,766	\$	93,614,881

### ROSEVILLE CITY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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(PREPARED BY DISTRICT MANAGEMENT)

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

GOVERNMENTAL ACTIVITIES (CONCLUDED)

#### DUTSTANDING DEBT AT YEAR END (CONCLUDED)

The general obligation bonds are financed by the local taxpayers through voter-approved elections and represent 58% of the District's long-term debt. The liability for the certificates of participation represents 15% of the District's long-term debt and will be paid by developer fees. The deferred obligation represents 25% of the District's long-term debt, the amount will be financed by future developer fee revenue. The remaining portion of long-term debt, which will be paid from the General Fund, is the District's share of retirement incentive payments, the value of the vacation earned, but not taken as of June 30, 2009, and the Governmental Accounting Standards Board Statement 45 other post employment benefit obligation. The District has continued to meet the debt service requirements of all its long-term debt.

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

#### FINANCIAL ANALYSIS OF DISTRICT'S FUNDS

	 nd Balances ne 30, 2008	 nd Balances me 30, 2009	Increase (Decrease)
General	\$ 6,524,392	\$ 9,675,729	\$ 3,161,337
Developer Fees	23,413,538	19,984,378	(3,429,160)
eferred Maintenance	2,309,598	1,678,135	(631,463)
afelería	851,719	638,887	(212,832)
iond Interest & Redemption	3,737,219	3,908,734	171,515
County School Facilities	862,847	652,938	(199,909)

The combined fund balances of all funds decreased by \$1,150,512 primarily due to: (1) the use of Capital facilities funds, received in prior years, for the construction of the District's Purchasing/Media Center; (2) reserves in the General fund established for the purpose of maintaining District programs during the current State budget crisis and one-time ADA adjustments; and (3) late State budget amendments which resulted in a reversion of undistributed categorical program balances in 2008-09.

(PREPARED BY DISTRICT MANAGEMENT)

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared in accordance with California law and is based on the modified accrual basis of accounting. Over the course of the year, the District revises its budget based on updated financial information. The original budget, approved in Juna for July 1, is based on May Revise figures and updated 45 days after the State approves its final budget. In addition, the District revises its budget at First and Second Interim. The Original budget presented on page 47 includes only new revenues for 2008-09. During the budget revision process the District accounts for prior year restricted balances by budgeting to use the carryover.

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

In the past five years (2004-05 to 2008-09) student enrollment growth has gone from a high of 6.5% to a low of 1.2%. Because of the current volatility of enrollment growth in the last five years, the District is taking a conservative approach to projecting student enrollment. We will be projecting student enrolment growth to be between 2% and 3% for the next three years. The largest area of growth in the District is the West Rosaville Specific Plan. The development will eventually include 8,430 dwellings. The District currently has two schools in that area, Junction Elementary School and Barbara Chilton Middle School, Junction Elementary School opened in 2008-2009 with an enrollment of 276 students. The 2009-10 enrollment for this school is currently at 440 students, a growth of 60%. Barbara Chilton Middle School has not opened and is currently leased to a church organization.

The special education population continues to increase as the District grows. The largest area of Increase is the preschool ocputation. In 2005-06 the District opened a special education preschool program at Stonendoe Elementary School, and expanded to Kaseberg Elementary School in 2008-09. The District expects these facilities will be able to house the preschool programs through 2010-11.

The State Budget has authorized a negative COLA to school districts for both 2008-09 and 2009-10. The 2008-09 COLA was -2.62% and the 2009-10 COLA is -7.95%. The District received Federal Stimulus Funds for both years 2005-09 and 2009-10. These funds will be spent by the end of 2009-10 and the District is currently preparing to make major reductions to our programs for 2010-11.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions reparding this report or need additional financial information, contact Julie Olson, Assistant Superintendent of Business Services, Roseville City School District, 1050 Main Street, Roseville, CA 95678.

#### ROSEVILLE CITY SCHOOL DISTRICT STATEMENT OF NET ASSETS JUNE 30, 2009

	G	lovernmental Astivities
Assets		
Deposits and Investments (Note 2)	\$	41, 180, 308
Receivebles (Note 4)		32,472,979
Stores Inventory (Note 1.1)		49,200
Prepaid Expenses (Note 1J)		945,068
Cepital Assets: (Note 6)		
Land		37,464,239
Siles and Improvements		12,195,908
Buildings and Improvements		188,437,921
Furniture and Equipment		2,612,880
Work-In-Progress		2,502,753
Less: Accumulated Depreciation		(31,935,931)
Total Assets		286.005,319
Liabilities		
Accounts Payable and Other Current Liabilities		5,975,300
Current Loans		8,800,000
Datarrad Revenue (Note 1J)		927,184
Long-Term Liabilities:		,
Portion Due or Peyable Within One Year:		
General Obligation Bonds		
Current Interest		700,000
Capital Appreciation		2,575,000
Centificates of Participation		680,000
Early Retirement Incentives		203,118
Other Post Employment Benefits		238,414
Portion Due or Payable After One Year:		
Compensated Absences (Note 1J)		404 400
General Obligation Bonds (Nota 7)		104,463
Current interest		20.260.000
Capital Appreciation		20,350,000
Certificates of Participation (Note 8)		30,925,748
Defended Obligation (Note 9)		13,515,000
Early Retirement Incentives (Note 10)		23,154,358
Other Post Employment Benefits (Note 11)		853,254
Total Liabilities		315,528
		109,317,371
<u>Net Assets</u> Invastment in Capital Assets, Net of Related Oebt		
Rastricted:		138,150,504
For Capital Projects		43.791,674
For Data Service		(15,582,967)
For Educational Programs		3,995,739
For Other Purposes		2,809,219
Unrestricted		3,523,779
Total Net Assets	\$	176,687,948

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS. 14

### ROSEVILLE CITY SCHOOL DISTRICT STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2009

		F	rogram Revanue	5	Net (Expanse) Revenue and Changes in Net Assets
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmentsi Activities					
Instruction	\$ 48,091,431		\$ 8,135,112		\$ (39,958,319)
Instruction-Related Services:					
Supervision of Instruction	744,157		337,060		(407,077)
Instructionel Library and Technology	650,691		19,113		(631,478)
School Site Administration	4,309,119		157,939		(4,151,180)
Pupil Services:					
Home-to-School Transportation	1,501,492	\$ 105,518	328,354		(1,067,620)
Food Services	4,340,305	2,055,077	2,053,664		(231,574)
Other Pupil Services	3,591,345		959,363		(2,531,982)
General Administration:					AND
Data Processing Services	767,401				(787,401)
Other General Administration	2,365,580	88,976	143,673		(2,151,711)
Plant Services	7,234,899	37,702	637,639		(6,559,558)
Ancillary Services	73,887				(73,887)
Interest on Long-Term Debt	3,790,802				(3,790,802)
Other Oulgo	1,788,126		768,115		(1,020,011)
Total Governmentel Activities	\$ 79,269,115	\$ 2,288,273	\$ 13,540,242	\$ 0	(63,440,600)
General Revenues					27,860,229
Taxes Levied for General Purposes Taxes Levied for Debt Service					4,094,429
Taxes Levied for Specific Purposes					97,761
Federal and State Ald - Unrestricted					27,437,439
Interest and Investment Earnings					1,251,368
Miscellaneous					4,613,792
Total General Revenues					55,355,018
Change in Net Assels				~	1,914,418
Net Assets - July 1, 2008					174,773,530
Nel Assets - June 30, 2009					\$ 175,887,948

### ROSEVILLE CITY SCHOOL DISTRICT BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2009

		General		Developer Fees		Non-Major Governmental Funds		Total Governmental Funds	
Assets							_		
Deposits and Investments (Note 2)	\$	13,407,788	\$	20,541,000	\$	7,231,518	\$	41,180,306	
Receivables (Note 4)		8,952,694		23,154,651		365,434		32,472,979	
Due from Other Funds (Note 5)		267,521		7,837		10,523		285,881	
Stores Inventory (Note 1J)						49,200		49,200	
Prepaid Expenditures (Note 1J)		482,197						482,197	
Total Asseta	\$	23,110,400	\$	43,703,488	\$	7,856,675	\$	74,470,503	
<u>Liabilities and Fund Balances</u> Liabilities:									
Accounts Payeble	常	4,269,112	\$	564,752	\$	502,623	\$	5,336,487	
Due to Othar Funds (Note 5)		10,523				275,358		285,881	
Current Loans		8,800,000						6,800,000	
Deferred Revenue (Note 1J)		355,036		23,154,358				23,509,394	
Total Liabilities		13,434,671		23,719,110		777,981	_	37,931,762	
Fund Balances: (Note 13)									
Reserved		4,487,935				3,957,934		8,445,870	
Unreserved:									
Designated		5,187,793		19,984,378		2,920,760		28,092,931	
Total Fund Balances		9,675,729		19,984,378		6,878,694		35,538,801	
Total Liabilities and Fund Balances	\$	23,110,400	\$	43,703,485	\$	7,856,675	\$	74,470,563	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS 15

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS 18

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### ROSEVILLE CITY SCHOOL DISTRICT RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Total Fund Balances - Governmental Funds			\$	36,538,801
Amounts reported for governmentel activities in the statement of net assets are different due to the following:				
Capital assets used in governmental activities are not financial rasources and therefore are not reported as assets in governmental funds. The amount that capital assets exceeded accumulated depreciation was:				
Cepitei Assets	\$	243,293,89	ä	
Accumulated Depreciation	,	(\$1,935,93		
L LANDER A PRIMATING FRANKLING A	<u> </u>		<u></u>	211,357,768
Unamoritzed costs: In governmential funds, debt issuance costs are recognized as expanditures in the period they are incurred. In the government-wide statements, debt issuance costs are amortized over the life of the debt, Unemoritzed debt issuance costs at year-end consist of:				
Deferred Charges - Coal of Issuance				<b>462,8</b> 69
Unamentized premiums: In governmental funds, bond premiums are recognized as revenues in the parlod they are received. In the government-wide statements, premiums are amortized over the life of the debt. Unamortized premiums at year-end consist of:				
Deferred Asset - Bond premiums				(622,911)
Deferred recognition of earned but unavailable revenues: in governmental funds, nevenue is recognized only to the extent that it is "available," meaning it will be collected soon enough after the end of the period to finance expenditures of that period. Receivables for revenues that are earned but unavailable are deferred until the period in which the revenues become available. In the government-wide statements, revenue is recognized when earned, regardless of availability. The amount of unavailable revenues that were deferred as a liability in governmental funds, but are recognized in the government-wide statements is:				23,205,121
Long-term liabilities, including bonds payable, are not due and payable in the oursel period and therefore are not reported as liabilities in governmental funds. Long-term liabilities at year-and consist of:				Δφ <sub>2</sub> £ξετ <sub>1</sub> ) <u>τ</u> ι
Compensated Absences	\$	104,46	3	
General Obligation Bonds:				
Current interest		21.050,00	ö	
Capital Appreciation		33,500,74		
Certificates of Perticipation		14,195,00	0	
Daterrad Obligation		23,154.35		
Early Refirement Incentives		1,056,37		
		553.94		
Other Post Employment Benefits		000,94	<b></b>	(93,614,881)
Unmatured interest on long-term debt: In governmental funds, interest is not recognized until the period in which it metures and is paid. In the government- wide statements of solivities, it is recognized in the period that it is incurred. The				75 <b>-</b> , www.v3
additional liability for unmatured interast owed at the end of the period was:				(636,619)
• *				<u></u>
Total Net Assets - Governmental Activities			*	176,587,948

### ROSEVILLE CITY SCHOOL DISTRICT STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General	Developer Fees	Non-Major Governmental Funds	Total Governmental Firmite
Revenues	COLORA I	1003	- Fanag	1 4d1 1500
Revenue Limit Sources:				
State Apportionment	\$ 20,684,391			\$ 20,684,391
Locei Taxes	27,850,230			27,860,230
Tatal Revenue Limit Sources	48,544,621			48,544,621
Federal Revenue	5,5B0,652		\$ 2,005,921	7,688,573
State Revenue	5,951,976		185,918	9,147,894
Local Revenue	4,902,499	\$ 4,338,738	6,390,716	15,629,953
Totel Revenues	67,989,748	4,336,738	8,582,565	80,909,041
Expenditures				
Instruction	43,178.436			43,176,435
Supervision of Instruction	734,881			734,861
Instructional Library and Technology	850,028			650,026
School Site Administration	4,309,299			4.309,299
Home-To-School Transportation	1,474,307			1,474,307
Food Services			4,309,154	4,309,154
Other Pupil Services	3,578,922			3,578,922
Data Processing Services	757,263			757,263
Other General Administration	1,956,021		187,714	2,143,73
Plant Services	5,964,701	591,453	645,645	7,201,796
Facilities Acquisition and Construction	67,234	3,469,545	2,687,266	<b>5,2</b> 34,048
Ancillary Services	73,887			73,887
Debt Service:	·			
Principal Relifement	222,755	650,000	2,965,000	3,837,755
Interest and Issuance Costs	74,360	884,765	1,020,600	1,779,726
Olher Oulgo	1,798,319			1,796.319
Total Expenditures	54,838,411	5,396,763	11,825,379	82,059,553
Excess of Revenues Over				
(Under) Expenditures	3,151,337	(1,059,025)	(3,242,824)	(1,150,512
Other Financing Sources (Uses)				
Operating Transfers In			2,370,135	2,370,135
Operating Transfers Out		(2,370,135)		(2,370,135
Total Other Francing				
Sources (Uses)	0	(2,370,135)	2,370,135	0
Net Change in Fund Balances	3,151,337	(3,429,160)	(872,685)	(1,150,512
Fund Balances - July 1, 2008	6,524,392	23,413,538	7,751,383	37,889,313
Fund Balances - June 30, 2009	\$ 9,675,729	\$ 19,984,378	\$ 6,878,694	\$ 36,538,801

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS 17

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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS 18

### ROSEVILLE CITY SCHOOL DISTRICT RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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Net Change in Fund Balances - Governmental Funds		Ş	(1,150,612)
Amounts reported for governmental activities in the statement of extivities are different due to the following:			
Capital cutlays to purchase or build capital assets are reported in governmental junds as expenditures. However, for governmental activities those costs are shown in the statement allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeded depreciation during the fiscal year.			
Capital Outlays Depreciation Expense	\$ 6,634,116 (4,696,209)	•	1,637,307
Earned but unaveilable revenue is reported in governmental funds only to the extent that they are "available," meaning they will be collected soon enough after the end of the period to finance expenditures of that period. In the statement of activities, revenue is recognized when earned, mgardiess of availability. The amount of earned but unavailable revenues relating to the current period:			(25,678)
Debt issue costs are recognized as expenditures in the period firey are incurred in governmental funds. In the government-wide statements, issue costs are amorized over the life of the debt. The issue costs amortized for the period are;			(24,739)
Bond premiums are recognized as Other Financing Sources in the period they are received in governmental funds. In the government-wide statements, premiums are amortized over the life of the debt. The premiums amortized for the period are:			32, <b>932</b>
In the statement of activities, certain operating expenses - companiated absences (vacetions) and other post employment benafits are measured by the amounts werned during the fiscal year. In this governmental funds, however, expenditures for these lems are measured by the amount of financial resolutions used (assentially, the amounts actually paid). This year amounts earned exceeded amounts used by:			(581,570)
Dabt service: In governmental funds, repayments of long-term liabilities are reported as expenditures. In the government-wide statements, repayments of long-term liabilities are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term liabilities were:			
General Obligation Bonds: Current Interset Capital Appreciation Certificates of Perfloipation Early Refirement Incentivas	\$ 525,000 2,340,000 650,000 222,765	•••	A 1.400 TO
Interest on long-term liabilities in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources, in the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued and accreted interest on general obligation bonds and certificates of participation interesed by:			3,637,755
obligation bonds and certificates of participation indicased by: Change in Net Assets of Governmental Activities		5	(2,011,077) 1,914,418

### ROSEVILLE CITY SCHOOL DISTRICT STATEMENT OF NET ASSETS FIDUCIARY FUNDS JUNE 30, 2009

	Priva	ate-Purpose Trunt			Total
	80	holarship Funds		Agenay Funds	iductary Funds
Assets			endenden die die die		
Deposits and investments (Note 2)	\$	101,984	\$	166,177	\$ 268,161
Totel Assett		101,904		186,177	268,161
Llabilitles					
Due to Student Groups				186,177	 186,177
Totel Liablities		0		106,177	 166,177
Net Assets					
Restricted		101,984		5	 101,984
Totel Net Assets	\$	101,984	\$	0	\$ 101,984

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS 20

### ROSEVILLE CITY SCHOOL DISTRICT STATEMENT OF CHANGES IN NET ASSETS FIDUCIARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Priv	Private-Purpose Trust		
	Sa	holarship Funds		
Additions				
interest	\$	4,133		
Deductions				
Books and Supplies		22,123		
Change in Not Assets		(17,840)		
Not Assets				
Net Assels - July 1, 2008	valuation de la companya de la compa	119,924		
Nel Assets - June 30, 2009	\$	101,984		

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS. 24

#### ROSEVILLE CITY SCHOOL DISTRICT

#### NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

#### Accounting Policies A

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

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

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

#### Β. Reporting Entity

The District and the Roseville City Schools Public Financing Corporation (the "Corporation") have a financial and operational relationship that meets the reporting entity definition criteria of GASB Statement No. 14. The Financial Reporting Entity, for inclusion of the Corporation as a component unit of the District, Accordingly, the financial activities of the Corporation have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the Corporation that satisfy GASB Statement No. 14 criteria:

#### Accountability

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

#### ROSEVILLE CITY SCHOOL DISTRICT

#### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

#### B. Reporting Entity (Concluded)

#### Scope of Public Service

The Corporation is a nonprofit, public benafit corporation, incorporated under the laws of the State of California and recorded by the Secretary of State In January 1990. The Corporation was formed for the sole purpose of providing financial assistance to the District for construction and acquisition of major capital facilities. When the Corporation's Certificates of Participation have been paid with State reimbursements and the District's developer fees, title to all Corporation property will pass to the District for no additional consideration.

#### Financial Presentation

For financial presentation purposes, the Corporation's financial activity is blended with the District's financial data and is presented in the Developer Fees Fund. Certificates of Participation Issued by the Corporation are reported as a liability in the Statement of Net Assets.

#### C. Implementation of New Accounting Pronouncements

For the year ended June 30, 2009 the District was required to adopt Governmental Accounting Standards Board Statement No. 46 (GASB 45), Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The new statement significantly changes the way state and local governments report their "other post omployment benefits" to the public. As a result of GASB 45, state and local governments are required to (1) recognize the cost of these benefits in periods when the related services were rendered to the employer, (2) provide information about the actuarial accrued liabilities for promised benefits associated with past services and to what extent those benefits have been funded, (3) and provide information useful in assessing potential demands on the employer's cash flow.

#### D. Basis of Presentation

#### Government-wide Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Assets and tha Statement of Activities) report information on all of the non-fiduciary activities of the District and its component units. The effect of interiund activity within the governmental activities column has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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#### ROSEVILLE CITY SCHOOL DISTRICT

#### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

#### Government-wide Financial Statements (Concluded):

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

#### Fund Financial Statements:

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

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

Fiduciary funds are reported using the economic resources measurement focus.

E. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay flabilities of the current fiscal year.

