

NEVADA JOINT UNION HIGH SCHOOL DISTRICT
Grass Valley, California

FINANCIAL STATEMENTS
June 30, 2013

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2013

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NEVADA JOINT UNION HIGH SCHOOL DISTRICT

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Nevada Joint Union High School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Nevada Joint Union High School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Nevada Joint Union High School District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in March 2012, the GASB issued Statement No. 65, "Items Previously Reported as Assets and Liabilities." The provisions of this Statement are effective for the District's fiscal year ended June 30, 2014, with earlier application being encouraged. The District has implemented this Statement retroactively for the year ended June 30, 2013 resulting in restated net position at July 1, 2012. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 4 through 9 and the Required Supplementary Information, such as the General Fund Budgetary Comparison Schedule and Schedule of Other Postemployment Benefits (OPEB) Funding Progress on pages 42 and 43 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013 on our consideration of Nevada Joint Union High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nevada Joint Union High School District's internal control over financial reporting and compliance.


Crowe Horwath LLP

Sacramento, California
December 2, 2013



Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2013

Introduction

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

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

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

New Financial Reports

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

"Is the District better off or worse off as a result of this year's activities?"

Two key financial reports included in the annual audit help to answer this question. The *Statement of Net Position* and *Statement of Activities* begin on page 10. These two statements report the District's net position and changes in them. These statements include all assets and liabilities of the District using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when the cash is received. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as student enrollment and facility conditions in arriving at their conclusion regarding the overall health of the District.

The individual fund statements, which focus on reporting the District's operations in more detail, begin on page 12.

Statement of Net Position and Statement of Activities

Comparative financial information as of June 30, 2013, from the Statement of Net Position, is summarized in the following table:

	<u>2012</u>	<u>2013</u>	<u>% Change</u>
Assets			
Non-Capital Assets	\$13,336,204	\$11,389,027	-14.60%
Capital Assets	<u>45,680,652</u>	<u>44,245,561</u>	-3.14%
Total Assets	<u>59,016,856</u>	<u>55,634,588</u>	-5.73%
Liabilities			
Current Liabilities	3,015,821	3,559,680	18.03%
Long Term Liabilities	<u>16,902,309</u>	<u>16,209,831</u>	-4.10%
Total Liabilities	<u>19,918,130</u>	<u>19,769,511</u>	-0.75%
Net Position			
Net Investment in capital assets	31,199,805	30,439,154	-2.44%
Legally Restricted	2,254,027	2,324,820	3.14%
Unrestricted	<u>5,644,894</u>	<u>3,101,103</u>	-45.06%
Total Net Position	<u>39,098,726</u>	<u>35,865,077</u>	-8.27%

Net position has decreased nearly 10%; most notably the unrestricted net position has declined dramatically as a result of declining enrollment and State revenue reductions.

In fiscal year 2002-2003, the District began accounting for the value of fixed assets and reported these values as part of the financial statements. The value of all assets including building, land, and equipment together with depreciation is considered. The table below summarizes the value of the District assets net of depreciation for the year ended June 30, 2013:

Land (non-depreciable)	\$ 1,203,396
Work-in-process (non-depreciable)	-0-
Improvement of sites	1,569,309
Buildings	41,058,589
Equipment	414,267
Total capital assets, net of depreciation	\$44,245,561

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

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

	30-Jun-12	30-Jun-13	% change
Revenues			
Program Revenues:			
Charge for Services	464,956	0	-100.0%
Operating Grants and Contributions	5,962,237	5,487,024	-8.0%
Capital Grants and Contributions	0	1,015	
General Revenues:			
Taxes Levied for General Purposes	19,648,436	19,788,371	0.7%
Taxes Levied for Debt and Special Purposes	914,491	819,114	-10.4%
Unrestricted Federal and State Aid	3,840,361	2,675,492	-30.3%
Interest and Investment Earnings	53,922	61,839	14.7%
Miscellaneous	1,853,004	1,172,488	-36.7%
Total Revenues	32,737,407	30,005,343	-8.3%
Expenses			
Government Activities:			
Instruction	17,207,488	17,173,533	-0.2%
Instruction -Related Services	3,659,827	3,625,354	-0.9%
Pupil Services	3,957,802	4,108,237	3.8%
Data Processing	888,222	768,388	-13.5%
All Other General Administration	1,550,287	1,593,267	2.8%
Plant Services	3,935,772	3,647,207	-7.3%
Interest on Long-Term Debt	886,754	573,617	-35.3%
All Other Expenses and Outgo	1,457,889	1,436,769	-1.4%
Total Governmental Activity Expenses	33,544,041	32,926,372	-1.8%
Change in Net Position	(\$806,634)	(\$2,921,029)	

Due to declining enrollment and the continued reduction of State funding, the District has experienced a noteworthy decline in its net position in 2012-2013.

General Fund Financial and Budgetary Highlights

The General Fund accounts are for the primary operations of the District. The District's initial budget is adopted by July 1. Over the course of the year, the District's budget is revised several times to reflect current conditions and to be able to reevaluate the financial condition of the district. Some common changes to the budget throughout the year are revisions to update budgets for prior year carryovers, new categorical funding appropriations and related expenditures, and to reflect mid-year changes to the State Budget which affects District funding.

The following table summarizes the general fund budget to actual information for the year ending June 30, 2013:

	Adopted Budget	Year-End Budget	Year-End Actual
Total Revenues	\$25,831,910	\$28,094,992	\$27,791,167
Total Expenditures	\$28,865,259	\$29,767,397	\$29,749,758
Total Other Sources / Uses	\$33,863	(\$824)	(\$4,658)

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

The following table summarizes the General Fund, Special Reserve for Other Than Capital Outlay Fund and Special Reserve for Postemployment Benefits Fund operational financial statements for the year ending June 30, 2013:

Beginning Fund Balance¹	\$8,159,064
Total Revenues	27,791,167
Total Expenditures	(29,749,758)
Total Other Sources / Uses	(4,658)
Net Change in Fund Balance	(1,963,249)
Ending Fund Balance¹	\$6,195,815

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

Capital Projects:

The District invested \$448,702 in modernization and new construction from the following combined sources:

Measure A General Obligation Bond	\$ 164,846
Local Funds	<u>283,856</u>
Total	<u>\$ 448,702</u>

For the near future, modernization and construction projects will mostly be at a standstill until funding for construction-related activities becomes available.

¹ Includes Special Reserve for Other Than Capital Outlay and Special Reserve for Postemployment Benefits.

