

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
Grass Valley, California

**FINANCIAL STATEMENTS**  
June 30, 2014

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2014**

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NEVADA JOINT UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2014

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Nevada Joint Union High School District  
Grass Valley, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Nevada Joint Union High School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Nevada Joint Union High School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Nevada Joint Union High School District, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 3 through 8 and the General Fund Budgetary Comparison Schedule and Schedule of Other Postemployment Benefits (OPEB) Funding Progress on pages 45 and 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

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

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

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

### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014 on our consideration of Nevada Joint Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nevada Joint Union High School District's internal control over financial reporting and compliance.

  
Crowe Horwath LLP



Bear River High School Ghidotti Early College High School Nevada Union High School North Point Academy NU Tech Silver Springs High School

## Management’s Discussion and Analysis For the Fiscal Year Ended June 30, 2014

### Introduction

Nevada Joint Union High School District’s (the “District”) goal is to provide every student educational opportunities that will empower them to reach their full potential and prepare them for work and lifelong learning.

The District is a rural California school district encompassing approximately 782 square miles in Nevada County and a small portion of Yuba County. The District includes the incorporated cities of Grass Valley and Nevada City along with unincorporated areas of Nevada County. The District operates two comprehensive high schools, two continuation high schools, two alternative high schools, and adult education.

Management’s Discussion and Analysis provides a discussion of management’s view of the District’s financial condition, and provides an opportunity to discuss important fiscal issues with the Board of Trustees and the public.

### Financial Reports

One of the most important questions asked about the District’s finances is:

“Is the District better off or worse off as a result of this year’s activities?”

Two key financial reports included in the annual audit help to answer this question. The *Statement of Net Position* and *Statement of Activities* begin on pages 9. These two statements report the District’s net position and changes in them. These statements include all assets and liabilities of the District using the accrual basis of accounting. All of the current year’s revenues and expenses are taken into account regardless of when the cash is received. The change in net position provides the reader a tool to assist in determining whether the District’s financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as student enrollment and facility conditions in arriving at their conclusion regarding the overall health of the District.

The individual fund statements, which focus on reporting the District’s operations in more detail, begin on page 11.

## Statement of Net Position and Statement of Activities

Comparative financial information as of June 30, 2014, from the Statement of Net Position, is summarized in the following table:

	<u>2013</u>	<u>2014</u>	<u>% Change</u>
<b>Assets</b>			
Non-Capital Assets	\$11,389,027	\$10,035,832	-11.9%
Capital Assets	<u>44,245,561</u>	<u>42,818,063</u>	-3.2%
<b>Total Assets</b>	<u>55,634,588</u>	<u>52,853,895</u>	-5.0%
<b>Liabilities</b>			
Current Liabilities	3,559,680	2,364,672	-33.6%
Long Term Liabilities	<u>16,209,831</u>	<u>16,701,619</u>	3.0%
<b>Total Liabilities</b>	<u>19,769,511</u>	<u>19,066,291</u>	-3.6%
<b>Net Position</b>			
Net Investment in capital assets	30,439,154	29,334,364	-3.6%
Legally Restricted	2,324,820	2,891,329	24.4%
Unrestricted	<u>3,101,103</u>	<u>1,561,911</u>	-49.6%
<b>Total Net Position</b>	<u>35,865,077</u>	<u>33,787,604</u>	-5.8%

Net position has decreased by 5.8%; most notably the unrestricted net position has declined as a result of declining enrollment and State revenue reductions.

The District accounts for the value of fixed assets and reported these values as part of the financial statements. The value of all assets including building, land, and equipment together with depreciation is considered. The table below summarizes the value of the District assets net of depreciation for the year ended June 30, 2014:

Land (non-depreciable)	\$ 1,203,396
Work-in-process (non-depreciable)	-0-
Improvement of sites	1,479,691
Buildings	39,609,862
Equipment	525,114
Total capital assets, net of depreciation	\$42,818,063

Land is accounted for at purchase value, not market value, and is not depreciated. The District's land is assessed at low values for today's market because the District acquired the land many decades ago.

The Statement of Activities is a District-wide financial statement that reports the District's cost of instruction and operational activities, and the various resources that fund individual and general functions of the District. Comparative financial information for the year ended June 30 is presented in the following table:

	30-Jun-13	30-Jun-14	% change
<b>Revenues</b>			
Program Revenues:			
Charge for Services	0	0	0.0%
Operating Grants and Contributions	5,487,024	5,595,295	2.0%
Capital Grants and Contributions	1,015	56	-94.5%
General Revenues:			
Taxes Levied for General Purposes	19,788,371	19,777,879	-0.1%
Taxes Levied for Debt and Special Purposes	819,114	918,761	12.2%
Unrestricted Federal and State Aid	2,675,492	4,009,175	49.8%
Interest and Investment Earnings	61,839	72,866	17.8%
Miscellaneous	1,172,488	1,309,497	11.7%
Total Revenues	30,005,343	31,683,529	5.6%
<b>Expenses</b>			
Government Activities:			
Instruction	17,173,533	16,919,020	-1.5%
Instruction -Related Services	3,625,354	3,741,472	3.2%
Pupil Services	4,108,237	4,562,987	11.1%
Data Processing	768,388	768,353	0.0%
All Other General Administration	1,593,267	1,846,361	15.9%
Plant Services	3,647,207	3,639,865	-0.2%
Interest on Long-Term Debt	573,617	615,991	7.4%
All Other Expenses and Outgo	1,436,769	1,666,953	16.0%
Total Governmental Activity Expenses	32,926,372	33,761,002	2.5%
<b>Change in Net Position</b>	<b>(\$2,921,029)</b>	<b>(\$2,077,473)</b>	<b>28.9%</b>

Due to declining enrollment and the continued reduction of State funding, the District has experienced a noteworthy decline in its net position in 2013-2014.

### General Fund Financial and Budgetary Highlights

The General Fund accounts are for the primary operations of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to reflect current conditions and to be able to reevaluate the financial condition of the district. Some common changes to the budget throughout the

year are revisions to update budgets for prior year carryovers, new categorical funding appropriations and related expenditures, and to reflect mid-year changes to the State Budget which affects District funding.

The following table summarizes the general fund budget to actual information for the year ending June 30, 2014:

	Adopted Budget	Year-End Budget	Year-End Actual
Total Revenues	\$27,616,480	\$29,406,192	\$29,042,914
Total Expenditures	\$28,779,632	\$29,849,851	\$29,439,356
Total Other Sources / Uses	\$7,711	\$53,618	\$51,271

Expenditure budgets increased mid-year due to prior year carryover. These carryovers are unknown at the time of the Adopted Budget. Revenue recognition also changes at year end due to unspent grants that are deferred to the following budget year.

The following table summarizes the General Fund, Special Reserve for Other Than Capital Outlay Fund and Special Reserve for Postemployment Benefits Fund operational financial statements for the year ending June 30, 2014:

<b>Beginning Fund Balance<sup>1</sup></b>	<b>\$6,195,815</b>
Total Revenues	29,042,914
Total Expenditures	(29,439,356)
Total Other Sources / Uses	51,271
Net Change in Fund Balance	(345,171)
<b>Ending Fund Balance<sup>1</sup></b>	<b>\$5,850,644</b>

As illustrated, the District reserves are beginning to diminish due to declining enrollment and the State reduction in funding. The District must remain diligent in expenditure decreases and maximization of revenue potential.

**Capital Projects:**

The District invested \$249,338 in modernization and new construction from local funding sources.

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<sup>1</sup> Includes Special Reserve for Other Than Capital Outlay and Special Reserve for Postemployment Benefits.