#### ROSEVILLE CITY SCHOOL DISTRICT

#### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

#### E. Basis of Accounting (Concluded)

Revenues - Exchange and Non-exchange Transactions (Concluded):

For the District, "available" means collectible within the current period or within 45, 60, 90 days after year-end, depending on the revenue source. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue pattarns, with specific respect to reimbursement grants and corrections to state aid apportionments, the California Department of Education has defined available as collectible within one year.

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

#### Deferred Revenue:

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

#### Expenses/Expenditures:

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

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

#### F. Fund Accounting

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

### ROSEVILLE CITY SCHOOL DISTRICT NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR FINDED JUNE 30, 2009

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

#### F. Fund Accounting (Concluded)

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

Major Governmental Funds:

The General Fund is the general operating fund of the District. It is used to account for all transactions except those required or permitted by law to be accounted for in another fund.

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

Non-major Governmental Funds:

The Deferred Maintenance Fund is used for the purpose of major repairs or replacement of District property.

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

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

The County School Facilities Fund is used to account for state apportionments (Education Code Sections 17070.10-17076.10).

#### Fiduciary Funds:

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

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

#### G. Budgets and Budgetary Accounting

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

These budgets are revised by the District's Governing Board and Superintendent during the year to give consideration to unanticipated income and expenditures. The original and final revised budget is presented for the General Fund as required supplementary information on page 47.

#### NOTES TO THE BASIC FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## G. Budgets and Budgetary Accounting (Concluded)

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

## H. Use of Estimates

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

## I. Encumbrances

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

#### J. Assets, Liabilities and Equity

#### 1. Daposits and investments

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

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

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

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

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

**ROSEVILLE CITY SCHOOL DISTRICT** 

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

## J. Assets, Liabilities and Equity (Continued)

2. Inventory and Prepaid Expenses / Expenditures

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

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiling period. The District has chosen to report the expenditure when incurred. Prepaid expenses include the costs of Issuance associated with the general obligation bonds issued since the implementation of Governmental Accounting Standards Board Statement No. 34 (GASB 34). These costs will be amortized annually over the life of the obligation.

Reported inventory and prepaid expenses are equally offset by a net assets reserve, which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

#### 3. Capital Assets

Furniture and equipment purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost, and capital improvement, acquisition, or construction with an original cost of \$50,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred. Depreciation on all capital assets is computed using a straight-line basis over the following estimated useful lives:

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

## 4. Deferrad Ravenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent that cash received on specific projects and programs exceeds qualified expenditures.

Deferred revenue on the governmental fund financial statements includes the amount of developer fee revenue that will be collected in the future to satisfy the other general long-term debt that the District incurred to complete construction of the Barbara Chilton Middle School. This revenue is accrued under the accrual basis of accounting, but is required to be deferred until it is available under the modified accrual basis of accounting.

#### NOTES TO THE BASIC FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### J. Assets, Liabilities and Equity (Continued)

## 4. Deferred Revenue (Concluded)

Deferred revenue on the government-wide financial statements includes the premiums associated with general obligation bonds issued since the implementation of Governmental Accounting Standards Board Statement No. 34, and will be amortized over the life of the obligation.

#### 5. Compensated Absences

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

## 6. Long-term Liabilities

In the government-wide financial statements, long-term obligations are reported as liabilities in the Statement of Net Assets. Premiums and discounts as well as issuance costs are deferred and amoritized over the life of the obligation. The liability is reported net of applicable premiums, discounts or issuance costs.

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

## 7. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts lagally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

## 8. Revenue Limit/Property Tax

The District's revenue limit is received from a combination of local property taxes, state apportionments, and other local sources.

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

#### **ROSEVILLE CITY SCHOOL DISTRICT**

#### NOTES TO THE BASIC FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

#### J. Assets, Liabilities and Equity (Concluded)

#### 8. Revenue Limit/Property Tax (Concluded)

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

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

The District's Base Revenue Limit is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the applicable attendance period ADA to derive the District's total antitiement.

## NOTE 2 - DEPOSITS AND INVESTMENTS

#### Summary of Deposits and Investments

Deposits and investments as of June 30, 2009, consist of the following:

	Governmental <u>Activities</u>	Fiduciary <u>Activities</u>
Cash on Hand and in Banks Cash in Revolving Fund	\$ 200 10.000	
Cash with Fiscal Agent County Pool Investments	9,058,982 32,111,124	
Total Deposits and Investments	<u>\$ 41,180,306</u>	<u>\$ 268.161</u>

## Cash on Hand and in Banks

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

## Cash in Revolving Fund

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

## Cash with Fiscal Agent

Cash with fiscal agent for the governmental activities consists of \$9,012,496, which will be used to repay the tax revenue anticipation notes on September 9, 2009, and \$46,486 of earned retention funds, held in escrow accounts at Union Bank of California, Bank of Sacramento, and Bank of the West that will be released to contractors at the completion of the Purchasing/Media Center project.

Cash with fiscal agent for the fiduciary activities consists of \$92,939 held by the Granite Community Bank to support the Catheryn Gates School.

## County Pool Investments

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

## General Authorization

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

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

# ROSEVILLE CITY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

## Interest Rate Risk

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

## Segmented Time Distribution

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

#### Governmental Activities;

Investment Type	Carrying Value	Falr Value	Less Than <u>1 Y</u> ear	More Than <u>1 Year</u>	
County Pool Investments	\$ 32,111,124	\$ 32,266,715	\$ 10,331,197	\$ 21,779,927	

#### Fiduciary Activities:

Investment Type	 Carrying Value	 Fair Val⊔e	L	_ess Than <u>1 Year</u>	!	Vore Than 1 Year
County Pool Investments	\$ 9,045	\$ 9,089	\$	2,910	\$	6,135

## Credit Risk

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

### Governmental Activities:

	Carrying	Fair	Ratin	ig as of Yea	r End
Investment Type	Value	Value	AAA	Aa	Unrated
County Pool Investments	\$ 32,111,124	\$ 32,266,715			\$ 32,111,124

Fiduciary Activities:

	(	Carrying	Fair	Ratir	ng as of Yea	r End	
Investment Type		Value	 Value	_AAA	Aa	L	Inrated
County Pool Investments	\$	9,045	\$ 9,089			\$	9,045

#### NOTES TO THE BASIC FINANCIAL STATEMENTS

#### FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## NOTE 2 - DEPOSITS AND INVESTMENTS (CONCLUDED)

#### Concentration of Credit Risk

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

#### **Custodial Credit Risk - Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool heid by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

California law also allows financial institutions to secure public deposits by pledging first trust dead mortgage notes having a value of 150 percent of the secured public deposits and letters of oredit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

## Custodiai Credit Risk - Investments

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District does not have a policy limiting the amount of securities that can be held by counterparties. As of June 30, 2009, the District does not have any investments that are held by counterparties.

#### NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

There was no excess of expenditures over appropriations in the General Fund in 2008-09,

## NOTE 4 - RECEIVABLES

Receivables at June 30, 2009 consist of the following:

## A. Short-Term Receivebles

		Ganeral <u>Fund</u>	C	Jeveloper Fees Fund	lon-Major vernmentat <u>Funds</u>	Totals
Federal Government State Government Local Governments Miscellaneous	\$	1,888,737 6,336,532 443,660 283,965	**	293	\$ 338,570 8,853 18,911	\$ 2,227,307 6,345,385 443,660 302,269
Totals	ş	8,952,694	<u>\$</u> 33	293	\$ 365,434	\$ 9,318,821

#### ROSEVILLE CITY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

#### FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 4 - RECEIVABLES (CONCLUDED)

#### B. Long-Term Receivable

The \$23,154,358 long-term receivable balance in the Developer Fees Fund represents the amount of future school impact fees to be collected, which have been committed to satisfy the deferred obligation described in Note 9.

#### NOTE 5 - INTERFUND ACTIVITIES

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

#### A. Due From/Due To Other Funds

Individual fund interfund receivable and payable balances at June 30, 2009 are as follows:

<u>Funds</u>	nterfund <u>ceivables</u>		nterfund Payables
General	\$ 267,521	5	10,523
Developer Fees	7,837		
Cafeteria	10,523		267,521
County School Facilities	 		7,837
Totals	\$ 285,881	\$	285,001

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

## B. Interfund Transfers

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

#### Interfund transfers for fiscal year 2008-09 were as follows:

Funds	<u>Transfers In</u>	Transfers Out
Developer Fees		\$ 2,370,135
County School Facilities	<u>\$ 2.370.135</u>	
Totals	<u>\$ 2,370,135</u>	<u>\$ 2,370,135</u>

Transfer \$2,370,135 from the Developer Fees Fund to the County School Facilities Fund to match state funding for Junction Elementary School, Barbara Chilton Middle School, and the F-70 School.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

Capitel asset activity for the year ended June 30, 2009, is shown below:

	Balances July 1, 2008	Additions	Deletions	Balances June 30, 2009
Land	\$ 37,464,239			\$ 37,484,239
Sites and Improvements	11,576,016	\$ 619,890		12,195,906
Buildings and Improvements	182,441,558	5,996,303		158,437,921
Furniture and Equipment	2,463,782	134,725	\$ 5,827	2,612,880
Work-in-Progress	2,779,615	6,099,320	6,316,182	2,562,753
Totals at Historical Cost	236,785,210	12,850,298	6,321,809	243,293,699
Less Accumulated Depreciation for:				
Sites and improvements	977,378	607,987		1,585,383
Buildings and Improvements	25,003,272	3,595,092		28,898,364
Fumilture and Equipment	1,254,101	193,730	5,627	1,452,204
Total Accumulated Depreciation	27,244,749	4,696,809	5,827	31,935,991
Governmental Activities				
Capital Assets, nel	\$ 209,520,461	\$ 8,153,489	\$ 6,316,182	\$ 211,357,768

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 4,359,053
Supervision of Instruction	2,317
Home-To-School Transportation	27,185
Food Services	29,961
Other Pupil Services	12,073
Date Processing	8,532
Other General Administration	225,106
Plant Services	32,582
Total Depreciation Expense	<u>\$ 4,696.809</u>

## NOTE 7 - GENERAL OBLIGATION BONDS

The outstanding general obligation debt of the District as of June 30, 2009 is as follows:

## A. Current Interest Bonds

Date Of	Interest Meturity			Amount of Original		Dutstanding	Issued Current	 edeemed Current		Duistanding
issue	Rate %	Date		(acuc	7	uly 1, 2008	Yest	Year	30	ine 30, 2009
2003	3.00-5.25	2018	\$	8,740,000	\$	7,000,000		\$ 400,000	\$	6,600,000
2004	3.00-5.375	2029		15,115,000	_	14,675,000		 225,000		14,460,000
Total	8		5	23,855,000	<u>\$</u> _	21.675.000	<u>\$0</u>	\$ 625,000	<u>ş</u> _	21,050,000

# ROSEVILLE CITY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## NOTE 7 - GENERAL OBLIGATION BONDS (CONTINUED)

## A. Current Interest Bonds (Concluded)

The annual requirements to amortize the current interest bonds payable, outstanding as of June 30, 2009, are as follows:

June 30		Principal	interest	Totals		
2010	\$	700,000	\$ 998,350	\$	1,698,350	
2011		795,000	969,575		1,764,575	
2012		890,000	934,275		1,824,275	
2013		995,000	893,200		1,888,200	
2014		1,110,000	847,325		1,957,325	
2015-2019		6,395,000	3,353,809		9,748,809	
2020-2024		4,080,000	2,179,094		6,259,094	
2025-2029		6,085,000	 868,197		6,953,197	
Totais	\$	21,050,000	\$ 11,043,625	\$	32,093,825	

## B. Capital Appreciation Bonds

Date Of <u>íssue</u>	Interest Rate %	Maturity <u>Date</u>	Amount of Original Issue	Outstanding July 1, 2000	Accreted Interest Ourrent Year	Redeemed Current Year	Outstanding June 30, 2009
1992 2002	6.25-6.60 5.11-5.58		12,795,847 5,258,924	\$ 28,831,469 <u>8,961,157</u>	\$ 1,647,142 <u>380,988</u>	\$ 2,340,000	\$ 26,138,601 7,362,145
Totak	8	1	18.055.771	<u>\$ 33,812,616</u>	\$ 2,028,130	<u>\$ 2,340,000</u>	<u>\$_33,500,746</u>

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

Year Ended June 30	Rate %	O	Amount of riginal Issue (Principal)	Accreted Interest	Totals
2010	8,45	\$	873,775	\$ 1,687,807	\$ 2,561,562
2011	6.50		894,981	1,750,389	2,646,370
2012	6.50		922,445	1,804,105	2,726,550
2013	6.60		\$35,323	1,875,019	2,810,342
2014	6.60		982,890	1,930,283	2,893,173
2015-2019	6.60		4,160,708	 8,340,876	 12,501,584
Totals		\$	8,750,122	\$ 17,388,479	\$ 26,138,601

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## NOTES TO THE BASIC FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## NOTE 7 - GENERAL OBLIGATION BONDS (CONCLUDED)

## B. Capital Appreciation Bonds (Concluded)

The annual requirements to amortize the 1992 capital appreciation bonds at June 30, 2009, are as follows:

Year Ended June 30	ļ	Principal	Interest	Totals
2010 2011 2012 2013 2014 2015-2019	\$	873,775 894,981 922,445 935,323 962,890 4,160,708	\$ 1,701,225 1,940,019 2,192,555 2,497,721 2,608,454 15,105,682	\$ 2,575,000 2,835,000 3,115,000 3,433,044 3,771,344 19,266,390
Totais	\$	8,750,122	\$ 26,245,656	\$ 34,995,778

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

Year Ended June 30	Rate %	Q	Amount of iginal Issue ( <u>Principal)</u>	Accreted Interest	Totals
2010		\$	0	\$ 0	\$ 0
2011			0	0	0
2012			٥	0	Ď
2013			0	0	0
2014			0	0	0
2015-2019	5.11		551,628	206,991	758,619
2020-2024	5.19-5.48		2,662,024	1,051,639	3,713,663
2025-2029	5.52-5.56	4	2,045,272	 844,591	 2,889,863
Totais		\$	5,258,924	\$ 2,103,221	\$ 7,362,145

The annual requirements to amortize the 2002 capital appreciation bonds at June 30, 2009, are as follows:

Year Ended June 30	Princi	al	11	<u>iterest</u>	Totals
2010	\$	Ō	\$	0	\$ 0
2011		0		Ö	Ō
2012		0		0	0
2013		Q		0	0
2014		0		Ō	0
2015-2019	55	1,628		648,372	1,200,000
2020-2024	2,66	2,024		4,392,976	7,055,000
2025-2029	2,04	5,272		5,134,728	 7,180,000
Totals	\$ 5,25	8,924	<u>\$ 1</u>	0,176,076	\$ 15,435,000

#### ROSEVILLE CITY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

#### FOR THE FISCAL YEAR ENDED JUNE 3D, 2009

## NOTE 8 - CERTIFICATES OF PARTICIPATION

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

At June 30, 2009, the outstanding principal balance for the certificates of participation was \$14,195,000. The certificates mature through 2024 as follows:

Year Ended						
<u>Juna 30</u>	Principal 4 1		Interest	Totais		
2010	\$ 660,000	\$	657,160	\$	1,337,160	
2011	705,000		627,723		1,332,723	
2012	740,000		596,285		1,336,285	
2013	770,000		562,680		1,332,680	
2014	805,000		526,840		1,331,840	
2015-2019	4,630,000		2,010,259		6,640,259	
2020-2024	 5,865,000		741,853	1-01-01-01	6,606,853	
Totals	\$ 14,195,000	3	5,722,800	\$	19,917,800	

## NOTE 9 - DEFERRED OBLIGATION

During fiscal year 2005-06, the District entered into an agreement with Roseville Schools, LLC ("Developers"), for the construction of the Barbara Chilton Middle School. Under the terms of the agreement, the Developers pay all costs associated with the acquisition and construction of the Middle School and the District will reimburse the Developers from revenues in the West Roseville Specific Plan (WRSP) Account.

The District will deposit state apportionments received for the Middle School and school impact fees, collected from developers (ssued building permits within the project area, into the WRSP Account. In the event that sufficient funds are not available in the WRSP Account to pay the Developers for the construction costs, the underfunded amount shall be treated as an advance to the District and payment deferred until such fine as there are sufficient funds in the WRSP Account to satisfy the deferred obligation.

At June 30, 2009, the deferred obligation to the Developers for the Barbara Chilton Middle School is \$23,154,358. Payments to satisfy the deferred obligation are required to be paid on a monthly basis from funds available in the WRSP Account.

#### NOTE 10 - EARLY RETIREMENT INCENTIVES

In fiscal years 2003-04 through fiscal year 2007-08, the District adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible certificated employees was increased by two years. The future liability for these early retirement incentive benefits at June 30, 2009, Is \$1,056,372.

# ROSEVILLE CITY SCHOOL DISTRICT NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## NOTE 19 - EARLY RETIREMENT INCENTIVES (CONCLUDED)

Future payments under these accements are as follows:

Year Ended <u>June 30</u>	STRS Golden <u>Handshakes</u>
2010 2011 2012 2013 2014 2015-19	\$ 267,461 265,253 243,067 195,315 156,113 165,913
Subtotal	1,287,124
Less Amount Representing Interest	(230,752)
Total	<u>\$ 1,056,372</u>

#### NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

From an accrual accounting perspective, the cost of post employment healthcare benefits, like the cost of pension benefits, should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In edopting the requirements of GASB Statement No. 45 during the year ended June 30, 2009, the District recognizes the cost of post employment healthcare in the year when employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows. Because the District is adopting the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2008-05 fliscal year.

<u>Plan Descriptions</u>: The District provides coverage to employees who refire from active status at a minimum age of 55 with at least 15 years of service and are eligible for pension benefits under elither the California State Teachers' Refirement System (CalSTRS) or California Public Employees' Refirement System (CalPERS) The District and refireas share in the cost of benefits as follows:

Madical Benefits: The District subsidizes premiums for the retiree and dependents up to the District cap (currently set at \$7,187 per year); until the retiree reaches age 55 for cardificated retirees or for five years, but not beyond age 55 for classified retirees. The Districts subsidy is 50% for retirees with 15 years of service with an additional 10% added for each additional year of service, with 100% subsidy for 20 plus years of service. The retiree is responsible for self-paying any excess premiums above the District subsidy.

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

For the District, OPEB benefits are administered by District personnel. No separate financial statements are issued.

## ROSEVILLE CITY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The number of participants as of February 1, 2008, the effective date of the biennial OPEB valuation is as follows.

Active employees	714
Retired employees	35
Total	749

<u>Funding Policy</u>. The District currently pays for post employment health care benefits on a pay-as-you-go basis, and these financial statements assume that pay-as-you-go funding will continue.

<u>Annual Other Post Employment Benefit Cost</u>. For the fiscal year ended June 30, 2009, the District's Annual OPEB Cost (i.e. expense) of \$600,549 is equal to the Annual Required Contribution for the initial year. Considering the District's annual OPEB cost as well as the payment of current health insurance premiums, which totaled \$246,607, the result was an increase in the District's Net OPEB Obligation of \$553,942 for the year ended June 30, 2009.