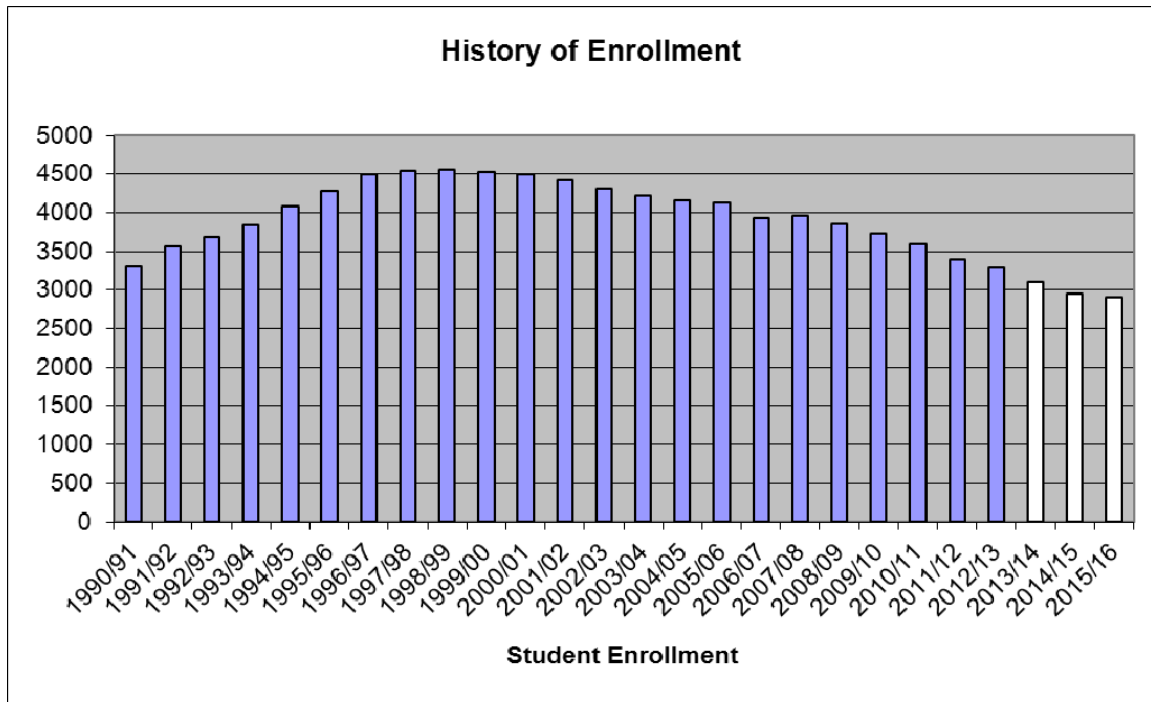
District Indebtedness

As of June 30, 2013, the District has incurred \$13,909,968 of long-term liabilities for capital improvements. \$13,566,886 consists of General Obligation Bonds backed by property tax increases voted on by District residents in 2002, and \$343,082 are proceeds from a Certificate of Participation issued in 2000, as District matching funds to build the Bear River High School library.

The District has accrued liability of \$1,629,217 for postemployment health benefits and \$564,102 for State Teachers Retirement System early retirement incentives. The District also has a liability of \$106,544 for compensated absences.

General Fund Budgetary Highlights

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



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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions regarding this report or need additional financial information, contact Karen Suenram, Assistant Superintendent, Business, (530) 273-3351 ext. 210.

BASIC FINANCIAL STATEMENTS

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	\$ 8,880,516
Receivables	2,500,786
Prepaid expenses	1,521
Stores inventory	6,204
Non-depreciable capital assets (Note 4)	1,203,396
Depreciable capital assets, net of accumulated depreciation (Note 4)	<u>43,042,165</u>
Total assets	<u>55,634,588</u>
LIABILITIES	
Accounts payable	3,441,567
Unearned revenue	118,113
Long-term liabilities (Note 5):	
Due within one year	722,612
Due after one year	<u>15,487,219</u>
Total liabilities	<u>19,769,511</u>
NET POSITION	
Net investment in capital assets	30,439,154
Restricted (Note 6)	2,324,820
Unrestricted	<u>3,101,103</u>
Total net position	<u>\$ 35,865,077</u>

See accompanying notes to financial statements.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
				<u>Governmental Activities</u>	
Governmental activities (Note 4):					
Instruction	\$ 17,173,533	\$ -	\$ 3,371,571	\$ 1,015	\$ (13,800,947)
Instruction-related services:					
Supervision of instruction	243,476	-	169,574	-	(73,902)
Instructional library, media and technology	748,994	-	-	-	(748,994)
School site administration	2,632,884	-	207,190	-	(2,425,694)
Pupil services:					
Home-to-school transportation	1,530,240	-	877,710	-	(652,530)
Food services	580,865	-	319,153	-	(261,712)
All other pupil services	1,997,132	-	342,556	-	(1,654,576)
General administration:					
Data processing	768,388	-	248	-	(768,140)
All other general administration	1,593,267	-	115,686	-	(1,477,581)
Plant services	3,647,207	-	60,430	-	(3,586,777)
Ancillary services	1,403,318	-	-	-	(1,403,318)
Community services	13,062	-	9,067	-	(3,995)
Interest on long-term liabilities	573,617	-	-	-	(573,617)
Other outgo	20,389	-	13,839	-	(6,550)
	<u>\$ 32,926,372</u>	<u>\$ -</u>	<u>\$ 5,487,024</u>	<u>\$ 1,015</u>	<u>(27,438,333)</u>
Total governmental activities					
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					19,788,371
Taxes levied for debt service					819,114
Federal and state aid not restricted to specific purposes					2,675,492
Interest and investment earnings					61,839
Miscellaneous					1,172,488
					<u>24,517,304</u>
Total general revenues					<u>24,517,304</u>
Change in net position					<u>(2,921,029)</u>
Net position, July 1, 2012, originally stated					39,098,726
Cumulative effect of change in accounting principle					<u>(312,620)</u>
Net position, July 1, 2012, restated					<u>38,786,106</u>
Net position, June 30, 2013					<u>\$ 35,865,077</u>

See accompanying notes to financial statements.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2013

	<u>General Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments:			
Cash in County Treasury	\$ 6,878,202	\$ 1,893,895	\$ 8,772,097
Cash on hand and in banks	76,973	20,246	97,219
Cash in revolving fund	10,000	1,200	11,200
Receivables	2,236,094	264,692	2,500,786
Prepaid expenditures	1,521	-	1,521
Due from other funds	124,760	5,000	129,760
Stores inventory	<u>-</u>	<u>6,204</u>	<u>6,204</u>
 Total assets	 <u>\$ 9,327,550</u>	 <u>\$ 2,191,237</u>	 <u>\$ 11,518,787</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,008,622	\$ 179,693	\$ 3,188,315
Due to other funds	5,000	124,760	129,760
Unearned revenue	<u>118,113</u>	<u>-</u>	<u>118,113</u>
 Total liabilities	 <u>3,131,735</u>	 <u>304,453</u>	 <u>3,436,188</u>
Fund balances:			
Nonspendable	11,521	7,404	18,925
Restricted	438,036	1,879,380	2,317,416
Assigned	4,009,054	-	4,009,054
Unassigned	<u>1,737,204</u>	<u>-</u>	<u>1,737,204</u>
 Total fund balances	 <u>6,195,815</u>	 <u>1,886,784</u>	 <u>8,082,599</u>
 Total liabilities and fund balances	 <u>\$ 9,327,550</u>	 <u>\$ 2,191,237</u>	 <u>\$ 11,518,787</u>

See accompanying notes to financial statements.

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

June 30, 2013

Total fund balances - Governmental Funds		\$ 8,082,599
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$69,395,414 and the accumulated depreciation is \$25,149,853 (Note 4).		
		44,245,561
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at June 30, 2013 consisted of (Note 5):		
General Obligation Bonds	\$ (13,228,700)	
Accreted interest	(234,625)	
Unamortized premiums	(103,561)	
Golden Handshake	(564,102)	
Certificates of Participation	(343,082)	
Other postemployment benefits (Note 8)	(1,629,217)	
Compensated absences	<u>(106,544)</u>	
		(16,209,831)
Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.		
		<u>(253,252)</u>
Total net position - governmental activities		<u><u>\$ 35,865,077</u></u>

See accompanying notes to financial statements.