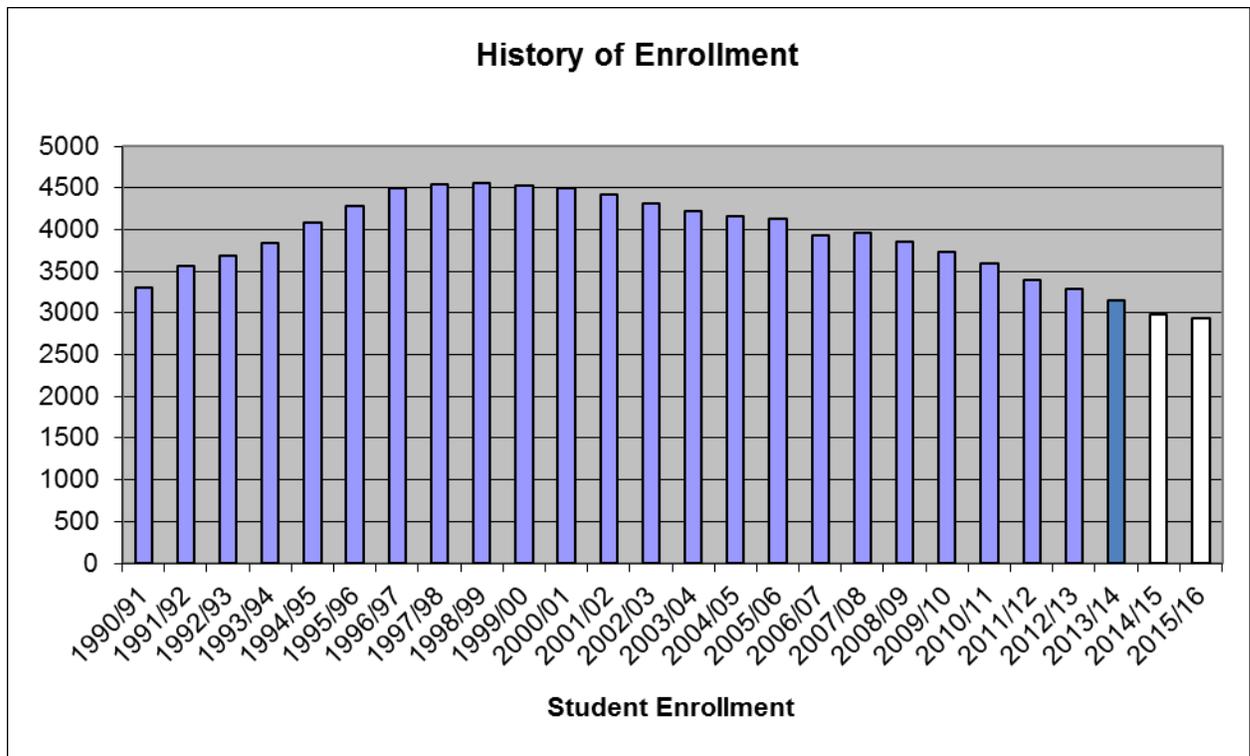
### District Indebtedness

As of June 30, 2014, the District has incurred \$13,483,699 of long-term liabilities for capital improvements. \$13,366,447 consists of General Obligation Bonds backed by property tax increases voted on by District residents in 2002, and \$117,252 are proceeds from a Certificate of Participation issued in 2000, as District matching funds to build the Bear River High School library.

The District has accrued liability of \$1,605,234 for postemployment health benefits and \$368,915 for State Teachers Retirement System and \$1,155,420 for the Public Agency Retirement System to provide for early retirement incentives. The District also has a liability of \$88,351 for compensated absences.

### General Fund Budgetary Highlights

The forecast of future financial projections is based in a large part on student population numbers. The District had experienced a fifteen-year pattern of declining enrollment. Although, the enrollment for 2007-08 showed a slight increase, a continued decline is expected. The District Board and Administration are faced with making fiscally sound reductions while maintaining high standards of education. The following table shows the past and projected enrollment of the District.



In anticipation of future declining enrollment, hiring quality staff, and an uncertain outlook for the state economy, the District has maintained the General Fund's reserves at 15%. These reserves continue to assist to give the District some flexibility to respond to these challenges. Future good financial performance will be dependent on the District's ability to continue to control expenses and maintain revenues.

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, students, 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 Karen Suenram, Assistant Superintendent, Business, (530) 273-3351 ext. 210.

## **BASIC FINANCIAL STATEMENTS**

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2014

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments (Note 2)	\$ 7,858,331
Receivables	2,170,460
Prepaid expenses	770
Stores inventory	6,271
Non-depreciable capital assets (Note 4)	1,203,396
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>41,614,667</u>
Total assets	<u>52,853,895</u>
<b>LIABILITIES</b>	
Accounts payable	2,302,444
Unearned revenue	62,228
Long-term liabilities (Note 5):	
Due within one year	874,276
Due after one year	<u>15,827,343</u>
Total liabilities	<u>19,066,291</u>
<b>NET POSITION</b>	
Net investment in capital assets	29,334,364
Restricted (Note 6)	2,891,329
Unrestricted	<u>1,561,911</u>
Total net position	<u>\$ 33,787,604</u>

See accompanying notes to financial statements.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2014

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Revenues and Changes in Net Position</u>
					<u>Governmental Activities</u>
Governmental activities:					
Instruction	\$ 16,919,020	\$ -	\$ 4,007,739	\$ 56	\$ (12,911,225)
Instruction-related services:					
Supervision of instruction	108,295	-	25,103	-	(83,192)
Instructional library, media and technology	810,100	-	3,297	-	(806,803)
School site administration	2,823,077	-	271,348	-	(2,551,729)
Pupil services:					
Home-to-school transportation	1,547,799	-	227,014	-	(1,320,785)
Food services	598,159	-	305,838	-	(292,321)
All other pupil services	2,417,029	-	421,904	-	(1,995,125)
General administration:					
Data processing	768,353	-	777	-	(767,576)
All other general administration	1,846,361	-	128,824	-	(1,717,537)
Plant services	3,639,865	-	132,475	-	(3,507,390)
Ancillary services	1,340,495	-	-	-	(1,340,495)
Community services	16,780	-	2,461	-	(14,319)
Interest on long-term liabilities	615,991	-	-	-	(615,991)
Other outgo	309,678	-	68,515	-	(241,163)
	<u>\$ 33,761,002</u>	<u>\$ -</u>	<u>\$ 5,595,295</u>	<u>\$ 56</u>	<u>(28,165,651)</u>
Total governmental activities					
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					19,777,879
Taxes levied for debt service					882,616
Taxes levied for other specific purposes					36,145
Federal and state aid not restricted to specific purposes					4,009,175
Interest and investment earnings					72,866
Interagency revenues					1,500
Miscellaneous					1,307,997
					<u>26,088,178</u>
					<u>(2,077,473)</u>
					<u>35,865,077</u>
					<u>\$ 33,787,604</u>

See accompanying notes to financial statements.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**June 30, 2014**

	<b><u>General Fund</u></b>	<b><u>All Non-Major Funds</u></b>	<b><u>Total Governmental Funds</u></b>
<b>ASSETS</b>			
Cash and investments:			
Cash in County Treasury	\$ 5,387,613	\$ 2,382,561	\$ 7,770,174
Cash on hand and in banks	76,957	-	76,957
Cash in revolving fund	10,000	1,200	11,200
Receivables	1,971,470	198,990	2,170,460
Prepaid expenditures	770	-	770
Due from other funds	377,192	36,186	413,378
Stores inventory	<u>-</u>	<u>6,271</u>	<u>6,271</u>
Total assets	<u>\$ 7,824,002</u>	<u>\$ 2,625,208</u>	<u>\$ 10,449,210</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 1,874,985	\$ 201,084	\$ 2,076,069
Due to other funds	36,145	377,233	413,378
Unearned revenue	<u>62,228</u>	<u>-</u>	<u>62,228</u>
Total liabilities	<u>1,973,358</u>	<u>578,317</u>	<u>2,551,675</u>
Fund balances:			
Nonspendable	10,770	7,471	18,241
Restricted	844,438	2,039,420	2,883,858
Assigned	3,914,421	-	3,914,421
Unassigned	<u>1,081,015</u>	<u>-</u>	<u>1,081,015</u>
Total fund balances	<u>5,850,644</u>	<u>2,046,891</u>	<u>7,897,535</u>
Total liabilities and fund balances	<u>\$ 7,824,002</u>	<u>\$ 2,625,208</u>	<u>\$ 10,449,210</u>

See accompanying notes to financial statements.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**

**June 30, 2014**

Total fund balances - Governmental Funds		\$ 7,897,535
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$69,883,624 and the accumulated depreciation is \$27,065,561 (Note 4).		
		42,818,063
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, 2014 consisted of (Note 5):		
General Obligation Bonds	\$ (12,953,700)	
Accreted interest	(314,939)	
Unamortized premiums	(97,808)	
Public Agency Retirement System	(1,155,420)	
Golden Handshake	(368,915)	
Certificates of Participation	(117,252)	
Other postemployment benefits (Note 8)	(1,605,234)	
Compensated absences	<u>(88,351)</u>	
		(16,701,619)
Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.		
		<u>(226,375)</u>
Total net position - governmental activities		<u>\$ 33,787,604</u>

See accompanying notes to financial statements.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

