

**JURUPA UNIFIED
SCHOOL DISTRICT
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2015**



JURUPA UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2015
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Financial Section

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INDEPENDENT AUDITORS' REPORT

Board of Education
Jurupa Unified School District
Jurupa Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jurupa Unified School District, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 1.I. to the basic financial statements, the District has changed its method for accounting and reporting for pensions during fiscal year 2014-15 due to the adoption of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions-An Amendment of GASB Statement No. 27" and No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68". The adoption of these standards required retrospective application resulting in a \$152,669,181 reduction of previously reported net position at July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

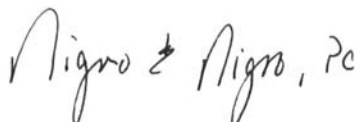
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, budgetary comparison information on page 53, schedule of funding progress on page 54, schedule of proportionate share of the net pension liability on page 55, and schedule of contributions on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The supplementary information on pages 59 to 69 and the schedule of expenditures of federal awards on page 70 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The information on page 58 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2015 on our consideration of the 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 the District's internal control over financial reporting and compliance.



Murrieta, California
October 29, 2015

JURUPA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

This discussion and analysis of Jurupa Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Net position of governmental activities increased by approximately \$12.1 million.
- Governmental expenses were approximately \$199.6 million. Revenues were about \$211.7 million.
- The District spent nearly \$4.1 million in new capital assets during the year.
- The District increased its outstanding long-term debt by \$28.6 million.
- Grades K-12 average daily attendance (ADA) decreased by 278, or 1.5%.

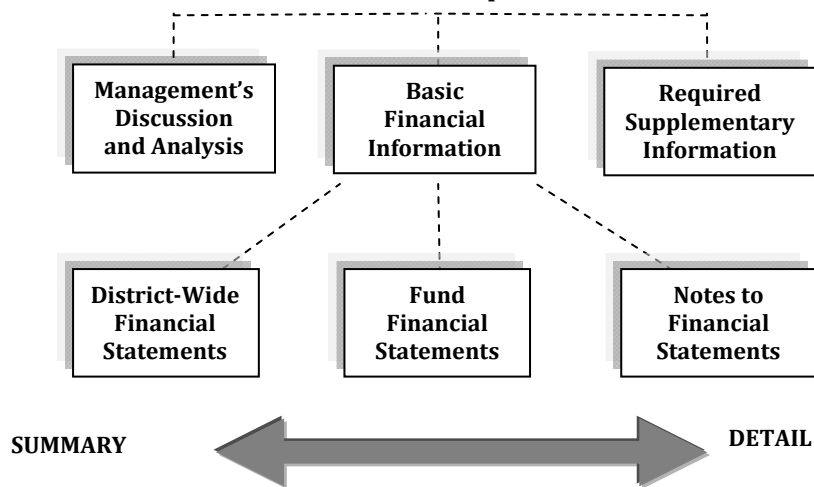
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
 - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds statements*.
 - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

Figure A-1. Organization of Jurupa Unified School District's Annual Financial Report

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



JURUPA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds	Proprietary Funds	Fiduciary Funds
<i>Scope</i>	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities of the District that operate like a business, such as self-insurance funds	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
<i>Required financial statements</i>	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses & Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

JURUPA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

District-Wide Statements

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

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues.

The District has three kinds of funds:

- ***Governmental funds*** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.
- ***Proprietary funds*** – When the District charges other District funds for the services it provides, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the District's internal service fund is included within the governmental activities reported in the district-wide statements but provide more detail and additional information, such as cash flows. The District uses the internal service fund to report activities that relate to the District's self-insured program for liability and property losses.

JURUPA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

Fund Financial Statements (continued)

- **Fiduciary funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2015, than it was the year before – increasing to \$9.6 million (See Table A-1).

Table A-1

	Governmental Activities (in millions)		Variance Increase (Decrease)
	2015	2014*	
Current assets	\$ 133.4	\$ 61.1	\$ 72.3
Capital assets	217.6	221.0	(3.4)
Total assets	351.0	282.1	68.9
Total deferred outflows	17.1	10.2	6.9
Current liabilities	14.9	16.0	(1.1)
Long-term liabilities	307.4	278.8	28.6
Total liabilities	322.3	294.8	27.5
Total deferred inflows	36.2	-	36.2
Total net position	\$ 9.6	\$ (2.5)	\$ 12.1

*As restated

Changes in net position, governmental activities. The District's total revenues increased 18.3% to \$211.7 million (See Table A-2). The increase is due primarily to increased federal and state aid.

The total cost of all programs and services increased 11.3% to \$199.6 million. The District's expenses are predominantly related to educating and caring for students, 85.9%. The purely administrative activities of the District accounted for just 1.1% of total costs. A significant contributor to the increase in costs was increased instruction-related expenses.

Table A-2

	Governmental Activities (in millions)		Variance Increase (Decrease)
	2015	2014	
Total Revenues	\$ 211.7	\$ 178.9	\$ 32.8
Total Expenses	199.6	179.4	20.2
Increase (decrease) in net position	\$ 12.1	\$ (0.5)	\$ 12.6

JURUPA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$119.0 million, which is above last year's ending fund balance of \$45.8 million. The primary cause of the increased fund balance is the issuance of general obligation and lease revenue bonds.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$5.6 million primarily to reflect increased estimated federal and local control funding formula estimates.
- Expenditures – increased \$1.4 million mainly due to increases in instructional costs.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about \$2.0 million, the actual results for the year show that revenues exceeded expenditures by roughly \$3.7 million. Actual revenues were \$1.9 million less than anticipated, but expenditures were \$3.6 million less than budgeted. That amount consists primarily of restricted categorical program dollars that were not spent as of June 30, 2015 that will be carried over into the 2015-16 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014-15 the District had invested \$4.1 million in new capital assets, related to the District's Measure EE bond program. (More detailed information about capital assets can be found in Note 7 to the financial statements). Total depreciation expense for the year was approximately \$7.5 million.

Table A-3: Capital Assets at Year End, net of Depreciation

	Governmental Activities		Variance Increase (Decrease)
	(in millions)		
	2015	2014	
Land	\$ 9.8	\$ 9.8	\$ -
Improvements to sites	2.3	2.6	(0.3)
Buildings	191.6	190.2	1.4
Equipment	8.7	9.3	(0.6)
Construction in progress	5.2	9.1	(3.9)
Total	<u>\$ 217.6</u>	<u>\$ 221.0</u>	<u>\$ (3.4)</u>

The District is anticipating continued new construction and modernization projects.

Long-Term Debt

At year-end the District had \$307.4 million in general obligation bonds, redevelopment agency debt, certificates of participation, capital leases, employment benefits, and net pension liability – an increase of 10.3% from last year – as shown in Table A-4. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements).

JURUPA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Table A-4: Outstanding Long-Term Debt at Year-End

	Governmental Activities		Variance Increase (Decrease)
	(in millions)		
	2015	2014*	
General obligation bonds	\$ 86.0	\$ 54.5	\$ 31.5
Lease revenue bonds	32.5	-	32.5
Certificates of participation	6.0	6.5	(0.5)
Site lease agreement	2.1	2.4	(0.3)
Energy efficiency financing	30.0	31.5	(1.5)
Redevelopment agency	0.5	0.6	(0.1)
Capital leases	1.4	1.6	(0.2)
Compensated absences	2.3	2.0	0.3
Early retirement incentives	1.5	2.9	(1.4)
Postemployment benefits	17.5	14.9	2.6
Net pension liability	127.6	161.9	(34.3)
Total	\$ 307.4	\$ 278.8	\$ 28.6

* As restated

FACTORS BEARING ON THE DISTRICT'S FUTURE

Overview

On June 16, 2015, the Governor, the Senate President pro Tempore, and the Speaker of the Assembly announced a budget agreement. The Legislature passed the budget bill and related legislation on Friday, June 19. The budget agreement relies on the administration's May 2015 estimates of (1) General Fund revenues, (2) the Proposition 98 minimum guarantee for schools and community colleges, and (3) budget reserve and debt payment requirements under Proposition 2. School and community college funding is the centerpiece of the agreement, as administration estimates of the Proposition 98 minimum guarantee have increased substantially over June 2014 levels. With savings resulting from (1) rejection of various administration proposals, (2) an error in the administration's Medi-Cal estimates, (3) legislative changes made to the Middle-Class Scholarship Program, and (4) other legislative actions, the agreement makes modest augmentations outside of Proposition 98 above May Revision levels.

2015-16 to End With \$4.6 Billion in Estimated Total Reserves

The budget agreement assumes \$115 billion in revenues, a 3.3 percent increase over 2014-15. (This total is net of the \$1.9 billion deposit in the Proposition 2 Budget Stabilization Account [BSA].) The state's "big three" General Fund taxes—the personal income tax, sales and use tax, and corporation tax—are estimated to increase at a slightly higher rate (4 percent). General Fund revenue growth was much higher in 2014-15, increasing at a very healthy 7.7 percent rate. General Fund spending is largely flat across 2014-15 and 2015-16, increasing at only 0.8 percent. Growth in ongoing programmatic spending, however, is masked by various one-time actions, including one-time spending in 2014-15 on debt payments and mandate backlog claims, and the end of the "triple flip" mechanism used to finance the state's prior deficit financing bonds. The budget ends 2015-16 with \$4.6 billion in estimated total reserves, including \$1.1 billion in the Special Fund for Economic Uncertainties—the state's traditional budget reserve—and \$3.5 billion in the BSA.

JURUPA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Proposition 98

Substantial Upward Revisions to Estimates of Proposition 98 Minimum Guarantee

State budgeting for preschool, elementary and secondary schools, and the California Community Colleges (CCC) is based primarily on Proposition 98, approved by voters in 1988. Proposition 98 established a minimum funding requirement commonly called the minimum guarantee. The estimate of the 2013-14 and 2014-15 minimum guarantees have increased \$612 million and \$5.4 billion, respectively from the June 2014 estimates. The estimate of the 2015-16 minimum guarantee is \$7.6 billion (12 percent) higher than the 2014-15 Budget Act level. These increases in the guarantee are due primarily to state revenues being higher than assumed in last year's budget package. The budget package funds at these latest estimates of the minimum guarantees.

Large Upward 2014-15 Adjustments Result in Relatively Modest Year-Over-Year Growth

Growth from the revised 2014-15 level to 2015-16 is \$2.1 billion (3 percent). This relatively modest growth is due to the large upward revision to 2014-15 noted above. In 2015-16, total Proposition 98 funding is \$68.4 billion. Of this amount, \$49.4 billion is General Fund and \$19 billion is local property tax revenue. The notable increase in local property tax revenue from 2014-15 to 2015-16 (\$2.3 billion, 14 percent) is due in large part to the end of the triple flip and the shift of associated local property tax revenue back from cities, counties, and special districts to school and community college districts. Growth in local property tax revenue is slightly greater than growth in the Proposition 98 minimum guarantee, resulting in a slight reduction in Proposition 98 General Fund from 2014-15 to 2015-16.

Per-Student Funding Increases Significantly

Under the budget package, K-12 per-student funding increases from the 2014-15 Budget Act level of \$8,931 to \$9,942 in 2015-16—an increase of \$1,011 (11 percent).

Budget Package Contains Many Spending Changes

For 2013-14, the budget accounts for higher Local Control Funding Formula (LCFF) costs and uses the remaining funding increase for paying down the K-14 mandate backlog. In addition to these changes, the budget package includes a \$256 million settle-up payment related to meeting the Proposition 98 minimum guarantee for 2006-07 and 2009-10 and \$207 million in unspent prior-year Proposition 98 funds that have been repurposed.

Package Notably Reduces Outstanding K-14 Obligations

The budget package includes the following K-14 actions, all of which reduce the state's outstanding K-14 obligations.