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

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

	<u>General Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Revenue limit sources:			
State apportionment	\$ 4,953,325	\$ -	\$ 4,953,325
Local sources	<u>14,392,528</u>	<u>-</u>	<u>14,392,528</u>
Total revenue limit	<u>19,345,853</u>	<u>-</u>	<u>19,345,853</u>
Federal sources	1,505,037	376,209	1,881,246
Other state sources	4,287,264	551,050	4,838,314
Other local sources	<u>2,653,013</u>	<u>1,286,917</u>	<u>3,939,930</u>
Total revenues	<u>27,791,167</u>	<u>2,214,176</u>	<u>30,005,343</u>
Expenditures:			
Certificated salaries	13,293,638	166,295	13,459,933
Classified salaries	4,794,198	311,969	5,106,167
Employee benefits	6,281,971	138,277	6,420,248
Books and supplies	856,593	228,192	1,084,785
Contract services and operating expenditures	4,494,550	109,728	4,604,278
Capital outlay	8,419	444,358	452,777
Other outgo	20,389	-	20,389
Debt service:			
Principal retirement	-	600,538	600,538
Interest	<u>-</u>	<u>584,805</u>	<u>584,805</u>
Total expenditures	<u>29,749,758</u>	<u>2,584,162</u>	<u>32,333,920</u>
Deficiency of revenues under expenditures	<u>(1,958,591)</u>	<u>(369,986)</u>	<u>(2,328,577)</u>
Other financing sources (uses):			
Operating transfers in	204,537	209,195	413,732
Operating transfers out	<u>(209,195)</u>	<u>(204,537)</u>	<u>(413,732)</u>
Total other financing sources (uses)	<u>(4,658)</u>	<u>4,658</u>	<u>-</u>
Net change in fund balances	(1,963,249)	(365,328)	(2,328,577)
Fund balances, July 1, 2012	<u>8,159,064</u>	<u>2,252,112</u>	<u>10,411,176</u>
Fund balances, June 30, 2013	<u>\$ 6,195,815</u>	<u>\$ 1,886,784</u>	<u>\$ 8,082,599</u>

See accompanying notes to financial statements.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

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

For the Year Ended June 30, 2013

Net change in fund balances - Total Governmental Funds		\$ (2,328,577)
Amounts reported for governmental activities in the statement of activities are different because:		
Acquisition of capital assets is an expenditure in the governmental funds, but increases capital assets in the statement of net position (Note 4).	\$ 457,120	
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(1,892,211)	
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net position (Note 5).	600,538	
In the governmental funds, accreted interest on capital appreciation bonds is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred (Note 5). (35,412)		
Premiums associated with issuance of liabilities are not uses of financial resources and therefore are not reported as expenditures in governmental funds (Note 5).	5,753	
Matured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.	40,847	
In the statement of activities, expenses related to compensated absences, other postemployment benefits and Golden Handshake are measured by the amounts earned during the year. In the governmental funds, expenditures are measured by the amount of financial resources used (Note 5).	230,913	(592,452)
Change in net position of governmental activities		\$ (2,921,029)

See accompanying notes to financial statements.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

TRUST AND AGENCY FUNDS

June 30, 2013

	<u>Trust Fund</u>	<u>Agency Fund</u>	
	<u>Scholarship</u>	<u>Student Body</u>	<u>Total</u>
ASSETS			
Cash and investments (Note 2):			
Cash in County Treasury	\$ 1,416,034	\$ -	\$ 1,416,034
Cash on hand and in banks	-	645,175	645,175
Receivables	<u>125</u>	<u>-</u>	<u>125</u>
Total assets	<u>1,416,159</u>	<u>645,175</u>	<u>2,061,334</u>
LIABILITIES			
Due to student groups	<u>-</u>	<u>645,175</u>	<u>645,175</u>
NET POSITION			
Restricted (Note 6)	<u>\$ 1,416,159</u>	<u>\$ -</u>	<u>\$ 1,416,159</u>

See accompanying notes to financial statements.

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

For the Year Ended June 30, 2013

	<u>Scholarship</u>
Additions:	
Other local sources	\$ 100,997
Deductions:	
Scholarship expense	<u>104,886</u>
Change in net position	(3,889)
Net position, July 1, 2012	<u>1,420,048</u>
Net position, June 30, 2013	<u><u>\$ 1,416,159</u></u>

See accompanying notes to financial statements.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation - Financial Statements

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

Basis of Presentation - Government-Wide Financial Statements

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

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

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

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Basis of Presentation - Fund Accounting

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

A - Major Fund

1 - General Fund:

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.

All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund. For financial reporting purposes, the current year activity and year-end balances of the Special Reserve for Other Than Capital Outlay Projects and the Special Reserve for Post-Employment Benefits are combined with the General Fund.

B - Other Fund

1 - Special Revenue Funds:

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

2 - Capital Projects Funds:

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

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

B - Other Fund (Continued)

3 - 2002 Bond Interest and Redemption Fund:

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

4 - Scholarship Fund:

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

5 - Student Body Fund:

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

Basis of Accounting

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

Accrual

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

Modified Accrual

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

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

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

Capital Assets

Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 4 - 30 years depending on asset types.

Stores Inventory

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

Cafeteria Food Purchases

The Cafeteria may purchase food through the State of California Office of Surplus Property and is only required to pay handling charges on these purchases. If these items were purchased from private vendors, increased costs would result.

Compensated Absences

Compensated absences benefits in the amount of \$106,544 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave

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

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Net Position

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

Fund Balance Classifications

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

A - Nonspendable Fund Balance:

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

B - Restricted Fund Balance:

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

C - Committed Fund Balance:

The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Trustees. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Trustees is required to remove any commitment from any fund balance. At June 30, 2013, the District had no committed fund balances.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications (Continued)

D - Assigned Fund Balance:

The assigned fund balance classification reflects amounts that the District's Board of Trustees has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Trustees can designate personnel with the authority to assign fund balances, however, as of June 30, 2013, no such designation has occurred.

E - Unassigned Fund Balance:

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

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

Fund Balance Policy

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

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. The Board established a minimum fund balance policy to maintain a minimum unrestricted fund balance of 8% of the District's General Fund annual operating expenditures. Additionally, if the unrestricted fund balance drops below 8%, it shall be recovered at a rate of 1% minimally, each year. At June 30, 2013, the District maintained a unassigned minimum fund balance of \$3,120,736 at 10.4%.

Encumbrances

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

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

Custodial Relationships

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

Estimates

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

Eliminations and Reclassifications

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

New Accounting Pronouncements

In November 2010, the GASB issued Statement No. 61, The Financial Reporting Entity: Omnibus. The Statement improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues. This statement was adopted for the District's fiscal year ended June 30, 2013 with no material impact on the District.

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The Statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement was adopted for the District's fiscal year ended June 30, 2013 with no material impact on the District.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). This Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of GASB Statement No. 34, Basic Financial Statement – and Management’s Discussion and Analysis – for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. This statement was adopted for the District’s fiscal year ended June 30, 2013 with no material impact on the District.

In March 2012, the GASB issued Statement No. 65, Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. The provisions of this Statement are effective for the District’s fiscal year ended June 30, 2014, with earlier application being encouraged. Based on the implementation of Statement No. 65 the District’s 2013 beginning net position was restated by \$312,620 because bond issuance costs were no longer capitalized.

In March 2012, the GASB issued Statement No. 66, Technical Corrections – 2013, an amendment of GASB Statements No. 10 and No. 61. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 64, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre- November 30, 1989 FASB and AICPA Pronouncements. This Statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. As a result, Districts should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement No. 54 and Statement No. 34, Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, Accounting for Operating Leases with Scheduled Rent Increases, and result in guidance that is consistent with the requirements in Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues, respectively. The provisions of this Statement are effective for the District's fiscal year ended June 30, 2014, with earlier application encouraged. Management has not determined what impact, if any, this GASB statement will have on the District's financial statements.