#### **Benefit Obligations**

Actuarial Accrued Liability (AAL)

Retired employees	693,941
Active Employees	4,509,416
Unfunded actuarial accrued liability (UAAL)	5,203,357
Annual covered payroil s	38,683,024
UAAL as % of covered payroll	13.5%
Level Percent of Payroll Amortization	
Calculation of ARC under Entry Age Normal Method	
Normal cost with interest to end of year	570,076
Amortization of UAAL with Interest to end of year	230,473
Annual required contribution (ARC)	800,649
Interest on Net OPEB Obligation	0
Adjustment to ARC	(0)
Annual OPEB cost (expense)	800,549
Contributions for the fiscal year	(246,607)
Increase in Net OPEB Obligation	553,942
Net OPEB Obligation - June 30, 2008	0
Net OPEB Obligation - June 30, 2009	653,942
Percent of annual OPEB cost contributed	30.8%

#### NOTES TO THE BASIC FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (CONCLUDED)

In future years, three-year trend information will be presented. Fiscal year 2008-09 was the first year of implementation for GASB Statement No. 45 and the District elected to implement prospectively, therefore, prior year comparative data is not available.

<u>Actuariei Methods and Assumptions</u>: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The unfunded actuarial accrued liability is being amortized over 30 years on a level percentage of payroll basis.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Examples include mortality, turnover, disability, retirement and other factors that affect the number of people eligible to receive future retiree benefits. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially accrued liabilities and the actuarial value of assets, consistant with the long-term perspective of the calculations.

In the February 1, 2008, actuarial valuation, the liabilities were computed using the entry age normal method and level percentage of payroll amortization over 30 years. The actuarial assumptions utilized a 5% discount rate, the expected long-term rate of return on District assets. The compensation increase rate of 3% was provided by the District and based on historical data. The valuation assumes a 4% healthcare cost trend rate based on the actuary's long-term assumption that the average increase over time cannot continue to outstrip general inflation by a wide margin.

## NOTE 12 - LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2009, is shown below.

	2	Balances July 1, 2005		Additions	ł	Deductions	ň	Balances une 30, 2009		Due wilhin One Year
Compensated Absences	\$	76,735	à	27,728			¥9	104,463		
General Obligation Sonds:										
Current Interest		21,675,000			\$	625,000		21,050,000	ş	700,000
Capital Appreciation		33,812,618		2,028,130		2,340,000		33,500,746		2,575,000
Certificates of Participation		14,845,000				550,000		14,196,000		680,000
Deterred Obligation		22,854,288		2,753,291		2,459,221		23,154,358		
Early Refirement Incentives		1,279,127				222,755		1,058,372		203,118
Other Post Employment										
Benefilts		0		800,549		246,607		553,942		238,414
Tetals	\$	94,542,766	\$	5,609,698	ş	6,537,583	\$	93,614,881	5	4,396,532

#### ROSEVILLE CITY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

#### FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## NOTE 13 - EUND BALANCES

The District's fund balances at June 30, 2009 consisted of the following:

	General <u>Fund</u>	Developer Fees Fund	Non-Major overnmental <u>Funds</u>		Totels
Reserved For:	10.000				
Revolving Fund	\$ 10,000			5	10,000
Stores Inventories			\$ 49,200		49,200
Prepaid Expenditures	482,197				482,197
Debt Service			3.908.734		3,908,734
Legally Restricted	3,995,739				3,995,739
Unveserved:					
Designated For:					
Economic Uncertaintles	1,945,153				1,945,153
Other Designations	 3,242,640	\$ 19,984,378	 2,920,760		26,147,778
Total Fund Balances	\$ 9,675,729	\$ 19,984,378	\$ 6,878,694	\$	36,538,801

## NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California, Certificated employees are members of the State Teachers' Retirement System (STRS) and classified employees are members of the Public Employees' Retirement System (PERS).

## A. State Teachers' Retirement System (STRS)

#### Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pansion plan administered by STRS. The plan provides retirement, disability, and survivor benefits to plan members and beneficaires. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary Information. Copies of the STRS annual financial report may be obtained from the STRS, 7867 Folsom Boulevard, Sacramento, California 95826.

## Funding Policy

Active plan members are required to contribute 6.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Reliment Board. The required employer contribution rate for fiscal year 2006-09 was 8.25% of annual payroll. The contribution requirements of the plan mombers are established by State statute. The District's contributions to STRS for the fiscal years ended June 30, 2009, 2008, and 2007, were \$2,928,055, \$2,738,378, and \$2,608,669, respectively, and equal 100% of the required contributions for each year.

#### NOTES TO THE BASIC FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS (CONCLUDED)

## B. <u>California Public Employees' Retirement System (CalPERS)</u>

#### Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administrated by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary Information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

## **Funding Policy**

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CaiPERS Board of Administration. The required employer contribution rate for fiscal year 2008-09 was 9.428%. The contribution requirements of the plan members are astabilished by State statute. The District's contributions to CaiPERS for the fiscal years ended June 30, 2009, 2008, and 2007, were \$755,065, \$709,650, and \$663,285, respectively, and equal 100% of the required contributions for each year.

#### C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use Social Security as its alternative plan. Contributions made by the District and participating employees vest immediately. The District contributes 6.2% of employees' gross earnings. In addition, employees are required to contribute 6.2% of their gross earnings.

#### NOTE 15 - ON-BEHALF PAYMENTS MADE BY THE STATE OF CALIFORNIA

The District was the recipient of on-behalf payments made by the State of California to the State Teachars' Retirement System (STRS) for K-12 education. These payments consist of state general fund contributions of \$1,600,445 to STRS (4.517% of salaries subject to STRS).

## NOTE 16 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscat year 2006-09, the District participated in one joint powers authority (JPA) for purposes of pooling risk. There were no significant reductions in coverage during the year. Settlements have not exceeded coverage in any of the past three years.

#### ROSEVILLE CITY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS

#### FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 17 - JOINT VENTURES

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

The JPAs arrange for and/or provide coverage for their members. Each JPA is governed by a board consisting of a representative from each member district. Each board controls the operations of their JPA, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their perticipation in each JPA.

The JPAs are audited on an annual basis. Financial information can be obtained by contacting each JPA's management.

#### NOTE 18 - COMMITMENTS AND CONTINGENCIES

#### A. State and Federal Allowances, Awards and Grants

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

B. Litigation

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

#### NOTE 19 - SUBSEQUENT EVENTS

#### A. Budget Amendments

On July 28, 2009 Governor Schwarzenegger signed a package of bills amending the 2008-09 and 2009-10 California State budgets. The budget amendments were designed to address the State's budget gap of \$24 billion that had developed as a result of the deepening recession since the State's last budget actions in February 2009. The July budget package reduced, on a state-wide basis, \$1.6 billion in 2008-09 Proposition 98 funding through a reversion of undistributed categorical program balances. The budget language identified 51 specific programs and required the amount associated with these programs that were "unaflocated, unexpended, or not tiquidated as of June 30, 2009" to rever to the State's bulget new. The July budget package also provided an appropriation in 2009-10 to backfill \$1.5 billion of these cuts to repay the 2008-09 reversion of the undistributed categorical program balances.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## NOTE 19 - SUBSEQUENT EVENTS (CONCLUDED)

#### A. Budget Amendments (Concluded)

The District recorded the revenues and related receivables associated with its portion of the unallocated, unexpended or uniquidated categorical program balances identified in the July 2009 State Budget package prior to receiving notification from the State that the 2009-10 re-appropriation should not be accrued. In accordance with Governmental Accounting Standards Board Statement No. 33, adjustments to reduce the revenues and related receivables have been included in these financial statements.

## B. Capital Lease

On August 27, 2009, the District entered into a capital lease agreement for the purchase of three special education school buses. The agreement provides for title to pass upon expiration of the lease period. Future minimum lease payments under this agreement are as follows:

Year Ended June 30	Lease Payments
2010 2011 2012 2013 2014 2015-19	\$ 3,239 34,227 33,490 33,635 33,643 100,516
Total Payments	238,750
Less Amounts Representing Interest	(33,750)
Present Value of Net Minimum Lease Payments	<u>\$ 205,000</u>

## C. Tax and Revenue Anticipation Notes (TRAN)

On September 9, 2009, the District issued tax and revenue anticipation notes in the amount of \$9,000,000. The notes mature on September 8, 2010, and bear interest at 3.0%. Proceeds from the notes can be drawn upon during the year if cash shortages arise.

# SUPPLEMENTARY INFORMATION SECTION

## ROSEVILLE CITY SCHOOL DISTRICT SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Qriginal Budget	Final Budget	Actue	Varlance with Final Budget Favorable (Unfavorable)
Revenues				
Revenue Limit Sources: State Apportionment Local Sources	\$ 19,684,679 27,915,874	\$ 18,729,457 27,913,428	\$ 20,884,391 27,860,230	\$ 1,954,934 (53,198)
Total Revenue Limit Sources	47,600,553	46,642,685	46,544,621	1,901,736
Federal Revenue Other Stale Revenue Other Local Revenue	2,140,702 5,956,396 3,910,620	4,685,770 9,308,497 4,659,627	5,580,652 8,961,976 4,902,499	694,873 (346,521) 42,872
Total Revenues	62,608,271	85,896,788	67,989,748	2,292,960
Expenditures				
Certificated Salaries	35,511,062	35,753,158	35,748,228	4,932
Classified Salaries	7,315,725	7,233,078	7,227,484	5,594
Employee Benefits	10,992,294	11,089,547	10,965,760	123,797
Books and Supplies Services and Other	3,524,791	5,429,643	3,636,586	1,893,257
Operating Expenditures	4,565,211	5,909,457	5,387,411	522,046
Capital Outlay Debt Service:		71,244	87,234	<b>4,0</b> 10
Principal Retirement	188,935	224,755	222,755	2,000
Interest and Fiscal Charges	60,244	77,396	74,360	3,036
Olher Expanditures	1,584.553	1,625,605	1,608,605	17,000
Total Expanditures	63,762,516	67,414,083	64,836,411	2,575,672
Excess of Revenues Over (Under) Expenditures	(1,154,545)	(1,717,295)	9,151,337	4,868,632
Other Financing (Uses) Operating Transfers Out	(320,416)			
Net Change in Fund Balances	(1,474,961)	(1,717,285)	3,151,337	\$ 4,868,632
Fund Balances - July 1, 2006	6,524,392	6,524,392	6,524,392	
Fund Balances - June 30, 2009	\$ 5,049,431	\$ 4,607,097	\$ 9,875,729	

## ROSEVILLE CITY SCHOOL DISTRICT COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2009

	Deferred Maintenance	Cafeteria	Bond Interest and Redemption	County School Facilities	Total Non-Major Governmental Funds
<u>Assets</u> Deposits and investments Raceivables Due from Other Funds	\$ 1,691,480	\$ 511,491 265,434 10,523	\$ 3,908,734	\$ 1,119,833	\$ 7,231,518 365,434 10,523
Stores Invantory		49,200			49,200
Total Assets	\$ 1,691,460	\$ 936,648	\$ 3,908,734	\$ 1,119,633	\$ 7,656,675
Liabilities and Fund Balances Liabilities:			··		
Accounts Payable Due to Other Funds	\$ 13,325	\$ 30,240 267,521		\$ 459,058 7,837	\$ 502,623 275,358
Totel Liabilities	13,325	297,761		466,695	777,981
Fund Balances: Reserved Unreserved:		49,200	\$ 3,908,734		3,957,934
Designated	1,678,135	589,687		652,938	2,920,760
Total Fund Balances	1,678,135	638,387	3,908,734	852,938	6,878,694
Total Liebilities and Fund Balances	\$ 1,691,460	\$ 938,848	\$ 3,906,734	\$ 1,119,833	\$ 7,056,675

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS 47

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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS 48

## ROSEVILLE CITY SCHOOL DISTRICT COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Deferred Maintenance	Cafeteria	Bond Interest and Redemption	County Sciteol Facilities	Total Non-Majer Governmental Fonds
Revenues					
Federal Revenue Stale Revenue		\$ 2,005,921	\$ 34,898		\$ 2,005,921
State Revenue	\$ 62,345	151,022 2,206,151	\$ 34,895 4,122,219		185,919 8,390,716
Total Revenues		•			
iotal Nevenues	62,346	4,363,094	4,157,115		8,532,555
Expenditures					
Food Services		4,309,154			4,309,154
Other General Administration		187,714			167,714
Plant Services	559,175	79,058		\$ 7,412	645,645
Facilities Acquisition					
and Construction	134,634			2,562,532	2,697,265
Debt Service:					
Principal Retirement			2,965,000		2,985,000
Interest and issuance Costs			1,020,800		1,020,600
Total Expenditures	693,809	4,576,928	3,985,600	2,570,044	11,825,379
Excess of Revenues Over					
(Under) Expenditures	(631,463)	(212,832)	171,615	(2,570,044)	(3,242,824)
Other Financing Sources					
Operating Transfers In				2,370,135	2,370,135
Net Change in Fund Balances	(631,463)	(212,832)	171,515	(199,909)	(872,689)
Fund Balances - July 1, 2008	2,309,598	851,719	3,737,219	852,847	7,751,383
Fund Balances - June 30, 2009	\$ 1,678,135	\$ 638,887	\$ 3,908,734	\$ 652,938	\$ 8,878,694

## ROSEVILLE CITY SCHOOL DISTRICT

## ORGANIZATION/BOARD OF EDUCATION/ADMINISTRATION

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## ORGANIZATION

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

## BOARD OF EDUCATION

Office	Term Expires
President	November, 2010
Clerk	November, 2010
Member	November, 2012
Member	November, 2010
Member	November, 2012
	President Cierk Member Member

## ADMINISTRATION

Richard L. Pierucci Superintendent

Peter Clark Assistant Superintendent - Educational Services

Jerrold Jorgensen Assistant SuperIntendent - Personnel Services

Julie Olson Assistant Superintendent - Business Services

## SCHEDULE OF AVERAGE DAILY ATTENDANCE

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>Elementary</u>	Second Period <u>Report</u>	Annual <u>Report</u>
Kindergarten First through Third Fourth through Sixth Sevenih and Eighth Home and Hospital Special Education Extended Year	1,036 3,089 2,848 1,868 1,868 1 121	1,037 3,090 2,850 1,883 1 122 4
Totals	8,967	8,967
Supplemental Hours		Hours of <u>Attendance</u>
Elementary		73,248

## ROSEVILLE CITY SCHOOL DISTRICT

## SCHEDULE OF INSTRUCTIONAL TIME

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>Grade Level</u>	1982-83 Actual <u>Minutes</u>	1986-87 Minutes <u>Required</u>	2008-09 Actual Minutes	Number of Days Traditional <u>Calendar</u>	Number of Days Multitrack <u>Calendar</u>	<u>Stalus</u>
Kindergarten	31,500	36,000	36,000	180	N/A	In Compliance
Grade 1	50,090	50,400	54,174	180	N/A	in Compliance
Grade 2	50,090	<b>50</b> ,400	54,174	180	N/A	In Compliance
Grade 3	50,090	50,400	54,174	180	N/A	In Compliance
Grade 4	51,206	54,000	54,174	180	N/A	In Compliance
Grade 5	51,206	54,000	54,174	180	N/A	in Compliance
Grade 6	51,205	54,000	58,670	180	N/A	in Compliance
Grade 7	51,206	54,000	58,499	180	N/A	In Compliance
Grade S	51,206	54, <b>0</b> 00	58,499	180	N/A	in Compliance

SEE NOTES TO SUPPLEMENTARY INFORMATION 51

SEE NOTES TO SUPPLEMENTARY INFORMATION 52

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Program Name	Federal Catalog Number	Pass-Through Identification Number	Føderal Program Expenditures
U.S. Department of Agriculture:			
Passed through California			
Department of Education (CDE):			
Child Nutrition Cluster:			
National School Lunch	10,555	13524	\$ 1,742,930
Basic Breakfast	10,553	13525	46,803
Especially Needy Breakfael	10,653	13526	183,523
Summer Food Service Program	10,559	13004	32,665
S. Department of Education:			
Passed Inrough CDE:			
NCLB: Title I Basic Grant Low-Income & Neglected	84.010	14329	502,702
NCLB: Tille II Improving Teacher Quality	84,387	14341	243,457
NCLB: Title III Immigrant Education Program	84,365	14348	27,154
NCLB: Title III Limited English Proficient	84.365	10084	148,328
NGLB: Title V Innovative Education Strategies	84.298A	14364	1,672
Passed through Roseville Joint Union High School District:			
NCLB: Title X McKinney-Vento Homeless Assistance Grani	84,196	14332	5,015
Passed through Placer County SELPA:			
Special Education Cluster:			
IDEA Part B Local Assistance	84,027	13379	1,134,671
IDEA Part B Preschool Grants	84,173	13430	43,841
IDEA Part B Preschool Local Entitlement	84_027A	13662	115,660
ARRA IDEA Parl B Local Assistance	84.391	16003	312,394
ARRA IDEA Part B Preschool Grants	84.392	15000	13,275
ARRA IDEA Part 8 Preachool Local Entitlement	84,391	15002	27,706
.S. Department of Health and Human Services:			
Passed through California Department of Health Services:			
Medi-Cal Billing	93,778	10013	24,715
Passed through Sutter County Office of Education:			
Medl-Cal Administrative Activities	93,778	10080	22,357
Subtotal			4,628,886
.S. Department of Agriculture: Passed through CDE:			
Nonmonetary Assistance USDA Food Distribution	10.550	n/a	278,789
Total			\$ 4,907,675

SEE NOTES TO SUPPLEMENTARY INFORMATION 53

## ROSEVILLE CITY SCHOOL DISTRICT RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General Fund
June 30, 2009 Annual Financial and Budget Report Fund Balance	\$ 10,304,248
Adjustment Decreasing Fund Balance: Overstatement of State Revenues *	(628,519)
June 30, 2009 Audited Financial Statements Fund Balance	\$ 9,875,729

\* On July 28, 2009, Governor Schwarzenegger signed budget emendments that in part, un-appropriated \$1.6 billion of categorical funding that was designated for fiscal year 2008-09 and re-appropriated \$1.6 billion for fiscal year 2009-10. On November 6, 2009, after the SACS reporting deadline, the State Controller's Office issued an advisory regarding the re-appropriations. Prior to the November 2009 advisory, the vast majority of guidance available to the District advised them to close as normal and accrue 2008-09 categorical funding. This audit adjustment is the result of guidance issued by the State Controllar's Office on November 6, 2009.

## Auditor's Comments

The audited financial statements of all other finds were in agreement with the Annual Financial and Budget Report for the fiscal year ended June 30, 2009.

> SEE NOTES TO SUPPLEMENTARY INFORMATION 54

#### SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

		GENER/	AL FUND	
	(Budgel)* 2009-10	2006-09	2007-08	2006-07
Revenues and Other Financiel Sources	\$ 61,750,910	\$ 57,989,748	\$ 63,496,396	\$ 60,563,753
Expenditures	64,779,029	64,838,411	61,882,331	59,185,289
Other Uses and Transfers Out	0	<u> </u>	300,383	293,679
Total Outgo	64,779,029	84,638,411	62,182,714	59,448,968
Change in Fund Balance	(3,026,119)	3,151,337	1,313,682	1,114,798
Ending Fund Balance	\$ 5,647,610	\$ 9,675,729	\$ 6,524,392	\$ 5,210,710
Available Reserves **	\$ 1,943,371	\$ 2,666,404	\$ 2,318,842	\$ 2,235,830
Designated for Economic Uncertainties **	\$ 1,943,371	\$ 2.858,404	\$ 2,318,842	\$ 2,236,830
Undesignated Fund Balance	<u>\$</u> 0	\$ <u>0</u>	<u>\$</u>	<u> </u>
Avaliable Reserves as a Percentage of Total Oulgo	3.0%	4.1%	3.7%	3.8%
Total Long-Term Liabilities	\$ 89,423,349	\$ 93,614,581	\$ 94,542,766	\$ 72,802,064
Average Daily Attendance at P-2	9,173	8,967	6,410	8,093

\* Amounts reported for the 2009-10 budget are presented for analytical purposes only and have not been audited,

\*\* includes amounts designated for Unexpacted District Needs and/or State Shortfall, which the District considers part of the available reserves.