- ***Pays Down Mandate Backlog.*** The budget package includes \$3.8 billion to pay down the K-14 mandate backlog (\$3.2 billion is for the K-12 backlog and \$632 million for the CCC backlog). After accounting for these payments, the LAO estimates the outstanding K-14 mandate backlog to be \$1.5 billion (\$1.2 billion for schools and about \$300 million for community colleges).
- ***Retires All K-14 Payment Deferrals.*** As required by trailer legislation enacted last year, the budget package provides \$992 million to eliminate all remaining K-14 payment deferrals. The budget year will be the first fiscal year since 2000-01 that the state is set to make all K-14 payments on time.
- ***Pays Off Emergency Repair Program (ERP) Obligation.*** The budget includes \$273 million for the final ERP payment. Statute requires the state to provide a total of \$800 million to school districts for emergency facility repairs, and the state has provided \$527 million to date. (Of the \$273 million, \$145 million comes from a settle-up payment and \$128 million comes from unspent prior-year Proposition 98 funds.)

JURUPA UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2015

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

K-12 Education

Large Increase for Local Control Funding Formula (LCFF)

The largest single augmentation in the state budget is \$6.0 billion for implementing the LCFF for school districts and charter schools—bringing total LCFF funding to \$52 billion. This reflects a 13 percent year-over-year increase in LCFF funding. The administration estimates this funding will close 52 percent of the remaining gap to LCFF target rates. The budget funds 90 percent of the estimated statewide full LCFF implementation cost. School districts and charter schools may use LCFF monies for any educational purpose, including implementation of their Local Control and Accountability Plans.

New Secondary School Career Technical Education (CTE) Competitive Grant Program

The budget package includes \$900 million in one-time funding for a three-year competitive grant program to promote high-quality CTE. Of this amount, \$400 million is provided in 2015-16, \$300 million in 2016-17, and \$200 million in 2017-18. School districts, county offices of education (COEs), charter schools, and Regional Occupational Centers and Programs operated by joint powers agencies (JPAs) may apply for grants, individually or in consortia. The program provides separate pools of funding for large, medium-sized, and small applicants, based on applicants' average daily attendance (ADA) in grades 7-12. Specifically, 88 percent of the funding is reserved for applicants with ADA greater than 550, 8 percent is reserved for applicants with ADA between 140 and 550, and 4 percent is reserved for applicants with less than 140 ADA. The Superintendent of Public Instruction (SPI), in collaboration with the executive director of the State Board of Education (SBE), will determine the number of grants to be awarded and specific grant amounts.

Package of Special Education Actions

The budget includes \$67 million for a package of special education-related activities. Of the \$67 million, \$52 million is ongoing and \$15 million is one time. The largest ongoing augmentation in this package is for expanding services for infants, toddlers, and preschoolers with disabilities as well as requiring preschool staff training and parent education relating to identifying and meeting preschoolers' special needs. The largest one-time augmentation is for one or two COEs to develop statewide resources and training opportunities for addressing students' diverse instructional and behavioral needs.

Second Round of Internet Infrastructure Grants

The budget includes \$50 million in one-time funding for the second round of Broadband Internet Infrastructure Grants. The K-12 High Speed Network is to award grants to schools that cannot administer online tests or can only administer the tests by shutting down other essential online activities such as email. Grants may be used to purchase Internet infrastructure. The Department of Finance (DOF) must approve projects resulting in costs exceeding \$1,000 per test-taking pupil.

All of these factors were considered in preparing the Jurupa Unified School District budget for the 2015-16 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at (951) 360-4157.

JURUPA UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

	Total Governmental Activities
ASSETS	
Cash	\$ 81,853,619
Investments	43,151,493
Accounts receivable	8,067,970
Inventories	315,559
Non-depreciable assets	14,966,359
Depreciable assets	329,277,779
Less accumulated depreciation	<u>(126,690,664)</u>
Total assets	<u>350,942,115</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions subsequent to measurement date	16,214,276
Deferred amounts on refunding	913,982
Total deferred outflows of resources	<u>17,128,258</u>
LIABILITIES	
Accounts payable	14,409,575
Unearned revenue	489,885
Long-term liabilities:	
Portion due or payable within one year	6,176,641
Portion due or payable after one year	<u>301,222,177</u>
Total liabilities	<u>322,298,278</u>
DEFERRED INFLOWS OF RESOURCES	
Net differences between projected and actual earnings on plan investments	33,775,154
Adjustment due to differences in proportions	<u>2,369,014</u>
Total deferred inflows of resources	<u>36,144,168</u>
NET POSITION	
Net investment in capital assets	137,267,801
Restricted for:	
Capital projects	6,592,704
Debt service	7,359,275
Categorical and nutrition programs	8,643,430
Unrestricted	<u>(150,235,283)</u>
Total net position	<u>\$ 9,627,927</u>

JURUPA UNIFIED SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Instructional Services:					
Instruction	\$ 129,009,158	\$ -	\$ 23,314,173	\$ 3,531	\$ (105,691,454)
Instruction-Related Services:					
Supervision of instruction	6,842,073	2,382	2,338,080	-	(4,501,611)
Instructional library, media and technology	2,266,049	150,040	444,781	-	(1,671,228)
School site administration	10,750,273	-	262,084	-	(10,488,189)
Pupil Support Services:					
Home-to-school transportation	4,419,361	-	-	-	(4,419,361)
Food services	9,055,110	1,015,907	7,455,557	-	(583,646)
All other pupil services	8,776,360	-	2,014,305	-	(6,762,055)
General Administration Services:					
Data processing services	1,501,670	24,606	7,598	-	(1,469,466)
Other general administration	678,984	53,987	748,226	-	123,229
Plant services	19,844,169	230,389	2,040,717	-	(17,573,063)
Ancillary services	968,020	-	14,227	-	(953,793)
Community services	23,550	-	-	-	(23,550)
Enterprise activities	370,433	-	-	-	(370,433)
Interest on long-term debt	3,467,079	-	-	-	(3,467,079)
Transfers between agencies	936,193	-	-	-	(936,193)
Other outgo	721,262	2,028,408	994,854	-	2,302,000
Total Governmental Activities	\$ 199,629,744	\$ 3,505,719	\$ 39,634,602	\$ 3,531	(156,485,892)
General Revenues:					
Property taxes					27,249,444
Federal and state aid not restricted to specific purpose					132,877,097
Interest and investment earnings					119,208
Interagency revenues					7,009
Miscellaneous					8,336,230
Total general revenues					168,588,988
Change in net position					12,103,096
Net position - June 30, 2014, as originally stated					150,194,012
Adjustment for restatement (Note 1.I.)					(152,669,181)
Net position - June 30, 2014, as restated					(2,475,169)
Net position - June 30, 2015					\$ 9,627,927

JURUPA UNIFIED SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2015

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash	\$ 29,139,152	\$ 29,320,289	\$ 7,417,433	\$ 4,338,402	\$ 11,346,145	\$ 81,561,421
Investments	-	-	-	32,082,778	11,068,715	43,151,493
Accounts receivable	6,652,319	9,873	49,002	190,319	1,046,836	7,948,349
Due from other funds	748,839	153,578	370,694	-	-	1,273,111
Inventories	192,218	-	-	-	123,341	315,559
Total Assets	\$ 36,732,528	\$ 29,483,740	\$ 7,837,129	\$ 36,611,499	\$ 23,585,037	\$ 134,249,933
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 9,984,541	\$ 145,946	\$ 2,993,042	\$ 3,508	\$ 109,446	\$ 13,236,483
Due to other funds	200,000	-	-	370,694	902,417	1,473,111
Unearned revenue	489,885	-	-	-	-	489,885
Total Liabilities	10,674,426	145,946	2,993,042	374,202	1,011,863	15,199,479
Fund Balances						
Nonspendable	197,218	-	-	-	123,341	320,559
Restricted	5,337,376	29,337,794	4,844,087	36,237,297	22,449,833	98,206,387
Assigned	15,038,026	-	-	-	-	15,038,026
Unassigned	5,485,482	-	-	-	-	5,485,482
Total Fund Balances	26,058,102	29,337,794	4,844,087	36,237,297	22,573,174	119,050,454
Total Liabilities and Fund Balances	\$ 36,732,528	\$ 29,483,740	\$ 7,837,129	\$ 36,611,499	\$ 23,585,037	\$ 134,249,933

JURUPA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2015

Total fund balances - governmental funds \$ 119,050,454

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of these assets is \$344,244,138, and the accumulated depreciation is \$126,690,664. The difference is: 217,553,474

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was: (904,621)

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported as follows:

Deferred outflows of resources	16,214,276
Deferred inflows of resources	(36,144,168)

Internal service funds are used to conduct certain activities for which costs are charged to other funds on full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets and liabilities of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is: 343,348

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements they are recognized as a deferred outflow of resources. The remaining deferred amounts on refunding at the end of the period were: 913,982

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General obligation bonds payable	85,994,420	
Lease revenue bonds payable	32,460,365	
Certificates of participation payable	5,995,000	
Energy efficiency financing	2,070,000	
Site lease agreement	30,056,692	
Capital leases payable	472,558	
Redevelopment agency	1,400,000	
Compensated absences payable	2,304,118	
Early retirement incentives	1,514,559	
Other postemployment liabilities	17,528,282	
Net pension liability	127,602,824	(307,398,818)

Total net position - governmental activities \$ 9,627,927

JURUPA UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2015

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
LCFF sources	\$ 147,938,341	\$ -	\$ -	\$ -	\$ -	\$ 147,938,341
Federal sources	12,561,171	-	-	-	7,391,234	19,952,405
Other state sources	15,294,433	-	-	-	1,294,884	16,589,317
Other local sources	11,859,745	9,873	2,475,082	245,069	5,085,565	19,675,334
Total Revenues	187,653,690	9,873	2,475,082	245,069	13,771,683	204,155,397
EXPENDITURES						
Current:						
Instructional Services:						
Instruction	121,505,430	-	-	-	586,832	122,092,262
Instruction-Related Services:						
Supervision of instruction	6,715,527	-	-	-	110,375	6,825,902
Instructional library, media and technology	1,981,090	-	-	-	-	1,981,090
School site administration	10,389,620	-	-	-	-	10,389,620
Pupil Support Services:						
Home-to-school transportation	4,472,735	-	-	-	-	4,472,735
Food services	83,878	-	-	-	8,929,739	9,013,617
All other pupil services	8,417,612	-	-	-	17,542	8,435,154
General Administration Services:						
Data processing services	1,530,328	-	-	-	-	1,530,328
Other general administration	4,410,285	-	33,515	-	-	4,443,800
Plant services	18,495,051	-	110,139	264,487	-	18,869,677
Ancillary services	790,548	-	-	-	-	790,548
Community services	23,243	-	-	-	-	23,243
Transfers of indirect costs	(389,559)	-	-	-	389,559	-
Capital Outlay	1,403,732	425,657	681,654	1,096,661	271,048	3,878,752
Intergovernmental Transfers	936,193	-	-	-	-	936,193
Debt Service:						
Principal	1,582,931	-	-	827,494	2,090,000	4,500,425
Interest	883,457	-	-	514,163	1,692,002	3,089,622
Issuance costs	111,305	400,000	-	609,957	-	1,121,262
Total Expenditures	183,943,406	825,657	825,308	3,312,762	14,087,097	202,994,230
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	3,710,284	(815,784)	1,649,774	(3,067,693)	(315,414)	1,161,167
OTHER FINANCING SOURCES (USES)						
Interfund transfers in	473,583	153,578	370,694	3,305,939	-	4,303,794
Interfund transfers out	(3,305,939)	-	-	(844,277)	(153,578)	(4,303,794)
Proceeds from bond issuance	-	30,000,000	-	-	-	30,000,000
Proceeds from lease revenue bonds	-	-	-	29,988,476	-	29,988,476
Premiums on issuances	-	-	-	2,467,067	3,106,384	5,573,451
Other financing sources	-	-	-	-	6,518,781	6,518,781
Total Other Financing Sources and Uses	(2,832,356)	30,153,578	370,694	34,917,205	9,471,587	72,080,708
Net Change in Fund Balances	877,928	29,337,794	2,020,468	31,849,512	9,156,173	73,241,875
Fund Balances, July 1, 2014	25,180,174	-	2,823,619	4,387,785	13,417,001	45,808,579
Fund Balances, June 30, 2015	\$ 26,058,102	\$ 29,337,794	\$ 4,844,087	\$ 36,237,297	\$ 22,573,174	\$ 119,050,454