In June 2012, the GASB issued Statement No. 67, Financial Reporting for Pension Plans. This Statement replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement No. 50 as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement No. 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement No. 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year RSI schedules. This Statement is effective for the District's financial period beginning July 1, 2013. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI). This Statement is effective for the District's financial period beginning July 1, 2014. Management has not determined what impact, if any, this GASB statement might have on its financial statements.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2013 consisted of the following:

	<u>Governmental Activities</u>
Pooled Funds:	
Cash in County Treasury	\$ 8,772,097
Deposits:	
Cash on hand and in banks	97,219
Revolving cash fund	<u>11,200</u>
Total	<u>\$ 8,880,516</u>
	<u>Fiduciary Activities</u>
Pooled Funds:	
Cash in County Treasury	\$ 1,416,034
Deposits:	
Cash on hand and in banks	<u>645,175</u>
Total	<u>\$ 2,061,209</u>

Pooled Funds - Cash in County Treasury

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

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

The District's deposits in the Fund are considered to be highly liquid. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. The Nevada County Treasurer has indicated that there are no derivatives in the pool as of June 30, 2013.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH AND INVESTMENTS (Continued)

Deposits - Custodial Credit Risk

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2013, the carrying amount of the District's accounts were \$753,594, and the bank balances were \$846,796. The total uninsured bank balances at June 30, 2013 were \$596,796.

Interest Rate Risk

The District's formal investment policy does not limit cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2013, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

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

Concentration of Credit Risk

The District's investment policy does not place limits on the amount it may invest in any one issuer. At June 30, 2013, the District had no concentration of credit risk.

3. INTERFUND TRANSACTIONS

Interfund Activity

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

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

3. INTERFUND TRANSACTIONS (Continued)

Interfund Receivables/Payables

Interfund receivable and payable balances at June 30, 2013 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Fund:		
General	\$ 124,760	\$ 5,000
Non-Major Funds:		
Adult Education	-	9,731
Cafeteria		112,845
Special Reserve for Capital Outlay	5,000	2,184
Totals	\$ 129,760	\$ 129,760

Interfund Transfers

Interfund transfers for the 2012-13 fiscal year were as follows:

Transfer from the Adult Education Fund to the General Fund for a contribution of unrestricted funds.	\$ 160,000
Transfer from the General Fund to the Deferred Maintenance Fund to transfer current year awards.	141,203
Transfer from the General Fund to the Cafeteria Fund for operational costs.	62,992
Transfer from the Cafeteria Fund to the General Fund to allocate indirect costs.	25,820
Transfer from the Adult Education Fund to the General Fund to allocate indirect costs.	9,731
Transfer from the Cafeteria Fund to the General Fund to fund postemployment benefits.	6,006
Transfer from the General Fund to the Special Reserve for Capital Outlay Fund for the District's contribution for capital improvements.	5,000
Transfer from the Special Reserve for Capital Outlay Fund to the General Fund for the modernization project.	2,184
Transfer from the Adult Education Fund to the General Fund to fund postemployment benefits.	796
	\$ 413,732

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2013 is shown below:

	Balance July 1, <u>2012</u>	Transfers and <u>Additions</u>	Transfers and <u>Deletions</u>	Balance June 30, <u>2013</u>
Non-depreciable:				
Land	\$ 1,203,396	\$ -	\$ -	\$ 1,203,396
Work-in-process	158,825	-	(158,825)	-
Depreciable:				
Improvement of sites	2,982,502	188,491	-	3,170,993
Buildings	62,397,614	419,035	-	62,816,649
Equipment	<u>2,195,957</u>	<u>8,419</u>	<u>-</u>	<u>2,204,376</u>
Totals, at cost	<u>68,938,294</u>	<u>615,945</u>	<u>(158,825)</u>	<u>69,395,414</u>
Less accumulated depreciation:				
Improvement of sites	(1,481,879)	(119,805)	-	(1,601,684)
Buildings	(20,088,391)	(1,669,669)	-	(21,758,060)
Equipment	<u>(1,687,372)</u>	<u>(102,737)</u>	<u>-</u>	<u>(1,790,109)</u>
Total accumulated depreciation	<u>(23,257,642)</u>	<u>(1,892,211)</u>	<u>-</u>	<u>(25,149,853)</u>
Capital assets, net	<u>\$ 45,680,652</u>	<u>\$ (1,276,266)</u>	<u>\$ (158,825)</u>	<u>\$ 44,245,561</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 1,499,490
Instructional library, media and technology	196,001
School site administration	16,251
Food services	10,918
Ancillary services	88,771
All other general administration	2,436
Centralized data processing	13,206
Plant services	<u>65,138</u>
Total depreciation expense	<u>\$ 1,892,211</u>

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5. LONG-TERM LIABILITIES

2011 General Obligation Refunding Bonds

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

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

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

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

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 175,000	\$ 222,200	\$ 397,200
2015	225,000	216,200	441,200
2016	250,000	209,075	459,075
2018	300,000	200,825	500,825
2019	-	196,325	196,325
2019-2023	2,065,000	844,000	2,909,000
2024-2027	<u>3,150,000</u>	<u>235,887</u>	<u>3,385,887</u>
	<u>\$ 6,165,000</u>	<u>\$ 2,124,512</u>	<u>\$ 8,289,512</u>

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5. LONG-TERM LIABILITIES (Continued)

2002 Series B General Obligation Bonds

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

Years Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 100,000	\$ 325,725	\$ 425,725
2015	100,000	321,725	421,725
2016	100,000	317,725	417,725
2017	100,000	313,787	413,787
2018	100,000	309,850	409,850
2019-2023	525,000	1,487,725	2,012,725
2024-2028	1,800,000	1,318,100	3,118,100
2029-2031	<u>4,025,000</u>	<u>313,125</u>	<u>4,338,125</u>
	<u>\$ 6,850,000</u>	<u>\$ 4,707,762</u>	<u>\$ 11,557,762</u>

Capitalized Lease Obligations

The District leases equipment under long-term interest free lease-purchase agreements. The final payment on the capitalized lease obligation was made during the fiscal year ended June 30, 2013. The capitalized value of the relocatable classrooms is \$54,000 with accumulated depreciation of \$54,000 as of June 30, 2013.

Golden Handshake

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

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5. LONG-TERM LIABILITIES (Continued)

Golden Handshake (Continued)

Certificated Employees 2007 Plan

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

Certificated Employees 2010 Plan

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

Option No. 1

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

Option No. 2

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

Certificated Employees 2012 Plan

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

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5. LONG-TERM LIABILITIES (Continued)

Golden Handshake (Continued)

Future minimum payments for early retirement incentives are as follows:

Year Ending <u>June 30,</u>	2007 Golden <u>Handshake</u>	2010 Golden <u>Handshake</u>	2012 Golden <u>Handshake</u>	<u>Total</u>
2014	\$ 151,245	\$ 46,341	\$ 14,201	\$ 211,787
2015	144,732	44,869	13,838	203,439
2016	-	43,003	13,307	56,310
2017	-	41,138	12,776	53,914
2018	-	39,272	12,245	51,517
2019-2020	<u>-</u>	<u>-</u>	<u>22,896</u>	<u>22,896</u>
	295,977	214,623	89,263	599,863
Less amount representing interest	<u>(6,512)</u>	<u>(18,262)</u>	<u>(10,987)</u>	<u>(35,761)</u>
	<u>\$ 289,465</u>	<u>\$ 196,361</u>	<u>\$ 78,276</u>	<u>\$ 564,102</u>