**For the Year Ended June 30, 2014**

	<u>General Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Local Control Funding Formula (LCFF):			
State apportionment	\$ 9,966,049	\$ 297,749	\$ 10,263,798
Local sources	<u>12,888,512</u>	<u>-</u>	<u>12,888,512</u>
Total LCFF	<u>22,854,561</u>	<u>297,749</u>	<u>23,152,310</u>
Federal sources	1,528,248	567,286	2,095,534
Other state sources	1,850,555	186,114	2,036,669
Other local sources	<u>2,809,550</u>	<u>1,589,466</u>	<u>4,399,016</u>
Total revenues	<u>29,042,914</u>	<u>2,640,615</u>	<u>31,683,529</u>
Expenditures:			
Certificated salaries	13,008,885	198,967	13,207,852
Classified salaries	4,946,363	321,784	5,268,147
Employee benefits	5,590,998	129,043	5,720,041
Books and supplies	932,971	231,263	1,164,234
Contract services and operating expenditures	4,446,071	212,060	4,658,131
Capital outlay	226,898	250,228	477,126
Other outgo	287,170	22,508	309,678
Debt service:			
Principal retirement	-	500,830	500,830
Interest	<u>-</u>	<u>562,554</u>	<u>562,554</u>
Total expenditures	<u>29,439,356</u>	<u>2,429,237</u>	<u>31,868,593</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(396,442)</u>	<u>211,378</u>	<u>(185,064)</u>
Other financing sources (uses):			
Operating transfers in	154,860	272,217	427,077
Operating transfers out	<u>(103,589)</u>	<u>(323,488)</u>	<u>(427,077)</u>
Total other financing sources (uses)	<u>51,271</u>	<u>(51,271)</u>	<u>-</u>
Net change in fund balances	(345,171)	160,107	(185,064)
Fund balances, July 1, 2013	<u>6,195,815</u>	<u>1,886,784</u>	<u>8,082,599</u>
Fund balances, June 30, 2014	<u>\$ 5,850,644</u>	<u>\$ 2,046,891</u>	<u>\$ 7,897,535</u>

See accompanying notes to financial statements.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS -  
TO THE STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2014**

Net change in fund balances - Total Governmental Funds		\$ (185,064)
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	\$ 488,210	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(1,915,708)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	500,830	
In the governmental funds, accreted interest on capital appreciation bonds is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred (Note 5). (80,314)		
Premiums associated with issuance of liabilities are not uses of financial resources and therefore are not reported as expenditures in governmental funds (Note 5).	5,753	
Matured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.	26,877	
In governmental funds, public agency retirement system incentives are recognized when employers contributions are made. In the governmental-wide statements, public agency retirement system incentives are measured on the accrual basis (Note 5).	(1,155,420)	
In the statement of activities, expenses related to compensated absences, other postemployment benefits, PARS and Golden Handshake are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Notes 5 and 8).	237,363	(1,892,409)
Change in net position of governmental activities		\$ (2,077,473)

See accompanying notes to financial statements.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

TRUST AND AGENCY FUNDS

June 30, 2014

	<u>Trust Fund</u>	<u>Agency Fund</u>
	<u>Scholarship</u>	<u>Student Body</u>
<b>ASSETS</b>		
Cash and investments (Note 2):		
Cash in County Treasury	\$ 1,387,767	\$ -
Cash on hand and in banks	<u>5,325</u>	<u>637,843</u>
Total assets	<u>1,393,092</u>	<u>637,843</u>
<b>LIABILITIES</b>		
Due to student groups	<u>-</u>	<u>637,843</u>
<b>NET POSITION</b>		
Restricted (Note 6)	<u><u>\$ 1,393,092</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**  
**TRUST FUND**

**For the Year Ended June 30, 2014**

	<u><b>Scholarship</b></u>
Additions:	
Other local sources	\$ 104,093
Deductions:	
Scholarship expense	<u>127,160</u>
Change in net position	(23,067)
Net position, July 1, 2013	<u>1,416,159</u>
Net position, June 30, 2014	<u><u>\$ 1,393,092</u></u>

See accompanying notes to financial statements.

# NEVADA JOINT UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### Reporting Entity

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

#### Basis of Presentation - Financial Statements

The basic financial statements include a Management's Discussion and Analysis section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

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

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level.

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

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

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

Basis of Presentation - Government-Wide Financial Statements (Continued)

*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 in 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 balances, revenues, and expenditures, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A - Major Fund

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. For financial reporting purposes, the current year activity and year-end balances of the Special Reserve for Other Than Capital Outlay Projects and the Special Reserve for Post-Employment Benefits are combined with the General Fund.

B - Other Fund

1 - 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 specified purposes. This classification includes the Charter School, Adult Education, Cafeteria, and Deferred Maintenance.

2 - Capital Projects Funds:

The Capital Projects Funds are used to account for resources used for the acquisition or construction of major capital facilities and equipment. This classification includes the Building, Capital Facilities, County School Facilities and Special Reserve for Capital Outlay Funds.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

Basis of Presentation - Fund Accounting (Continued)

**B - Other Fund (Continued)**

**3 - 2002 Bond Interest and Redemption Fund:**

The 2002 Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**4 - Scholarship Fund:**

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

**5 - Student Body Fund:**

Student Body Funds are agency funds used to account for the various funds for which the District has an agency relationship with the activity of the fund. The District maintains three agency funds, one for each school's Student Body.

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.

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.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO 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.

Receivables

Receivables are made up principally of amounts due from the State of California for the Local Control Funding Formula and Categorical programs. The District has determined that no allowance for doubtful accounts was needed as of June 30, 2014.

Stores Inventory

Inventory is valued at latest invoice cost. Inventory in the Cafeteria Fund consists mainly of consumable supplies. Inventories are recorded as an expenditure at the time individual inventory items are transferred from the warehouse to schools and offices.

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 \$88,351 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave

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

Unearned Revenues

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

# NEVADA JOINT UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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

#### Net Investment in Capital Assets

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding related debt and adjusted for unspent cash related to debt issuances and deferred outflows/inflows resulting from refunding debt instruments.

#### Restricted Net Position

Restrictions of the ending net position indicate the portions of net position not appropriate for expenditure or amounts legally segregated for a specific future use. The restriction for unspent categorical program revenues represents the portion of net position restricted for specific programs. The restrictions for special revenue programs represent the portion of net position restricted to specific program expenditures. The restriction for capital projects represents the portion of net position available for capital projects. The restriction for debt service represents the portion of net position available for the retirement of debt. The restriction for scholarships represents that portion of net position which is to be used to provide financial assistance to students of the District. It is the District's policy to use restricted net position first when allowable expenditures are incurred.

#### Fund Balance Classifications

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

#### A - Nonspendable Fund Balance:

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

#### B - Restricted Fund Balance:

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

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

Fund Balance Classifications (Continued)

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2014, the District had no committed fund balances.

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances, however, as of June 30, 2014, no such designation has occurred.

E - Unassigned Fund Balance:

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

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

Fund Balance Policy

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

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. The Board established a minimum fund balance policy to maintain a minimum unrestricted fund balance of 8% of the District's General Fund annual operating expenditures. Additionally, if the unrestricted fund balance drops below 8%, it shall be recovered at a rate of 1% minimally, each year. At June 30, 2014, the District maintained a unassigned minimum fund balance of \$1,081,015 at 13.7%.

# NEVADA JOINT UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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

#### 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.

#### 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 Nevada bills and collects taxes for the District. Tax revenues are recognized by the District when received.

#### Custodial Relationships

The balance sheet for agency funds represents the assets, liabilities and trust accounts of various student organizations and scholarship funds within the District. As the funds are custodial in nature, no measurement of operating results is involved.

#### 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 or revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

#### Eliminations and Reclassifications

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

# NEVADA JOINT UNION HIGH SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

(Continued)

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

#### New Accounting Pronouncements

In March 2012 GASB issued Statement No. 66, Technical Corrections – 2013, an amendment of GASB Statements No. 10 and No. 61. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 64, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements. This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, Districts should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement No. 54 and Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. This statement was adopted for the District's fiscal year ended June 30, 2014, with no material impact on the District.

In June 2012 GASB issued Statement No. 67, Financial Reporting for Pension Plans. This Statement replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement No. 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. This Statement is effective for the District's fiscal year ending June 30, 2014. This statement was adopted for the District's fiscal year ended June 30, 2014, with no material impact on the District.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

New Accounting Pronouncements (Continued)

In June 2012 GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This Statement is effective for the District's fiscal year ending June 30, 2015. Management has not determined what impact this GASB statement will have on its financial statements, however it is expected to be significant.

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68 and are effective for the District's fiscal year ending June 30, 2015. Management has not determined what impact this GASB statement will have on its financial statements.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**2. CASH AND INVESTMENTS**

Cash and investments at June 30, 2014 consisted of the following:

	<u>Governmental Activities</u>
Pooled Funds:	
Cash in County Treasury	\$ 7,770,174
Deposits:	
Cash on hand and in banks	76,957
Revolving cash fund	<u>11,200</u>
Total	<u>\$ 7,858,331</u>
	<u>Fiduciary Activities</u>
Pooled Funds:	
Cash in County Treasury	\$ 1,387,767
Deposits:	
Cash on hand and in banks	<u>643,168</u>
Total	<u>\$ 2,030,935</u>

Pooled Funds - Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Nevada County Treasury. Cash in Nevada County Treasury consists of cash deposited in the interest bearing Nevada County Treasurer's Pooled Surplus Investment Fund. Investments are recorded at cost which approximates fair value.

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 risk classifications is required.