JURUPA UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Fiscal Year Ended June 30, 2015

Total net change in fund balances - governmental funds	\$ 73,241,875
Amounts reported for governmental activities in the statement of activities are different because:	
<p>In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:</p>	
Expenditures for capital outlay	4,094,483
Depreciation expense	<u>(7,494,701)</u>
Net:	(3,400,218)
<p>Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	4,500,425
<p>The issuance of long-term debt is reported in the governmental funds as a source of financing, but in the government-wide statements it is not reported in the statement of activities, but rather as a long-term liability in the statement of net position. Debt issued, net of issuance premiums, during the period was:</p>	(65,561,927)
<p>In governmental funds, if debt is issued at a premium or at a discount the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized as interest over the life of the debt. Amortization of premiums for the period is:</p>	289,521
<p>In the governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period, but owing from the prior period is:</p>	(86,895)
<p>In governmental funds, the entire proceeds from disposal of capital assets are reported as revenue. In the statements of activities, only the resulting gain or loss is reported. The difference between the proceeds from disposal of capital assets and the resulting gain or loss is:</p>	(18,128)
<p>In the statement of activities, certain operating expenses - compensated absences, for example, are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation leave earned exceeded the amounts used by:</p>	(278,903)
<p>In governmental funds, pension costs are recognized when employer contributions are made, in the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between the accrual basis pension costs and actual employer contributions was:</p>	5,136,463
<p>In governmental funds, postemployment benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, postemployment benefits costs are recognized in the period that they are incurred. The increase in the net OPEB liability at the end of the period was:</p>	(2,624,774)
<p>In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, in addition to compensated absences and long-term debt. Examples include special termination benefits such as retirement incentives financed over time and structured legal settlements. This year, expenses incurred for such obligations were:</p>	1,380,445
<p>Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:</p>	229,567
<p>The amounts paid to the refunded bond escrow agent in excess of the refunded bond at the time of payment payment are recorded as deferred amounts on the refunding and are amortized over the life of the liability. The amount amortized to deferred amounts in the current year was:</p>	(87,515)
<p>In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as an interest expense for the period.</p>	<u>(616,840)</u>
Change in net position of governmental activities	\$ 12,103,096

JURUPA UNIFIED SCHOOL DISTRICT
Statement of Net Position – Proprietary Fund
June 30, 2015

	Governmental Activities <u>Internal Service Fund</u>
ASSETS	
Cash	\$ 292,198
Accounts receivable	119,621
Due from other funds	<u>200,000</u>
Total assets	<u>611,819</u>
LIABILITIES	
Accounts payable	16,778
Estimated claims liability	<u>251,693</u>
Total liabilities	<u>268,471</u>
NET POSITION	
Restricted	<u><u>\$ 343,348</u></u>

JURUPA UNIFIED SCHOOL DISTRICT*Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund
For the Fiscal Year Ended June 30, 2015*

	Governmental Activities
	<u>Internal Service Fund</u>
OPERATING REVENUES	
Other local revenues	<u>\$ 600,000</u>
OPERATING EXPENSES	
Payments for claims and other operating expenses	<u>371,970</u>
Operating Income (Loss)	228,030
NON-OPERATING REVENUE	
Interest income	<u>1,537</u>
Change in net position	229,567
Net Position, July 1, 2014	<u>113,781</u>
Net Position, June 30, 2015	<u><u>\$ 343,348</u></u>

JURUPA UNIFIED SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	Governmental Activities <u>Internal Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from self-insurance premiums	\$ 420,361
Cash paid for operating expenses	<u>(325,678)</u>
Net cash provided (used) by operating activities	94,683
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>1,373</u>
Net increase in cash	96,056
Cash, July 1, 2014	<u>196,142</u>
Cash, June 30, 2015	<u><u>\$ 292,198</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 228,030
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Decrease in accounts receivable	20,361
Increase in due from other funds	(200,000)
Increase in accounts payable and estimated claims liability	<u>46,292</u>
Net cash provided (used) by operating activities	<u><u>\$ 94,683</u></u>

JURUPA UNIFIED SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2015

	Agency Funds		Trust Fund
	Student Body Funds	Debt Service Funds for Special Tax Bonds	Private-Purpose Trust Fund
ASSETS			
Cash	\$ 477,083	\$ -	\$ 60,092
Investments	-	10,055,047	-
Accounts receivable	-	-	460
Inventories	24,505	-	-
Total assets	<u>\$ 501,588</u>	<u>\$ 10,055,047</u>	<u>60,552</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	1,000
Due to student groups	501,588	-	-
Due to other governmental agencies	-	4,118,332	-
Due to bondholders	-	5,936,715	-
Total liabilities	<u>\$ 501,588</u>	<u>\$ 10,055,047</u>	<u>1,000</u>
NET POSITION			
Temporarily Restricted			<u>\$ 59,552</u>

JURUPA UNIFIED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2015

	Private-Purpose Trust Fund
ADDITIONS	
Interest	\$ 197
Other local sources	14,119
Total additions	<u>14,316</u>
DEDUCTIONS	
Books and supplies	2,057
Other services & operating expenses	6,528
Total deductions	<u>8,585</u>
Change in net position	5,731
Net position, July 1, 2014	<u>53,821</u>
Net position, June 30, 2015	<u><u>\$ 59,552</u></u>

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jurupa Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to 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:

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Jurupa Unified School District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus are included in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Jurupa School Facilities Corporation (the Corporation) financial activity are presented in the financial statements as the Capital Projects for Blended Component Units Fund and the Debt Service for Blended Component Units Fund. Certificates of participation and other debt issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually prepared financial statements are not prepared for the Corporation.

The Jurupa Unified School District Community Facilities Districts (CFDs) financial activity is presented in the financial statements as the Capital Projects Fund for Blended Component Units and in the Fiduciary Funds Statement as the Debt Service Fund for Special Tax Bonds. Special Tax Bonds issued by the CFDs are not included in the long-term obligations of the *Statement of Net Position* as they are not obligations of the District. Individually prepared financial statements are not prepared for each of the CFDs.

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The District also maintains an Adult Education Fund. Under the flexibility provisions of current statute that allow certain formerly restricted revenues to be used for any educational purpose, the Adult Education Fund does not currently meet the definition of special revenue funds as it is no longer primarily composed of restricted or committed revenue sources. Because this fund does not meet the definition of a special revenue fund under GASB 54, the activity in this fund is being reported within the General Fund.

Building Fund: This fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds and bond anticipation notes.

Capital Facilities Fund: This fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Major Governmental Funds (continued)

Special Reserve Fund for Capital Outlay Projects: This fund is used to account for funds set aside for Board designated construction projects.

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

Special Revenue Funds:

Child Development Fund: This fund is used to account for resources committed to child development programs maintained by the District.

Cafeteria Fund: This fund is used to account for revenues received and expenditures made to operate the District's food service operations.

Capital Projects Funds:

State School Building Lease-Purchase Fund: This fund is used to account for state apportionments provided for construction and modernization of school facilities.

County School Facilities Fund: This fund is used to account for state apportionments provided for modernization of school facilities under SB50.

Capital Projects Funds for Blended Component Units: This fund is used to account for the activity of the certificates of participation and of the Community Facilities Districts.

Debt Service Fund:

Bond Interest and Redemption Fund: This fund is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in Net Position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary fund:

Internal Service Funds: These funds are used to account for services rendered on a cost-reimbursement basis within the District. The District maintains one internal service fund, the Self-Insurance Fund, which is used to account for resources committed to the District's self-insured property and liability insurance program.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the District's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The District maintains the following fiduciary funds:

Agency Funds: The District maintains a separate agency fund for each school that operates an Associated Student Body (ASB) Fund, whether it is organized or not.

Debt Service Fund for Special Tax Bonds: This fund is used to account for the accumulation of resources for, and the repayment, of Community Facility District bonds, interest and related costs.

Private-Purpose Trust Fund: This fund is used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The District maintains one such fund to account separately for gifts or bequests per *Education Code* Section 41031 that benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District's own programs.

2. Measurement Focus, Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to state-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

C. Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

D. 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 as of June 30.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

2. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings and Improvements	25-50 years
Furniture and Equipment	15-20 years
Vehicles	8 years

4. Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue.

On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first item is to recognize contributions made to the pension plan after the measurement date of the net pension liability. The second is deferred amount on refunding, which resulted from the difference in the carrying value of refunded debt and its reacquisition price. This amount is shown as deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The District has two items that are reported as deferred inflows of resources. These items recognize the District's proportionate share of the deferred inflows of resources related to its pension plans as more fully described in the footnote entitled "Pension Plans".

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

6. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

8. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

9. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

F. Minimum Fund Balance Policy

During the 2010-11 fiscal year, pursuant to GASB Statement No. 54, the District adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of total General Fund expenditures and other financing uses.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed unless the governing board has provided otherwise in its commitment or assignment actions.

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

I. New GASB Pronouncements

During the 2014-15 fiscal year, the following GASB Pronouncements became effective:

1. **Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27 (Issued 06/12)***

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Cost-Sharing Employers

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a cost-sharing employer that does not have a special funding situation is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined, and consideration should be given to separate rates, if any, related to separate portions of the collective net pension liability. The use of the employer's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers as the basis for determining an employer's proportion is encouraged.

A cost-sharing employer is required to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate shares of collective pension expense and collective deferred outflows of resources and deferred inflows of resources related to pensions.

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. New GASB Pronouncements (continued)

2. Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68 (Issued 11/13)*

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. 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.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net position liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 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 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 68.

3. Cumulative Effect of Change in Accounting Principle

Accounting changes adopted to conform to the provisions of these statements should be applied retroactively. The result of the implementation of these standards was to decrease the net position at July 1, 2014 by \$152,669,181, which is the amount of net pension liability, net of the deferred outflows of resources related to pensions at July 1, 2014.

JURUPA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2015

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2015 are reported at fair value and consisted of the following:

	Rating	Governmental Activities			Fiduciary Funds
		Governmental Funds	Proprietary Fund	Total	
Pooled Funds:					
Cash in County Treasury		\$ 81,473,673	\$ 292,198	\$ 81,765,871	\$ 59,292
Deposits:					
Cash on hand and in banks		-	-	-	477,083
Cash in revolving fund		5,000	-	5,000	-
Cash collections awaiting deposit		82,748	-	82,748	800
Total Deposits		87,748	-	87,748	477,883
Total Cash		\$ 81,561,421	\$ 292,198	\$ 81,853,619	\$ 537,175
Investments:					
Invesco Short-Term Investments Trust Treasury Portfolio	AAA	\$ 39,930,440	\$ -	\$ 39,930,440	\$ 10,055,047
U.S. Bank - Money Market	N/A	3,221,053	-	3,221,053	-
Total Investments		\$ 43,151,493	\$ -	\$ 43,151,493	\$ 10,055,047

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2015, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies.

California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

JURUPA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 2 – CASH AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits (continued)

As of June 30, 2015, \$199,254 of the District’s bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agency, but not in the name of the District.