Certificates of Participation

On July 20, 1999, the District entered into a lease agreement in the amount of \$2,500,000 with Municipal Leasing Corporation to finance a portion of the cost of construction of a new library. The 1999 COPs with an interest rate of 5.1% mature in varying amounts through 2015. At June 30, 2013, the District's COPs obligations were as follows:

Year Ending <u>June 30,</u>	
2014	\$ 240,484
2015	<u>120,241</u>
	360,725
Less amount representing interest	<u>(17,643)</u>
	<u>\$ 343,082</u>

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5. LONG-TERM LIABILITIES (Continued)

Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2013 is shown below:

	Balance July 1, <u>2012</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2013</u>	Amounts Due Within <u>One Year</u>
General Obligation Bonds	\$ 13,603,700	\$ -	\$ 375,000	\$ 13,228,700	\$ 275,000
Accreted interest	199,213	35,412	-	234,625	-
Unamortized premiums	109,314	-	5,753	103,561	26,595
Capitalized lease obligations	10,800	-	10,800	-	-
Golden Handshake	772,240	-	208,138	564,102	195,187
Certificates of Participation	557,820	-	214,738	343,082	225,830
Other postemployment benefits (Note 8)	1,656,102	294,847	321,732	1,629,217	-
Compensated absences	<u>102,434</u>	<u>4,110</u>	<u>-</u>	<u>106,544</u>	<u>-</u>
 Total	 <u>\$ 17,011,623</u>	 <u>\$ 334,369</u>	 <u>\$ 1,136,161</u>	 <u>\$ 16,209,831</u>	 <u>\$ 722,612</u>

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

6. NET POSITION / FUND BALANCES

The restricted net position consisted of the following at June 30, 2013:

	<u>Governmental Activities</u>
Restricted for:	
Unspent categorical program revenues	\$ 438,036
Special revenue programs	646,665
Capital projects	653,462
Debt service	<u>586,657</u>
	 <u>\$ 2,324,820</u>
	 <u>Fiduciary Activities</u>
Restricted for:	
Scholarships	<u>\$ 1,416,159</u>

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. NET POSITION / FUND BALANCES (Continued)

Fund balances, by category, at June 30, 2013 consisted of the following:

	<u>General Fund</u>	<u>All Non-Major Funds</u>	<u>Total</u>
Nonspendable:			
Revolving cash fund	\$ 10,000	\$ 1,200	\$ 11,200
Prepaid expenditures	1,521	-	1,521
Stores inventory	<u>-</u>	<u>6,204</u>	<u>6,204</u>
Subtotal nonspendable	<u>11,521</u>	<u>7,404</u>	<u>18,925</u>
Restricted:			
Unspent categorical program revenue	438,036	-	438,036
Special revenues	-	639,261	639,261
Capital projects	-	653,462	653,462
Debt service	<u>-</u>	<u>586,657</u>	<u>586,657</u>
Subtotal restricted	<u>438,036</u>	<u>1,879,380</u>	<u>2,317,416</u>
Assigned:			
Carryover sweep	1,019,993	-	1,019,993
Future decline	1,383,532	-	1,383,532
Postemployment benefits	726,622	-	726,622
Mandated costs	319,522	-	319,522
Facility use billing	261,088	-	261,088
Other board assignments	<u>298,297</u>	<u>-</u>	<u>298,297</u>
Subtotal assigned	<u>4,009,054</u>	<u>-</u>	<u>4,009,054</u>
Unassigned:			
Designated for economic uncertainty	1,660,231	-	1,660,231
Unassigned	<u>76,973</u>	<u>-</u>	<u>76,973</u>
Subtotal unassigned	<u>1,737,204</u>	<u>-</u>	<u>1,737,204</u>
Total fund balances	<u>\$ 6,195,815</u>	<u>\$ 1,886,784</u>	<u>\$ 8,082,599</u>

7. EMPLOYEE RETIREMENT SYSTEMS

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

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95811.

Funding Policy

Active plan members are required to contribute 7% of their salary, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2012-13 was 11.417% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2011, 2012 and 2013 were \$452,533, \$466,726 and \$485,467 respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the State Teachers' Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS Executive Office, 100 Waterfront Place, West Sacramento, California 95605.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

7. EMPLOYEE RETIREMENT SYSTEMS (Continued)

Plan Description and Provisions (Continued)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2012-13 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ended June 30, 2011, 2012 and 2013 were \$1,134,252, \$1,118,305 and \$1,093,952 respectively, and equal 100% of the required contributions for each year.

8. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 7, the District provided other postemployment benefits for classified and certificated employees who retired before June 30, 2013. Benefits provided before June 30, 2013 are as described below:

Classified Employees

Eligibility requirements:

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

Benefits received:

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

Source of funding:

- The District commits to deposit \$109,000 per year for 20 years (starting in 1999/2000) in the Retiree Benefit Expendable Trust Fund toward funding this program. During 2006, the District transferred the fund balance and operating activities to the Special Reserve for Post-Employment Benefits Fund (included in the General Fund).
- The Special Reserve for Post-Employment Benefits Fund as part of the General Fund distributed \$321,732 for post-retirement benefits in 2012-13.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Certificated Employees

Eligibility requirements:

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

Benefits received:

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

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

Annual required contribution	\$ 212,042
Interest on net OPEB obligation	82,805
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost (expense)	294,847
Contributions made	<u>(321,732)</u>
Decrease in net OPEB obligation	(26,885)
Net OPEB obligation - beginning of year	<u>1,656,102</u>
Net OPEB obligation - end of year	<u>\$ 1,629,217</u>

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2013 and preceding year were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 102,288	113%	\$ 1,678,420
June 30, 2012	\$ 101,633	122%	\$ 1,656,102
June 30, 2013	\$ 294,847	109%	\$ 1,629,217

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the March 1, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 5.0 percent investment rate (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 4.0 percent. Both rates included a 3.0 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The District obligation was fully amortized as of June 30, 2010.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9. JOINT POWERS AGREEMENTS

Schools Insurance Group (SIG)

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

The following is a summary of financial information for Schools Insurance Group at June 30, 2013:

Total assets	\$ 83,133,130
Total liabilities	\$ 29,410,877
Net position	\$ 53,722,253
Total revenues	\$ 80,938,807
Total expenditures	\$ 79,400,033
Change in net position	\$ 1,538,479

Nevada County Transportation Agency

The District is also a member in a Joint Powers Authority, Nevada County Transportation Agency, for the operation of pupil transportation in Nevada County. The following is a summary of financial information for Nevada County Transportation Agency at June 30, 2013:

Total assets	\$ 297,820
Total liabilities	\$ 69
Net position	\$ 297,750
Total revenues	\$ 10,900
Total expenditures	\$ 10,768
Change in net position	\$ 132