The fund balance of the General Fund increased \$4,465,019 (85.7%) over the past two years. The fiscal year 2009-10 budget projects a decrease of \$3,028,119 (31.3%). For a district this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, end other uses (total outgo).

The District produced operating surpluses of \$3.151,337, \$1,313,682 and \$1,114,795, during facel years 2008-09, 2007-06, and 2006-07, respectively.

Long-term liabilities increased \$20,812,817 over the past two years due primarily to the \$23,154,358 accrual of the delegrad obligation for the Barbara Chilton Middle School construction costs. This deferred obligation will be paid in future years with devoloper face received from the West Roseville Specific Plan area.

Average daily attendance (ADA) increased 674 ADA over the past two years. An increase of 206 ADA (2.3%) is anticipated during fiscal year 2009-10.

SEE NOTES TO SUPPLEMENTARY INFORMATION 55

## ROSEVILLE CITY SCHOOL DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION

#### FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### NOTE 1 - PURPOSE OF STATEMENTS AND SCHEDULES

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

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

## 8. Combining Statements

Combining statements are presented for purposes of additional analysis, and are not a required part of the District's basic financial statements. These statements present more detailed information about the financial position and financial activities of the District's individual funds.

#### G. 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.

## D. 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 46200 through 46206.

#### E. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activities of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-132, Audits of States, Local Governments, and Non-Profit Organizations.

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

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

G. Schedule of Financial Trends and Analysis

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

OTHER INDEPENDENT AUDITOR'S REPORTS SECTION

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## STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Education Roseville City School District Roseville, California

We have audited the basic financial statements of Roseville City School District, as of and for the year anded June 30, 2009, and have issued our report thereon dated December 8, 2009. Our audit was conducted 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; the provisions of California Code of Regulations, Tille 5, Education, Section 19810 and following; and the Education Audit Appeals Panel's *Standards and Procedures for Audits of California K-12 Local Education* Audit *Agencies 2008-00.* Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the state laws and regulations applicable to the following fterms:

Description	Procedures In Education Audit Appeals Panel's <u>Audit Guide</u>	Procedures Performed
Attendance Accounting: Attendance Reporting Independent Study Continuation Education Adult Education Regional Occupational Centers and Programs	8 23 10 9 6	Yes No (see below) Not Applicable Not Applicable <sup>(a)</sup> Not Applicable <sup>(a)</sup>
Instructional Time for School Districts Instructional Time for County Offices of Education	6 3	Yes Not Applicable
Community Day Schools	9	Not Applicable
Morgan-Hart Class Size Reduction Program	7	Not Applicable <sup>(a)</sup>
Instructional Materials Program: General Requirements Grades K-8 Grades 9-12	12 1	1 <sup>(2)</sup> Not Applicable <sup>(2)</sup> Not Applicable <sup>(a)</sup>
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	Not Applicable
GANN Limit Calculation	1	Yes

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Board of Education Roseville City School District Page Two

Description	Procedures In Education Audit Appeals Panel's Audit Guide	Procedures Performed
School Accountability Report Card	з	Yes
Mathematics and Reading Professional Development	4	Not Applicable <sup>(a)</sup>
Class Size Reduction: General Requirements Option One Option Two Districts or Charter Schools With Only One School Serving Grades K-3	7 3 4 4	Yes Yes Not Applicable Not Applicable
After School Educetion and Safety Program; General Requirements After School Before School	4 4 5	Yes Yes Not Applicable
Contemporaneous Records of Attendance For Charter Schools	1	Not Applicable
Mode of Instruction for Charter Schools	1	Not Applicable
Nonclassroom-Based Instruction/ Independent Study for Charter Schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction for Charter Schools	3	Not Applicable
Annual Instructional Minutes - Classroom Based For Charter Schools	3	Not Applicable

<sup>(a)</sup> This program is not required to be audited per flexibility provisions in SBx3.4.

<sup>(b)</sup> The number of procedures to be performed was reduced per flexibility provisions in SBx3 4, Section 19828.3 procedures (b), (c), and (e) were not performed.

We did not perform tests for independent study program because the ADA claimed by the District does not exceed the threshold that requires testing.

Based on our audit, we found that, for the items tested, the Roseville City School District complied with the state laws and regulations of the state programs referred to above, except as described in the accompanying <u>Schedule of Findings and Questioned Costs</u>. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Roseville City School District had not compiled with the state laws and regulations.

This report is intended solely for the Information and use of the District's Board, management, California State Controller's Office, California Department of Finance, California Department of Education, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

# Stephen Rostch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION Certified Public Accountants

December 8, 2009

## STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

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

Board of Education Roseville City School District Roseville, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Roseville City School District, as of and for the fiscal year ended June 30, 2009, which collectively comprise Roseville City School District's basic financial statements and have issued our report intereon dated December 8, 2009. 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 Comptrollar General of the United States.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

We consider the deficiency dascribed in the accompanying <u>Schedule of Findings and Questioned</u> <u>Costs</u> to be a significant deficiency in Internal control over financial reporting.

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Board of Education Roseville City School District Page Two

#### Internal Control Over Financial Reporting (Concluded)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. The significant deficiency that we consider to be a material weakness is described in the accompanying <u>Schedule of Findings and Ouestioned Costs</u>.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying <u>Schedule of Findings and Questioned Costs</u> as Finding 09-2.

The District's responses to the findings are included in the accompanying <u>Schedule of Findings</u> and <u>Questioned Costs</u>. However, we did not audit the responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the District's Board, management, California State Controller's Office, California Department of Finance, California Department of Education, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Stephen Roatch Accountancy Cosporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION Certified Public Accountants

December 8, 2009

## STEPHEN ROATCH ACCOUNTANCY CORPORATION

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education Roseville City School District Roseville, California

#### Compliance

We have audited the compliance of Roseville City School District with the types of compliance requirements described in the U.S. Office of Management and Eudgel (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements, applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an ophnion on Roseville City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Roseville City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Roseville City School District's compliance with those requirements.

In our opinion, Roseville City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying <u>Schedule of Findings and Questioned Costs</u>.

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Board of Education Roseville City School District Page Two

## Internal Control Over Compliance

The management of Roseville City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of Internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in District's Internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. The control deficiency that we consider to be a significant deficiency is described in the accompanying <u>Schedule of Findings and Questioned Costs</u>.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal progrem will not be prevented or detected by the entity's internal control. The significant deficiency that we consider to be a material weakness is described in the accompanying <u>Schedule of Findings and Questioned Costs</u> as Finding 09-2.

The District's response to the finding is included in the accompanying <u>Schedule of Findings and</u> <u>Questioned Costs</u>. However, we did not audit the response and, accordingly, we express no opinion on it.

This report is Intended solely for the information and use of the District's Board, management, California State Controller's Office, California Department of Finance, California Department of Education, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

# Stephen Roatch Accountancy Corporation

STEPHEN ROATCH ACCOUNTANCY CORPORATION Certified Public Accountants

December 8, 2009

FINDINGS AND QUESTIONED COSTS SECTION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial	Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting: Material weeknesses identified? Significant deficiencies identified not considered to be material weeknesses?	X Yes No
Noncompliance material to financial statements noted?	X Yes No
Federal Awards	
Internel control over major programs: Material weaknesses identified? Significant deficiencies identified not considered to be material weaknesses?	X Yes No Yes X Norie reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(e)	X Yes No
Identification of major programs:	
CFDA Numbers Federal Proc	irama
84.027 / 84.391 / 84.173 / 84.392 Special Educatio 84.357 NCLB: Trile II Improving	
Dollar threshold used to distinguish between Type A and Type B programs;	\$300,000
Auditee qualified as low-risk auditee?	X Yes No
State Awards	
Internet control over state programs: Material weaknesses identified? Significant deficiencies identified not considered to be material weaknesses?	Yes <u>X</u> No YesNone reported
Type of auditor's report issued on compliance for state programs:	Unqualified

## ROSEVILLE CITY SCHOOL DISTRICT

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## SECTION IL - FINANCIAL STATEMENT FINDINGS

09 - 1 / 30000

MATERIAL WEAKNESS

## FINANCIAL REPORTING - UNAUDITED ACTUALS

<u>Criteria</u> :	Each year, school districts are responsible for preparing complete and accurate financial information, which is reported to the California Department of Education in the form of the "Unaudited Actuals" Financial Report. In addition, each year the governing board certifies that the report was prepared in accordance with Education Code Section 41010, and approves the report as the official submission of financial information that will be used as the basis for the District's annual financial statements.
Condition:	The District's "Unaudited Actuals" included misstatements that we consider to be material to the District's ennual financial statements.
Questioned Costs:	None.
<u>Context</u> :	On July 28, 2009, Governor Schwarzenegger signed budget amendments, that in part, un-appropriated \$1.6 billion of categorical funding that was designated for fiscal year 2008-09 and re-appropriated \$1.5 billion for fiscal year 2009-10. Since the Stale did not recognize the \$1.5 billion as an obligation for fiscal year 2008-09, under GASB Statement No. 33, districts should not have accrued the corresponding receivables for the un-appropriated categorical programs.
<u>Effact</u> .	The District accrued receivables in various categorical programs for which the State had not recorded a corresponding obligation. The adjustments that were made as a result of this audit to comply with the revenue recognition guidance includad in GASB Statement No. 33 to ensure the financial statements were fairly stated are presented on page 54 of this report.
<u>Cause</u> :	The advisory Instructing districts on the proper treatment of the un-appropriated \$1.5 billion of categorical funding was Issued on November 6, 2009, which was well after the September 15, 2009 SACS reporting deadline. Prior to the receipt of the November 2009 advisory, the vast majority of guidance available to the District when they were closing their books advised them to close as normal and accrue 2008-06 categorical funding as they had done in prior years. In addition, although the State identified the various categorical programs affected by the July 2009 budget amendments, there was no way to readily identify the District's specific share of the un-appropriated categorical amounts.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### SECTION II - FINANCIAL STATEMENT FINDINGS (CONCLUDED)

#### FINANCIAL REPORTING - UNAUDITED ACTUALS (CONCLUDED)

- Recommendation: If budget amendments are made by the State of Callfornie that un-appropriate any current year funding amounts in future years, the District should contact the State Controller's Office and obtain proper guidance for the treatment of revenues and have them identify the District's specific share of any un-appropriated revenues during the year-end closing process.
- District Response: The budget amendments made by the State of California were unprocedented. If similar amendments are made in the future, the District will contact the State Controller's Office. If there is not timely guidance from the State Controller's Office, the District will follow the advice of its County Office of Education.

## ROSEVILLE CITY SCHOOL DISTRICT

#### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

#### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

09 - 2 / 50000 / 30000

### MATERIAL WEAKNESS

U.S. Department of Education

Passed through Placer County SELPA

Special Education Cluster CFDA 84.027 / 84.173 / 84.391/ 84.392 2008-09

PERIOD OF AVAILABILITY

Context

Effect

Cause:

<u>Criteria</u>: Federal funds appropriated under the Special Education ARRAfunded programs (CFDAs 84.391 and 84.392) are available for obligation beginning with the date of enactment of the American Recovery end Reinvestment Act of 2009, February 17, 2009.

<u>Condition</u>: The District charged special education salaries incurred outside the period of availability to the special education ARRA local assistance resource.

Questioned Costs: \$182,230. (The expanditures, charged to the ARRA resource, which were incurred prior to February 17, 2009.)

The condition appears to be isolated to the ARRA IDEA Part B Local Assistance resource. The District was able to provide appropriate documentation to show that there were eligible excess special education costs that could have been charged to the resource to replace the questioned sataries.

- Based on the expenditures charged to the special education ARRA resource on the general ledger, the District did not comply with the period of availability compliance requirement.
- The District was unaware that the period of availability for the special education ARRA funding began on February 17, 2009.

<u>Recommendation:</u> The District should establish appropriate procedures to ensure that they are aware of all applicable compliance requirements associated with federal programs.

<u>District Response:</u> The enactment of the Special Education funded programs through the American Recovery and Reinvestment Act of 2009 will provide the District with limited additional funding for Special Education through 2010-11. The District currently has procedures in place to ensure applicable compliance requirements for these new program are met.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

#### 09 - 3 / 40000

#### SIGNIFICANT DEFICIENCY

## AFTER SCHOOL EDUCATION AND SAFETY PROGRAM (ASES)

- Criteria: The District should develop and maintain accurate attendance records to support the attendance reported to the California Department of Education.
  - 2 In accordance with Education Code Section 8483 (a)(1), every after school component of the program shall commence immediately upon the conclusion of the regular school day, and operate a minimum of 15 hours per week, and at least until 6 p.m. on every regular school day. Every after school component of the program should establish a policy regarding reasonable early daily release of pupils from the program.

In accordance with Education Code Section 8483 (a)(2), it is the intent of the Legislature that elementary school pupils ettend the entire program every day that the program operates.

Although elementary students should attend the full program each day, the reality is that there are circumstances where a student may not be able to attend the full program every day, and this is the purpose of the early-release policy. In order for a student, who leaves before 6 p.m., to be counted for attendance, the reason for the early release must be documented in writing and be consistent. with the District's early release policy.

#### Conditions:

During our testing of the ASES program, we noted the following:

- 1. The number of students served that was reported to the California Department of Education did not agree to the supporting sign-in/ sign-out ettendance sheets from the sites.
- The District did not have documentation to support the reason for the 2. early release of pupils on a consistent basis.
- Questioned Costs:
- None. (The Education Audit Appeals Panel's Standards and Procedures for Audits of California K-12 Local Education Agencies 2008-09 do not require questioned costs to be identified for the after school program component noncompliance noted above.)

#### ROSEVILLE CITY SCHOOL DISTRICT

#### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SECTION IV - ST	ATE AWARD FINDI	NGS AND QUESTION	D COSTS (CONCLUDED)

AFTER SCHOOL	EDUCATION & S	<u> SAFETY PROGRA</u>	M (CONCLUDED)
--------------	---------------	-----------------------	---------------

- The 1st Half and 2nd Half After School Base Attendance Reports did Context; 1. not reconcile to supporting contemporaneous records maintained by the sites. 2. The condition was noted for the after school program at Bradford Woodbridge Elementary School. Effects: The District overstated the number of student served on the 1<sup>st</sup> Half 1 Attendance Report and understated the number of students served on the 2<sup>rd</sup> Half Attendance Report. 2. The program did not adequately substantiate compliance with Education Code Sections 8483 (a)(1) and 6483 (a)(2). Cause: 1. The District implemented a database program that would summarize attendance numbers in the middle of fiscal year 2008-09. The figures reported to the CDE were based on manually reported totals from the sites rather than totals from the database system. 2 Site personnel were still learning to follow updated District procedures on documenting the reason for the early release of pupils from the progrem. The updated procedures were introduced in December 2008 as a result of the prior year audit recommendation. Recommendations: 1. The District should establish procedures to ensure that the numbers reported to the California Department of Education on the
  - 2. The District should continue to train site personnel to follow established procedures regarding documenting the reason for the early release of pupils from the after school program.

attendance reports agree to site attendance records.

District Response: The District agrees with the finding and will implement the recommendation during the 2009-10 fiscal year.

67

## STATUS OF PRIOR YEAR RECOMMENDATIONS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Recommendations

Current Status

Explanation If Not

Fully Implemented

Comment Repeated

(09 - 37 40000)

## FINANCIAL STATEMENTS

#### 08 - 1 / 30000

## STUDENT BODY

The District should enforce its current implemented student body procedures by continuing to provide in-service training to school site personnel and by performing internal audits of the student body accounts.

#### STATE AWARDS

#### 08 - 2 / 10000

## ATTENDANCE

The District should emphasize the Importance of reporting complete and accurate attendance information to school sita personnel and continue to provide in-service training on proper attendance procedures.

#### 08 - 3 / 40000

#### SIGNIFICANT DEFICIENCY

AFTER SCHOOL EDUCATION AND SAFETY PROGRAM (ASES)

The District should adopt a fully comprehensive early release policy, provide appropriate training and guidance to program personnel on proper attendance procedures, and make appropriate changes to their operating hours to run a fully compliant ASES program. In addition, the District should contact their Regional After School Technical Assistance Support team to help them implement procedures to ensure the ASES program is fully compliant with the applicable laws and rogulations. Partially Implemented

Implemented

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## ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

## FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

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# **ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT**

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# COUNTY OF PLACER

# **ROSEVILLE, CALIFORNIA**

# FINANCIAL STATEMENTS

# WITH SUPPLEMENTARY INFORMATION

# FOR THE YEAR ENDED JUNE 30, 2009

# AND

# INDEPENDENT AUDITOR'S REPORT



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#### **ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT**

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2009

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Roseville Joint Union High School District, as of and for the year ended June 30, 2009, which collectively comprise Roseville Joint Union High School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Roseville Joint Union High School District as of June 30, 2009, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2009 on our consideration of Roseville Joint Union High School District's internal control over financial reporting and 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 lesting, and not to provide an opinion on the Internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquirles of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Secramento | San Francisco

#### INDEPENDENT AUDITOR'S REPORT (Continued)

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise Roseville Joint Union High School District's besic financial statements. The accompanying financial and statistical information listed in the Table of Contents, including the Schedule of Expenditure of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements of Rosaville Joint Union High School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

"Keny - Smith LLP

Sacramento, California December 2, 2009

## ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

This section of the Roseville Joint Union High School District's (the "District") annual financial report presents management's discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the Independent Auditor's Report presented on pages 1 and 2, and the District's financial statement, which immediately follow this section.

#### USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities, present on pages 14 and 15, provide information about the activities of the District as a whole and presented a longer-term view of the District's finances. The fund financial statements for governmental activities, presented on 16 through 22, provide information about how District services were financed in the short-term, and how much remains for future spending. Fund financial statements by providing information about the District's most significant funds. The remaining statements provide financial information about the District's most significant funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those cutside the District.

## FINANCIAL HIGHLIGHTS

- For the Governmental Activities programs, total current year expenses exceeded total ourrent year revenues by \$1,208,074.
- Capital assets, net of depreciation, increased by \$2,234,849 due mostly to the construction completion of Antelope High School and the additional furniture and equipment purchases for the site. These projects are addressed in the District's capital facilities plan.
- The District's Average Daily Attendance increased by 308 or 3.56%. Also, the District recorded 107,826 hours of summer school and supplemental instructional hours. These items have caused additional growth in the District's revenue limit funding.
- In 2008-09 the District received federal stimulus money from American Recovery and Reinvestment Act (ARRA). ARRA is comprised of \$3,639,533 for State Fiscal Stabilization Funds (SFSF), \$178,779 for Title 1, and \$335,408 for Special Education Local Plan Area (SELPA) funding. Title 1 and SELPA federal money is restricted and must be used for these programs only. The SFSF federal dollars are unrestricted and the "funds are to help state and local government budgets in order to minimize and avoid reductions in education and other essential services". These funds are being used in 09/10 for identified, essential staffing positions.
- The District maintains sufficient reserves for a district of its size. It meets the state required minimum reserve for economic uncertainty of 3% of general fund expenditures, transfers out, and other uses (total outgo). During fiscal year 2008-09, General Fund expenditures and other financing uses totaled \$73,179,515.