Investments - Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Education. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2015 consist of the following:

	Fair Value	Maturity	
		Less Than One Year	One Year Through Five Years
Investment maturities:			
Invesco Short-Term Investments Trust Treasury Portfolio	\$ 49,985,487	\$ 49,985,487	\$ -
U.S. Bank - Money Market	3,221,053	3,221,053	-
Total Investments	<u>\$ 53,206,540</u>	<u>\$ 53,206,540</u>	<u>\$ -</u>

Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by State Government Code Section 53600. At June 30, 2015, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2015, the District had the following investments that represent more than five percent of the District's net investments.

Invesco Short-Term Investments Trust Treasury Portfolio	93.9%
U.S. Bank - Money Market	6.1%

JURUPA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2015

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2015, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds	Proprietary Funds	Fiduciary Funds
Federal Government:								
Categorical aid programs	\$ 2,589,791	\$ -	\$ -	\$ -	\$ 893,201	\$ 3,482,992	\$ -	\$ -
State Government:								
Lottery	1,707,056	-	-	-	-	1,707,056	-	-
Child nutrition	-	-	-	-	71,229	71,229	-	-
Special education	263,174	-	-	-	-	263,174	-	-
Categorical aid programs	279,767	-	-	-	-	279,767	-	-
Other state resources	218,232	-	-	-	66,576	284,808	-	-
Local:								
Special education	1,090,301	-	-	-	-	1,090,301	-	-
Interest	23,428	9,873	5,860	1,125	15,830	56,116	337	-
Developer fees	-	-	43,142	-	-	43,142	-	-
Other	480,570	-	-	189,194	-	669,764	119,284	460
Total	\$ 6,652,319	\$ 9,873	\$ 49,002	\$ 190,319	\$ 1,046,836	\$ 7,948,349	\$ 119,621	\$ 460

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2015, consisted of the following:

	Due From Other Funds				Total
	General Fund	Building Fund	Capital Facilities Fund	Self-Insurance Fund	
General Fund	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000
Special Reserve Fund for Capital Outlay Projects	-	-	370,694	-	370,694
Non-Major Governmental Funds	748,839	153,578	-	-	902,417
Total	\$ 748,839	\$ 153,578	\$ 370,694	\$ 200,000	\$ 1,473,111

General Fund due to the Self-Insurance Fund for contribution	\$ 200,000
Child Development Fund due to General Fund for repayment of temporary loan	350,000
Capital Project Fund for Blended Component Units due to Building Fund for expenditure reimbursement	153,578
Special Reserve Fund for Capital Outlay Projects due to Capital Facilities Fund for expenditure reimbursement	370,694
Child Development Fund due to General Fund for indirect charges	28,550
Cafeteria Fund due to General Fund for indirect charges and other expenditures	370,289
Total	\$ 1,473,111

B. Transfers To/From Other Funds

Transfers to/from other funds for the fiscal year ended June 30, 2015, consisted of the following:

General Fund transfer to Special Reserve Fund for Capital Outlay Projects for redevelopment funds received	\$ 3,305,939
Capital Project Fund for Blended Component Units transfer to Building Fund for expenditure reimbursement	153,578
Special Reserve Fund for Capital Outlay Projects transfer to Capital Facilities Fund for expenditure reimbursement	370,694
Special Reserve Fund for Capital Outlay Projects transfer to General Fund for routine restricted maintenance	473,583
Total	\$ 4,303,794

JURUPA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2015

NOTE 5 - FUND BALANCES

At June 30, 2015, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable:						
Revolving cash	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Stores inventories	192,218	-	-	-	123,341	315,559
Total Nonspendable	197,218	-	-	-	123,341	320,559
Restricted:						
Categorical programs	5,337,376	-	-	-	-	5,337,376
Food service programs	-	-	-	-	3,182,713	3,182,713
Capital projects	-	29,337,794	4,844,087	36,237,297	11,907,845	82,327,023
Debt service	-	-	-	-	7,359,275	7,359,275
Total Restricted	5,337,376	29,337,794	4,844,087	36,237,297	22,449,833	98,206,387
Assigned:						
LCFF Reserves	5,400,000	-	-	-	-	5,400,000
LCAP Reserves	4,562,649	-	-	-	-	4,562,649
School Site Allocation Carryover	353,222	-	-	-	-	353,222
Management Health & Welfare	42,813	-	-	-	-	42,813
Certificated Health & Welfare	(24,949)	-	-	-	-	(24,949)
Classified Health & Welfare	820,388	-	-	-	-	820,388
Add/x271 Capital Outlay	300,000	-	-	-	-	300,000
AP Testing	20,864	-	-	-	-	20,864
Medi-Cal Administration	5,744	-	-	-	-	5,744
OPEB	17,277	-	-	-	-	17,277
Kaiser Grant	33,783	-	-	-	-	33,783
Donations	255,070	-	-	-	-	255,070
Instructional Materials	781,463	-	-	-	-	781,463
Visual and Performing Arts	18,221	-	-	-	-	18,221
Common Core Materials	1,264,210	-	-	-	-	1,264,210
Deferred Maintenance	657,671	-	-	-	-	657,671
Lottery	279,800	-	-	-	-	279,800
Other Assignments	249,800	-	-	-	-	249,800
Total Assigned	15,038,026	-	-	-	-	15,038,026
Unassigned:						
Reserve for economic uncertainties	5,485,482	-	-	-	-	5,485,482
Total Unassigned	5,485,482	-	-	-	-	5,485,482
Total	\$ 26,058,102	\$ 29,337,794	\$ 4,844,087	\$ 36,237,297	\$ 22,573,174	\$ 119,050,454

NOTE 6 - TAX REVENUE ANTICIPATION NOTES

On March 14, 2014, the District issued \$10,170,000 of Tax Revenue Anticipation Notes through the California School Cash Reserve program. The notes were issued to supplement cash flow. The notes carried interest at a rate of 2.0% and matured on October 1, 2014. The balance was fully repaid as of June 30, 2015.

JURUPA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 7 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance, July 1, 2014	Additions	Decreases	Balance, June 30, 2015
Capital assets not being depreciated:				
Land	\$ 9,768,022	\$ -	\$ -	\$ 9,768,022
Construction in progress	9,097,766	2,261,387	6,160,816	5,198,337
Total capital assets not being depreciated	<u>18,865,788</u>	<u>2,261,387</u>	<u>6,160,816</u>	<u>14,966,359</u>
Capital assets being depreciated:				
Improvements to sites	19,993,439	-	-	19,993,439
Buildings	280,612,769	7,387,064	-	287,999,833
Equipment	21,041,999	606,848	364,340	21,284,507
Total capital assets being depreciated	<u>321,648,207</u>	<u>7,993,912</u>	<u>364,340</u>	<u>329,277,779</u>
Accumulated depreciation for:				
Improvements to sites	(17,349,211)	(271,084)	-	(17,620,295)
Buildings	(90,418,782)	(6,020,767)	-	(96,439,549)
Equipment	(11,774,182)	(1,202,850)	(346,212)	(12,630,820)
Total accumulated depreciation	<u>(119,542,175)</u>	<u>(7,494,701)</u>	<u>(346,212)</u>	<u>(126,690,664)</u>
Total capital assets being depreciated, net	<u>202,106,032</u>	<u>499,211</u>	<u>18,128</u>	<u>202,587,115</u>
Governmental activity capital assets, net	<u>\$ 220,971,820</u>	<u>\$ 2,760,598</u>	<u>\$ 6,178,944</u>	<u>\$ 217,553,474</u>

Depreciation expense is allocated to the following functions in the statement of activities:

Instruction	\$ 5,526,612
Instruction Supervision and Administration	9,240
Instruction Library, Media and Technology	270,241
School Site Administration	193,826
Food Services	78,421
All Other Pupil Services	258,836
Ancillary Services	171,561
All Other General Administration	193,779
Centralized Data Processing	1,715
Plant Services	790,470
Total	<u>\$ 7,494,701</u>

JURUPA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 8 – GENERAL LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2015, were as follows:

	Balance July 1, 2014*	Additions	Deductions	Balance, June 30, 2015	Amount Due in One Year
General Obligation Bonds:					
Bond principal	\$ 46,687,972	\$ 30,000,000	\$ 1,940,000	\$ 74,747,972	\$ 2,165,000
Accreted interest component	4,885,100	589,990	-	5,475,090	-
Unamortized issuance premium	2,932,467	3,106,384	267,493	5,771,358	385,321
Sub-Total GO Bonds	54,505,539	33,696,374	2,207,493	85,994,420	2,550,321
Lease Revenue Bonds:					
Bond principal	-	29,988,476	-	29,988,476	-
Accreted interest component	-	26,850	-	26,850	-
Unamortized issuance premium	-	2,467,067	22,028	2,445,039	88,110
Sub-Total Lease Revenue Bonds	-	32,482,393	22,028	32,460,365	88,110
Certificates of Participation	6,425,000	-	430,000	5,995,000	450,000
Site Lease Agreement	2,370,000	-	300,000	2,070,000	310,000
Energy Efficiency Financing	31,518,466	-	1,461,774	30,056,692	1,558,138
Capital Leases	641,209	-	168,651	472,558	162,589
Redevelopment Agency	1,600,000	-	200,000	1,400,000	200,000
Compensated Absences	2,025,215	278,903	-	2,304,118	-
Early Retirement Incentives	2,895,004	-	1,380,445	1,514,559	857,483
Other Postemployment Benefits	14,903,508	2,624,774	-	17,528,282	-
Net Pension Liability	161,896,882	-	34,294,058	127,602,824	-
Total	\$ 278,780,823	\$ 69,082,444	\$ 40,464,449	\$ 307,398,818	\$ 6,176,641

* Beginning balance amount has been restated to reflect the retroactive implementation of GASB Statement No.68 for the net pension liability.

Payments for general obligation bonds are made by the Bond Interest and Redemption Fund. The site lease agreement payments are split between the Cafeteria Fund and the Special Reserve Fund for Capital Outlay. All other debt service payments are made from the Special Reserve Fund for Capital Outlay. Compensated absences will be paid for by the fund for which the employee worked.

A. General Obligation Bonds

Election of 2001

The District received authorization at an election held on November 6, 2001 (Measure C), by an affirmative vote of 64.7% of the votes cast by eligible voters within the District to issue general obligation bonds in an amount not to exceed \$58 million. The proceeds of the bonds were authorized to be used for the acquisition and construction of school facilities and equipment, specifically: repair roofing, plumbing and electrical systems, improve school safety and security, upgrade classroom technology, build and expand science laboratories and libraries, and build new schools and classrooms.

Election of 2014

Pursuant to a regularly scheduled election of the registered voters of the District held on November 4, 2014, at least 55% of the persons voting on the proposition (Measure "EE") voted to authorize the issuance and sale of not to exceed \$144 million principal amount of general obligation bonds of the District to finance the construction of new facilities and renovation and improvement at existing schools and to pay costs of issuance of the bonds.

JURUPA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2015

NOTE 8 – GENERAL LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

Refunding Bonds

In prior years, the District has issued refunding bonds. The net proceeds of the refunding bonds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased, and the related liability for the bonds has been removed from the District's liabilities. Amounts paid to the refunded bond escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred amounts on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding of \$913,982 remain to be amortized as of June 30, 2015. All principal amounts on the defeased debt have been paid in full.