The District's deposits in the Fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The Nevada County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2014.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

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

Deposits - Custodial Credit Risk

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2014, the carrying amount of the District's accounts were \$731,325, and the bank balances were \$731,224. The total uninsured bank balances at June 30, 2014 were \$495,915.

Interest Rate Risk

The District's formal investment policy does not limit cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2014, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

The District's formal investment policy limits its investment choices to the limitations established by state law.

Concentration of Credit Risk

The District's investment policy does not place limits on the amount it may invest in any one issuer. At June 30, 2014, the District had no concentration of credit risk.

**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.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**3. INTERFUND TRANSACTIONS (Continued)**

Interfund Receivables/Payables

Interfund receivable and payable balances at June 30, 2014 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Fund:		
General	\$ 377,192	\$ 36,145
Non-Major Funds:		
Adult Education	-	244,168
Cafeteria	-	133,024
Building	-	35
County School Facilities	-	6
Special Reserve for Capital Outlay	36,186	-
Totals	\$ 413,378	\$ 413,378

Interfund Transfers

Interfund transfers for the 2013-2014 fiscal year were as follows:

Transfer from the Adult Education Fund to the General Fund for a contribution of unrestricted funds.	\$ 108,204
Transfer from the Adult Education Fund to the Deferred Maintenance Fund to transfer current year awards.	91,796
Transfer from the General Fund to the Cafeteria Fund for operational costs.	55,535
Transfer from the General Fund to the Deferred Maintenance Fund to transfer current year awards.	43,054
Transfer from the Building Fund to the Special Reserve for Capital Outlay Fund to allocate costs.	32,914
Transfer from the County School Facilities Fund to the Special Reserve Fund for Capital Outlay Projects to repay Regional Development Authority funds.	32,323
Transfer from the Cafeteria Fund to the General Fund to allocate indirect costs.	28,559
Transfer from the Adult Education Fund to the General Fund to allocate indirect costs.	17,301
Transfer from the Cafeteria Fund to the Deferred Maintenance Fund to transfer current year awards.	6,006
Transfer from the County School Facilities Fund to the Special Reserve Fund for Capital Outlay Projects to allocate costs.	5,589
Transfer from the General Fund to the Special Reserve for Capital Outlay Fund for the District's contribution for capital improvements.	5,000
Transfer from the Adult Education Fund to the General Fund to fund postemployment benefits.	796
	\$ 427,077

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**4. CAPITAL ASSETS**

A schedule of changes in capital assets for the year ended June 30, 2014 is shown below:

	Balance July 1, <u>2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2014</u>
Non-depreciable:				
Land	\$ 1,203,396	\$ -	\$ -	\$ 1,203,396
Depreciable:				
Improvement of sites	3,170,993	31,776	-	3,202,769
Buildings	62,816,649	217,562	-	63,034,211
Equipment	<u>2,204,376</u>	<u>238,872</u>	<u>-</u>	<u>2,443,248</u>
Totals, at cost	<u>69,395,414</u>	<u>488,210</u>	<u>-</u>	<u>69,883,624</u>
Less accumulated depreciation:				
Improvement of sites	(1,601,684)	(121,394)	-	(1,723,078)
Buildings	(21,758,060)	(1,666,289)	-	(23,424,349)
Equipment	<u>(1,790,109)</u>	<u>(128,025)</u>	<u>-</u>	<u>(1,918,134)</u>
Total accumulated depreciation	<u>(25,149,853)</u>	<u>(1,915,708)</u>	<u>-</u>	<u>(27,065,561)</u>
Capital assets, net	<u>\$ 44,245,561</u>	<u>\$ (1,427,498)</u>	<u>\$ -</u>	<u>\$ 42,818,063</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 1,602,808
Instructional library, media and technology	240,017
School site administration	16,251
Food services	10,919
Ancillary services	4,885
All other general administration	2,436
Centralized data processing	13,206
Plant services	<u>25,186</u>
Total depreciation expense	<u>\$ 1,915,708</u>

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**5. LONG-TERM LIABILITIES**

2011 General Obligation Refunding Bonds

On December 22, 2011, the District issued General Obligation Refunding Bonds in the amount of \$6,330,000, a current refunding transaction, to refund a portion of the 2002 Series A General Obligation Current Interest and Capital Appreciation Bonds which had been issued for additions and modernization of school facilities. The 2002 Series A General Obligation Bonds were authorized pursuant to the special election of the registered voters held on March 5, 2002, therefore, the 2011 General Obligation Refunding Bonds are payable from the ad valorem taxes to be levied annually upon all property subject to taxation by the District. The refunding bonds bear interest rates ranging from 3% to 5% and are schedule to mature through August 1, 2026.

The remaining portion of the 2002 Series A General Obligation Capital Appreciation Bonds are scheduled to mature as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 107,940	\$ 257,060	\$ 365,000
2019	<u>105,760</u>	<u>294,240</u>	<u>400,000</u>
	<u>\$ 213,700</u>	<u>\$ 551,300</u>	<u>\$ 765,000</u>

The 2011 General Obligation Refunding Bonds are scheduled to mature as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 225,000	\$ 216,200	\$ 441,200
2016	250,000	209,075	459,075
2017	300,000	200,825	500,825
2018	-	196,325	196,325
2019	-	196,325	196,325
2020-2024	2,755,000	746,712	3,501,712
2025-2027	<u>2,460,000</u>	<u>136,850</u>	<u>2,596,850</u>
	<u>\$ 5,990,000</u>	<u>\$ 1,902,312</u>	<u>\$ 7,892,312</u>

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**5. LONG-TERM LIABILITIES (Continued)**

2002 Series B General Obligation Bonds

On July 20, 2005, the District issued General Obligation Bonds in the amount of \$7,500,000 for additions and modernization of school facilities. The General Obligation Bonds are authorized pursuant to the special election of the registered voters held on March 5, 2002, and are payable from the ad valorem taxes to be levied annually upon all property subject to taxation by the District. The Bonds bear interest rates ranging from 3.5% to 4.3% and are scheduled to mature through August 1, 2030. The 2002 Series B General Obligation Bonds are schedule to mature as follows:

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 100,000	\$ 321,725	\$ 421,725
2016	100,000	317,725	417,725
2017	100,000	313,787	413,787
2018	100,000	309,850	409,850
2019	100,000	305,850	405,850
2020-2024	575,000	1,464,888	2,039,888
2025-2029	2,875,000	1,205,712	4,080,712
2030-2031	<u>2,800,000</u>	<u>142,500</u>	<u>2,942,500</u>
	<u>\$ 6,750,000</u>	<u>\$ 4,382,037</u>	<u>\$ 11,132,037</u>

Golden Handshake

In fiscal year 2006-07, and 2009-10, the District adopted an early retirement incentive program, pursuant to Education Code Sections 22714 and 44929, whereby the service credit to eligible employees is increased by two years or opt for a cash incentive benefit.

*Certificated Employees 2007 Plan*

For the 2006-07 school year, eligible employees must have five or more years of service under the State Teachers' Retirement System and retire during the exclusive periods of participation, April 1, 2007 through June 30, 2007. The employee must have been a certificated employee, must have had at least 15 years of service with the District, and elected to retire at the end of any school year in the period beginning with 1998/1999 and ending with the 2006/2007 school year. The retiree receives an additional two years of service credit with STRS. The cost per year will be determined by STRS. Payment to STRS is the difference between the amount the member receives after the extra service credits and the amount the member would have received without the service credit.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

5. LONG-TERM LIABILITIES (Continued)

Golden Handshake (Continued)

*Certificated Employees 2010 Plan*

For the 2009-10 and 2010-11 school years, the employee must have been a certificated employee, must have had at least 10 years of service with the District, and elected to retire effective no later than June 30, 2010. The retirees are eligible for either Option No. 1 or Option No. 2 below.

Option No. 1

The employee will be provided a sum of \$40,000 per eligible employee as defined above over a period of not less than 5 years, nor more than 7 years, toward the cost to provide the employee with District provided retiree health and welfare benefits. In the event that the amount paid by the District on the retiree's behalf per year is insufficient to cover the cost of such retiree health and welfare benefits, the retiree shall be responsible for paying the difference to the District on a monthly basis on or before the first of each school month.

Option No. 2

The eligible employee as defined above will be provided two additional years of service credit.