The District completed and filed the 2008-09 year-end unaudited actual financial reports with the Placer County Office of Education (PCOE) on September 15, 2009. Subsequently to the filing the District received notice from the California State Controller's Office (SCO) on November 6, 2009 regarding the accounting treatment of uncellected state categorical funding as of June 30, 2009. Due to Section 5, paragraph (a) of Assembly Bill 3 of the fourth extraordinary session (AB x4 3), the State of California unappropriated \$1.6 billion in categorical funding for 2008-09 and reappropriated those funds to fiscal year 2009-10. As a result accounting standards required the District remove \$2,046,389 recognized as accounts receivable and state revenue originally recognized in the 2008-09 District financial statements.

## THE FINANCIAL REPORT

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

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

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

## Reporting the District as a Whole

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

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

## ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## THE FINANCIAL REPORT (CONTINUED)

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

In the Statement of Net Assets and the Statement of Activities, District activities are divided into two kinds of activities:

#### Reporting the District as a Whole

## Governmental Activities:

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

Business-type Activities:

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

## Reporting the District's Most Significant Funds:

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

## Governmental Funds

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

#### Proprietary Funds

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

## THE FINANCIAL REPORT (CONTINUED)

## Fiduciary Funds

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

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

## **GOVERNMENTAL ACTIVITIES**

The District's net assets decreased from \$138,982,147 at June 30, 2008 to \$137,774,073 at June 30, 2009; a decrease of \$1,208,074, or (0.87)%.

	2009	2008
ssets		
Current & Other Assets	\$ 58,353,192	\$ 67,211,646
Capital Assets	225,647,154	223,412,505
Total Assets	284,000,346	290,624,151
abilities:		
Other Liabilities	12,818,448	16,547,591
Long-Term Debt Outstanding	133,407,825	135,094,413
Total		
Liabilities	146,226,273	151,642,004
et Assets:		
Invested in Capital Assets,		
net of related debt	92,464,675	88,572,347
Restricted	35,959,616	40,844,699
Unrestricted	9,359,882	9,565,101
Total Net		
Assets	\$ 137,774,073	\$ 138,982,147
Comparative Change\$	\$ (1,208,074)	
Comparative Change%	(0.87)%	

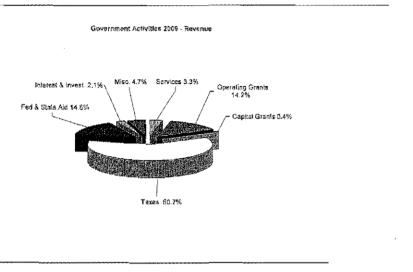
## ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

GOVERNMENTAL ACTIVITIES (CONTINUED)

\$

	Governmental Activities	
	2009	2008
<u>rogram Revenues:</u>		
Charge for Services	\$ 3,010,315	\$ 2,996,899
Operating Grants and		
Contributions	12,931,087	10,469,475
Capital Grants and Contributions	225 200	0 400 694
Gantinoutions	335,692	8,106,631
eneral Revenues:		
Taxes Levied	55,390,690	55,407,590
Federal and State Aid	13,336,809	12,403,156
Interest and Investment		<b>.</b>
Eamings	1,599,078	3,111,662
Miscellaneous	4,319,085	7,554,489
otal Revenues	91,222,756	100,049.902
ogram Expenses:		
Instruction	47,124,722	44,279,607
Instruction-Related Services	7,489,473	7,077,578
Pupil Services	11,537,987	11,247,626
General Administration	4,877,586	4,544,822
Plant Services	11,461,860	9,896,284
Anciliary Services	1,237,216	1,073,222
Community Services	18,048	
Enterprise	446,618	376.640
Interest on Long-Term Debt	7,234,156	5,754,093
Other Outgo	1,003,166	789,275
otal Expenses	92,430,830	84,839,127
•		
Change In Net Assets	<u>\$ (1,208,074)</u>	\$ 15,210,775
Comparative Change\$	\$ (16,418,849)	
Comparative Change%	(107.94)%	



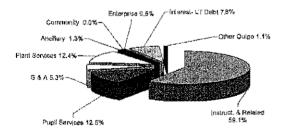
## Government Activities 2009 - Expenses

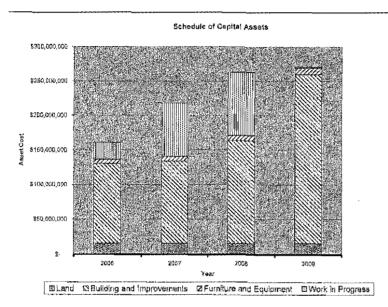
## ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

ł

	Governmental Activities	
	2009	2008
and	\$ 15,840,620	\$ 15,710,820
uildings and Improvements	244,032,547	147,727,021
Furniture and Equipment	9,239,843	7,816,196
Nork in Progress	1,548.081	91,708,019
Subtotals	270,661,091	262,761,858
Less: Accumulated Depreciation	(45,013,937)	(39,349,351)
Capital Assets, Net	\$ 225,647,154	\$ 223,412,505
Comparative Change\$	\$ 2,234,649	
Comparative Change-%	1.00%	





Capital assets, net of depreciation increased by \$2,234,649, a 1% increase, due mostly to the completion of construction at the new Antelope High School. Buildings and improvements include district-wide technology projects.

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

## ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

		overnmental Activities
	2009	2008
eneral Obligation Bonds ertificales of	\$ 128,211,325	\$ 129,220,746
Participation	4,345,000	4,760,000
apital Leases	636,254	859,412
ompensated Absences	215,246	254,265

The table reflects the fact that practically all of the District's debt is issued in support of school construction to meet our District's strong, annual enrollment growth. A bond rating in June 2009 from Moody's Investment Company – issued for \$40 million of general obligation debt – was a strong A1. Bond rating agency rationale included:

- Solid financial position (District) with ample reserve levels despite the fact the District's revenues are expected to decline based on the current fiscal performance by the state; and
- > Manageable debt levels coupled with growth-related capital needs; and
- Planned spending in 2005/09 maintained educational programs, with the potential for future cost cutting strategies in an effort to mitigate likely future state aid reductions.

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

- > Prior site facility construction.
- Technology improvements to infrastructure systems.
- > Various identified modernizations/additions throughout the district.

A \$223,158 decrease in capital leases is due to lease obligations paid and no new lease contracts entered into during the fiscal year.

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

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

		Fund					
		Balances		ind Balances	Increase		
Fund (fund #)	JL	ine 30, 2009	յլ	ine 30, 2008	(Decrease)		
Seneral (01)	\$	15,245,225	<b>4</b> 5	13,610,399	\$	1,634,826	
dult Education (11)	\$	609,719	\$	554,349	\$	55,370	
afeteria (13)	\$	237,596	\$	137,404	3	100,194	
ferred Maintenance (14)	\$	1,368,780	\$	931,021	\$	437,759	
upil Transportation (15)	5	179,963	\$	181,992	3	(2,029)	
silding (21)	\$	28,864	\$	4,405,165	\$	(4,375,301)	
apital Facilities (25)	\$	22,023,474	\$	23,113,868	\$	(1,090,392)	
ounly School Facilities (35) apital Projects-Special Reserve	\$	354,210	3	2,238,331	6	(1,884,521)	
0) and Interest and Redemption	\$	480,496	\$	385,586	\$	94,910	
51)	_\$	6,646,645	5	6,320,481	\$	225,164	
Totals	\$	47,074,074	\$	51,879,094	\$	(4,804,120)	

As can be seen in the scheduled fund balances, the District has a number of very different funds within which District programs operate. The General Fund has historically had a fund balance in excess of the state required reserve of 3%. The reserved ending fund balance is at over 7%.

The increase in the General Fund balance of \$1,634,826 is primarily due to an increase in categorical program carryovers to 2009-10 and multiple department and program savings.

The Capital Facilities Fund still maintains a healthy balance with fund designation for site and classroom projects as identified in the capital improvement plan.

The County Schools Facilities Fund decreased due to the near completion of Antelope High School which correlates with the ending in the Building Fund of Measure J bond funds,

## ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

- The 2009/10 General Fund budget reflects a \$3,097,909 deficit. By removing the \$769,779 impact of state categorical program expenses (revenue recorded in 2008/09, expenses recorded in 2009/10) the true operating deficit in 2009/10 is \$2,308,130. The budget includes increased costs for employee longevity step moves on the applicable salary schedules, and increased health and welfare costs. The budget also includes ongoing budget reductions of \$4,013,400 which are nocessary for the District to achieve a balanced budget by the year 2011/12. The District is projecting deficit spending for the fiscal years '09/10 and '10/11 and is using selected, available reserves during the two deficit years.
- The State of California continues to show the impacts of a slowing economy and more specifically, decreasing property tax revenues due to the slumping housing industry. The state in 2009-10 is now projecting a shortfall of \$21 billion over the next 18 months. The potential exists for the Governor end the Legislature to impose new mid-year budget cuts for '09/10. If mid-year education cuts are enacted at the state level for 2009-10, the District plan is to use its adequate reserves to offset any mid-year reductions. This will help to ensure that educational programs are not disrupted during the current fiscal year. More will be known by January 2010 when the governor presents his revised budget plan for 2009-10 and the new FY 2010-11 budget.
- Federal stimulus money (ARRA) can not be relied upon in future years. No new additional federal ARRA funds are expected to be received.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact the district Business Department, Roseville Joint Union High School District, 1750 Cirby Way, Roseville, CA 95651 or (916) 782-5096.

## ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

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## STATEMENT OF NET ASSETS

## June 30, 2009

	Governmental Activities					
ASSETS						
Cash and investments (Note 2)	\$ 52,811,687					
Accounts receivable	5,233,356					
Prepaid expenditures	281,500					
Stores inventory	28,290					
Other current assets	379					
Capital assets, net of accumulated	005 0 17 AF 1					
depreciation (Note 4)	225,647,154					
Total assets	284,000,346					
LIABILITIES						
Accounts payable	4,588,266					
TRANs payable (Note 2)	8,000,000					
Deferred revenue	230,182					
Long-term liabilities (Note 5):						
Due within one year	5,482,635					
Due after one year	127,924,990					
Total   abilities	146.226.273					
NET ASSETS						
Invested in capital assets, net of related debt	92,454,575					
Restricted (Nota 6)	35,959,616					
Unrestricted	9,359,862					
Total net assets	<u>5 137.774.073</u>					

BASIC FINANCIAL STATEMENTS

The accompanying notes are an integral part of these financial statements. 14

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## ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

#### STATEMENT OF ACTIVITIES

## For the Year Ended June \$0, 2009

				Protram Revenues						
	-	Expenses	Charges for Services		Operating Greats and <u>Contribuilons</u>		Capitel Orants and Contributions		<u>Net Assets</u> Governmental Activities	
Sovernmeimal activities (Note 4):										
Instruction	\$	47,124,722	S	4,553	5	9,900,321	\$	335,892	\$	(37,484,145)
instruction-related services:										
Supervision of instruction		970,420		308		142,476				(627,638)
Instructional library, media and										
technology		491,211				42,365				(448,846)
School site administration		6,027,642		592		311,302				(5,715,948)
Pupil services:										• • • •
Home-to-school transportation		2,169,851	1,06	3.943		291.857				(814,051)
Food services		2,822,390	1.85	5,826		842,524				(94,040)
All other publi services		6,545,745				1,404,692				(5,141,154)
General administration:		•(••••)				of constants				(-)
Deta processing		1,332,858								(1,332,858)
All other general administration		3.544.728				185,867				(3,358,861)
Plant services		11,461,850	5	5.083		277.479				(11,129,298)
Antillary services		1.237.215		0,000		6,567				(1.230,849)
Community services		18,046				0,001				(10,046)
Enterprise activities		446,618								
Other nation		1.003,166				125,937				(446,618)
						180.991				(877,229)
interest on long-term ilabilities		7,234,156							—	(7,234,153)
Total governmental activities	<u>\$</u>	92,430,830	<u>\$</u>	0.315	<u>\$</u>	12.931.097	<u>\$</u>	335,592		(76,153,735)
		eneral revenues Taxes and subk Taxes lavied Taxes lavied Taxes lavied Federal and sta Interest and inv Wiscellaneous	entions: for general pu for debt servic for other spec te aid not reat	xə Hilo pur Irictad	<b>P0384</b>					47, 330, 137 7, 807, 630 252, 923 13, 336, 809 1, 899, 078 4, 319, 685
	Totol general revenues									74,945,682
			Change in	net aar	ocis					(1,208,074)
			Net assets	, July 1	, 2001	3				138,982,147
			Net assels	June	30, 20	69			<u>\$</u>	137,774,073

## ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

## BALANCE SHEET

## GOVERNMENTAL FUNDS

## June 10, 2009

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	General Eund			Capitul Facilities Fund		Bond Interest and Redemption Fund		All Non-Major Funds		Total Governmental Funds	
ASBETS											
Cash and investments: Ossh in County Treasury Cash on hand and in banks Cash in revolving fund Cash with Fiscel Agent, restricted for TRANs Cash with Fiscel Agent	\$	12,321,905 29,163 10,000 B,193,187	\$	22,354,255 46,591	\$	0,546,645	\$	3,285,983 23,847 100	94	44,508,789 53,000 10,100 8,193,187 45,591	
Accounts receivable Propaid expenditures Due from ether funde Stores inventory Other curvent assets		4,957,714 281,500 247 <u>379</u>		114,571 11,311				151,071 84,958 26,290		5,233,359 281,500 96,516 23,290 379	
Total assets	<u>\$</u>	25,804,088	\$	22.526,728	\$	8,548,645	<u>\$</u>	3.572.249	\$	58,449,708	
LIABILITIES AND FUND BALANCES											
Liabilities: Accounts payable TRAMs payable Defurred revenue Due to other funds	*	2,280,717 5,000,000 210,739 67,405	\$	474,390 28,864			\$	262,929 19,443 247	3	3,048,036 8,000,000 230,162 86,516	
Total fabilities		10,866,861		503,254				312,618		11,374,734	
Funci balances		15.246.225		22,023,474	5	6,546,845	_	3,259,530		47,074,974	
Total liabilities and fund balances	ŝ.	25,904,086	5	22.526.728	<u>\$</u>	6,546,645	\$	3,572,249	\$	56,449,708	

The accompanying notes are an integral part of these (Inancia) statements,

#### RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

#### June 30, 2009

#### Total fund balances - Governmental Funds

-0

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\$ 47,074,974

#### Amounts reported for governmental activities in the statement of net assets 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 \$270,661,091 and the accumulated depreciation is \$45,013.937 (Note 4)

Long-term liabilities are not due and psyable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2009 consisted of (Note 5): General Obligation Bonds Cartificates of Participation Capitalized lease obligations Compensated absences

# Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.

Total net assets - governmental activities

225,847,154

(133,407,825)

(1.540.230)

\$ 137,774.073

\$ (128,211,325) (4,345,000)

(636,254)

(215,245)

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#### STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

#### GOVERNMENTAL FUNDS

ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

#### For the Year Ended June 30, 2009

	General Fund	Capital Facilities Fund	Bond Interestand Redemption Fund	Ail Noc-Major Funds	Totai Governmental Funda
Revenues:					
Revenue limit sources:					
State apportionment	\$ 10,723,835				\$ 10,723,935
Local sources	47,569,503	*****			47,589,603
Total revenue limit	58,513,538		······································		58,313,538
Federal sources	5,559,667			\$ 911,525	6,781.402
Other stale sources	3,722,100		\$ 438,672	488,899	6,549,671
Other local sources	8,257,987	\$ 4,576,176	7 474 558	2,169,333	20,478,054
		Constant of the second s		And the second	
Total revenues	74.163.492	4.578.178	7,813,230	4,569,857	91,222,755
Expenditures:					
Centificated selades	38,311,068			532,345	38.843.411
Clessified solaries	10.611.098	3.801		1,124,257	11,739,156
Employee benefita	13,199,191	48		513.277	13,712,516
Books and stoplies	4,358,118	71,212		3,837,847	8,365,177
Contract services and operating expenditures	4.818,522	1.131.270		403.637	6,153,429
	137,894	1.099.479		5.658.332	7,995,505
Capital outley		1*201001+4554		0-000-75A	661,138
Other oulgo	861,135				001,120
Debt service:					
Principal retiremánt	458.024		3,975,000	202,134	4,613,158
inieres:			3 712 085	29.615	3,943,385
Total expenditures	72.532.655	3,205,810	7.037.036	12,601.644	96,028,875
Excess (deficiency) of revenues					
over (under) expenditures	1,630,937	1,570,366	228.164	(8.031,687)	(4.804.120)
ares (esport) experience		Manness Martin Ballines			ADelleweiseller internetionale
Other financino sources (uses):					
Coersting transfers in	650,849			0.980.881	7,631,730
Operating transfers out	(646,560)	(2,460,758)		(4,524,012)	(7.831.730)
-,					
Total other linancing sources (uses)	<u>.889</u>	(2,460,758)		2,455,869	
Net change in fund palances	1,634,826	(\$96,090,1)	226, 164	(5,674,718)	(4,804,120)
Fund balances, July 1, 2006	13.610.399	23,113,856	6,320,481	9,834,348	<u>\$1,879,094</u>
Fund balances, June 30, 2009	5 15,245,225	<u>\$ 22.023.474</u>	8 <u>8,549,545</u>	\$ 3,259,630	<u>\$ 47.074.974</u>

The accompanying notes are an integral part of these linancial statements,

The accompanying notes and an integral part of these financial statements.

#### 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, 2009

# Net change in fund balances - Total Governmental Funds

\$ (4,804,120)

7,995,505

(5,760,656)

(2,965,579)

4,613,158

(325, 191)

39,009 3,596,046

\$ (1,208,074)

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#### 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 assets (Note 4).	\$

#### Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4),

Accretion of Interest is not recorded in the governmental funds, but increases the long-term liabilities in the statement of net assets (Note 5).

Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the longterm liabilities in the statement of net assets (Note 5),

Unmatured interest on long-term liabilities is not recognized in the governmental funds until the period it is incurred, but is recognized as an expense in the period it becomes due on the statement of net assets.

in the statement of activities, expenses related to compensaled absences are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).

Change in net assets of governmental activities

#### The accompanying notes are an integral part of these financial statements.

#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

#### STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL

#### MAJOR FUND - GENERAL FUND

#### For the Year Ended June 30, 2009

		Bu	dqe	t			Variance Tavorable
		Original		Finai	 Actual		-avorable) sfavorable)
Revenues:							
Revenue limit sources:							
State apportionment		10,927.735	\$	11,546,435	\$ 10,723,935	\$	(822,500)
Local sources		48,247,758		44,576,411	 47.589.603	_	3.013.192
Total ravenus fimil		59.175 <b>.49</b> 3		56,122,845	 58,313,538		2,190,692
Federal sources		1,052,712		6,167,500	5,869,867		(297,633)
Other stele sources		5,595,722		5,656,357	3,722,100		(1.934.257)
Other local sources		6,043,663		6,221,341	 6.257,987		36,646
Total revenues		72,470,580	••	74,168,044	 74.163.492		(4,552)
Expenditures:							
Certificated setartes		36,133,076		38,575,782	38.311.066		264,716
Classified salaries		10,770,607		10.783.088	10.611.098		171.990
Employee banefils		13,650,144		13,425,889	13,199,191		228,598
Books and supplies		6,475,036		5,856,138	4,958,118		1,500,020
Contrect services and operating							
expenditures		5,500,785		5,643,756	4,618,522		1,225,238
Cepital outley		27,711		172,175	137,694		34,481
Other outgo		649,000		774,000	681,136		112,862
Debt service:							
Principal retirement		436,024		436,024	436,024		
interest		195,738		201.738	 201,704	_	31
Total expenditures		75.638.021		76,068,592	 72,532,555		3,536,037
(Deliciency) excess of revenues							
(untier) over expondituree		(3.367.431)		(1.900.548)	 1.630.937		3,531,485
Other financing sources (uses);							
Operating transfers in		911,000		651,000	660,649		(151)
Operating transfers out		(593,149)		(645,960)	 (646,960)		
Total other financing sources (uses)		317,851		4,040	 3,889		(151)
Nat change in fund balance		(3,049,560)		(1,896,506)	1,634,826		3,531,334
Fund balance, July 1, 2008	f	3,610,399	A	13,610,399	 13.510.399		
Fund balance, June 30, 2009	<u>\$</u> _1	0.560,819	ş	11,713,691	\$ 15.245,225	<u>\$</u>	3,531,334

The accompanying notes are an integral part of these financial statements.