Summary of Outstanding Bonds

Following is a summary of bonds issued by the District and outstanding as of June 30, 2015:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2014	Issuances	Payments	Balance, June 30, 2015
Election of 2001 (Measure C)								
2002	4/2/2002	5/1/2027	4.00% - 5.94%	\$ 30,797,972	\$ 4,922,972	\$ -	\$ -	\$ 4,922,972
Election of 2014 (Measure EE)								
2015A	5/27/2015	8/1/2039	2.00% - 5.00%	30,000,000	-	30,000,000	-	30,000,000
Refunding Bonds								
2011 Refi.	11/2/2011	8/1/2022	2.00% - 5.00%	20,295,000	17,805,000	-	1,250,000	16,555,000
2012 Refi.	11/28/2012	8/1/2028	2.625% - 5.000%	25,200,000	23,960,000	-	690,000	23,270,000
				<u>\$ 106,292,972</u>	<u>\$ 46,687,972</u>	<u>\$ 30,000,000</u>	<u>\$ 1,940,000</u>	<u>\$ 74,747,972</u>

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2015, were as follows:

Fiscal Year	Principal	Interest	Total
2015-16	\$ 2,165,000	\$ 2,473,708	\$ 4,638,708
2016-17	6,445,000	2,773,525	9,218,525
2017-18	7,190,000	2,540,075	9,730,075
2018-19	3,230,000	2,331,675	5,561,675
2019-20	3,150,000	2,204,075	5,354,075
2020-25	17,383,823	13,660,402	31,044,225
2025-30	17,714,149	14,736,901	32,451,050
2030-35	6,305,000	3,649,125	9,954,125
2035-40	11,165,000	1,505,875	12,670,875
Total	<u>\$ 74,747,972</u>	<u>\$ 45,875,361</u>	<u>\$ 120,623,333</u>

B. Lease Revenue Bonds

On April 2, 2015, the District issued \$29,988,476 in Lease Revenue Bonds. The net proceeds of \$32,455,543 (after issuance costs of \$609,957 and premium of \$2,467,067) were deposited into the Special Reserve Fund for Capital Outlay to finance school facilities, fund capitalize interest, provide a debt service reserve insurance policy and pay for costs incurred in connection with the issuance of the Bonds, including the premiums for a municipal bond insurance policy and the debt service reserve insurance policy.

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 8 – GENERAL LONG-TERM DEBT (continued)

B. Lease Revenue Bonds (continued)

Future payments are as follows:

Fiscal Year	Principal	Interest	Total
2015-16	\$ -	\$ 1,279,486	\$ 1,279,486
2016-17	-	1,283,050	1,283,050
2017-18	-	1,283,050	1,283,050
2018-19	-	1,283,050	1,283,050
2019-20	-	1,283,050	1,283,050
2020-25	1,100,000	6,331,275	7,431,275
2025-30	3,650,000	5,767,250	9,417,250
2030-35	7,400,000	4,606,588	12,006,588
2035-40	7,613,476	7,748,774	15,362,250
2040-43	10,225,000	801,125	11,026,125
Total	\$ 29,988,476	\$ 31,666,698	\$ 61,655,174

C. Certificates of Participation

2011 Refunding

On November 2, 2011, the District issued \$7,220,000 of Refunding Certificates of Participation. The Certificates bear fixed interest rates ranging from 2.0 to 4.375 percent with annual maturities from August 2012 through August 2024. The net proceeds of \$6,915,818 (after delivery costs, underwriter's discount, and original issue discount of \$304,182) were used to prepay the District's outstanding Certificates of Participation (1999 Education Center Project).

The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded certificates. As a result, the refunded certificates are considered to be defeased, and the related liability for the certificates has been removed from the District's liabilities.

Amounts paid to the escrow agent in excess of the outstanding debt at the time of payment are recorded as deferred charges on refunding on the statement of net position and are amortized to interest expense over the life of the liability. Deferred amounts on refunding of (\$71,231) remain to be amortized. As of June 30, 2015, the principal balance on the defeased debt was completely paid.

The annual requirements to amortize the Refunding Certificates of Participation outstanding as of June 30, 2015 were as follows:

Fiscal Year	Principal	Interest	Total
2015-16	\$ 450,000	\$ 217,413	\$ 667,413
2016-17	475,000	203,538	678,538
2017-18	510,000	188,762	698,762
2018-19	540,000	172,338	712,338
2019-20	570,000	153,587	723,587
2020-25	3,450,000	384,106	3,834,106
Total	\$ 5,995,000	\$ 1,319,744	\$ 7,314,744

JURUPA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2015

NOTE 8 – GENERAL LONG-TERM DEBT (continued)

C. Certificates of Participation (continued)

2012 Site Lease Agreement

On July 1, 2011, the District entered into a site lease agreement with Municipal Asset Finance Corporation. Under the agreement, the Corporation has agreed to finance the acquisition of a warehouse and the costs of certain tenant improvements for the District, and in exchange the District has agreed to lease the Peralta Elementary School property. The financing is evidenced by the issuance of \$3,200,000 certificates of participation, and the District will make lease payments to the Corporation as follows:

Fiscal Year	Principal	Interest	Total
2015-16	\$ 310,000	\$ 85,905	\$ 395,905
2016-17	325,000	73,040	398,040
2017-18	340,000	59,552	399,552
2018-19	350,000	45,443	395,443
2019-20	365,000	30,917	395,917
2020-21	380,000	15,770	395,770
Total	<u>\$ 2,070,000</u>	<u>\$ 310,627</u>	<u>\$ 2,380,627</u>

D. Energy Efficiency Financing (Chevron)

On September 30, 2011, the District approved an energy conservation measure, authorizing approval of the execution and delivery of an equipment/lease purchase agreement for \$27,105,376. The agreement is for the acquisition, purchase, financing and leasing of certain equipment for the public benefit. Future payments due under the agreement are as follows:

Fiscal Year	Principal	Interest	Total
2015-16	\$ 1,558,138	\$ 1,045,169	\$ 2,603,307
2016-17	1,702,450	925,876	2,628,326
2017-18	1,407,332	933,125	2,340,457
2018-19	1,468,622	884,527	2,353,149
2019-20	1,637,800	830,783	2,468,583
2020-25	11,215,600	3,117,022	14,332,622
2025-30	7,933,145	1,071,887	9,005,032
2030-35	3,133,605	359,279	3,492,884
Total	<u>\$ 30,056,692</u>	<u>\$ 9,167,668</u>	<u>\$ 39,224,360</u>

E. Capital Leases

The District leases equipment, a portable classroom, and school buses having a value of approximately \$750,000 under agreements that provide for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

Fiscal Year	Lease Payment
2015-16	\$ 183,560
2016-17	125,274
2017-18	128,982
2018-19	84,091
2019-20	627
Total	522,534
Less Amount Representing Interest	(49,976)
Present Value of Net Minimum Lease Payments	<u>\$ 472,558</u>

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 8 – GENERAL LONG-TERM DEBT (continued)

E. Capital Leases (continued)

The District will receive no sublease rental revenues nor pay any contingent rentals for the equipment, classroom or buses.

F. Redevelopment Agency

On February 21, 2007, the District entered into a contract with the redevelopment agency. The contract is for the building of a new stadium at Rubidoux High School. The agreement called for the agency to provide up to \$5 million to the District on a reimbursement basis. \$3 million of the loan is being repaid in annual installments of \$200,000, beginning June 15, 2008. The remaining \$2 million will be repaid from incremental pass through funds received by the District from the Agency that exceed the amount received in fiscal year 2005-2006. As of June 30, 2015, \$1,400,000 was the outstanding balance on this obligation.

G. Early Retirement Incentives

The District has entered into various agreements for early retirement incentives for eligible employees. Eligibility requirements are that employees must have 25 years of service with the District and must be 55 years of age. The agreements require the District to make 5 equal annual installment payments or a \$10,000 lump sum for the retirees that participate in the plan.

A summary of outstanding early retirement incentives are shown below:

	Balance, July 1, 2014	Additions	Deductions	Balance, June 30, 2015	Amount Due in One Year
2009-10 Certificated - STRS	\$ 330,000	\$ -	\$ 130,349	\$ 199,651	\$ 101,651
2010-11 Certificated - Keenan	422,897	-	422,897	-	-
2010-11 Certificated - STRS	619,672	-	161,119	458,553	159,328
2010-11 Classified - Jurupa	44,427	-	44,427	-	-
2010-11 Management - Jurupa	3,893	-	3,893	-	-
2011-12 Certificated - Keenan	608,778	-	304,389	304,389	304,389
2011-12 Classified - Jurupa	71,686	-	39,422	32,264	32,264
2012-13 Certificated - Keenan	709,488	-	236,496	472,992	236,496
2012-13 Classified - Jurupa	84,163	-	37,453	46,710	23,355
Total	<u>\$ 2,895,004</u>	<u>\$ -</u>	<u>\$ 1,380,445</u>	<u>\$ 1,514,559</u>	<u>\$ 857,483</u>

The future obligations under these plans is shown below:

Fiscal Year	Total Payments
2015-16	\$ 857,483
2016-17	510,701
2017-18	146,375
Total	<u>\$ 1,514,559</u>

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 8 – GENERAL LONG-TERM DEBT (continued)

H. Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of \$26,855,000 as of June 30, 2015, does not represent debt of the District and, as such, does not appear in the financial statements.

NOTE 9 – JOINT VENTURES

The Jurupa Unified School District participates in joint ventures under joint powers agreements with the Riverside Schools Risk Management Authority (RSRMA), the Riverside County Employer/Employee Partnership (REEP) for benefits, and the Southern California ReLiEF (SCR). The relationships between the District and the JPAs are such that the JPAs are not a component unit of the District for financial reporting purposes.

The RSRMA JPA provides workers compensation insurance coverage for its members, REEP provides health and welfare benefits coverage for its members, and SCR provides property and liability insurance coverage. The JPAs are governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPAs independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPAs. Condensed audited financial information is as follows:

	SCR	REEP	RSRMA
	June 30, 2014	June 30, 2014	June 30, 2015
Assets	\$ 51,710,199	\$ 30,171,457	\$ 12,419,226
Liabilities	38,808,629	10,701,715	4,264,266
Net Position	\$ 12,901,570	\$ 19,469,742	\$ 8,154,960
Revenues	\$ 17,316,994	\$ 132,806,932	\$ 28,538,430
Expenditures	26,459,776	131,725,589	28,209,130
Operating Income (loss)	(9,142,782)	1,081,343	329,300
Non-Operating Income	381,854	35,158	47,777
Change in Net Position	\$ (8,760,928)	\$ 1,116,501	\$ 377,077

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 10 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2015, the District purchased a commercial insurance policy for property and liability insurance coverage with a \$100,000 deductible, with the excess coverage provided by SAFER. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2015, the District participated in the RSRMA public entity risk pool for workers compensation coverage, with excess coverage provided by the PIPS public entity risk pool.

Employee Medical Benefits

The District has contracted with Kaiser, Blue Cross HMO, Blue Cross PPO, and United Healthcare to provide employee medical and surgical benefits, and Met Life Dental and Delta for dental benefits. Basic life insurance benefits are provided through American Fidelity, Prudential or Unum/Provident.

Unpaid Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in in approximate aggregate liabilities for the District from July 1, 2013 to June 30, 2015:

Liability Balance, July 1, 2013	\$	177,008
Claims and changes in estimates		263,522
Claims payments		(251,456)
Liability Balance, June 30, 2014		189,074
Claims and changes in estimates		434,589
Claims payments		(371,970)
Liability Balance, June 30, 2015	\$	251,693
Assets available to pay claims at June 30, 2015	\$	611,819

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

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

B. Litigation

The District is involved in various litigation that arose out of the normal course of business. In the opinion of legal counsel, the District does not anticipate that the outcome of any of the litigation will have a material impact on the financial statements.

C. Construction Commitments

As of June 30, 2015, the District had commitments with respect to unfinished capital projects of approximately \$1.5 million to be paid from a combination of State and local funds.

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 12 - PENSION PLANS

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 California State Teachers' Retirement System (CalSTRS), and classified employees are members of California Public Employees' Retirement System (CalPERS).

A. General Information about the Pension Plans

Plan Descriptions

The District contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. Benefit provisions under the Plan are established by State statute and District resolution. CalSTRS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalSTRS website.