*Certificated Employees 2012 Plan*

For the 2011-12 school year, eligible employees must have ten or more years of service under the State Teachers' Retirement System and retire during the exclusive periods of participation, May 31, 2012 through August 1, 2012. The employee must have been a certificated employee, must have had at least 10 years of service with the District, must be at least 55 years old and elected to retire effective no later than August 1, 2012. The retiree receives the option of \$40,000 toward the cost of District provided retiree health and welfare benefits or an additional two years of service credit with STRS.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**5. LONG-TERM LIABILITIES (Continued)**

Golden Handshake (Continued)

*Certificated Employees 2012 Plan* (Continued)

Future minimum payments for early retirement incentives are as follows:

Year Ending <u>June 30,</u>	2007 Golden <u>Handshake</u>	2010 Golden <u>Handshake</u>	2012 Golden <u>Handshake</u>	<u>Total</u>
2015	\$ 144,732	\$ 44,869	\$ 13,838	\$ 203,439
2016	-	43,003	13,307	56,310
2017	-	41,138	12,776	53,914
2018	-	39,272	12,245	51,517
2019	-	-	11,713	11,713
2020	<u>-</u>	<u>-</u>	<u>11,182</u>	<u>11,182</u>
	144,732	168,282	75,061	388,075
Less amount representing interest	<u>-</u>	<u>(11,193)</u>	<u>(7,967)</u>	<u>(19,160)</u>
	<u>\$ 144,732</u>	<u>\$ 157,089</u>	<u>\$ 67,094</u>	<u>\$ 368,915</u>

Certificates of Participation

On July 20, 1999, the District entered into a lease agreement in the amount of \$2,500,000 with Municipal Leasing Corporation to finance a portion of the cost of construction of a new library. The 1999 COPs with an interest rate of 5.1% mature in varying amounts through 2015. At June 30, 2014, the District's COPs obligations were as follows:

Year Ending <u>June 30,</u>	
2015	\$ 120,241
Less amount representing interest	<u>(2,989)</u>
	<u>\$ 117,252</u>

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**5. LONG-TERM LIABILITIES (Continued)**

Public Agency Retirement System

The District implemented a Public Agency Retirement System (PARS) Supplementary Retirement Plan on January 27, 2014, a retirement incentive program supplementing CalPERS, which was available to classified personnel who:

- Were employed by the District as of January 27, 2014;
- Have 5 years of CalPERS service credit with the District as of June 30, 2014;
- Are eligible to retire under CalPERS (age 50 with 5 years of CalPERS service) as of June 30, 2014; and
- Have resigned from the District employment (after completing the 2013-14 school year) on or before June 30, 2014.

The District implemented a Public Agency Retirement System (PARS) Supplementary Retirement Plan on March 26, 2014, a retirement incentive program supplementing CalSTRS and CalPERS, which was available to certificated non-management and administrative personnel.

Administrative employees qualified if they met the following criteria:

- Were employed by the District as of March 26, 2014;
- Were at least 50 years of age as of June 30, 2014;
- Had 5 years of full-time District service as of June 30, 2014; and
- Have resigned from the District employment (after completing the 2013-14 school year) on or before June 30, 2014.

Certificated non-management employees qualified if they met the following criteria:

- Were employed by the District as of March 26, 2014;
- Were at least 50 years of age as of June 30, 2014;
- Had 5 years of full-time District service as of June 30, 2014;
- Were at no less than Step 10 on the Certificated Salary Schedule for the 2013-14 schools year and
- Have resigned from the District employment (after completing the 2013-14 school year) on or before June 30, 2014.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**5. LONG-TERM LIABILITIES (Continued)**

Public Agency Retirement System (Continued)

There are 27 participants in the Plans. The District will make non-elective employer contributions to participants' 403(b) annuity contract held with the Public Agency Retirement Systems. The following schedule is a schedule of the future payments for the PARS Supplementary Retirement Plan:

Year Ending <u>June 30,</u>	
2015	\$ 231,084
2016	231,084
2017	231,084
2018	231,084
2019	<u>231,084</u>
Total payments required	<u><u>\$ 1,155,420</u></u>

Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2014 is shown below:

	Balance July 1, <u>2013</u>	Additions	Deductions	Balance June 30, <u>2014</u>	Amounts Due Within <u>One Year</u>
General Obligation Bonds	\$ 13,228,700	\$ -	\$ 275,000	\$ 12,953,700	\$ 325,000
Accreted interest	234,625	80,314	-	314,939	-
Unamortized premiums	103,561	-	5,753	97,808	5,753
PARS	-	1,155,420	-	1,155,420	231,084
Golden Handshake	564,102	-	195,187	368,915	195,187
Certificates of Participation	343,082	-	225,830	117,252	117,252
Other postemployment benefits (Note 8)	1,629,217	293,503	317,486	1,605,234	-
Compensated absences	<u>106,544</u>	<u>-</u>	<u>18,193</u>	<u>88,351</u>	<u>-</u>
Total	<u>\$ 16,209,831</u>	<u>\$ 1,529,237</u>	<u>\$ 1,037,449</u>	<u>\$ 16,701,619</u>	<u>\$ 874,276</u>

Payments on the Certificates of Participation are made from the Capital Facilities Fund. Payments on the General Obligation Bonds are made from the 2002 Bond Interest and Redemption Fund. Payments on PARS, other postemployment benefits, Golden Handshake and compensated absences are made from the fund for which the related employee worked.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

6. NET POSITION / FUND BALANCES

The restricted net position consisted of the following at June 30, 2014:

	<u>Governmental Activities</u>
Restricted for:	
Unspent categorical program revenues	\$ 844,438
Special revenue programs	486,497
Capital projects	912,471
Debt service	<u>647,923</u>
	<u>\$ 2,891,329</u>
	<u>Fiduciary Activities</u>
Restricted for:	
Scholarships	<u>\$ 1,393,092</u>

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**6. NET POSITION / FUND BALANCES (Continued)**

Fund balances, by category, at June 30, 2014 consisted of the following:

	<u>General Fund</u>	<u>All Non-Major Funds</u>	<u>Total</u>
Nonspendable:			
Revolving cash fund	\$ 10,000	\$ 1,200	\$ 11,200
Prepaid expenditures	770	-	770
Stores inventory	<u>-</u>	<u>6,271</u>	<u>6,271</u>
Subtotal nonspendable	<u>10,770</u>	<u>7,471</u>	<u>18,241</u>
Restricted:			
Unspent categorical program revenue	844,438	-	844,438
Special revenues	-	479,026	479,026
Capital projects	-	912,471	912,471
Debt service	<u>-</u>	<u>647,923</u>	<u>647,923</u>
Subtotal restricted	<u>844,438</u>	<u>2,039,420</u>	<u>2,883,858</u>
Assigned:			
Carryover sweep	805,808	-	805,808
Postemployment benefits	1,941,388	-	1,941,388
Mandated costs	490,652	-	490,652
Facility use billing	279,967	-	279,967
Other board assignments	<u>396,606</u>	<u>-</u>	<u>396,606</u>
Subtotal assigned	<u>3,914,421</u>	<u>-</u>	<u>3,914,421</u>
Unassigned:			
Designated for economic uncertainty	<u>1,081,015</u>	<u>-</u>	<u>1,081,015</u>
Total fund balances	<u>\$ 5,850,644</u>	<u>\$ 2,046,891</u>	<u>\$ 7,897,535</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 (CalPERS).

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**7. 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 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 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 Q Street, Sacramento, California 95811.

*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 CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 11.442% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2012, 2013 and 2014 were \$466,726, \$485,467 and \$496,731 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 cost-sharing 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 95605.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO 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 8.0% of their salary. The required employer contribution rate for fiscal year 2013-2014 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 ended June 30, 2012, 2013 and 2014 were \$1,118,305, \$1,093,952 and \$1,057,248 respectively, and equal 100% of the required contributions for each year. On June 24, 2014 the Governor signed Assembly Bill 1469 which will increase the member contribution to 19.1% over the next seven years.

**8. OTHER POSTEMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 7, the District provided other postemployment benefits for classified and certificated employees who retired before June 30, 2014. Benefits provided before June 30, 2014 are as described below:

Classified Employees

Eligibility requirements:

- Retire after age 55 with 13 years of PERS service with the District in 1998-99, 14 years of PERS service with the District in 1999-2000 and 15 years of PERS service with the District thereafter.
- Only 5 retirees per year, noncumulative. If more than 5 employees wish to retire, seniority will be the determining factor. Effective fiscal year 2012/2013, the eligibility requirement changed to only 4 retirees per year, noncumulative.

Benefits received:

- \$5,387 per year for 10 years. Retiree has option of participating in SIG plans (Note 9). Effective fiscal year 2012/2013, benefits received changed to \$5,387 per year for 8 years.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

(Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Classified Employees (Continued)

Source of funding:

- The District commits to deposit \$109,000 per year for 20 years (starting in 1999/2000) in the Retiree Benefit Expendable Trust Fund toward funding this program. During 2006, the District transferred the fund balance and operating activities to the Special Reserve for Post-Employment Benefits Fund (included in the General Fund).
- The Special Reserve for Post-Employment Benefits Fund as part of the General Fund distributed \$317,486 for post-retirement benefits in 2013-2014.

Certificated Employees

Eligibility requirements:

- At least 15 years of service with the District.
- Or if at least 10 years of service, amount is prorated by number of years with the District (i.e., 12 years =  $12/15 = 80\%$ ).