#### STATEMENT OF FIDUCIARY NET ASSETS

#### TRUST AND AGENCY FUNDS

June 30, 2009

	Trust		Agency Funds		
	Scholarship Fund	Warrant Pass- Through	Student Body Account	Total	Total
ASSETS					
Cash and Investments (Note 2); Cash in County Treasury Cash on hand and in banks	\$ 601,042	<b>5</b> 1,001,195	<u>\$    925.053</u>	\$ 1,001,195 <u>925,063</u>	\$ 1,602,237 925,053
Total assets	601,042	1,001,195	925,053	1,926,248	2.527,290
LIABILITIES					
Accounts payable Due to other agencies Due to student groups	46,048	1,001,195	925,053	1,001,195 925,053	46,048 1,001,195 925,053
Total liebilities	46,048	1.001.195	925,053	1,928,248	1,972,296
NET ASSETS					
Net assets - rastricted (Note 6)	<u>\$                                    </u>	5 -	<u>\$</u>	<u>*</u>	<u>\$                                    </u>

#### **ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT**

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#### STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS

#### TRUST FUND

## For the Year Ended June 30, 2009

	Trust Fund
Additions: Other local sources	<u>\$ 64,103</u>
Deductions; Contract services and operating expenditures	66,458
Change in net assets	(2,355)
Net assets, July 1, 2008	557,349
Net assets, June 30, 2009	<u>\$ 554,994</u>

The accompanying notes are an integral part of these financial statements. The accompanying notes ere an integral part of these financial statements.

#### NOTES TO BASIC FINANCIAL STATEMENTS

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### **Reporting Entity**

4.

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

The District receives funding from local, state and federal government sources and must comply with all of the requirements of these funding source entities.

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

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

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

#### Accountability

- The Corporation's Board of Directors were appointed by the District's Board of Education.
- The District is able to impose its will upon the Corporation, based on the following:
  - All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the District.
  - The District exercises significant influence over operations of the Corporation, as the District is the sole lessee of all facilities owned by the Corporation. Likewise, the District's lease payments are the sole revenue source of the Corporation,

#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1, SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Reporting Entity (Continued)

Accountability (Continued)

- The Corporation provides specific financial benefits or imposes specific financial burdens on the District based upon the following:
  - Any deficits incurred by the Corporation will be reflected in the lease payments of the District.
  - Any surpluses of the Corporation revert to the District at the end of the lease period.
  - The District has assumed a "moral obligation", and potentially a legal obligation, for any debt incurred by the Corporation.

#### Scope of Public Service

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

#### Financial Presentation

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

#### Basis of Presentation - Financial Statements

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

The basic financial statements include a Management's Discussion and Analysis section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and change in the fund financial statements to focus on the meior funds.

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of Presentation - Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets and the Statement of Change in Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets 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 GASB Statement No. 33, *Accounting and Finanolal Reporting for Nonexchange* Transactions.

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 ottizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

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

#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, 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. The District's accounts are organized into two broad categories which, in aggregate, include six fund types as follows:

A - Governmental Fund Types

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 - Special Revenue Funds:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. This classification includes the Adult Education, Cafeteria, Deferred Maintenance and Pupil Transportation Equipment Funds.

3 - Capital Projects Funds:

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

4 - Debt Service Fund:

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. This classification includes the Bond Interest and Redemption Fund.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Basis of Presentation - Fund Accounting (Continued)

#### B - Fiduciary Fund Types

1 - Trust Fund:

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

#### 2 - Agency Funds:

Agency Funds are used to account for assets of others for which the District acts as an agent. All cash activity and assets of the verious student bodies of the District are accounted for in the Student Body Account. For Student Body Accounts, individual totals by school and dub are maintained within the District's accounting system. The Warrant Pass-Through Fund represents a payroll clearing account with funds held at the County Office for the accrued payroll liability as of June 30, 2009.

#### Besis 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 caus applied.

#### <u>Accrual</u>

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 expanses are recognized when incurred.

#### Modified Accrual

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

#### Budgets and Budgetary Accounting

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

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#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Budgets and Budgetary Accounting (Continued)

The District employs budgetary control by major object code and by individual appropriation account. Expenditures cannot legally exceed appropriations by major object code. The budgets are revised during the year by the Board of Education to provide for unanticipated revenues and expenditures. The originally adopted and the final revised budget for the General Fund is presented in the basic financial statements.

#### Stores Inventory

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Inventories are valued at average cost method. Inventory recorded in the Cafeteria Fund consists mainly of consumable supplies. Inventories are recorded as an expenditure at the time individual inventory items are consumed.

#### Capital Assets

Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at 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 sssets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

#### Cafeteria Food Purchases

The Cafeteria purchases food through the State of California Office of Surplus Property and is only required to pay handling charges on these purchases. The Statement of Revenues, Expenditures and Change in Fund Balancas reflects only the handling charges incurred. Supplies expenditures would have been greater had the District pald fair market value for the government surplus food commodities.

#### Compensated Absences

Compensated absences totaling \$215,248 are recorded as a liability of the District. The liability is for the carned but unused benefits.

#### Accumulated Sick Leave

Accumulated sick leave benefits are not recognized as flabilities of the District. The District's policy is to record sick leave as an operating expenditure in the period taken since such benefits do not vest nor is payment probable; however, sick leave benefits are accumulated for each employee and unused sick leave is added to the creditable service period for calculation of retirament benefits for certain STRS and PERS employees when the employee retires.

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Deferred Revenues

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

#### Restricted Net Assets

Restrictions of the ending net assets indicate the portions of net assets not appropriable for expenditure or amounts legally segregated for a specific future use. The restrictions for revolving cash fund, stores inventory and prepaid expenditures reflect the portion of net assets represented by revolving cash fund, stores inventory and prepaid expenditures, respectively. These amounts are not available for appropriation and expenditures the balance sheat date. The restriction for unspent categorical program revanues represents the portion of net assets restricted to specific program expenditures. The restrictions for adult education programs, food service operations, deferred maintenance projects, pupil transportation, capital projects, debt service and scholarships represent the portion of net assets the District plans to expend on adult education, capital projects, debt service and scholarships, respectively.

#### 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.

#### Properly Taxes

Secured property taxes are attached as an enforceable lien on property as of January 1. Taxes are due in two installments on or before November 15 and March 15. Unsecured property taxes are due in one installment on or before August 31. The Counties of Sacramento and Placer bill and collect taxes for the District. Tax revenues are recognized by the District when received.

#### Encumbrances

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

#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Assets 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.

#### 2. CASH AND INVESTMENTS

Cash and invastments at June 30, 2009 consisted of the following:

	Governmental Activities	Fiduciary Activities	
Pooled Funds: Cash in County Treasury	\$ 44,508,789	\$ 1,602,237	
Deposits: Cash on hand and in banks Revolving cash fund	53,000 10,100	925,053	
Cash with Fiscal Agent, restricted for repayment of TRANs Cash with Fiscal Agent	6,193,187 46,591		
	<u>\$ 52,811,667</u>	<u>\$ 2,527,290</u>	

#### Pooled Funds

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

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

In accordance with applicable state laws, the Placer County Treasurer may invest in derivative securities. However, at June 30, 2009 the Placer County Treasurer has represented that the Treasurer's Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 2. CASH AND INVESTMENTS (Continued)

#### Deposits - Custodial Credit Risk

Cash balances held in banka and revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institution. In addition, the District's accounts are maintained at institutions participating in the FDIC's Transaction Account Guarantee Program. Under the program, through December 31, 2009, all non-interest bearing accounts are fully guaranteed by the FDIC for the entire amount in the account. Coverage under the Transaction Account Guarantee Program is in addition to and separate from the coverage available under the FDIC's basic deposit insurance rules. At June 30, 2009, the carrying amount of the District's accounts was \$986,153, and the bank balance was \$1,243,876, which was fully covered by the FDIC insurance.

#### Cash with Fiscal Agent, Restricted for Repayment of TRANs

On August 26, 2005 the District issued \$8,000,000 of Tax and Revenue Anticipation Notes (TRANs), maturing on September 9, 2009, with a coupon interest rate of 2,00% and a yield of 1.62%, to provide for anticipated cash flow deficits from operations. The TRANs are a general obligation of the District, and are payable solely from revenues and cash receipts generated by the District during the fiscal year ending June 30, 2009, Repayment tarms require the entire TRANs principal and accrued interest to be set aside. As of June 30, 2009, funds totaling \$8,193,187 held in the General Fund were piedged to repay the principal and accrued interest.

#### Cash with Fiscal Agent

Cash with Fiscal Agent represents amounts held with a custodian as of June 30, 2009.

#### 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, 2009, 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, 2009, the District had no concentration of credit risk.

#### ROSEVILLE JOINT UNION HIGH SCHODL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 3. INTERFUND TRANSACTIONS

#### Interfund Activity

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

#### Interfund Receivables/Payables

Individual fund interfund receivable and payable balances at June 30, 2009 were as follows:

			nterfund ayables
_		_	
\$	247	<b>Ş</b>	67,405
	11,311		28,864
	51,544		
	4,550		247
	28,864		
5	96,516	<u>\$</u>	96.516
		11,311 51,544 4,550 <u>28,864</u>	<u>Receivables</u> \$ 247 \$ 11,311 51,544 4,550 <u>28,964</u>

#### 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 2008-2009 fiscal year were as follows:

Transfer from the General Fund to the Cafeteria Fund for meals for the needy funding.	s	600
Transfer from the General Fund to the Deferred Maintenance		
Fund for the state required match.		419,380
Transfer from the General Fund to the Pupil Transportation		
Equipment Fund for payment of capital leases and		
other operating costs		50,000
Transfer from the General Fund to the Special Reserve Fund for special facility needs.		176,780
Transfer from the Capital Facilities Fund to the General Fund for payment of Certificates of Participation.		607,000
Transfer from the Capital Facilities Fund to the Building Fund to		
replenish cash balance to cover interest expense.		28,758
Transfer from the Capital Facilities Fund to County School Facilities Fund to pay for construction costs.		1,825,000
Transfer from Adult Education Fund to the General Fund for indirect costs.		43,849

NOTES TO BASIC FINANCIAL STATEMENTS (Conlinued)

#### 3. INTERFUND TRANSACTIONS (Continued)

#### Interfund Transfers (Continued)

Transfer from the Building Fund to the County School Facilities Fund to pay for construction costs. Transfer from the Special Reserve Fund to the Pupil	\$ 4,405,163
Transportation Equipment Fund for payment of capital leases and other operating costs.	75,000
Totals	<u>\$ 7,631,730</u>

#### 4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended Juna 30, 2009 is shown below:

	Balance July 1, 2008	Additions and Transfers	Deductions and Transfers	Balance June 30, 2009
Land Improvement of sites Buildings	\$ 15,710,620 4,118,063 143,508,958	\$ 130,000 96,305,525		\$ 15,840,620 4,118,063
Equipment Work-in-process	7,516,195	1,719,917 1,466,564	\$ (96,270) (91.626.502)	239,914,484 9,239,643 1,548,081
Totals, al cost	262,761,856	99.622.007	_(91.722.772)	270.651.091
Less accumulated depreciation: Improvement of sites Buildings Equipment	(3,469,636) (30,915,569) <u>(4,963,946</u> )	(110,569) (4,757,820) (592,487)	96.270	(3,580,405) (35,673,389) (5,760,143)
Total accumulated deprectation	(39.349.351)	(5,760,856)	96,270	<u>(45.013.937</u> )
Capital assets, nat	<u>\$223,412,505</u>	<u>\$ 93,861,151</u>	<u>\$ (91,526,502</u> )	<u>\$225,647,154</u>

#### **ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT**

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental activities as follows:

Instruction	\$	3,238,368
Supervision of Instruction		66,508
Instructional library, media and technology		35,126
School sile administration		412,135
Home-to-school transportation		148,712
Food services		193,434
All other pupil services		485,018
Ancillary services		84,793
All other general administration		247,234
Data processing		91,286
Plant services		760,242
Total depreciation expense	<u>\$</u>	5.760.856

#### 5. LONG-TERM LIABILITIES

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#### General Obligation Bonds

In July 1992, the District issued General Obligation Bonds in the amount of \$13,793,792 for land acquisition and the construction of new high schools. The 1992 General Obligation Bonds, Series A, are authorized pursuant to the special election of the registered voters held in June 1991, and are payable from the ad valorem taxes to be levied annually upon all property subject to taxation by the District. The Current Interest and Capital Appreciation Bonds interest and yield vary, ranging from 3.5% to 6.6% and are scheduled to mature through 2017.

Year Ending June 30,	_ Principal	Interest	Total	
2010	\$ 1,632,350	\$ 52,650	\$ 1,685,000	
2011	1,653,481	166,519	1,820,000	
2012	1,674,604	290,396	1,965,000	
2013	1,690,020	431,240	2,121,260	
2014	1,710,174	580,397	2,290,571	
2015-2019	7.053.746	4,099,672	11,153,418	
	<u>\$_15,414,375</u>	<u>\$ 5.620.874</u>	<u>\$ 21,035,249</u>	

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 5. LONG-TERM LIABILITIES (Continued)

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#### General Obligation Bonds (Continued)

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

Year Ending June 30.	 Principal	 Interest	 Total
2010	\$ 1,691,767	\$ 48,233	\$ 1,740,000
2011	1,879,592	150,408	1,830,000
2012	1,662,240	257,760	1.920,000
2013	1,643,938	371,062	2.015.000
2014	1,628,064	486,936	2,115,000
2015-2019	8,014,921	4,267,396	12,282,317
2020-2024	 3.126.121	 2,691,075	 5.817.196

<u>\$ 19,446.643</u> <u>\$ 8,272,870</u> <u>\$ 27,719,513</u>

In July 1998, the District issued 1992 General Obligation Bonds, Series 1998C, in the amount of \$4,995,695. Bond proceeds were used for land acquisition and the construction of new high schools. The Current Interest and Capital Appreciation Bonds interest and yield vary, ranging from 4,5% to 5.3% and are scheduled to mature through 2024.

Yea: Ending June 30	Princi	Principal		Total	
2010	\$ 33	5,000 \$	23,513	5	358,513
2011	35	5,000	7,988		362,988
2012	344	0,282	44,718		385,000
2013	33	1,733	63,267		395,000
2014	32	2,874	82,126		405,000
2015-2019	1,480	0,863	694,137		2,175,000
2020-2024	1.28	5,102	1,179,898		2 465 000
	<u>\$_4,450</u>	0.854 <u>\$</u>	2.095.647	5	6,546,501

#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### LONG-TERM LIABILITIES (Continued)

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#### General Obligation Bonds (Continued)

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

Year Ending June 30.	f	rincipa		nterest		Total
2010	**	180,000	\$	35,738	<b>\$</b> \$	215,738
2011		195,000		26,640		221,640
2012		210,000		16,613		226,613
2013		225,000		5,681		230,681
2014		192,345		52,655		245,000
2015-2019		874,341		445,659		1,320,000
2020-2024		746,068		748,932		1,495,000
2025-2029		134,922		185,078		320,000
	\$	2,757,676	<u>\$</u>	1,516,996	<u></u>	4,274.672

In August 2001, the District Issued 1992 General Obligation Bonds, Series E, In the amount of \$10,175,000. Bond proceeds were used for land acquisition and construction of new high schools. The Current Interest Serial Bonds Interest and yield vary, ranging from 4.0% to 5.2% and are scheduled to mature through 2027.

Year Ending June 30.	Principal	Interest	Total
2010	\$ 200,000	\$ 473,215	\$ 673,215
2011	225,000	464,153	689,153
2012	255,000	463,363	708,363
2013	285,000	440,846	725,846
2014	315,000	426,596	741,596
2015-2019	2,120,000	1,857,508	3,977,508
2020-2024	3,300,000	1,176,709	4,476,709
2025-2029	2,725,000	221.944	2.946,944
	<u>\$ 9.425.000</u>	<u>\$ 5,514,324</u>	<u>\$ 14,939,324</u>

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 5. LONG-TERM LIABILITIES (Continued)

#### General Obligation Bonds (Continued)

In April 2005, the District issued 2004 General Obligation Bonds, Series A, in the amount of \$26,000,000. Bond proceeds were used for acquisition, modernization and improvement of District facilities. The Bonds carry interest rates ranging from 3.5% to 5.0% and are scheduled to mature through 2030.

Year Ending June 30	Principal	interest	Tota
2010	\$ 75,000	\$ 1,138,156	\$ 1,213,156
2011	100,000	1,134,831	1,234,831
2012	165,000	1,129,781	1,294,781
2013	235,000	1,121,781	1,356,781
2014	310,000	1,110,881	1,420,881
2015-2019	2,920,000	5,271,309	8 191,309
2020-2024	6,065,000	4,285,194	10,350,194
2025-2029	10.875,000	2,208,625	13,083,625
2030-2034	2,935,000	73,375	3.008.375
	<u>\$ 23.680.000</u>	<u>\$ 17.473.933</u>	<u>\$ 41,153,933</u>

In July 2006, the District issued 2004 General Obligation Bonds, Series B, in the amount of \$25,000,000. Bond proceeds were used for acquisition, modernization and improvement of District facilities. The Bonda carry interest rates ranging from 4.5% to 6.0% and are scheduled to mature through 2030.

Year Ending June 30,	Principal	Interest	Total
2010	\$ 95,000	\$ 1,194,113	\$ 1,289,113
2011	65,000	1,190,513	1,255,513
2012	40,000	1,168,150	1,228,150
2013	100,000	1,185,000	1,285,000
2014	170,000	1,178,925	1,348,925
2015-2019	2,130,000	5,667,788	7 797 788
2020-2024	5,065,000	4,827,288	9,892,288
2025-2029	9,495,000	3,051,875	12,548,875
2030-2034	7.030.000	387.250	7,427,250
	\$ 24,190,000	3 19,880,902	\$ 44,070,902

#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 5. LONG-TERM LIABILITIES (Continued)

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#### General Obligation Bonds (Continued)

In April 2007, the District issued 2004 General Obligation Bonds, Series C, in the amount of \$27,997,959. Bond proceeds were used for construction, renovation and repair of District facilities. The Current Interest Bonds carry interest rates ranging from 4.0% to 5.0% and are scheduled to mature through 2023. The Capital Appreciation Bonds carry interest rates ranging from 4.59% to 4.65% and are scheduled to mature from 2024 through 2021.