The District also 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. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalSTRS provides retirement, disability, and death benefits. Retirement benefits are determined as 2 percent of final compensation for each year of credited service at age 60 for members under *CalSTRS 2% at 60*, or age 62 for members under *CalSTRS 2% at 62*, increasing to a maximum of 2.4 percent at age 63 for members under *CalSTRS 2% at 60*, or age 65 for members under *CalSTRS 2% at 62*. The normal retirement eligibility requirements are age 60 for members under *CalSTRS 2% at 60*, or age 62 for members under *CalSTRS 2% at 62*, with a minimum of five years of service credited under the Defined Benefit Program, which can include service purchased from teaching in an out-of-state or foreign public school. Employees are eligible for service-related disability benefits after five years of service, unless the member is disabled due to an unlawful act of bodily injury committed by another person while working in CalSTRS covered employment, in which case the minimum is one year. Disability benefits are equal to fifty percent of final compensation regardless of age and service credit. Designated recipients of CalSTRS retired members receive a \$6,163 lump-sum death payment. There is a 2 percent simple increase each September 1 following the first anniversary of the date on which the monthly benefit began to accrue. The annual 2 percent increase is applied to all continuing benefits other than Defined Benefit Supplement annuities. However, if the member retires with a Reduced Benefit Election, the increase does not begin to accrue until the member reaches age 60 and is not payable until the member receives the full benefit. This increase is also known as the improvement factor.

CalPERS also provides retirement, disability, and death benefits. Retirement benefits are determined as 1.1 percent of final compensation for each year of credited service at age 50 for members under *2% at 55*, or 1.0 percent at age 52 for members under *2% at 62*, increasing to a maximum of 2.5 percent at age 63 for members under *2% at 55*, or age 67 for members under *2% at 62*. To be eligible for service retirement, members must be at least age 50 and have a minimum of five years of CalPERS-credited service. Members joining on or after January 1, 2013 must be at least age 52. Disability retirement has no minimum age requirement and the disability does not have to be job related. However, members must have a minimum of five years of CalPERS service credit.

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 12 - PENSION PLANS (continued)

A. General Information about the Pension Plans (continued)

Benefits Provided (continued)

Pre-retirement death benefits range from a simple return of member contributions plus interest to a monthly allowance equal to half of what the member would have received at retirement paid to a spouse or domestic partner. To be eligible for any type of monthly pre-retirement death benefit, a spouse or domestic partner must have been either married to the member or legally registered before the occurrence of the injury or the onset of the illness that resulted in death, or for at least one year prior to death. Cost-of-living adjustments are provided by law and are based on the Consumer Price Index for all United States cities. Cost-of-living adjustments are paid the second calendar year of the member's retirement on the May 1 check and then every year thereafter. The standard cost-of-living adjustment is a maximum of 2 percent per year.

Contributions

Active CalSTRS plan members were required to contribute 8.15% of their salary in 2014-15. The required employer contribution rate for fiscal year 2014-15 was 8.88% of annual payroll. The contribution requirements of the plan members are established by State statute. Active CalPERS plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The required employer contribution for fiscal year 2014-15 was 11.771%. The contribution requirements of the plan members are established by State statute.

For the fiscal year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>CalSTRS</u>	<u>CalPERS</u>
Employer contributions	\$ 12,025,478	\$ 4,188,797
Employee contributions paid by employer	\$ -	\$ -

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
CalSTRS	\$ 103,433,490
CalPERS	24,169,334
Total Net Pension Liability	<u>\$ 127,602,824</u>

JURUPA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 12 - PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014, was as follows:

	<u>CalSTRS*</u>	<u>CalPERS</u>
Proportion - June 30, 2013	0.1770%	0.2295%
Proportion - June 30, 2014	0.1770%	0.2129%
Change - Increase (Decrease)	<u>0.0000%</u>	<u>-0.0166%</u>

* The District's proportionate share percentage was not separately determined for June 30, 2013, so the June 30, 2014 percentage was used to calculate the beginning amounts.

For the year ended June 30, 2015, the District recognized pension expense of \$11,073,666. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 16,214,276	\$ -
Adjustment due to differences in proportions	-	(2,369,014)
Net differences between projected and actual earnings on plan investments	-	(33,775,154)
	<u>\$ 16,214,276</u>	<u>\$ (36,144,168)</u>

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 12 - PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The total amount of \$16,214,276 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	Amount
June 30,	
2016	\$ (7,170,273)
2017	(7,170,273)
2018	(7,170,273)
2019	-
2020	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2013, actuarial valuations were determined using the following actuarial assumptions:

	CalSTRS	CalPERS
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry age normal	Entry age normal
Actuarial Assumptions:		
Discount Rate	7.60%	7.50%
Inflation	3.00%	2.75%
Wage Growth	3.75%	3.00%
Post-retirement Benefit Increase	2.00%	-
Investment Rate of Return	7.60%	7.50%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. See CalSTRS July 1, 2006 - June 30, 2010 Experience Analysis for more information. The underlying mortality assumptions and all other actuarial assumptions used in the CalPERS June 30, 2013, valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – for CalSTRS

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

NOTE 12 - PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate – for CalSTRS (continued)

Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate – for CalPERS

The discount rate used to measure the total pension liability was 7.50% for CalPERS. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference. CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 12 - PENSION PLANS (continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

Discount Rate – for CalPERS (continued)

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

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

Asset Class	Target Allocation		Long-Term Expected Rate of Return	
	CalSTRS	CalPERS	CalSTRS	CalPERS
Global Equity	47%	47%	4.5%	5.7%
Global Fixed Income	N/A	19%	N/A	2.4%
Inflation Sensitive	5%	6%	3.2%	3.4%
Private Equity	12%	12%	6.2%	7.0%
Real Estate	15%	11%	4.4%	5.1%
Infrastructure and Forestland	N/A	3%	N/A	5.1%
Fixed Income	20%	N/A	0.2%	N/A
Liquidity	1%	2%	0.0%	-1.1%
	<u>100%</u>	<u>100%</u>		

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	CalSTRS	CalPERS
1% Decrease	6.60%	6.50%
Net Pension Liability	\$ 161,225,760	\$ 42,398,529
Current Discount Rate	7.60%	7.50%
Net Pension Liability	\$ 103,433,490	\$ 24,169,334
1% Increase	8.60%	8.50%
Net Pension Liability	\$ 55,245,240	\$ 8,937,004

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalSTRS and CalPERS financial reports.

JURUPA UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2015

NOTE 12 - PENSION PLANS (continued)

C. Payable to the Pension Plans

At June 30, 2015, the District reported a payable of \$24,911 and \$3,410 for the outstanding amount of contributions to the CalSTRS and CalPERS pension plans, respectively, required for the fiscal year ended June 30, 2015.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

Jurupa Unified School District administers a single-employer defined benefit other postemployment benefit (OPEB) plan that provides medical, dental and vision insurance benefits to eligible retirees and their spouses. The District implemented Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, in 2007-08.

Plan Descriptions and Contribution Information

Membership in the plan consisted of the following:

Retirees and beneficiaries receiving benefits *	171
Active plan member	1,665
Total	1,836

**As of July 1, 2014*

Certificated Employees

The District will pay for retiree health coverage (medical and dental) including dependent coverage through age 65 or eligibility for Medicare subject to an annual maximum benefit allotment. The retiree pays for any amounts above the allotment plus any elected vision coverage. Spouse and dependents coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution for coverage beyond age 65 or Medicare eligibility. Eligibility for retiree health coverage requires retirement under STRS with at least 10 years of service.

The District is contractually obligated to make a flat contribution into a Certificated employee pool which is used to pay the costs for health benefits for Certificated employees. Any shortfall is paid by the Certificated employees in the pool through surcharges. The District contribution is the \$8,565 negotiated cap per eligible employee. The retired employees pay the same surcharge for their coverage as the active employees.

Classified Employees

The District will pay for retiree health coverage (medical, dental and vision) including dependent coverage through age 65 or eligibility for Medicare subject to an annual maximum benefit allotment (currently \$8,565). The retiree pays for any amounts above the annual maximum. The annual maximum is pro-rated for Classified part-time employees. Spouse and dependents coverage (except COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution for coverage beyond age 65 or Medicare eligibility. Eligibility for retiree health coverage requires retirement under PERS with at least 10 years of service.

JURUPA UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2015

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Descriptions and Contribution Information (continued)

Management Employees

The District will pay for retiree health coverage (medical, dental and vision) including dependent coverage through age 65 or eligibility for Medicare subject to an annual maximum benefit allotment (currently \$8,565). The retiree pays for any amounts above the annual maximum. Spouse and dependents coverage (except for COBRA) ceases upon the death of the retiree. The District does not provide any financial contribution for coverage beyond age 65 or Medicare eligibility. Eligibility for retiree health coverage requires retirement under PERS/STRS with at least 10 years of service.

Board Members

Retired Board Members may continue health coverages to age 70 on a self-pay basis.

The District's funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the governing board. For fiscal year 2014-15, the District contributed \$1,410,734.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an 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 (ARC)	\$	4,418,267
Interest on net OPEB obligation		670,658
Adjustment to ARC		(1,053,417)
Annual OPEB cost (expense)		<u>4,035,508</u>
Contributions made		<u>(1,410,734)</u>
Increase (decrease) in net OPEB obligation (asset)		2,624,774
Net OPEB obligation, July 1, 2014		<u>14,903,508</u>
Net OPEB obligation, June 30, 2015	\$	<u><u>17,528,282</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014-15 and the preceding two years as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2013	\$ 3,264,880	34.6%	\$ 12,850,728
2014	\$ 3,303,748	37.9%	\$ 14,903,508
2015	\$ 4,035,508	35.0%	\$ 17,528,282

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (continued)

Funded Status and Funding Progress – OPEB Plans

As of July 1, 2014, the most recent actuarial valuation date, the District did not have a funded plan. The actuarial accrued liability (AAL) for benefits was \$33.2 million and the unfunded actuarial accrued liability (UAAL) was \$33.2 million.

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. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the 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 designated 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.

Additional information as of the latest actuarial valuation follows:

Valuation Date	7/1/2014
Actuarial Cost Method	Projected unit credit
Amortization Method	Level Dollar
Remaining Amortization Period	23
Asset Valuation	N/A
Actuarial Assumptions:	
Discount Rate	4.5%
Inflation	2.8%
Healthcare cost trend rate	7.0%

Required Supplementary Information

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JURUPA UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual * (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
Revenues				
LCFF Sources	\$ 146,404,633	\$ 147,938,341	\$ 147,938,341	\$ -
Federal Sources	13,766,528	14,418,652	12,494,708	(1,923,944)
Other State Sources	8,901,554	10,934,963	10,960,934	25,971
Other Local Sources	10,512,795	11,875,623	11,859,745	(15,878)
Total Revenues	179,585,510	185,167,579	183,253,728	(1,913,851)
Expenditures				
Current:				
Certificated Salaries	87,063,438	88,045,250	87,446,674	598,576
Classified Salaries	25,286,729	25,811,459	25,630,008	181,451
Employee Benefits	33,988,577	33,489,829	32,949,373	540,456
Books and Supplies	10,281,667	9,267,997	8,572,123	695,874
Services and Operating Expenditures	21,427,812	23,371,517	21,867,664	1,503,853
Capital Outlay	1,539,235	64,883	64,580	303
Transfers of indirect costs	(270,000)	(389,559)	(389,559)	-
Debt Service	2,490,523	3,530,562	3,402,581	127,981
Total Expenditures	181,807,981	183,191,938	179,543,444	3,648,494
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,222,471)	1,975,641	3,710,284	1,734,643
Other Financing Sources and Uses				
Interfund transfers in	473,583	473,583	473,583	-
Interfund transfers out	(2,733,813)	(3,305,939)	(3,305,939)	-
Total Other Financing Sources and Uses	(2,260,230)	(2,832,356)	(2,832,356)	-
Net Change in Fund Balances	(4,482,701)	(856,715)	877,928	1,734,643
Fund Balance, July 1, 2014	21,925,636	25,180,173	25,180,173	-
Fund Balance, June 30, 2015	\$ 17,442,935	\$ 24,323,458	\$ 26,058,101	\$ 1,734,643