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

10. CONTINGENCIES

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

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

REQUIRED SUPPLEMENTARY INFORMATION

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue limit sources:				
State apportionment	\$ 3,170,767	\$ 5,181,294	\$ 4,953,325	\$ (227,969)
Local sources	<u>14,791,697</u>	<u>14,160,844</u>	<u>14,392,528</u>	<u>231,684</u>
Total revenue limit	<u>17,962,464</u>	<u>19,342,138</u>	<u>19,345,853</u>	<u>3,715</u>
Federal sources	1,419,624	1,721,827	1,505,037	(216,790)
Other state sources	3,928,372	4,285,944	4,287,264	1,320
Other local sources	<u>2,521,450</u>	<u>2,745,083</u>	<u>2,653,013</u>	<u>(92,070)</u>
Total revenues	<u>25,831,910</u>	<u>28,094,992</u>	<u>27,791,167</u>	<u>(303,825)</u>
Expenditures:				
Certificated salaries	13,422,180	13,305,312	13,293,638	11,674
Classified salaries	4,487,240	4,794,198	4,794,198	-
Employee benefits	5,896,214	6,281,971	6,281,971	-
Books and supplies	1,178,035	856,593	856,593	-
Contract services and operating expenditures	3,849,054	4,494,550	4,494,550	-
Capital outlay	5,000	10,550	8,419	2,131
Other outgo	<u>27,536</u>	<u>24,223</u>	<u>20,389</u>	<u>3,834</u>
Total expenditures	<u>28,865,259</u>	<u>29,767,397</u>	<u>29,749,758</u>	<u>17,639</u>
Deficiency of revenues under expenditures	<u>(3,033,349)</u>	<u>(1,672,405)</u>	<u>(1,958,591)</u>	<u>(286,186)</u>
Other financing sources (uses):				
Operating transfers in	199,060	206,950	204,537	(2,413)
Operating transfers out	<u>(165,197)</u>	<u>(207,774)</u>	<u>(209,195)</u>	<u>(1,421)</u>
Total other financing sources (uses)	<u>33,863</u>	<u>(824)</u>	<u>(4,658)</u>	<u>(3,834)</u>
Net change in fund balance	(2,999,486)	(1,673,229)	(1,963,249)	(290,020)
Fund balance, July 1, 2012	<u>8,159,064</u>	<u>8,159,064</u>	<u>8,159,064</u>	<u>-</u>
Fund balance, June 30, 2013	<u>\$ 5,159,578</u>	<u>\$ 6,485,835</u>	<u>\$ 6,195,815</u>	<u>\$ (290,020)</u>

See accompanying notes to required supplementary information.

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

For the Year Ended June 30, 2013

Schedule of Funding Progress							
Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2010	March 1, 2010	\$ -	\$ 1,691,511	\$ 1,691,511	0%	\$ 16,861,686	10.0%
6/30/2011	March 1, 2010	\$ -	\$ 1,691,511	\$ 1,691,511	0%	\$ 16,861,686	10.0%
6/30/2012	March 1, 2010	\$ -	\$ 1,691,511	\$ 1,691,511	0%	\$ 17,828,075	9.5%
6/30/2013	March 1, 2013	\$ -	\$ 2,257,841	\$ 2,257,841	0%	\$ 17,496,942	12.9%

See accompanying notes to required supplementary information.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule

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

B - Schedule of Other Postemployment Benefits Funding Progress

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

SUPPLEMENTARY INFORMATION

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

June 30, 2013

	<u>Charter School Fund</u>	<u>Adult Education Fund</u>	<u>Cafeteria Fund</u>	<u>Deferred Maintenance Fund</u>	<u>Building Fund</u>	<u>Capital Facilities Fund</u>	<u>County School Facilities Fund</u>	<u>Special Reserve for Capital Outlay Fund</u>	<u>2002 Bond Interest and Redemption Fund</u>	<u>Total</u>
ASSETS										
Cash in County Treasury	\$ 20	\$ 75,209	\$ 49,524	\$ 414,988	\$ 32,759	\$ 343,994	\$ 113,046	\$ 277,698	\$ 586,657	\$1,893,895
Cash on hand and in banks	-	-	2,280	-	-	17,966	-	-	-	20,246
Cash in revolving fund	-	-	1,200	-	-	-	-	-	-	1,200
Receivables	-	176,606	85,887	-	-	2,199	-	-	-	264,692
Due from other funds	-	-	-	-	-	-	-	5,000	-	5,000
Stores inventory	-	-	6,204	-	-	-	-	-	-	6,204
Total assets	\$ 20	\$ 251,815	\$ 145,095	\$ 414,988	\$ 32,759	\$ 364,159	\$ 113,046	\$ 282,698	\$ 586,657	\$2,191,237
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ -	\$ 10,048	\$ 20,485	\$ 12,144	\$ -	\$ 83,216	\$ 53,800	\$ -	\$ -	\$ 179,693
Due to other funds	-	9,731	112,845	-	-	-	-	2,184	-	124,760
Total liabilities	-	19,779	133,330	12,144	-	83,216	53,800	2,184	-	304,453
Fund balances:										
Nonspendable	-	-	7,404	-	-	-	-	-	-	7,404
Restricted	20	232,036	4,361	402,844	32,759	280,943	59,246	280,514	586,657	1,879,380
Total fund balances	20	232,036	11,765	402,844	32,759	280,943	59,246	280,514	586,657	1,886,784
Total liabilities and fund balances	\$ 20	\$ 251,815	\$ 145,095	\$ 414,988	\$ 32,759	\$ 364,159	\$ 113,046	\$ 282,698	\$ 586,657	\$2,191,237

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

ALL NON-MAJOR FUNDS

For the Year Ended June 30, 2013

	Charter School Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve for Capital Outlay Fund	2002 Bond Interest and Redemption Fund	Total
Revenues:										
Federal sources	\$ -	\$ 67,907	\$ 308,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376,209
Other state sources	-	372,692	25,085	140,856	-	-	-	-	12,417	551,050
Other local sources	<u>-</u>	<u>57,038</u>	<u>214,378</u>	<u>1,580</u>	<u>199</u>	<u>184,438</u>	<u>1,015</u>	<u>16,391</u>	<u>811,878</u>	<u>1,286,917</u>
Total revenues	<u>-</u>	<u>497,637</u>	<u>547,765</u>	<u>142,436</u>	<u>199</u>	<u>184,438</u>	<u>1,015</u>	<u>16,391</u>	<u>824,295</u>	<u>2,214,176</u>
Expenditures:										
Certificated salaries	-	166,295	-	-	-	-	-	-	-	166,295
Classified salaries	-	42,617	261,712	-	-	7,640	-	-	-	311,969
Employee benefits	-	44,741	90,251	-	-	3,285	-	-	-	138,277
Books and supplies	-	13,630	211,064	2,955	-	-	-	543	-	228,192
Contract services and operating expenditures	-	23,162	15,904	64,505	-	-	3,800	2,357	-	109,728
Capital outlay	-	-	-	230,104	-	-	161,046	53,208	-	444,358
Debt service:										
Principal retirement	-	-	-	-	-	225,538	-	-	375,000	600,538
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,745</u>	<u>-</u>	<u>-</u>	<u>559,060</u>	<u>584,805</u>
Total expenditures	<u>-</u>	<u>290,445</u>	<u>578,931</u>	<u>297,564</u>	<u>-</u>	<u>262,208</u>	<u>164,846</u>	<u>56,108</u>	<u>934,060</u>	<u>2,584,162</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>207,192</u>	<u>(31,166)</u>	<u>(155,128)</u>	<u>199</u>	<u>(77,770)</u>	<u>(163,831)</u>	<u>(39,717)</u>	<u>(109,765)</u>	<u>(369,986)</u>
Other financing sources (uses):										
Operating transfers in	-	-	62,992	141,203	-	-	-	5,000	-	209,195
Operating transfers out	<u>-</u>	<u>(170,527)</u>	<u>(31,826)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,184)</u>	<u>-</u>	<u>(204,537)</u>
Total other financing sources (uses)	<u>-</u>	<u>(170,527)</u>	<u>31,166</u>	<u>141,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,816</u>	<u>-</u>	<u>4,658</u>
Net change in fund balances	-	36,665	-	(13,925)	199	(77,770)	(163,831)	(36,901)	(109,765)	(365,328)
Fund balances, July 1, 2012	<u>20</u>	<u>195,371</u>	<u>11,765</u>	<u>416,769</u>	<u>32,560</u>	<u>358,713</u>	<u>223,077</u>	<u>317,415</u>	<u>696,422</u>	<u>2,252,112</u>
Fund balances, June 30, 2013	<u>\$ 20</u>	<u>\$ 232,036</u>	<u>\$ 11,765</u>	<u>\$ 402,844</u>	<u>\$ 32,759</u>	<u>\$ 280,943</u>	<u>\$ 59,246</u>	<u>\$ 280,514</u>	<u>\$ 586,657</u>	<u>\$ 1,886,784</u>