Year Ending June 30,	Principal	Interest	Total
2010	\$ 280,000	\$ 805,650	\$ 1,088,650
2011	420,000	792,650	1,212,650
2012	540,000	773,450	1,313,450
2013	530,000	750,050	1,380,050
2014	730,000	722.850	1,452,850
2015-2019	5,355,000	3,026,400	8,391,400
2020-2024	9,380,000	1,270,000	10.650,000
2025-2029	6,248,969	7,661,031	13,910,000
2030-2034	5,237,808	8,997,193	14,235,001
	<u>\$ 28,831,777</u>	<u>\$ 24,800,274</u>	<u>\$ 53,632,051</u>

#### Certificates of Participation

In January 2004, the District issued \$6,300,000 of Certificates of Participation, with variable interest rates for the acquisition, modernization, improvement and construction of District facilities. The Certificates of Participation mature January 1, 2018.

#### The District's future obligations on the 2004 Certificates are as follows:

Year Ending June 30,	
2010	\$ 430,000
2011	440,000
2012	455,000
2013	470,000
2014	480,000
2015-2019	2.070,000
	\$ 4,345,000

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 5. LONG-TERM LIABILITIES (Continued)

#### Capitalized Lease Obligations

The District leases office equipment and vehicles under agreements which provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

Year Ending June 30.	Lease Peyments	
2010 2011 2012	\$ 256,512 256,512 <u>165,745</u>	
	678,769	
Less amount representing interest	(42,515)	
	<u>\$ 636,254</u>	

#### Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the fiscal year ended June 30, 2009 is shown below:

	Balanca July 1, 2008	Additions		Bajance June 30, 2009	Ambunta Due WRhin One Year
General Obligation Bonda Certificates of Participation Capitalized lease obligations Compensated absences	\$ 129,220,746 4,760,000 859,412 255_255	\$ 2,965,579	\$ 3,875,000 415,000 223,158 39,003	\$ (28,211,325 4,345,000 636,254 215,246	\$ 4,605,000 433,000 232,663 215,247
	\$ 135,094,415	<u>\$ 2,965,579</u>	<u>5 4,652,167</u>	<u>\$ 133,457,625</u>	<u>\$                                    </u>

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

#### **ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT**

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 6. RESTRICTED NET ASSETS

The restricted net assets consisted of the following at June 30, 2009:

	Governmental <u>Activities</u>
Restricted for: Revolving cash fund Stores inventory Prepaid expenditures Unspent categorical program revenues Adult education programs Food service operations Deferred maintenance projects Pupit transportation Capital projects Debt service	\$ 10,100 26,290 281,500 3,638,367 609,619 241,308 1,366,780 175,963 22,887,044 6,546,645
	<u>\$_35,959,616</u>
	Fiduciary Activities
Restricted for scholarships	<u>554.994</u>

#### 7. EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS), and classified employees are members of the California Public Employees' Retirement System (CaliPERS).

#### Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

#### Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficianes. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employaes' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

#### Plan Description and Provisions

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

#### Funding Policy

Active plan members are required to contribute 7% of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CaIPERS Board of Administration. The required employer contribution rate for fiscal year 2008-2009 was 9.428% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CaIPERS for the fiscal years ending June 30, 2007, 2008 and 2009 were \$799,695, \$896,440 and \$834,699, respectively, and equal 100% of the required contributions for each year.

#### State Teachers' Retirement System (STRS)

#### Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a costsharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, California 85605.

#### Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2008-2009 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2007, 2008 and 2009 were \$2,608,669, \$3,094,537 and \$3,200,610, respectively, and equal 100% of the required contributions for each year.

#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 8. POST-RETIREMENT BENEFITS

#### Early Retirement - Service Recognition

The Board of Trustees has adopted a service recognition reward program. The retiring employee can choose to participate in either, but not both, the District service recognition program or, as applicable and when offered at the District, the State STRS (cortificated) or CaIPERS (classified) Golden Handshake (or other similar state offered programs). The District has entered into contracts with certain eligible employees whereby years of District service will determine the service award between \$7,000 and \$15,000. The employees have the option of selecting cash payment, (trutre medical benefits, or purchase of an annuity. During the year ended June 30, 2009, 11 employees were granted benefits under this program in the amount of \$129,000.

#### 9. JOINT POWERS AGREEMENTS

#### Schools Insurance Group

The District is a member of a Joint Powers Authority, Schools Insurance Group (SIG), for the operation of a common risk management and insurance program. The Authority is governed by a Governing Board consisting of representatives of member districts. The Governing Board controls the operations of SIG, including selections of management and approval of operating budgets.

Condensed financial information for SIG for the year ended June 30, 2008 (the most current information available) is as follows:

Total assets	\$ 86,329,000
Total liabilities	\$ 25,849,000
Total net assets	\$ 40,480,000
Total revenues	\$ 76,744,000
Total expenditures	\$ 69,630,000

#### School Project for Utility Rate Reduction (SPURR)

The District is also a member of a School Project for Utility Rate Reduction (SPURR) Joint Powers Authority. The Authority is governed by a Governing Board consisting of representatives from member districts. The Board controls the operations of SPURR including selections of management and approval of operating budgets.

Condensed financial information for SPURR for the year ended June 30, 2008 (the most current information available) is as follows:

Total assets	\$ 19,037,666
Total liabilities	\$ 14,324,874
Total net assets	\$ 4,712,982
Total revenues	\$ 49,917,732
Total expenses	\$ 48,360,775

#### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### 9. JOINT POWERS AGREEMENTS (Continued)

#### School Project for Utility Rate Reduction (SPURR) (Continued)

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.

#### 10, CONTINGENCIES

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

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

#### 11. SUBSEQUENT EVENTS

#### Tax and Revenue Anticipation Notes

On September 9, 2009, the District issued \$10,000,000 of Tax and Revenue Anticipation Notes (TRANs), maturing on September 8, 2010, with a coupon interest rate of 3.00% and a yield of 1.50%, to provide for anticipated cash flow deficits from operations. The TRANs are a general obligation of the District, and are payable solely from taxes, income, revenue, cash receipts and other moneys generated by the District during the fiscal year 2009-2010 and lecally available for payment thereof.

#### State Budget

On July 28, 2009, Governor Schwarzenegger signed a package of bills amending the 2008-09 and 2009-10 California State budgets. The budget amendments were designed to address the State's budget gap of \$24 billion that had developed as a result of the deepening recession since the State's last budget actions in February 2009.

The July budget package reduced, on a State-wide basis, \$1.5 billion in 2008-09 Proposition 98 funding through a reversion of undistributed categorical program balances. The budget language identified 51 specific programs and required the amounts associated with these programs that were "unallocated, unexpended, or not liquidated as of June 30, 2009" to revert to the State's General Fund. The July budget package also provided an appropriation in 2009-10 to backfill \$1.5 billion of these cuts to repay the 2008-09 reversion of the undistributed categorical program balances.

In accordance with the requirements of Government Accounting Standards Board Statement No. 33, the District has not recorded the revenue and related receivable associated with the District's portion of the unallocated, unexpended or unilquidated categorical program balances identified in the July 2009 State Budget package.

#### COMBINING BALANCE SHEET

#### ALL NON-MAJOR FUNDS

June 30, 2009

ASSETS	Adult Education Fund	Cefeteria Fund	Deferred Main- Lenance Fund	Pupil Transpor- tation Equipment Fund	Building Fund	County School Facilities Fund	Special Reserve Fund	Trital
Cash in County Treasury Cash on hand end in banks Cash in revolving fund Accounts receivable Due from other funds Stares Inventory	\$ 539,241 23,677 100 97,950 51,544	170 36,689	\$ 1,407,684	\$ 179,863	\$ 28,864	\$ 484,222 16,432	\$ 484,921	\$ 3,285,983 23,847 100 151,071 84,958 26,290
Total assets LIABILITIES AND FUND BALANCES	<u>\$ 712.512</u>	<u>\$ 257.651</u>	<u>5 1,407,684</u>	<u>\$ 179,963</u>	<u>\$ 28,864</u>	<u>\$ 500,654</u>	<u>\$ 484,921</u>	<u>\$ 3,572,249</u>
LisbiRics; Accounts payable Deferred revenue Due to other funds	\$ 83,350 19,443		\$ 38,604			3 146,444	\$ 4,425	\$    292,929 15,443 247
Total itabilities	102,793	20,053	38,904			146,444	4,425	312,819
Pund balances	609,719	237,598	1,368,780	<u>\$ 179,963</u>	<u>\$ 28,664</u>	<u>\$ 364,210</u>	480,495	3,259,630
Total liabilities and fund balances	\$ 712,512	<u>\$ 257,651</u>	<u>\$ 1,407,684</u>	\$ <u>179,863</u>	\$ 25,864	<u>\$ 500,854</u>	<u>\$ 484,921</u>	<u>\$_3.572,249</u>

The accompanying notes are an inlegra part of lhese financial slatements.

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ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

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COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

#### ALL NON-MAJOR FUNDS

For the Year Ended June 30, 2009

Revenues:	Adult Education Fund	Cafeteria Fund	Deferred Main- benance Fund	Pupii Transpor- tation Equipment Fund	Building Fund	County School Facilities Fund	Special Reserve Fund	Total
Federal sources	\$ 133,657	\$ 777,968						\$ 911.625
Other state sources	849,288	60,835	\$ 294,689			\$ 284.087		1,468,899
Other local sources	149,716	1,889,547	38,538	\$ 4,022	<u>\$20,545</u>	51,605	<u>\$ 15,360</u>	2,169,333
Tatai revenues	1,132,861	2,728.350	333,227	4.022	20,545	335,692	15,360	4,569,857
Extenditures;								
Certificated salaries	532,345							532,345
Classified salaries	128.307	995,950						1,124,257
Employee benefits	165,869	347,408						513,277
Books and supplies	83,329	1,273,086				2,577,377	4,055	3,937,847
Contract services and operating						. ,		
expenditures	123,592	12,512	214,150		20,441	14,787	18,175	403,637
Capitol cutlay						5,858,332	F -	5,858,332
Debt service:								
Principal retirement			87,542	114,592				202,134
Interest			13,156	16,450				29,615
Total expenditures	1,033,442	2,628,956	314,848	131.051	20,441	5,450,476	22,230	12,601,444
Excess (deficiency) of revenues								
over (under) expenditures	99,219	99.394	19.379	(127.029)	104	(8,114,784)	(6,670)	(8,031,587)
Other financing sources (uses): Operating transfers in Operating transfers out	(43,849)	800	419,380	125,000	28,758 (4,405,163)	6,230,163	178,780 (75,000)	6,980,881 (4,524,012)
Total other financing sources (uses)	(43,849)		419,380	125,000	(4,376,405)	6,230,163	101,780	2,456,869
Net change in fund balances	55,370	100,194	437,759	(2,029)	(4,376,301)	(1,884,621)	94,910	(5,574,718)
Fund balances, July 1, 2008	554,349	137,404	931,021	181,992	4,405,165	2,238,831	385,588	<u>8,834,348</u>
Fund balances, June 30, 2009	<u>\$ 809,719</u>	<u>\$                                    </u>	<u>5 1.368.780</u>	<u>\$ 179,963</u>	<u>\$                                    </u>	<u>\$ 354,210</u>	<u>\$ 480,496</u>	<u>\$ 3,259,630</u>

The accompanying notes are an integral part of these financial statements.

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

#### AGENCY FUNDS

#### For the Year Ended June 30, 2009

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	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009		
WARRANT PASS-THROUGH						
Assets: Cash In County Treasury	<u>\$                                    </u>	<u>\$     64.134.110</u>	<u>\$    54,595,342</u>	<u>\$1.001,195</u>		
Liabilities: Due to other funds Due to other agencies	\$	5 54,134,110	\$	<u>\$ 1,001,195</u>		
Total liabilities	<u>\$1482.427</u>	<u>\$</u>	<u>\$ 54,595,342</u>	<u>\$ 1.001.195</u>		
STUDENT BODY ACCOUNT						
Woodoreek High						
Assets: Cash on hand and in banks	<u>\$ 143,473</u>	<u>3 803,155</u>	<u>\$                                    </u>	<u>\$ 170,080</u>		
Llabilities; Due to student groups	<u>\$ 143,473</u>	803,155	<u>\$                                    </u>	<u>\$ 170,080</u>		
Oskmont High						
Assets: Cash on hand and in banks	<u>\$ 161,292</u>	<u>\$ 679,366</u>	<u>\$                                    </u>	<u>\$121,185</u>		
Liabilities: Due to student groups	<u>s 161,202</u>	<u>\$679,368</u>	<u>\$                                    </u>	<u>\$ 121,186</u>		
Granite Bay High						
Assets: Cash on hand and in banks	<u>\$                                    </u>	<u>\$     1.117.942</u>	<u>\$     1.048,235</u>	<u>\$ 343,584</u>		
Liabilities: Due to student groups	<u>\$273.877</u>	<u>\$ 1.117,942</u>	<u>\$     1,048,235</u>	<u>\$                                    </u>		
Roseville High						
Assets: Cash on hand and in banks	<u>3</u>	<u>\$ 615,594</u>	<u>622,709</u>	<u>\$                                    </u>		
Lisbilities: Due to student groups	<u>\$ 207,318</u>	<u>\$ 616,594</u>	<u>\$ 622,709</u>	<u>\$                                    </u>		
(Continued)						

#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

#### COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

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#### AGENCY FUNDS (Continued) For the Year Ended June 30, 2009

# Balance

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
STUDENT BODY ACCOUNT (C	ontinued)			
Total Student Body Account				
Assets: Cash on hand and in banks	<u>\$ 875.870</u>	<u>\$ 3,216,057</u>	<u>3. 3.165.874</u>	<u>\$ 925.053</u>
Liabilities: Due to student groups	<u>\$                                    </u>	<u>S3,216,057</u>	<u>\$ 3.166.874</u>	<u>\$                                    </u>
TOTAL AGENCY FUNDS				
Assets: Cash in County Treasury Cash on hand and in banks	\$ 1,452,427 <u>875,870</u>	\$    54,134,110 <u> </u>	\$ 54,595,342 <u>3,166,874</u>	\$    1,001,195 <u> </u>
Total assets	\$ 2 2 4 A 2 C 7	¢ 57350487	¢ 67 767 746	¢ 1076248

	•		 	-			
Total assets	<u>5</u>	2,338,297	\$ 67,350,167	<u>ě</u>	57.762.216	2	1,926,248
Liabilities:							
Due to other funds	\$	652,585		\$	652,565		
Due to other agencies		809,842	\$ 54,134,110		53,942,757	\$	1,001,195
Due to student groups		<u>875,870</u>	 3,218,057		3.166.874		925.053
Total liabilities	5	2,338,297	\$ 57.350.167	3	57,762,216	\$	1,928,248

The accompanying notes are an integral part of these financial statements.

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#### ORGANIZATION

#### June 30, 2009

Roseville Joint Union High School District was established in 1912 and is comprised of an area of approximately 105 square miles in Placer and Sacramento Counties. There were no changes in the boundaries of the District during the current year. The District is a political subdivision of the State of California. The District is currently operating five high schools, one continuation education schools, one adult education school, and an independent study program.

#### GOVERNING BOARD

htom o	Office	Term Expires	Special Education	<u> </u>
Nama	Unice	terin Expires	Total Secondary	6.966 8.694
Jack Duran	President	December 2010	·	
R, Jan Pinney	Vice President	December 2012	Not Concurrently Enrolled:	
Garry Genzlinger	Clerk	December 2012	Classes for Adults	341 342
Paige K. Stauss	Member	December 2012		
Scott Huber	Member	December 2010	ADA Totals	9,307 9.236

Secondary: Regular Classes

Continuation Education

Concurrent Classes for Adults

Home and Hospital

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#### ADMINISTRATION

Tony Monetti Superintendent

Gary Stevens Assistant SuperIntendent, Business Services

Glen De Graw Assistant Superintendent, Personnel

John Montgomery Assistant Superintendent, Curriculum and Instruction

#### SCHEDULE OF AVERAGE DAILY ATTENDANCE

#### For the Year Ended June 30, 2009

Second

Period

Report Report

6,774

169

5

11

Annual

8,701

167

5

13

 Hours of

 Attendance
 107.826

See accompanying notes to supplementary information.

#### SCHEDULE OF INSTRUCTIONAL TIME

#### For the Year Ended June 30, 2009

Grade Level	1986-87 Minutes Require- ment	1982-83 Actual Minutes	2008-09 Actual Minutes	Number of Days Traditional Calendar	Status
Grade 9	64,800	63,070	65,073	180	In Compliance
Grade 10	64,800	63,070	65,073	180	In Compliance
Grade 11	64,800	63,070	65,073	180	In Compliance
Grade 12	64,800	63,070	65,004	180	In Compliance

#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

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#### SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

#### For the Year Ended June 30, 2009

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Departme</u>	nt of Education		
	Adult Education Cluster:		
84.002A	Adult Basic Education: English Literacy & Civios Education	14109	\$ 68,196
84,002	Adult Secondary Education	13978	16.036
84.002A	Adult Education: Adult Basic Education & ESL	14508	49,425
	Subtotal Adult Education Cluster		133,657
84.027	IDEA Basic Local Assistance Entitlement, Part B.		
04.UZ/	Section 511	13379	1,203,060
84,391	ARRA; IDEA, Part B, Section 511 Basic Local	19319	1,200,000
04.39	Assistance	15003	352.564
64,010	NCLB, Title I, Pert A, Basic Grant, Low Income	10000	304.400%
04.010	and Neglected	14329	335,731
84,010	NGLB, Title I, Part A, Prevention of Program	17020	
04.010	Improvement, District Intervention	14580	58,874
84,367	NCLB, Title II, Part A, Improving Teacher Quality,	14000	and for the
04,001	Local Grants	14341	100.858
84,365	NCLB, Title III, Immigrant Education Program	14345	10.930
84,048	Vocational Programs: Voc & Appl Tech Secondary 11C,		10,000
04.040	Sec 131 (Carl Perkins Act)	14894	96,506
84,365	NCL8, Title III: Limited English Proficiency (LEP)	11001	50,500
0.410.010	Student Program	10084	32,619
84,196	NCLE, Title X: McKinney-Vento Homeless Children		
*	Assistance Grant	14332	29,202
84,394	ARRA: State Fiscal Stabilization Fund (SFSF)	25008	3,639,533
	Total U.S. Department of Education		6,003,524
	Forme of the contraction of the contraction		0,000,024
U.S. Departmer	nt of Aarisalitate		
10.565	Child Nutrition: School Programs	13390	777,968
	Total Federal Programs		<u>\$6,781,492</u>

See accompanying notes to supplementary information.

See accompanying notes to supplementary information.

#### RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

#### For the Year Ended June 30, 2009

	General Fund	Adult Education
June 30, 2009 Unaudited Actual Financial Report Fund Balance	<u>\$ 17,263,166</u>	<u>\$ 638.167</u>
Adjustment to remove accounts receivable and associated revenue for categorical program funds unappropriated by the State of California for the year ended June 30, 2009:		
K-12 Counseling Arts & Music Block Grant	(560,855) (58,147)	
GATE	(1,483)	
Home to School Deferral	(507,581)	
Principal Training	(10,152)	
Partnership Academies	(29,364)	
School Safety	(165,341)	
Special Education	(685,018)	
Adult Education		(28,448)
Subtotal	(2,017,941)	(28,448)
June 30, 2009 Audited Financial Statements Ending Fund Balance	<u>\$.15,245,225</u>	<u>\$ 609.719</u>

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

See accompanying notes to supplementary information.