* The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Funding Progress
For the Fiscal Year Ended June 30, 2015

Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2010	\$ -	\$ 24,526,740	\$ 24,526,740	0.0%	\$102,837,451	23.9%
July 1, 2012	\$ -	\$ 25,612,588	\$ 25,612,588	0.0%	\$ 87,651,000	29.2%
July 1, 2014	\$ -	\$ 33,197,506	\$ 33,197,506	0.0%	\$ 93,792,000	35.4%

JURUPA UNIFIED SCHOOL DISTRICT*Schedule of Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended June 30, 2015*

Last Ten Fiscal Years*

2014

District's proportion of the net pension liability (asset):	
CalSTRS	0.1770%
CalPERS	0.2295%
District's proportionate share of the net pension liability (asset):	
CalSTRS	\$ 103,433,490
CalPERS	\$ 24,169,334
District's covered-employee payroll:	
CalSTRS	\$ 78,695,612
CalPERS	\$ 33,850,280
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll:	
CalSTRS	131.4%
CalPERS	71.4%
Plan fiduciary net position as a percentage of the total pension liability:	
CalSTRS	76.5%
CalPERS	83.4%

* *This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Contributions
For the Fiscal Year Ended June 30, 2015

Last Ten Fiscal Years*

	<u>2014</u>
Actuarially determined contribution:	
CalSTRS	\$ 6,492,388
CalPERS	\$ 3,873,149
Contributions in relation to the actuarially determined contribution:	
CalSTRS	\$ 6,492,388
CalPERS	<u>\$ 3,873,149</u>
Contribution deficiency (excess):	
CalSTRS	<u>\$ -</u>
CalPERS	<u>\$ -</u>
District's covered-employee payroll:	
CalSTRS	\$ 78,695,612
CalPERS	\$ 33,850,280
Contributions as a percentage of covered-employee payroll:	
CalSTRS	8.25%
CalPERS	11.442%

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

JURUPA UNIFIED SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2015

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule present both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Funding Progress

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportionate share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ration of the actual contributions divided by covered-employee payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

At June 30, 2015, the District did not incur any excess of expenditures over appropriations in the individual major fund presented in the Budgetary Comparison Schedule.

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Supplementary Information

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JURUPA UNIFIED SCHOOL DISTRICT
Local Educational Agency Organization Structure
June 30, 2015

The Jurupa Unified School District was established on July 1, 1963, and is comprised of an area of approximately 44 square miles located in the incorporated city of Jurupa Valley in addition to unincorporated areas of western Riverside County. There were no changes in the boundaries of the District during the current year. The District is currently operating sixteen elementary schools for grades K-6, three middle schools for grades 7-8, three comprehensive high schools for grades 9-12, one continuation high school, and a Learning Center that houses a community day school, an adult education program, an independent study program, and other alternative education programs.

Governing Board		
Member	Office	Term Expires
Sheryl Schmidt	President	December, 2016
Memo Mendez	Clerk	December, 2018
Linda Chard	Member	December, 2016
Donna Johnston	Member	December, 2018
Robert Garcia	Member	December, 2018

DISTRICT ADMINISTRATORS

Elliott Duchon,
Superintendent

Tammy Elzig,
Deputy Superintendent

Trent Hansen,
Assistant Superintendent, Planning & Development

Dave Doubravsky,
Assistant Superintendent, Education Services

Paula Ford,
Assistant Superintendent, Business Services

JURUPA UNIFIED SCHOOL DISTRICT
Balance Sheet – Non-Major Special Revenue Funds
June 30, 2015

	Child Development Fund	Cafeteria Fund	Total
ASSETS			
Cash	\$ 332,381	2,662,672	\$ 2,995,053
Accounts receivable	66,576	979,369	1,045,945
Inventories	-	123,341	123,341
Total Assets	<u>\$ 398,957</u>	<u>\$ 3,765,382</u>	<u>\$ 4,164,339</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 20,407	\$ 89,039	\$ 109,446
Due to other funds	378,550	370,289	748,839
Total Liabilities	<u>398,957</u>	<u>459,328</u>	<u>858,285</u>
Fund Balances			
Nonspendable	-	123,341	123,341
Restricted	-	3,182,713	3,182,713
Total Fund Balances	<u>-</u>	<u>3,306,054</u>	<u>3,306,054</u>
Total Liabilities and Fund Balances	<u>\$ 398,957</u>	<u>\$ 3,765,382</u>	<u>\$ 4,164,339</u>

JURUPA UNIFIED SCHOOL DISTRICT*Statement of Revenues, Expenditures, and Changes in Fund Balance –**Non-Major Special Revenue Funds**For the Fiscal Year Ended June 30, 2015*

	Child Development Fund	Cafeteria Fund	Total
REVENUES			
Federal sources	\$ -	\$ 7,391,234	\$ 7,391,234
Other state sources	741,931	520,234	1,262,165
Other local sources	-	1,091,051	1,091,051
Total Revenues	<u>741,931</u>	<u>9,002,519</u>	<u>9,744,450</u>
EXPENDITURES			
Current:			
Instruction	586,832	-	586,832
Instruction-related services			
Supervision of instruction	110,375	-	110,375
Pupil Services			
Food services	-	8,929,739	8,929,739
All other pupil services	17,542	-	17,542
Transfers of indirect costs	27,182	362,377	389,559
Debt Service:			
Principal	-	150,000	150,000
Interest	-	49,177	49,177
Total Expenditures	<u>741,931</u>	<u>9,491,293</u>	<u>10,233,224</u>
Net Change in Fund Balances	-	(488,774)	(488,774)
Fund Balances, July 1, 2014	-	3,794,828	3,794,828
Fund Balances, June 30, 2015	<u>\$ -</u>	<u>\$ 3,306,054</u>	<u>\$ 3,306,054</u>

JURUPA UNIFIED SCHOOL DISTRICT
Balance Sheet – Non-Major Capital Projects Funds
June 30, 2015

	State School Building Lease- Purchase Fund	County School Facilities Fund	Capital Project Fund for Blended Component Units	Total
ASSETS				
Cash	\$ 92,441	\$ 899,376	\$ -	\$ 991,817
Investments	-	-	11,068,715	11,068,715
Accounts receivable	83	808	-	891
Total Assets	<u>\$ 92,524</u>	<u>\$ 900,184</u>	<u>\$ 11,068,715</u>	<u>\$ 12,061,423</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,578</u>	<u>\$ 153,578</u>
Fund Balances				
Restricted	<u>92,524</u>	<u>900,184</u>	<u>10,915,137</u>	<u>11,907,845</u>
Total Liabilities and Fund Balances	<u>\$ 92,524</u>	<u>\$ 900,184</u>	<u>\$ 11,068,715</u>	<u>\$ 12,061,423</u>

JURUPA UNIFIED SCHOOL DISTRICT*Statement of Revenues, Expenditures, and Changes in Fund Balance – Non-Major Capital
Projects Funds**For the Fiscal Year Ended June 30, 2015*

	State School Building Lease- Purchase Fund	County School Facilities Fund	Capital Project Fund for Blended Component Units	Total
REVENUES				
Other local sources	\$ 336	\$ 3,531	\$ 3,465	\$ 7,332
EXPENDITURES				
Capital Outlay	-	271,048	-	271,048
Excess (Deficiency) of Revenues Over (Under) Expenditures	336	(267,517)	3,465	(263,716)
OTHER FINANCING SOURCES (USES)				
Interfund transfers out	-	-	(153,578)	(153,578)
Other financing sources	-	-	6,518,781	6,518,781
Total Other Financing Sources and Uses	-	-	6,365,203	6,365,203
Net Change in Fund Balances	336	(267,517)	6,368,668	6,101,487
Fund Balances, July 1, 2014	92,188	1,167,701	4,546,469	5,806,358
Fund Balances, June 30, 2015	\$ 92,524	\$ 900,184	\$ 10,915,137	\$ 11,907,845

JURUPA UNIFIED SCHOOL DISTRICT
Balance Sheet – Non-Major Debt Service Fund
June 30, 2015

	<u>Bond Interest and Redemption Fund</u>
ASSETS	
Cash	<u>\$ 7,359,275</u>
Total Assets	<u><u>\$ 7,359,275</u></u>
FUND BALANCE	
Restricted	<u>\$ 7,359,275</u>
Total Fund Balance	<u><u>\$ 7,359,275</u></u>

JURUPA UNIFIED SCHOOL DISTRICT*Statement of Revenues, Expenditures, and Changes in Fund Balance –**Non-Major Debt Service Fund**For the Fiscal Year Ended June 30, 2015*

	Bond Interest and Redemption Fund
REVENUES	
Other state sources	\$ 32,719
Other local sources	3,987,182
Total Revenues	<u>4,019,901</u>
EXPENDITURES	
Debt Service	
Principal	1,940,000
Interest	1,642,825
Total Expenditures	<u>3,582,825</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>437,076</u>
OTHER FINANCING SOURCES (USES)	
Premium on bond issuance	<u>3,106,384</u>
Net Change in Fund Balances	3,543,460
Fund Balance, July 1, 2014	<u>3,815,815</u>
Fund Balance, June 30, 2015	<u><u>\$ 7,359,275</u></u>

JURUPA UNIFIED SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position- ASBs
June 30, 2015

	Jurupa Valley High	Patriot High	Rubidoux High	Jurupa Middle	Mira Loma Middle	Mission Middle	Total
ASSETS							
Cash	\$ 132,369	\$ 126,652	\$ 109,507	\$ 39,035	\$ 37,469	\$ 32,051	\$ 477,083
Inventories	459	14,127	9,919	-	-	-	24,505
Total assets	<u>\$ 132,828</u>	<u>\$ 140,779</u>	<u>\$ 119,426</u>	<u>\$ 39,035</u>	<u>\$ 37,469</u>	<u>\$ 32,051</u>	<u>\$ 501,588</u>
LIABILITIES							
Due to student groups	<u>\$ 132,828</u>	<u>\$ 140,779</u>	<u>\$ 119,426</u>	<u>\$ 39,035</u>	<u>\$ 37,469</u>	<u>\$ 32,051</u>	<u>\$ 501,588</u>
Total liabilities	<u>\$ 132,828</u>	<u>\$ 140,779</u>	<u>\$ 119,426</u>	<u>\$ 39,035</u>	<u>\$ 37,469</u>	<u>\$ 32,051</u>	<u>\$ 501,588</u>

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2015

	Second Period Report	Annual Report
	Certificate No. (B287CEDA)	Certificate No. (6763EB44)
Regular ADA:		
Transitional Kindergarten through Third	5,674.29	5,683.39
Fourth through Sixth	4,408.95	4,414.65
Seventh through Eighth	2,859.13	2,854.54
Ninth through Twelfth	5,511.68	5,454.79
	<hr/>	<hr/>
Total Regular ADA	18,454.05	18,407.37
	<hr/>	<hr/>
Special Education, Nonpublic, Nonsectarian Schools:		
Transitional Kindergarten through Third	17.49	28.07
Fourth through Sixth	3.76	10.98
Seventh through Eighth	6.87	9.72
Ninth through Twelfth	38.47	59.22
	<hr/>	<hr/>
Total Special Education, Nonpublic, Nonsectarian Schools	66.59	107.99
	<hr/>	<hr/>
Total ADA	18,520.64	18,515.36
	<hr/> <hr/>	<hr/> <hr/>

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2015

Grade Level	1986-87 Minutes		2014-15 Actual Minutes	Number of Days Traditional Calendar	Status
	Previously Required	Reduced*			
Kindergarten	36,000	35,000	36,000	180	Complied
Grade 1	50,400	49,000	52,800	180	Complied
Grade 2	50,400	49,000	52,800	180	Complied
Grade 3	50,400	49,000	52,800	180	Complied
Grade 4	54,000	52,500	53,964	180	Complied
Grade 5	54,000	52,500	53,964	180	Complied
Grade 6	54,000	52,500	53,964	180	Complied
Grade 7	54,000	52,500	58,095	180	Complied
Grade 8	54,000	52,500	58,095	180	Complied
Grade 9	64,800	63,000	64,871	180	Complied
Grade 10	64,800	63,000	64,871	180	Complied
Grade 11	64,800	63,000	64,871	180	Complied
Grade 12	64,800	63,000	64,871	180	Complied

* Amounts reduced as permitted by Education Code Section 46201.2(a).