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

For the Year Ended June 30, 2013

	Balance July 1, <u>2012</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2013</u>
Student Body Funds				
<u>Bear River High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>190,078</u>	\$ <u>610,818</u>	\$ <u>636,762</u>	\$ <u>164,134</u>
Liabilities:				
Due to student groups	\$ <u>190,078</u>	\$ <u>610,818</u>	\$ <u>636,762</u>	\$ <u>164,134</u>
<u>Nevada Union High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>601,891</u>	\$ <u>895,658</u>	\$ <u>1,024,788</u>	\$ <u>472,761</u>
Liabilities:				
Due to student groups	\$ <u>601,891</u>	\$ <u>895,658</u>	\$ <u>1,024,788</u>	\$ <u>472,761</u>
<u>Sierra Foothills High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>1,917</u>	\$ <u>606</u>	\$ <u>825</u>	\$ <u>1,698</u>
Liabilities:				
Due to student groups	\$ <u>1,917</u>	\$ <u>606</u>	\$ <u>825</u>	\$ <u>1,698</u>
<u>William Marian Ghidotti High School</u>				
Assets:				
Cash on hand and in banks	\$ <u>7,833</u>	\$ <u>8,211</u>	\$ <u>9,462</u>	\$ <u>6,582</u>
Liabilities:				
Due to student groups	\$ <u>7,833</u>	\$ <u>8,211</u>	\$ <u>9,462</u>	\$ <u>6,582</u>
<u>Total Agency Funds</u>				
Assets:				
Cash on hand and in banks	\$ <u>801,719</u>	\$ <u>1,515,293</u>	\$ <u>1,671,837</u>	\$ <u>645,175</u>
Liabilities:				
Due to student groups	\$ <u>801,719</u>	\$ <u>1,515,293</u>	\$ <u>1,671,837</u>	\$ <u>645,175</u>

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

ORGANIZATION

June 30, 2013

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

BOARD OF TRUSTEES

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

ADMINISTRATION

Dr. Louise Bennicoff Johnson
Superintendent

Karen Suenram
Assistant Superintendent - Business and Facilities

Trisha Dellis
Assistant Superintendent - Personnel and Pupil Services

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For the Year Ended June 30, 2013

	<u>Second Period Report</u>	<u>Annual Report</u>
High School:		
Regular Classes	2,788	2,765
Continuation Education	159	153
Home and Hospital	3	4
Special Education	<u>103</u>	<u>103</u>
ADA Totals	<u><u>3,053</u></u>	<u><u>3,025</u></u>

See accompanying notes to supplementary information.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Year Ended June 30, 2013

<u>Grade Level</u>	<u>Statutory 1986-87 Minutes Require- ment</u>	<u>Reduced 1986-87 Minutes Require- ment</u>	<u>Statutory 1982-83 Actual Minutes</u>	<u>Reduced 1982-83 Actual Minutes</u>	<u>2012-13 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
<u>DISTRICT</u>							
Grade 9	64,800	63,000	57,295	55,703	65,806	180	In Compliance
Grade 10	64,800	63,000	57,295	55,703	65,806	180	In Compliance
Grade 11	64,800	63,000	57,295	55,703	65,806	180	In Compliance
Grade 12	64,800	63,000	57,295	55,703	65,806	180	In Compliance

See accompanying notes to supplementary information.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2013

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education - Passed through California Department of Education</u>			
	Adult Education Programs:		
84.002	Adult Secondary Education	13978	\$ 33,090
84.002	English Literacy and Civics Education	14109	10,000
84.002	Institutionalized Adults	13972	14,994
84.002	Adult Basic Education and ESL	14508	<u>9,823</u>
	Total Adult Education Programs		<u>67,907</u>
	Special Education Cluster:		
84.027	Special Education: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	13379	629,511
84.027A	Special Ed: Mental Health Allocation Plan, Part B, Sec 611	14468	<u>107,311</u>
	Subtotal Special Education Cluster		<u>736,822</u>
84.010	NCLB: Title I, Part A, Basic Grants Low Income and Neglected	14329	388,856
84.048	Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	14894	62,063
84.158	Department of Rehabilitation: Workability II, Transitions Partnership Program	10006	135,353
84.367	NCLB: Title II, Part A, Improving Teacher Quality	14341	<u>118,534</u>
	Total U.S. Department of Education		<u>1,509,535</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
10.555	Child Nutrition: School Programs	13391	308,302
10.665	Forest Reserve Funds	10044	<u>53,681</u>
	Total U.S. Department of Agriculture		<u>361,983</u>

(Continued)

NEVADA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2013

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
	Medi-Cal Programs:		
93.778	Medi-Cal Billing Option	10013	\$ 21,828
93.778	Medi-Cal Administrative Activities (MAA)	10060	<u>21,813</u>
	Total Medi-Cal Programs		<u>43,641</u>
	Total U.S. Department of Health and Human Services		<u>43,641</u>
	Total Federal Programs		<u>\$ 1,915,159</u>

See accompanying notes to supplementary information.

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

For the Year Ended June 30, 2013

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

See accompanying notes to supplementary information.

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

For the Year Ended June 30, 2013

(UNAUDITED)

	(Budgeted) <u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>General Fund</u>				
Revenues and other financing sources	<u>\$ 27,818,781</u>	<u>\$ 27,995,704</u>	<u>\$ 30,272,365</u>	<u>\$ 31,378,454</u>
Expenditures	28,779,632	29,749,758	30,563,672	29,716,659
Other uses and transfers out	<u>194,590</u>	<u>209,195</u>	<u>347,805</u>	<u>488,389</u>
Total outgo	<u>28,974,222</u>	<u>29,958,953</u>	<u>30,911,477</u>	<u>30,205,048</u>
Change in fund balance	<u>\$ (1,155,441)</u>	<u>\$ (1,963,249)</u>	<u>\$ (639,112)</u>	<u>\$ 1,173,406</u>
Ending fund balance	<u>\$ 5,040,374</u>	<u>\$ 6,195,815</u>	<u>\$ 8,159,064</u>	<u>\$ 8,798,176</u>
Available reserves	<u>\$ 1,629,072</u>	<u>\$ 1,737,204</u>	<u>\$ 5,286,626</u>	<u>\$ 2,041,591</u>
Designated for economic uncertainties	<u>\$ 1,629,072</u>	<u>\$ 1,660,231</u>	<u>\$ 1,666,175</u>	<u>\$ 1,059,370</u>
Undesignated fund balance	<u>\$ -</u>	<u>\$ 76,973</u>	<u>\$ 3,620,451</u>	<u>\$ 982,221</u>
Available reserves as percentages of total outgo	<u>5.6%</u>	<u>5.8%</u>	<u>17.1%</u>	<u>6.8%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 15,487,219</u>	<u>\$ 16,209,831</u>	<u>\$ 16,902,309</u>	<u>\$ 17,698,354</u>
Average daily attendance at P-2 excluding adult	<u>2,897</u>	<u>3,053</u>	<u>3,176</u>	<u>3,370</u>

The General Fund fund balance has decreased by \$1,428,955 over the past three years. The District projects a decrease of \$1,155,441 during the 2013-2014 fiscal year. For a district this size, the state recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses be maintained. The District is in compliance with this requirement.