Benefits received:

- Retired at end of 1997/1998 school year, the District pays the retiree \$6,000 (or prorated). Benefit shall continue for 5 years.
- Retired after 1997/98, the District pays the retiree \$5,000 (or prorated) for 5 years. The \$5,000 will be increased annually by the percentage increase applied to the certificated salary schedule.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**8. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

Annual required contribution	\$ 212,042
Interest on net OPEB obligation	81,461
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	293,503
Contributions made	<u>(317,486)</u>
Decrease in net OPEB obligation	(23,983)
Net OPEB obligation - beginning of year	<u>1,629,217</u>
Net OPEB obligation - end of year	<u><u>\$ 1,605,234</u></u>

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, 2014 and preceding year were as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage</u> <u>of Annual</u> <u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
June 30, 2012	\$ 101,633	122%	\$ 1,656,102
June 30, 2013	\$ 294,847	109%	\$ 1,629,217
June 30, 2014	\$ 293,503	108%	\$ 1,605,234

As of March 1, 2013, the most recent actuarial valuation date, the plan was not funded. The unfunded actuarial accrued liability (UAAL) of \$2,257,841. The covered payroll (annual payroll of active employees covered by the Plan) was \$17,496,942, and the ratio of the UAAL to the covered payroll was 12.9 percent.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO 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 healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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, 2013 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 plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 4.0 percent. Both rates included a 3.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The District obligation was fully amortized as of June 30, 2010.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**9. JOINT POWERS AGREEMENTS**

Schools Insurance Group (SIG)

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. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The following is a summary of financial information for Schools Insurance Group at June 30, 2014:

Total assets	\$ 86,315,315
Total liabilities	\$ 31,253,582
Net position	\$ 55,061,733
Total revenues	\$ 82,124,047
Total expenditures	\$ 80,784,567
Change in net position	\$ 1,339,480

Nevada County Transportation Agency

The District is also a member in a Joint Powers Authority, Nevada County Transportation Agency, for the operation of pupil transportation in Nevada County. The following is a summary of financial information for Nevada County Transportation Agency at June 30, 2014:

Total assets	\$ 298,212
Total liabilities	\$ 141
Net position	\$ 298,071
Total revenues	\$ 10,863
Total expenditures	\$ 10,542
Change in net position	\$ 321

The relationship between Nevada Joint Union High School District and the joint powers authorities are such that these authorities are not component units of the District for reporting purposes.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**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 recorded 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**GENERAL FUND**

**BUDGETARY COMPARISON SCHEDULE**

**For the Year Ended June 30, 2014**

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
LCFF:				
State apportionment	\$ 5,448,482	\$ 9,617,629	\$ 9,966,049	\$ 348,420
Local sources	<u>14,046,364</u>	<u>13,303,380</u>	<u>12,888,512</u>	<u>(414,868)</u>
Total LCFF	<u>19,494,846</u>	<u>22,921,009</u>	<u>22,854,561</u>	<u>(66,448)</u>
Federal sources	1,458,378	1,678,046	1,528,248	(149,798)
Other state sources	4,175,574	1,924,035	1,850,555	(73,480)
Other local sources	<u>2,487,682</u>	<u>2,883,102</u>	<u>2,809,550</u>	<u>(73,552)</u>
Total revenues	<u>27,616,480</u>	<u>29,406,192</u>	<u>29,042,914</u>	<u>(363,278)</u>
Expenditures:				
Certificated salaries	13,084,758	13,115,766	13,008,885	106,881
Classified salaries	4,713,310	4,946,363	4,946,363	-
Employee benefits	5,915,719	5,652,675	5,590,998	61,677
Books and supplies	1,256,567	1,081,615	932,971	148,644
Contract services and operating expenditures	3,785,111	4,526,279	4,446,071	80,208
Capital outlay	5,000	226,898	226,898	-
Other outgo	<u>19,167</u>	<u>300,255</u>	<u>287,170</u>	<u>13,085</u>
Total expenditures	<u>28,779,632</u>	<u>29,849,851</u>	<u>29,439,356</u>	<u>410,495</u>
Deficiency of revenues under expenditures	<u>(1,163,152)</u>	<u>(443,659)</u>	<u>(396,442)</u>	<u>47,217</u>
Other financing sources (uses):				
Operating transfers in	311,301	152,207	154,860	2,653
Operating transfers out	<u>(303,590)</u>	<u>(98,589)</u>	<u>(103,589)</u>	<u>(5,000)</u>
Total other financing sources (uses)	<u>7,711</u>	<u>53,618</u>	<u>51,271</u>	<u>(2,347)</u>
Net change in fund balance	(1,155,441)	(390,041)	(345,171)	44,870
Fund balance, July 1, 2013	<u>6,195,815</u>	<u>6,195,815</u>	<u>6,195,815</u>	<u>-</u>
Fund balance, June 30, 2014	<u>\$ 5,040,374</u>	<u>\$ 5,805,774</u>	<u>\$ 5,850,644</u>	<u>\$ 44,870</u>

See accompanying notes of required supplementary information.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
**FUNDING PROGRESS**

For the Year Ended June 30, 2014

<b>Schedule of Funding Progress</b>						
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
March 1, 2010	\$ -	\$ 1,691,511	\$ 1,691,511	0%	\$ 16,861,686	10.0%
March 1, 2013	\$ -	\$ 2,257,841	\$ 2,257,841	0%	\$ 17,496,942	12.9%

Only two years of actuarial valuation data is provided because the District has only had two valuations performed.

See accompanying notes of required supplementary information.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**1. PURPOSE OF SCHEDULES**

A - Budgetary Comparison Schedule

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

B - Schedule of Other Postemployment Benefits Funding Progress

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

## **SUPPLEMENTARY INFORMATION**

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

June 30, 2014

	<u>Charter School Fund</u>	<u>Adult Education Fund</u>	<u>Cafeteria Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Building Fund</u>	<u>Capital Facilities Fund</u>	<u>County School Facilities Fund</u>	<u>Special Reserve for Capital Outlay Fund</u>	<u>2002 Bond Interest and Redemption Fund</u>	<u>Total</u>
<b>ASSETS</b>										
Cash in County Treasury	\$ 21,630	\$ 170,304	\$ 78,230	\$ 440,242	\$ 35	\$ 555,125	\$ 6	\$ 469,066	\$ 647,923	\$2,382,561
Cash in revolving fund	-	-	1,200	-	-	-	-	-	-	1,200
Receivables	-	109,627	89,363	-	-	-	-	-	-	198,990
Due from other funds	-	-	-	-	-	-	-	36,186	-	36,186
Stores inventory	-	-	6,271	-	-	-	-	-	-	6,271
<b>Total assets</b>	<b>\$ 21,630</b>	<b>\$ 279,931</b>	<b>\$ 175,064</b>	<b>\$ 440,242</b>	<b>\$ 35</b>	<b>\$ 555,125</b>	<b>\$ 6</b>	<b>\$ 505,252</b>	<b>\$ 647,923</b>	<b>\$2,625,208</b>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable	\$ 21,630	\$ 6,569	\$ 18,519	\$ 6,460	\$ -	\$ 140,016	\$ -	\$ 7,890	\$ -	\$ 201,084
Due to other funds	-	244,168	133,024	-	35	-	6	-	-	377,233
<b>Total liabilities</b>	<b>21,630</b>	<b>250,737</b>	<b>151,543</b>	<b>6,460</b>	<b>35</b>	<b>140,016</b>	<b>6</b>	<b>7,890</b>	<b>-</b>	<b>578,317</b>
Fund balances:										
Nonspendable	-	-	7,471	-	-	-	-	-	-	7,471
Restricted	-	29,194	16,050	433,782	-	415,109	-	497,362	647,923	2,039,420
<b>Total fund balances</b>	<b>-</b>	<b>29,194</b>	<b>23,521</b>	<b>433,782</b>	<b>-</b>	<b>415,109</b>	<b>-</b>	<b>497,362</b>	<b>647,923</b>	<b>2,046,891</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,630</b>	<b>\$ 279,931</b>	<b>\$ 175,064</b>	<b>\$ 440,242</b>	<b>\$ 35</b>	<b>\$ 555,125</b>	<b>\$ 6</b>	<b>\$ 505,252</b>	<b>\$ 647,923</b>	<b>\$2,625,208</b>