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2015

General Fund	(Budget) 2016 ²	2015 ³	2014	2013
Revenues and other financing sources	\$ 200,501,214	\$ 183,727,311	\$ 163,817,344	\$ 150,498,401
Expenditures	194,580,078	179,543,444	159,646,845	150,766,849
Other uses and transfers out	3,000,000	3,305,939	3,271,965	2,303,588
Total outgo	197,580,078	182,849,383	162,918,810	153,070,437
Change in fund balance (deficit)	2,921,136	877,928	898,534	(2,572,036)
Ending fund balance	\$ 28,979,237	\$ 26,058,101	\$ 25,180,173	\$ 24,281,639
Available reserves ¹	\$ 8,518,950	\$ 5,485,482	\$ 4,875,662	\$ 4,606,441
Available reserves as a percentage of total outgo	4.3%	3.0%	3.0%	3.0%
Total long-term debt ⁴	\$ 301,222,177	\$ 307,398,818	\$ 278,780,823	\$ 114,135,301
Average daily attendance at P-2	18,678	18,521	18,799	18,757

The General Fund balance has increased by \$1,776,463 over the past two years. The fiscal year 2015-16 adopted budget projects an increase of \$2,921,136. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo). Long-term debt has increased \$193.3 million over the past two years due primarily to the net pension liability.

The District has incurred operating deficits in only one of the past three years, and anticipates incurring an operating surplus during the 2015-16 fiscal year.

Average daily attendance (ADA) has decreased by 236 over the past two years. An increase of 157 ADA is anticipated during fiscal year 2015-16.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² As of September, 2015.

³ The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

⁴ As restated for 2014.

JURUPA UNIFIED SCHOOL DISTRICT

*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2015*

	<u>Special Reserve Fund for Capital Outlay</u>
June 30, 2015, annual financial and budget report fund balance	\$ 5,599,996
Adjustments and reclassifications:	
Increase (decrease) in total fund balances:	
Investments understated	<u>30,637,301</u>
June 30, 2015, audited financial statement fund balance	<u><u>\$ 36,237,297</u></u>

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Especially Needy	10.553	13526	\$ 1,208,066	
National School Lunch Program	10.555	13523	5,691,741	
USDA Donated Foods	10.555	N/A	<u>491,427</u>	
Total Child Nutrition Cluster				<u>\$ 7,391,234</u>
Total U.S. Department of Agriculture				<u>7,391,234</u>
U.S. Department of Defense:				
Reserve Officer Training Corps (ROTC)	12.000	N/A		<u>52,683</u>
Total U.S. Department of Defense				<u>52,683</u>
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Basic Education Cluster:				
Adult Secondary Education	84.002	13978	18,847	
Adult Basic Education & ESL	84.002A	14508	<u>47,616</u>	
Total Adult Basic Education Cluster				66,463
No Child Left Behind (NCLB):				
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329		5,173,274
Title I, Part G, AP Test Reimbursement	84.330B	14831		33,411
Title II, Part A, Improving Teacher Quality	84.367	14341		820,585
Title III, Limited English Proficiency	84.365	14346		630,717
Title IV, Part B, 21st Century Community Learning Centers	84.287	14681		461,150
Title X, Part C, McKinney-Vento Homeless Assistance Grants	84.196	14332		1,709
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894		192,474
Passed through Riverside County SELPA:				
Individuals with Disabilities Education Act (IDEA) Cluster:				
Local Assistance Entitlement	84.027	13379	3,130,249	
IDEA Preschool Grants, Part B, Section 619	84.173	13430	25,661	
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	105,552	
IDEA Preschool Local Entitlement, Part B, Section 611	84.027A	13682	62,710	
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	<u>273</u>	
Total Special Education (IDEA) Cluster				<u>3,324,445</u>
Total U.S. Department of Education				<u>10,704,228</u>
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education (CDE):				
Head Start	93.600	10016		1,299,366
Medi-Cal Billing Option	93.778	10013	346,993	
Medi-Cal Administrative Activities (MAA)	N/A	10060	<u>157,901</u>	
Total Medicaid Cluster				<u>504,894</u>
Total U.S. Department of Health & Human Services				<u>1,804,260</u>
Total Expenditures of Federal Awards				<u><u>\$ 19,952,405</u></u>

JURUPA UNIFIED SCHOOL DISTRICT
Note to the Supplementary Information
June 30, 2015

NOTE 1 – PURPOSE OF SCHEDULES

Individual Combining Financial Statements

Individual combining balance sheets and statements of revenues, expenditures and changes in fund balance have been presented for the non-major funds to provide additional information to the users of these financial statements. These statements have been prepared using the basis of accounting described in the notes to financial statements.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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.

Schedule of Instructional Time

The District has participated in the Incentives for Longer Instructional Day and Longer Instructional Year. The District has not met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206.

Districts must maintain their instructional minutes at the 1986-87 requirement, as reduced by Education Code Section 46201.2(a).

Schedule of Financial Trends and Analysis

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States of America Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Subrecipients

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

Other Independent Auditors' Reports

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INDEPENDENT AUDITORS' 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
Jurupa Unified School District
Jurupa 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, each major fund, and the aggregate remaining fund information of Jurupa Unified School District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Jurupa Unified School District's basic financial statements, and have issued our report thereon dated October 29, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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.

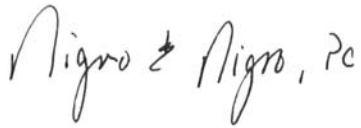
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Nigro & Nigro, PC".

Murrieta, California
October 29, 2015

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Education
Jurupa Unified School District
Jurupa Valley, California

Report on State Compliance

We have audited Jurupa Unified School District's compliance with the types of compliance requirements described in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* that could have a direct and material effect on each of the Jurupa Unified School District's state government programs as noted on the following page for the fiscal year ended June 30, 2015.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Jurupa Unified School District's State programs based on our audit of the types of compliance requirements referred to below. 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to below occurred. An audit includes examining, on a test basis, evidence about Jurupa Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

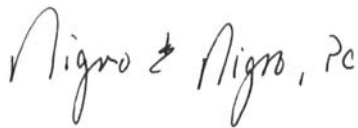
In connection with the audit referred to on the prior page, we selected and tested transactions and records to determine the District's compliance with the State laws and regulations applicable to the following items:

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

We did not perform testing for independent study because the ADA was under the level that requires testing.

Unmodified Opinion on Compliance with State Programs

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



Murrieta, California
October 29, 2015

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

Board of Education
Jurupa Unified School District
Jurupa Valley, California

Report on Compliance for Each Major Federal Program

We have audited Jurupa Unified School District's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Jurupa Unified School District's major federal programs for the year ended June 30, 2015. Jurupa Unified School District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

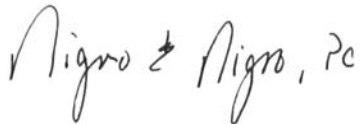
Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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, as defined above. 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.



Murrieta, California
October 29, 2015

Findings and Questioned Costs

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JURUPA UNIFIED SCHOOL DISTRICT
Summary of Auditors' Results
For the Fiscal Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I, Part A, Basic Grants</u>
<u>84.365</u>	<u>Title III, Limited English Proficiency</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 598,572</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

State Awards

Internal control over state programs:	
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2014-15.

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by Circular A-133, Section .510(a) (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2014-15.

JURUPA UNIFIED SCHOOL DISTRICT
Schedule of Audit Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2015

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs in 2014-15.

JURUPA UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2015

There were no findings or questioned costs in 2013-14.

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To the Board of Education
Jurupa Unified School District
Jurupa Valley, California

In planning and performing our audit of the basic financial statements of Jurupa Unified School District for the year ending June 30, 2015, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated October 29, 2015, on the financial statements of Jurupa Unified School District.

CAFETERIA

Observation: During our review of Cafeteria disbursements, we noted that disbursements were not consistently pre-approved.

Recommendation: We recommend that the Cafeteria utilize an open purchase order approval process for all large continually used vendors during the year.

CASH RECEIPTING PROCESS

Observation: During our testing of cash receipts at the District Office, we noted instances where funds collected by the sites were not turned into the District Office for deposit in a timely manner. Collections were dated up to two months prior to being deposited in the aforementioned incidences.

Recommendation: We recommend that the District emphasize to staff of all departments that deposits should be made no less than weekly. Collected funds should never be stored on site over weekends or during holidays due to the susceptibility of theft.

Observation: Additionally, during our testing of cash receipts at the District Office, we noted an instance where pre-numbered receipts were issued out of sequence and missing. Without a complete, sequential set of receipts, we were unable to determine whether all the funds which had been collected were deposited intact to the correct account.

Recommendation: We recommend that the District retain all receipts in sequential order and retain any voided receipts to maintain integrity over cash collections.

ASSOCIATED STUDENT BODY ACCOUNTS

Observation: During our review of disbursements at Jurupa Middle, Jurupa Valley High, and Rubidoux High, we noted that disbursements were not consistently pre-approved. Additionally, we noted that two disbursements were never approved by a student representative at Rubidoux High.

Recommendation: As a “best practice”, approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines. We recommend that the sites adopt a procedure to pre-approve disbursements using a purchase order to ensure compliance with the Education Code in obtaining the required approvals.

Observation: During our testing of cash receipts at Jurupa Middle and Rubidoux High, we noted revenue potentials were not being prepared on a consistent basis. It is important for student organizations to have adequate internal controls over their fundraising events, properly evaluate the effectiveness of those events, and account for a fundraiser’s financial activity. Revenue potentials are used as a budgeting and planning tool. The form serves as a sales plan that includes expected sales levels, sale prices per unit, expected cost, and net income.

Recommendation: We recommend that revenue potentials be prepared for all major fund-raising activities.

Observation: During our testing of cash disbursements at Rubidoux High and Jurupa Valley High, we noted that disbursements lacked evidence of receipt of goods or services. In addition, we noted at Patriot High and Jurupa Valley High, that goods were being shipped to addresses other than the school sites.

Recommendation: We recommend that the site document physical receipt of the goods or services on the corresponding invoice, packing slip, or other documentation, such as writing “ok to pay” or “received” and initialing the document prior to issuing the check for payment. This ensures that payment is not being made for items received incorrectly or not received at all. In addition, we recommend that all goods be received at the school site or District Office.

Observation: In our testing of cash receipts at Jurupa Middle, we noted that deposits tested lacked sufficient supporting documentation. Additionally, some deposits did not contain any documentation to substantiate the amount that was collected and should have been deposited. Without adequate and complete supporting documentation we were unable to determine if the entire amount collected had been deposited intact and into the correct account.

Recommendation: We recommend that before any events are held, control procedures be established that will allow for the reconciliation between money collected and fundraiser sales. Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted.

Observation: In our test of disbursements at Rubidoux High, we noted one payment which was missing supporting documentation such as an itemized receipt. Issuing payment without supporting documentation can provide the opportunity for the misappropriation of student funds.

Recommendation: We recommend that the site require all appropriate supporting documentation prior to issuing disbursements to ensure that student funds are being properly spent.

We will review the status of the current year comments during our next audit engagement.

Nigro & Nigro, PC

Murrieta, California
October 29, 2015