The District has incurred an operating deficit in two of the past three years, and anticipates incurring an operating deficit in the 2013-2014 fiscal year.

Total long-term liabilities have decreased by \$1,488,523 over the past two years.

Average daily attendance has decreased by 317 over the past two years. A decrease of 156 ADA is anticipated during the 2013-2014 fiscal year.

See accompanying notes to supplementary information.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2013

Charter Schools Chartered by District

Sierra Academy of Expeditionary Learning (SAEL)

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

Included in the Charter School Fund. The Charter School was in the startup phase during the fiscal year ended June 30, 2013, and did not generate ADA. Therefore, no compliance requirements were applicable for the year ended June 30, 2013.

See accompanying notes to supplementary information.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

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

B - Schedule of Instructional Time

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

C - Schedule of Expenditure of Federal Awards

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

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2013.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 1,881,246
Add: Medi-Cal Billing Option funds spent from prior year awards	93.778	12,100
Medi-Cal Administrative Activities funds spent from prior year awards	93.778	<u>21,813</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 1,915,159</u>

NEVADA JOINT UNION HIGH SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

(Continued)

1. PURPOSE OF SCHEDULES (Continued)

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

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

E - Schedule of Financial Trends and Analysis - Unaudited

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

F - Schedule of Charter Schools

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

2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosures in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. Eligible employees must have five or more years of service under the State Teachers' Retirement System and retire during the exclusive periods of participation, May 31, 2013 through June 30, 2013.

Retiree Information

A total of 10 employees have retired in exchange for the additional two years of service credit.

Position Vacated	Age	Service Credit	Salary			Benefits			Total Savings
			Retiree*	Replacement	Savings	Retiree*	Replacement	Savings	
Psychologist	65	17	\$ 85,594	\$ 76,138	\$ 9,456	\$ 22,967	\$ 21,797	\$ 1,170	\$ 10,626
Psychologist Assistant	58	30	88,094	76,138	11,956	23,276	21,797	1,479	13,435
Principal	62	36	107,200	91,828	15,372	25,640	23,738	1,902	17,274
Teacher	63	24	64,934	-	64,934	20,411	-	20,411	85,345
Teacher	61	25	73,667	46,390	27,277	21,491	18,284	3,207	30,484
Teacher	60	35	76,167	-	76,167	21,801	-	21,801	97,968
Teacher	59	24	75,949	-	75,949	21,774	-	21,774	97,723
Teacher	61	26	75,167	49,095	26,072	21,677	18,452	3,225	29,297
Counselor	63	18	79,111	46,893	32,218	22,165	18,180	3,985	36,203
Teacher	61	30	80,167	-	80,167	22,296	-	22,296	102,463
			<u>\$ 806,050</u>	<u>\$ 386,482</u>	<u>\$ 419,568</u>	<u>\$ 223,498</u>	<u>\$ 122,248</u>	<u>\$ 101,250</u>	<u>\$ 520,818</u>

* Retiree and replacement salary and benefit costs represent the domino-effect of replacing the retiring employee, plus the cost of replacing the retiree.

Additional Costs

As a result of this early retirement incentive program, the District expects to incur additional costs of \$471,757 in administrative fees, present value and any interest.

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

Board of Education
 Nevada Joint Union High School District
 Grass Valley, California June 30, 2013

Report on Compliance with State Laws and Regulations

We have audited Nevada Joint Union High School District's compliance with the types of compliance requirements described in the State of California's Standards and Procedures for Audits of California K-12 Local Educational Agencies (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2013.

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	No, see below
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	No, see below
Instructional Materials:		
General requirements	8	Yes
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	Yes
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	No, see below
Class Size Reduction Program:		
General requirements	7	No, see below
Option one classes	3	No, see below
Option two classes	4	No, see below
Districts with only one school serving K-3	4	No, see below
After School Education and Safety Program:		
General requirements	4	No, see below
After school	5	No, see below
Before school	6	No, see below
Contemporaneous Records of Attendance, for charter schools	1	No, see below
Mode of Instruction, for charter schools	1	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	3	No, see below
Annual Instructional Minutes - Classroom-Based, for charter schools	4	No, see below

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

The School District is not a County Office; therefore, we did not perform any procedures related to County Office Instructional Time Incentives.

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

The District does not participate in the Class Size Reduction Program as the District does not offer grades kindergarten through three; therefore, we did not perform any procedures related to Class Size Reduction.

The District did not receive After School Education and Safety funding in the current year; therefore, we did not perform any procedures related to After School Education and Safety.

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

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations.

Auditor's Responsibility

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

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

Opinion with State Laws and Regulations

In our opinion, Nevada Joint Union High School District complied, in all material respects, with the state laws and regulations referred to above for the year ended June 30, 2013. Further, based on our examination, for items not tested, nothing came to our attention to indicate that Nevada Joint Union High School District had not complied with the state laws and regulations.

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



Crowe Horwath LLP

Sacramento, California
December 2, 2013

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Nevada Joint Union High School District as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Nevada Joint Union High School District's basic financial statements, and have issued our report thereon dated December 2, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We identified other matters involving internal control that were communicated to management as identified in the accompanying Schedule of Audit Findings and Questioned Costs as Finding 2013-01.

Compliance and Other Matters

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

Response to Finding

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

Purpose of this Report

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


Crowe Horwath LLP

Sacramento, California
December 2, 2013

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

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

Report on Compliance for Each Major Federal Program

We have audited Nevada Joint Union High School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Nevada Joint Union High School District's major federal programs for the year ended June 30, 2013. Nevada Joint Union High School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Nevada Joint Union High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

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


Crowe Horwath LLP

Sacramento, California
December 2, 2013

FINDINGS AND RECOMMENDATIONS

NEVADA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

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

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555 84.027, 84.027A	Child Nutrition: School Programs Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X Yes _____ No

STATE AWARDS

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

NEVADA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2013

SECTION II - FINANCIAL STATEMENT FINDINGS

2013-01 DEFICIENCY - ASSOCIATED STUDENT BODY (30000)

Criteria

Internal Controls - Safeguarding of Assets

Condition

Bear River High School:

- The school site was unable to provide evidence of a fundraising request or the approval for a revenue producing activity for a requested event.
- Monthly club financial statements were not signed and returned to the Student Activities Office in compliance with District procedures.

Effect

Lack of internal controls could result in misappropriation of funds.

Cause

Adequate internal control procedures have not been implemented nor enforced.

Fiscal Impact

Not applicable.

Recommendation

We recommend that the school require and maintain fundraising requests as well as their approval by an appropriate individual. Further, monthly club financial reports should be returned to the Student Activities Office as required by District policies.

Corrective Action Plan

The sites will establish a process to ensure fundraising requests are properly reviewed and approved prior to the event taking place. Also, monthly financial reports will be submitted signed to the Student Activities Office.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2013

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

NEVADA JOINT UNION HIGH SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2013

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

NEVADA JOINT UNION HIGH SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2013

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
2012-01 Nevada Union High School: <ul style="list-style-type: none"> • A computer was purchased for use by the Activities Director using Associated Student Body Funds. • Profit and Loss statements for the student store are not reviewed by an appropriate individual on a periodic basis. <p>We recommend that those assigned the responsibility of overseeing ASB activities should be trained on allowable expenditures for ASB funds, including the student council representatives. Additionally, profit and loss statements for the student store should be reviewed and approved on a periodic basis by an appropriate supervisor independent of the store's operations.</p>	Partially implemented.	See current year finding 2013-01.