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

ALL NON-MAJOR FUNDS

For the Year Ended June 30, 2014

	<u>Charter School Fund</u>	<u>Adult Education Fund</u>	<u>Cafeteria Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Building Fund</u>	<u>Capital Facilities Fund</u>	<u>County School Facilities Fund</u>	<u>Special Reserve for Capital Outlay Fund</u>	<u>2002 Bond Interest and Redemption Fund</u>	<u>Total</u>
Revenues:										
LCFF	\$ -	\$ 156,893	\$ -	\$ 140,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 297,749
Federal sources	202,500	66,118	298,668	-	-	-	-	-	-	567,286
Other state sources	-	19,646	23,410	-	-	-	-	130,000	13,058	186,114
Other local sources	<u>667</u>	<u>53,891</u>	<u>206,547</u>	<u>1,408</u>	<u>155</u>	<u>385,520</u>	<u>32,404</u>	<u>37,766</u>	<u>871,108</u>	<u>1,589,466</u>
Total revenues	<u>203,167</u>	<u>296,548</u>	<u>528,625</u>	<u>142,264</u>	<u>155</u>	<u>385,520</u>	<u>32,404</u>	<u>167,766</u>	<u>884,166</u>	<u>2,640,615</u>
Expenditures:										
Certificated salaries	46,507	152,460	-	-	-	-	-	-	-	198,967
Classified salaries	14,816	46,913	252,471	-	-	7,584	-	-	-	321,784
Employee benefits	7,751	40,476	77,530	-	-	3,286	-	-	-	129,043
Books and supplies	24,786	12,672	190,833	2,972	-	-	-	-	-	231,263
Contract services and operating expenditures	86,819	28,772	17,005	62,594	-	-	-	16,870	-	212,060
Capital outlay	-	-	-	186,616	-	-	53,738	9,874	-	250,228
Other outgo	22,508	-	-	-	-	-	-	-	-	22,508
Debt service:										
Principal retirement	-	-	-	-	-	225,830	-	-	275,000	500,830
Interest	-	-	-	-	-	14,654	-	-	547,900	562,554
Total expenditures	<u>203,187</u>	<u>281,293</u>	<u>537,839</u>	<u>252,182</u>	<u>-</u>	<u>251,354</u>	<u>53,738</u>	<u>26,744</u>	<u>822,900</u>	<u>2,429,237</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(20)</u>	<u>15,255</u>	<u>(9,214)</u>	<u>(109,918)</u>	<u>155</u>	<u>134,166</u>	<u>(21,334)</u>	<u>141,022</u>	<u>61,266</u>	<u>211,378</u>
Other financing sources (uses):										
Operating transfers in	-	-	55,535	140,856	-	-	-	75,826	-	272,217
Operating transfers out	-	(218,097)	(34,565)	-	(32,914)	-	(37,912)	-	-	(323,488)
Total other financing sources (uses)	<u>-</u>	<u>(218,097)</u>	<u>20,970</u>	<u>140,856</u>	<u>(32,914)</u>	<u>-</u>	<u>(37,912)</u>	<u>75,826</u>	<u>-</u>	<u>(51,271)</u>
Net change in fund balances	(20)	(202,842)	11,756	30,938	(32,759)	134,166	(59,246)	216,848	61,266	160,107
Fund balances, July 1, 2013	<u>20</u>	<u>232,036</u>	<u>11,765</u>	<u>402,844</u>	<u>32,759</u>	<u>280,943</u>	<u>59,246</u>	<u>280,514</u>	<u>586,657</u>	<u>1,886,784</u>
Fund balances, June 30, 2014	<u>\$ -</u>	<u>\$ 29,194</u>	<u>\$ 23,521</u>	<u>\$ 433,782</u>	<u>\$ -</u>	<u>\$ 415,109</u>	<u>\$ -</u>	<u>\$ 497,362</u>	<u>\$ 647,923</u>	<u>\$2,046,891</u>

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**ALL AGENCY FUNDS**

For the Year Ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
<b>Student Body Funds</b>				
<u>Bear River High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>164,134</u>	\$ <u>515,530</u>	\$ <u>518,961</u>	\$ <u>160,703</u>
Liabilities:				
Due to student groups	\$ <u>164,134</u>	\$ <u>515,530</u>	\$ <u>518,961</u>	\$ <u>160,703</u>
<u>Nevada Union High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>472,761</u>	\$ <u>836,533</u>	\$ <u>839,961</u>	\$ <u>469,333</u>
Liabilities:				
Due to student groups	\$ <u>472,761</u>	\$ <u>836,533</u>	\$ <u>839,961</u>	\$ <u>469,333</u>
<u>Sierra Foothills High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>1,698</u>	\$ <u>383</u>	\$ <u>524</u>	\$ <u>1,557</u>
Liabilities:				
Due to student groups	\$ <u>1,698</u>	\$ <u>383</u>	\$ <u>524</u>	\$ <u>1,557</u>
<u>Silver Springs High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>-</u>	\$ <u>765</u>	\$ <u>310</u>	\$ <u>455</u>
Liabilities:				
Due to student groups	\$ <u>-</u>	\$ <u>765</u>	\$ <u>310</u>	\$ <u>455</u>
<u>William Marian Ghidotti High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>6,582</u>	\$ <u>6,854</u>	\$ <u>7,641</u>	\$ <u>5,795</u>
Liabilities:				
Due to student groups	\$ <u>6,582</u>	\$ <u>6,854</u>	\$ <u>7,641</u>	\$ <u>5,795</u>

(Continued)

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

**ALL AGENCY FUNDS**  
**(Continued)**  
**For the Year Ended June 30, 2014**

	<b>Balance July 1, <u>2013</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b>Balance June 30, <u>2014</u></b>
<b>Student Body Funds (Continued)</b>				
<u>Total Agency Funds</u>				
Assets:				
Cash on hand and in banks	\$ 645,175	\$ 1,360,065	\$ 1,367,397	\$ 637,843
Liabilities:				
Due to student groups	\$ 645,175	\$ 1,360,065	\$ 1,367,397	\$ 637,843

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**ORGANIZATION**

**June 30, 2014**

Nevada Joint Union High School District was established in 1952 and is comprised of an area of approximately 782 square miles located in Nevada County. There were no changes in the boundaries of the District in the current year. The District is currently operating two comprehensive high schools. The District also maintains continuation high schools and an alternative high school.

**BOARD OF TRUSTEES**

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Katy Schwarz	President	November 2016
Richard Baker	Vice President	November 2014
Wayne Klauer	Clerk	November 2014
Jim Adams	Member	November 2016
Georgie Coulter	Member	November 2014

**ADMINISTRATION**

Dr. Louise Bennicoff Johnson  
Superintendent

Karen Suenram  
Assistant Superintendent - Business and Facilities

Trisha Dellis  
Assistant Superintendent - Personnel and Pupil Services

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF AVERAGE DAILY ATTENDANCE**

**For the Year Ended June 30, 2014**

	<b><u>Second Period Report</u></b>	<b><u>Annual Report</u></b>
High School:		
Ninth through twelfth	2,736	2,723
Continuation education	<u>178</u>	<u>161</u>
Total	<u><u>2,914</u></u>	<u><u>2,884</u></u>

See accompanying notes to supplementary information.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Year Ended June 30, 2014

<u>Grade Level</u>	<u>Statutory Minutes Require- ment</u>	<u>Reduced Minutes Require- ment</u>	<u>2013-14 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Grade 9	64,800	63,000	65,270	179	In Compliance
Grade 10	64,800	63,000	65,270	179	In Compliance
Grade 11	64,800	63,000	65,270	179	In Compliance
Grade 12	64,800	63,000	65,270	179	In Compliance

See accompanying notes to supplementary information.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2014**

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Adult Education Programs:		
84.002	Adult Secondary Education	13978	\$ 35,203
84.002	English Literacy and Civics Education	14109	10,000
84.002	Institutionalized Adults	13972	10,000
84.002	Adult Basic Education and ESL	14508	<u>10,915</u>
	Total Adult Education Programs		<u>66,118</u>
	Special Education Cluster:		
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	13379	730,439
84.027A	Special Ed: Mental Health Allocation Plan, Part B, Sec 611	14468	<u>66,370</u>
	Subtotal Special Education Cluster		<u>796,809</u>
84.010	NCLB: Title I, Part A, Basic Grants Low Income and Neglected	14329	385,250
84.282A	NCLB: Title V, Part B, Public Charter Schools Grants	14941	202,500
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	64,729
84.158	Department of Rehabilitation: Workability II, Transitions Partnership Program	10006	135,252
84.367	NCLB: Title II, Part A, Improving Teacher Quality	14341	<u>88,259</u>
	Total U.S. Department of Education		<u>1,738,917</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
10.555	Child Nutrition: School Programs	13391	298,668
10.665	Forest Reserve Funds	10044	<u>31,451</u>
	Total U.S. Department of Agriculture		<u>330,119</u>

(Continued)

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS**  
(Continued)  
**For the Year Ended June 30, 2014**

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
	Medi-Cal Programs:		
93.778	Medi-Cal Billing Option	10013	\$ 26,498
93.778	Medi-Cal Administrative Activities (MAA)	10060	<u>28,080</u>
	Total Medi-Cal Programs		<u>54,578</u>
	Total U.S. Department of Health and Human Services		<u>54,578</u>
	Total Federal Programs		<u>\$ 2,123,614</u>

See accompanying notes to supplementary information.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT**  
**WITH AUDITED FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2014**

There were no adjustments made to any funds of the District.