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#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

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#### SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

#### For the Year Ended June 30, 2009

	(Budgeted) 2010	2009	2008	2007
General Fund				
Revenues and other financing sources	<u>\$ 69,795,262</u>	\$ 74,814,341	<u>\$    72,450,382</u>	<u>\$ 70,086,289</u>
Expenditures Other uses and transfers out	72,547,391 34 <u>8,780</u>	72,532,555 <u>646,960</u>	69,9 <b>31,9</b> 65 <u>692,740</u>	64,724,718 677,779
Total outgo	72.693.171	73.179.515	70,824.705	65,402,497
Change in fund belance	<u>\$ (3,097,909</u> )	1,634,826	<u>\$ 1,625,677</u>	<u>\$ 4,683,792</u>
Ending fund balance	<u>\$ 12,147,315</u>	<u>\$ 15,245,225</u>	<u>\$ 13,610,399</u>	<u>\$ 11,984,722</u>
Available reserves	<u>\$                                    </u>	<u>\$                                    </u>	<u>\$ 4.678.435</u>	<u>\$ 3,701,015</u>
Designated for economic uncertainties	<u>\$ 2,246.312</u>	<u>\$     2.207.570</u>	<u>\$                                    </u>	<u>\$2,027,185</u>
Undesignated fund balarice	<u>\$ 4.133.220</u>	<u>\$ 3.098,413</u>	<u>3 2.566.779</u>	<u>\$ 1,673,830</u>
Available reserves as a percentage of total outgo	B.5%	7,3%	6.8%	5.7%
Total long-term liabilities	<u>\$ 127,924,990</u>	<u>\$ 133,407,825</u>	<u>\$ 135,094,413</u>	<u>\$ 137,328,235</u>
Average daily attendance at P-2, excluding classes for adults	9,176	8,955	8,647	8.377

The General Fund fund balance has increased by \$7,944,295 over the past three years. The District projects a decrease of \$3,097,909 for the fiscal year ending June 30, 2010. For a district this size, the State of California recommends available reserves of at least three percent of total General Fund expenditures, transfers out and other uses. The District maintains reserves in excess of recommended leavels.

The District has incurred oparating surpluses in each of the past three years, and anticipates incurring en operating deficit during the 2009-2010 fiscal year.

Total long-term liabilities have decreased by \$3,920,410 over the past two years.

Average daily attendance has increased by 578 over the past two years and is anticipated to increase by 221 ADA during the year ending June 30, 2010.

See accompanying notes to supplementary information.

#### SCHEDULE OF CHARTER SCHOOLS

#### For the Year Ended June 30, 2009

Included in District

Financial Statements, or

Separate Report

Charter Schools Chartered by District

There are no charter schools operating in the District.

**ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT** 

#### NOTES TO SUPPLEMENTARY INFORMATION

#### 1. PURPOSE OF SCHEDULES

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#### 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 achool 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.

#### D - <u>Reconciliation of Unaudited Actual Financial Report with Audited Financial</u> <u>Statements</u>

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

This schedule provides trend information on fund balances, revenues, expenditures and average daily attendance, as required by the State Controller's Office.

#### F - Schedule of Charter Schools

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

#### 2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosures in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2009, the District did not adopt such a program.

See eccompanying notes to supplementary information.

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

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

We have audited the compliance of Rosevilla Joint Union High School District with the types of compliance requirements described in the State of California's Standards and *Procedures for Audits of California K-12 Local Educational Agencies* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2009. Compliance with the requirements of state laws and regulations is the responsibility of Roseville Joint Union High School District's management. Our responsibility is to express an opinion on Roseville Joint Union High School District's compliance based on our audit.

We conducted our audit of comptiance 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 State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncomptance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about Roseville Joint Union High School District's compliance with those requirements and performing such other provedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Roseville Joint Union High School District's compliance with those requirements.

Description	Audit Guide	Procedures Performed
Description		Ferton II au
Regular and Special Day Classes	8	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Adult Education	9 8	No, see below
Regional Occupational Center and Programs	8	No, see below
Instructional Time:		,
School Districts	8	Yes
County Offices of Education	3	No, see below
Community Day Schools	9 7	No, see below
Morgan-Hart Class Size Reduction Program	7	No, sea below
Instructional Materials:		
General requirements	12	No, see bslow
Grades K-8	1	No, see below
Grades 9-12	1	No, see below
Relio of Administrative Employees to Teachers	4	Yes
Classroom Teecher Saleries	4	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes
School Accountability Report Card	3 4	No, see below
Mathematics and Reading Professional Development	4	No, see below
Class Size Raduction Program,		
General requirements	7	No, see below
Option one classes	.3	No, see below
Option two classes	4	No, see below
Districts with only one school serving K-3	4	No, see below

#### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS (Continued)

Audit Guide

Procedures

Description	Procedures	Performed
After School Education and Safety Program:		
General regulaments	4	No, see below
After school	4	No, see below
Before school	5	No, see below
Contemporaneous Records of Altendance, for charter schools	1	No, see below
Mode of Instruction, for charter schools	1	No, see below
Nonclassroom-Based Instruction/Independent Study,		•
for charter schools	15	No, see below
Determination of Funding for Nonclassroom-Based		•
Instruction, for charter schools	3	No. see below
Annual Instructional Minutea - Classroom-Based,		
for charter schools	З	No, see below

We did not perform any procedures related to Community Day School because the District does not offer this program.

We performed procedure (a) of Section 19825.3 related to Instructional Materials: General Requirements. However, we did not perform procedures (b), (c) and (e) of Section 19828.3 for the Instructional Materials per the flexibility provisions in SBx3.4.

We did not perform any procedures related to Regional Occupational Center and Programs because the District did not operate this program in the current year.

We did not perform any procedures related to Instructional Time for County Offices of Education because the District is not a County Office of Education.

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

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

The 2008-2009 School Accountability Report Cards specified by Education Code Section 33126 are not required to be completed, nor were they completed, prior to the completion of our audit procedures for the year ended June 30, 2009. Accordingly, we could not perform the portions of audit steps (a), (b) and (c) of Section 19837 of the 2008-2009 Audit Guide relating to the comparison of tested data from the 2008-2009 fiscal year to the 2008-2009 Accountability Report Cards.

We did not perform any procedures related to Mathematics and Reading Professional Development because the District did not receive any Mathematics and Reading Professional Development funding in the current year.

We did not perform any procedures related to Class Size Reduction Program because the District is a high school district, and does not have grades K  $\sim$  3.

#### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE LAWS AND REGULATIONS (Continued)

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

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

We did not perform any procedures related to Adult Education, Morgan Hart Class Size Reduction Program or Instructional Materials: Grades 9-12 Only, as these programs are not required to be audited per flexibility provisions in SBx3 4.

In our opinion, Roseville Joint Union High School District complied with the state laws and regulations referred to above for the year ended June 30, 2009. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Roseville Joint Union High School District had not complied with the state laws and regulations.

This report is intended solely for the information of the Board of Education, management, the State Controller's Office, the California Department of Education and the California Department of Finance, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Keny-Smithalle

Sacramento, California December 2, 2009

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

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

We have audited the financial statements of Roseville Joint Union High School District as of and for the year ended June 30, 2009, and have issued our report thereon dated December 2, 2009. 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.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Roseville Joint Union High School District's internal control over financial reporting as a basis for designing our audiling procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Roseville Joint Union High School District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Roseville Joint Union High School District's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of Roseville Joint Union High School District's internal control over financial reporting.

A control deficiency 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 misslatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### 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

(Continued)

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roseville Joint Union High School District's financial statements and the combining and individual fund basic 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*.

This report is intended solely for the information of the Board of Education, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Yeny-Smith LLP

Sacramento, California December 2, 2009

#### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

#### Compliance

We have audited the compliance of Roseville Joint Union High School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Roseville Joint Union High School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Roseville Joint Union High School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Roseville Joint Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Roseville Joint Union High School District's compliance with those requirements.

In our opinion, Roseville Joint Union High School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

#### Internal Control Over Compliance

The management of Roseville Joint Union High School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Roseville Joint Union High School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Roseville Joint Union High School District's internal control over compliance.

#### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS. APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (Continued)

#### Internal Control Over Compliance (Continued)

A control deficiency in the District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's Internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Board of Education, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Kenny-Smith LLP

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Sacramento, California December 2, 2009

#### FINDINGS AND RECOMMENDATIONS

#### SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS

#### Year Ended June 30, 2009

#### SECTION I - SUMMARY OF AUDITOR'S RESULTS

#### FINANCIAL STATEMENTS

Type of auditor's report issued:	u	Inqualified		
Internal control over financial reporting: Material weakness(es) identified? Significant deficiency(ies) identified not consi to be material weakness(es)?	dered	Yes	,	No None reported
Noncompliance material to financial statements noted?		Yes	<u>X</u>	No
FEDERAL AWARDS				
Internal control over major programs: Material weakness(es) identified? Significant deficiency(ies) identified not consi to be material weakness(es)?	déreci	Yes Yes		No None reported
Type of auditor's report issued on compliance fo major programs:		inqualified		
Any audit findings disclosed that are required to reported in accordance with Circular A-133, Section .510(a)?		Yes	<u>x</u>	No
identification of major programs:				
CFDA Number(s)	Name of Fe	ideral Program	n or Clus	tor
84.027	Special Education Entitlement, Pr	n, IDEA Basic art B, Sec 611	Local As	sistance
	Special Education	n, IDEA Basic art B, Sec 611	Local As	sistance
84.027	Special Education Entitlement, Part ARRA: IDEA, Part	n, IDEA Basic ert B, Sec 611 t B, Sec 611 E al Stabilization	Local As Basic Loc	sistance
84,027 84,391 84,394	Special Education Entitlement, Pa ARRA: IDEA, Part Assistance ARRA: State Fisc Child Nutrition: So	n, IDEA Basic art B, Sec 611 t B al Stabilization chool Program	Local As Basic Loc 1 Fund Is	sistance
84.027 84.391 84.394 10.555 Dollar threshold used to distinguish between Typ	Special Education Entitlement, Pa ARRA: IDEA, Part Assistance ARRA: State Fisc: Child Nutrition: Sp re A	n, IDEA Basic art B, Sec 611 t B al Stabilization chool Program	Local As Basic Loc 1 Fund Is	sistance al
84.027 84.391 84.394 10.555 Dollar threshold used to distinguish between Typ and Type B programs:	Special Education Entitlement, Pa ARRA: IDEA, Part Assistance ARRA: State Fisc: Child Nutrition: Sp re A	n, IDEA Basic art B, Sec 611 t B, Sec 611 al Stabilization shool Program 300,000	Local As Basic Loc In Fund Is	sistance al
84.027 84.391 84.394 10.565 Dollar (hreshold used to distinguish between Typ and Type B programs: Auditee qualified as low-risk auditee?	Special Education Entitlement, Pa ARRA: IDEA, Part Assistance ARRA: State Fisc: Child Nutrition: Sc re A \$	n, IDEA Basic art B, Sec 611 t B, Sec 611 al Stabilization shool Program 300,000	Local As Basic Loc Trund S	sistance al
84.027 84.391 84.391 84.394 10.565 Dollar threshold used to distinguish between Typ and Type B programs: Auditee qualified as low-risk auditee? STATE AWARDS Internal control ovar state programs: Material weakness(es) identified? Significant deficiency(ies) identified not consi	Special Education Entitlement, Pa ARRA: IDEA, Part Assistance ARRA: State Fisc: Child Nutrition: Sc re A \$ deresi —	n, IDEA Basic art B, Sec 611 E al Stabilization al Stabilization phool Program 300,000 Yes	Local As Basic Loc Trund S	sistance tel No

#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2009

#### SECTION II - FINANCIAL STATEMENT FINDINGS

1. INTERNAL CONTROL - STUDENT BODY (30000)

Criteria

Internal Controls - Safeguarding of Assets

#### Condition

At Granite Bay High School there were no receipts or recorded descriptions of sales documented by the student store. No documentation was provided to support the date physical inventory count was completed.

At Adelante High School copies of individual sales receipts are not pre-numbered nor sent along with the copy of the deposit detail and receipt to the District,

Effect

ASB fund could potentially be misappropriated.

<u>Cause</u>

Adequate internal control procedures have not been implemented and enforced.

Fiscal Impact

Not determinable.

#### Recommendations

Student stores should use receipts and record books to track and record student store transactions. The date of the physical inventory count for the student store should be documented. Pre-numbered receipts should be used upon the sale and those receipt numbers should be entered into the transaction summary spreadsheet. The receipt numbers and amounts should agree to the deposit slip, as well as cash detail/chack detail should accompany a copy of the deposit slip when being sent to the District.

#### Corrective Action Plan

District staff has met with site personnel to discuss the control issues. The District will address the issues by meeting with the responsible site administrator for compliance.

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2009

> SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

2. INTERNAL CONTROL - ADULT EDUCATION (30000)

#### Criteria

internal Controls - Safeguarding of Assets

#### Condition

The Account Disbursement Report is not signed or initiated to provide evidence of responsibility for performing the reconciliation and the cash count.

#### Effect

Without the signatures or initials, there is no evidence that proper segregation of duties occurred.

#### Cause

No evidence of review from the Administrative Assistant and Administrative Secretary due to a lack of documentation of initials or signatures indicating completion of the procedure.

Fiscal Impact

Not applicable.

#### **Recommendations**

A signature or initial should be documented to evidence the individuals responsible for the reconciliation or cash count process.

#### Corrective Action Plan

District personnel at Adult Education have implemented an initial and date line on the Account Distribution Report, to better document evidence of the reconciliation responsibility.

#### ROSEVILLE JOINT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2009

#### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

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#### SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS (Confinued) Year Ended June 30, 2009

# SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported,

# STATUS OF PRIOR YEAR

# FINDINGS AND RECOMMENDATIONS

#### STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

#### Year Ended June 30, 2009

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2008-1	Implemented.	
Per review of the County Journal relating to the debt payments, there is no evidence of review on the County Journal originated by Placer County Office of Education,		
Management should evidence their review by either initialing or signing the County Journal.		
2008-2	Not Implemented,	See current year findings #1.
At Roseville High School ASB, there were no receipts or recorded descriptions of sales documented by the student store, no documentation to support physical inventory count being performed, and no profit and loss statements for the student store.		n ).
The school site should keep a record of all sales made, reconciling to cash box at end of each day. An Itemited list should be maintained, detailing which items were sold when money is collected, physical inventory taken by the parents should be documented, and Profit and Loss Statements for the student store should be prepared and reviewed monthly.		
2008-3	Implemented.	
Reconciliations for the General Fund (Cash in Banks and Cash in Revolving Fund) and Adult Education Fund (Cash in Banks) did not agree to the District's general ledger. In addition, the reconciliation for the Cash in Revolving Fund account for the Adult Education Fund was not completed.		
The District should ensure bank reconciliations agree to the general edger.		

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# **APPENDIX B**

# FORM OF CONTINUING DISCLOSURE CERTIFICATES

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the \_\_\_\_\_\_ SCHOOL DISTRICT (the "District") in connection with the issuance by the Board of Supervisors of Placer County (the "Board") in the name of the District of \$\_\_\_\_\_\_ School District (Placer County, California) 2010 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a resolution adopted by the Board of Trustees of the District on \_\_\_\_\_\_, 2010, and a resolution adopted by the Board on July 13, 2010 (collectively, the "Resolution"). The District covenants and agrees as follows:

Section 1. <u>Purpose of the Disclosure Certificate</u>. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Notes and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. <u>Definitions</u>. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

*"Beneficial Owner"* shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Dissemination Agent" shall mean the District or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation. In the absence of such a designation, the District shall act as the Dissemination Agent.

"EMMA" or "Electronic Municipal Market Access" means the centralized on-line repository system located at www.emma.msrb.org for documents filed with the MSRB pursuant to the Rule, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

*"MSRB"* means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

*"Participating Underwriter"* shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

*"Rule"* shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Authority under the Securities Exchange Act of 1934, as the same may be amended from time to time.

# Section 3. <u>Reporting of Significant Events</u>.

(a) *Listed Events*. Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (vii) Modifications to rights of security holders.
- (viii) Contingent or unscheduled bond calls.
  - (ix) Defeasances.
  - (x) Release, substitution, or sale of property securing repayment of the securities.
- (xi) Rating changes.

(b) *Determination of Materiality of Listed Events*. Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) *Notice to Dissemination Agent*. If the District has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly notify the Dissemination Agent (if other than the District) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (d).

(d) *Notice of Listed Events*. The District shall file, or cause the Dissemination Agent to file, a notice of the occurrence of a Listed Event, if material, with EMMA, in a readable PDF or other electronic format as prescribed by EMMA, with a copy to the Participating Underwriter. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) (defeasances) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Noteholders of affected Notes.

Section 4. <u>Identifying Information for Filings with EMMA</u>. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 5. <u>Termination of Reporting Obligation</u>. The District's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5.

# Section 6. Dissemination Agent.

(a) *Appointment of Dissemination Agent*. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the District.

(b) *Compensation of Dissemination Agent*. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, Holders or Beneficial Owners, or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the District or an opinion of nationally recognized bond

counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District.

Section 7. <u>Amendment; Waiver</u>. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) *Change in Circumstances*. If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) *Compliance as of Issue Date*. The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) *Consent of Holders; Non-impairment Opinion*. The amendment or waiver either (i) is approved by the Noteholders in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Noteholders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Noteholders or Beneficial Owners.

Section 8. <u>Additional Information</u>. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 9. <u>Default</u>. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Noteholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 10. <u>Duties, Immunities and Liabilities of Dissemination Agent</u>. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 11. <u>Beneficiaries</u>. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: [Closing Date]

\_\_\_\_\_ SCHOOL DISTRICT

By \_\_\_\_\_ Name \_\_\_\_\_ Title \_\_\_\_\_

# **APPENDIX C**

# PROPOSED FORM OF OPINIONS OF BOND COUNSEL

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Trustees School District

\_\_\_\_\_, California \_\_\_\_\_

OPINION: \$\_\_\_\_\_School District (Placer County, California) 2010 Tax and Revenue Anticipation Notes

Members of the Board of Trustees:

We have acted as bond counsel to the \_\_\_\_\_\_ School District (the "District") in connection with the issuance by the Board of Supervisors of Placer County (the "Board") of \$\_\_\_\_\_ principal amount of \_\_\_\_\_\_ School District (Placer County, California) 2010 Tax and Revenue Anticipation Notes, dated September \_\_\_\_, 2010 (the "Notes"), pursuant to Article 7.6 (commencing with section 53850), Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, a resolution adopted by the Board of Trustees of the District on \_\_\_\_\_, 2010 (the "District Resolution"), and a resolution adopted by the Board of Source on June 23, 2010 (the "Board Resolution" and, collectively, the "Resolutions"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Board Resolution and of the District in the District Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, as of the date hereof, that:

1. The District is duly created and validly existing as a school district with the power to perform its obligations under the District Resolution, to cause the Board to issue the Notes in its name and to perform its obligations under the Board Resolution and the Notes.

2. The District Resolution has been duly adopted by the District. The Board Resolution has been duly adopted by the Board and creates a valid first lien on the funds pledged under the Board Resolution for the security of the Notes.

3. The Notes have been duly authorized, issued and delivered by the Board and are valid and binding general obligations of the District enforceable in accordance with their terms.

4. Subject to the District's compliance with certain covenants, interest on the Notes (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), and (iii) interest on the Notes is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest

on the Notes to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. It is also our opinion that the Notes are "qualified tax exempt obligations" under section 265(b)(3) of the Code.

5. Interest on the Notes is exempt from personal income taxation imposed by the State of California.

Ownership of the Notes may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Notes.

The rights of the owners of the Notes and the enforceability of the Notes and the Resolutions may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the District and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,