See accompanying notes to supplementary information.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS**

**For the Year Ended June 30, 2014**

**(UNAUDITED)**

	<b>(Budgeted)</b> <b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<u>General Fund</u>				
Revenues and other financing sources	<u>\$ 29,320,218</u>	<u>\$ 29,197,774</u>	<u>\$ 27,995,704</u>	<u>\$ 30,272,365</u>
Expenditures	29,847,955	29,439,356	29,749,758	30,563,672
Other uses and transfers out	<u>547,382</u>	<u>103,589</u>	<u>209,195</u>	<u>347,805</u>
Total outgo	<u>30,395,337</u>	<u>29,542,945</u>	<u>29,958,953</u>	<u>30,911,477</u>
Change in fund balance	<u>\$ (1,075,119)</u>	<u>\$ (345,171)</u>	<u>\$ (1,963,249)</u>	<u>\$ (639,112)</u>
Ending fund balance	<u>\$ 4,775,525</u>	<u>\$ 5,850,644</u>	<u>\$ 6,195,815</u>	<u>\$ 8,159,064</u>
Available reserves	<u>\$ 2,059,592</u>	<u>\$ 1,081,015</u>	<u>\$ 1,737,204</u>	<u>\$ 5,286,626</u>
Designated for economic uncertainties	<u>\$ 2,059,592</u>	<u>\$ 1,081,015</u>	<u>\$ 1,660,231</u>	<u>\$ 1,666,175</u>
Undesignated fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,973</u>	<u>\$ 3,620,451</u>
Available reserves as percentages of total outgo	<u>6.8%</u>	<u>3.7%</u>	<u>5.8%</u>	<u>17.1%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 15,827,343</u>	<u>\$ 16,701,619</u>	<u>\$ 16,209,831</u>	<u>\$ 16,902,309</u>
Average daily attendance at P-2 excluding adult	<u>2,775</u>	<u>2,736</u>	<u>3,053</u>	<u>3,176</u>

The General Fund fund balance has decreased by \$2,947,532 over the past three years. The District projects a decrease of \$1,075,119 during the 2014-2015 fiscal year. For a district this size, the state recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses be maintained. The District is in compliance with this requirement.

The District has incurred an operating deficit in each of the past three years, and anticipates incurring an operating deficit in the 2014-2015 fiscal year.

Total long-term liabilities have decreased by \$200,690 over the past two years.

Average daily attendance has decreased by 440 over the past two years. A decrease of (39) ADA is anticipated during the 2014-2015 fiscal year.

See accompanying notes to supplementary information.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**SCHEDULE OF CHARTER SCHOOLS**

**For the Year Ended June 30, 2014**

**Charter Schools Chartered by District**

Sierra Academy of Expeditionary Learning (SAEL)

**Included in District  
Financial Statements, or  
Separate Report**

Included in the Charter School Fund. The Charter School was in the startup phase during the fiscal year ended June 30, 2014, and did not generate ADA. Therefore, no compliance requirements were applicable for the year ended June 30, 2014.

See accompanying notes to supplementary information.

**NEVADA JOINT UNION HIGH 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 Sections 46201 through 46206.

C - Schedule of Expenditure of Federal Awards

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2014.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 2,095,534
Add: Medi-Cal Administrative Activities funds spent from prior year awards	93.778	28,080
Total Schedule of Expenditure of Federal Awards		\$ 2,123,614

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**

**NOTES TO SUPPLEMENTARY INFORMATION**

(Continued)

**1. PURPOSE OF SCHEDULES (Continued)**

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

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 - Unaudited

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. The information in this schedule has been derived from audited information.

F - Schedule of Charter Schools

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

**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, 2014, the District did not adopt this program.

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

Board of Education  
 Nevada Joint Union High School District  
 Grass Valley, California

**Report on Compliance with State Laws and Regulations**

We have audited Nevada Joint Union High School District's compliance 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, 2014.

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	No, see below
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time	10	Yes
Instructional Materials	8	Yes
Ratio 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	Yes
Juvenile Court Schools	8	No, see below
Local Control Funding Formula Certification	1	Yes
California Clean Energy Jobs Act	3	No, see below
After School Education and Safety Program:		
General requirements	4	No, see below
After school	5	No, see below
Before school	6	No, see below
Education Protection Account Funds	1	Yes
Common Core Implementation Funds	3	Yes
Unduplicated Local Control Funding		
Formula Pupil Counts	3	Yes
Contemporaneous Records of Attendance, for charter schools	8	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 Minutes - Classroom-Based, for charter schools	4	No, see below
Charter School Facility Grant Program	1	No, see below

The District does not offer kindergarten; therefore, we did not perform any procedures related to Kindergarten Continuance.

The District did not offer a STRS Early Retirement Incentive Program in the current year; therefore, we did not perform any procedures related to Early Retirement Incentive Programs.

The District does not have any Juvenile Court Schools; therefore, we did not perform any procedures related to Juvenile Court Schools.

The District did not expend any California Clean Energy Jobs Act funds in the current year; therefore, we did not perform any procedures related to the California Clean Energy Jobs Act.

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's Charter did not generate any ADA in the current year; therefore, we did not perform any testing required by Article 4 of the Audit Guide.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance with state laws and regulations as listed above, of Nevada Joint Union High School District. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the 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 noncompliance with the state laws and regulations listed below occurred. An audit includes examining, on a test basis, evidence about Nevada Joint Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion with State Laws and Regulations***

In our opinion, Nevada Joint Union High School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2014. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Nevada Joint Union High School District had not complied with the state laws and regulations.

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *State of California's Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Accordingly, this report is not suitable for any other purpose.

  
Crowe Horwath LLP

Sacramento, California  
December 10, 2014

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  
Nevada Joint Union High School District  
Grass Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Nevada Joint Union High School District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Nevada Joint Union High School District's basic financial statements, and have issued our report thereon dated December 10, 2014.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified a deficiency in internal control that was communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2014-001.

## Compliance and Other Matters

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

## Response to Finding

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

## Purpose of this Report

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

  
Crowe Horwath LLP

Sacramento, California  
December 10, 2014

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

Board of Education  
Nevada Joint Union High School District  
Grass Valley, California

**Report on Compliance for Each Major Federal Program**

We have audited Nevada Joint Union High School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Nevada Joint Union High School District's major federal programs for the year ended June 30, 2014. Nevada Joint Union High School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Nevada Joint Union High School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Nevada Joint Union High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, Nevada Joint Union High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

## **Report on Internal Control Over Compliance**

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

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

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

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

  
Crowe Horwath LLP

Sacramento, California  
December 10, 2014

## **FINDINGS AND RECOMMENDATIONS**

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2014**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency(ies) identified not considered  
to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

Noncompliance material to financial statements  
noted? \_\_\_\_\_ Yes   X   No

**FEDERAL AWARDS**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiency(ies) identified not considered  
to be material weakness(es)? \_\_\_\_\_ Yes   X   None reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555 84.010	Child Nutrition: School Programs NCLB: Title I, Part A, Basic Grants Low Income and Neglected

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**

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

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2014**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2014-001 DEFICIENCY - ASSOCIATED STUDENT BODY (30000)**

Criteria

Internal Controls - Safeguarding of Assets

Condition

Nevada Union High School:

- Inventory for sports equipment is not counted on a regular basis.

Silver Springs High School:

- No evidence of approval over revenue-producing activities was available.

Effect

Lack of internal controls could result in misappropriation of funds.

Cause

Adequate internal control procedures have not been implemented nor enforced.

Fiscal Impact

Not applicable.

Recommendation

We recommend that the school require and maintain fundraising requests as well as their approval by an appropriate individual. Further, inventory of student body supplies should be taken on a regular basis.

Corrective Action Plan

The sites will establish a process to ensure fundraising requests are properly reviewed and approved prior to the event taking place. Also, regular inventory counts will be instituted.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2014**

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

No matters were reported.

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
(Continued)  
**Year Ended June 30, 2014**

**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**STATUS OF PRIOR YEAR  
FINDINGS AND RECOMMENDATIONS**

**NEVADA JOINT UNION HIGH SCHOOL DISTRICT**  
**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**Year Ended June 30, 2014**

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
2013-01  Bear River High School: <ul style="list-style-type: none"> <li>• The school site was unable to provide evidence of a fundraising request or the approval for a revenue producing activity for a requested event.</li> <li>• Monthly club financial statements were not signed and returned to the Student Activities Office in compliance with District procedures.</li> </ul> <p>We recommend that the school require and maintain fundraising requests as well as their approval by an appropriate individual. Further, monthly club financial reports should be returned to the Student Activities Office as required by District policies.</p>	Partially implemented.	See current year finding 2014-001.